

September 2, 2008

VIA HAND DELIVERY AND ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket 3977 - Earnings Sharing Mechanism and Distribution Adjustment Charge Filing Supplemental Testimony of Peter Czekanski

Dear Ms. Massaro:

In accordance with the provisions of the Distribution Adjustment Clause (“DAC”) Tariff, RIPUC NG No. 101, Section 3, Schedule A, enclosed please find ten (10) copies of the pre-filed supplemental testimony of Peter Czekanski updating the August 1, 2008 DAC filing to incorporate updates to the DAC components included in the August 1 filing as well as the earnings sharing component. As explained in the testimony of Mr. Czekanski, the Company will supplement this filing with the calculation of the Company’s 2008 earnings and supporting testimony of Mr. Michael Laflamme.

The proposed DAC rate is a credit of \$.0040 per therm for firm service customers, which represents a decrease from last year. The overall impact of the proposed DAC on average customer bills is an annual decrease of \$1.37 for residential heating customers.

Thank you for your attention to this filing. If you have any questions, please do not hesitate to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Paul Roberti, Esq.
Steve Scialabba
Bruce Oliver
David Effron

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

NATIONAL GRID

DOCKET NO. 3977

SUPPLEMENTAL TESTIMONY

OF

PETER C. CZEKANSKI

September 2, 2008

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Peter C. Czekanski. My business address is 280 Melrose Street,
3 Providence, RI 02907.

4 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS DOCKET?**

5 A. Yes. I previously submitted pre-filed testimony in this docket on August 1, 2008.

6 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

7 A. The purpose of this supplemental testimony is to provide a proposed Distribution
8 Adjustment Charge (“DAC”) for effect November 1, 2008. Specifically, this
9 testimony will: (1) describe updates to various DAC components that were included
10 on a preliminary basis in the August 1, 2008 filing; (2) incorporate the Earnings
11 Sharing calculation for the fiscal year ending June 30, 2008; and (3) show the
12 calculation of the proposed DAC.

13 **Q. ARE YOU SPONSORING ANY ATTACHMENTS TO YOUR TESTIMONY?**

14 A. Yes. I am sponsoring the following Attachments:

15	Updated PCC-1	Summary of Distribution Adjustment Charges
16	Updated PCC-2	System Pressure
17	Updated PCC-5	On-System Margin Credits
18	Updated PCC-7	DAC Reconciliation
19	PCC-8	Customer Bill Impacts

1 **Q. ARE THERE ANY UPDATES TO THE VARIOUS DAC COMPONENTS**
2 **THAT WERE INCLUDED IN THE AUGUST 1, 2008 FILING?**

3 A. Yes. There are updates to the system pressure calculation, the on-system margin
4 credit and to the DAC reconciliation component.

5 **Q. WHAT CHANGED WITH THE SYSTEM PRESSURE CALCULATION?**

6 A. The liquefied natural gas (“LNG”) commodity related costs used in the August 1,
7 2008 system pressure calculation were based on preliminary cost estimates. These
8 costs are now being updated to correspond with the LNG costs included in the
9 Company’s September 2, 2008 Gas Cost Recovery (“GCR”) filing. Whereas the
10 preliminary LNG commodity related costs allocated to the DAC were \$2,015,223, the
11 final projected costs are \$1,845,395. Updated Attachment PCC-2 shows the
12 calculation of a System Pressure Factor of \$0.0051 per therm.

13 **Q. WHAT HAS BEEN UPDATED ON ATTACHMENT PCC-5?**

14 A. Attachment PCC-5 has been updated to incorporate non-firm margins for June 2008.
15 At the time of the Company’s August 1st filing, the non-firm billing details were not
16 yet available and the Company indicated that they would be provided with the
17 September supplemental filing.

1 **Q. WHAT ARE THE UPDATED RESULTS?**

2 A. As shown on page 2 of Updated Attachment PCC-5, there was \$208,077 of non-firm
3 margin billed for the month of June 2008. For the twelve months ended June 30,
4 2008, total non-firm margin, net of GET and Energy Efficiency surcharges, is
5 \$5,637,874 or \$4,037,874 more than the \$1.6 million threshold. The customer level
6 billing details on pages 4 through 12 of Update Attachment PCC-5 have also been
7 updated to include June 2008 as well as to show each customers' alternative fuel.
8 Page 1 summarizes the results.

9 **Q. WHAT HAS BEEN REVISED ON ATTACHMENT PCC-7?**

10 A. Attachment PCC-7 shows the reconciliation of actual costs and revenues with the
11 previous projections. Whereas the August 1st DAC filing was based on actual
12 throughput through June 2008 and forecasted throughput for July through October,
13 Updated Attachment PCC-7 has been revised to incorporate actual throughput for
14 July 2008 on pages 4 through 6. The net result was a change of the ending balance
15 from \$380,810 to \$372,689. The proposed reconciliation component of the DAC is
16 \$0.0010 per therm.

17 **Q. HAS THE COMPANY INCLUDED ANY EARNINGS SHARING IN THIS**
18 **YEAR'S DAC FILING?**

1 A. No. The Company's earnings for the fiscal year ending June 30, 2008 ("FY2008")
2 fell significantly short of the earnings sharing threshold and therefore, there are no
3 FY2008 earnings available for distribution to customers through the DAC. The
4 FY2008 Earnings calculation is in the final review stage and will be filed with the
5 Commission under separate cover letter along with supporting testimony

6 **Q. WHAT IS THE PROPOSED DAC CHARGE INCORPORATING THESE**
7 **VARIOUS UPDATES?**

8 A. The proposed DAC is a credit of \$0.0040 per therm for firm service customers. As
9 the current DAC is a credit of \$0.0025 per therm, this rate represents a \$0.0015 per
10 therm increase to the credit provided to customers. Updated Attachment PCC-1
11 provides a summary of the various components that underlie the proposed DAC rate.

12 **Q. WHAT IS THE IMPACT OF THE PROPOSED DAC ON CUSTOMERS?**

13 A. The overall impact of the proposed DAC on average residential heating customer bills
14 is an annual decrease of approximately one and a half dollars (\$1.50) or 1-tenth of a
15 percent. A summary of average customer annual bill impacts at various levels of
16 consumption and for the various rate classes is shown on Attachment PCC-8 pages 1
17 through 4. The bill impact calculations are shown on pages 5 through 20.

1 **Q. IN DOCKET NO. 3943, THE COMPANY HAS PROPOSED SEVERAL**
2 **CHANGES TO THE DAC TARIFF. WERE THOSE CHANGES APPROVED**
3 **FOR EFFECT NOVEMBER 1, 2008, WOULD THAT CHANGE THE**
4 **PROPOSED DAC FACTOR?**

5 A. No. The existing DAC components are continued in the Company's proposed tariff
6 and most of those components, such as the environmental response cost and the non-
7 firm margin factors, are based on historic data that is still appropriately
8 recovered/credited to customers with the approval of the proposed tariff. The new
9 P&PBOP, CapX, and RDM components will be set to zero until the first annual DAC
10 filing after the Commission's approval of the proposed tariff.

11 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

12 A. Yes.

Updated Summary of Distribution Adjustment Charge
(\$ Per Therm)

Line No.	Description	reference	Factor
1	System Pressure	Updated Attach. PCC2	\$0.0051 #
2	Advanced Gas Technology Program (AGT)	PCC Testimony	\$0.0000
3	Low Income Assistance Programs (LIAP)	PCC Testimony	\$0.0000
4	Environmental Response Cost (ERC)	Attach. PCC-4	(\$0.0020)
5	On-System Margin Credits (MC)	Updated Attach. PCC-5	(\$0.0080) #
6	Weather Normalization (WN)	Attach. PCC-6	\$0.0000
7	Earnings Sharing Mechanism (ESM)	PCC Supplemental Testimony	- #
8	Reconciliation Factor (R)	Updated Attach. PCC-7	\$0.0010 #
9	Subtotal	sum ([1]:[8])	(\$0.0039)
10	Uncollectible Percentage	Dkt 3401	2.10%
11	DAC adjusted for uncollectible	[9] / (1 - [10])	(\$0.0040) per therm

note # Updated with supplemental filing

Calculation of System Pressure Factor

	LNG Commodity Related Costs			Total
	Withdrawal Commodity	Inventory Costs	Demand from GCR	
Nov-08	\$196,691	\$84,323	\$276,027	\$557,041
Dec-08	\$363,181	\$81,009	\$276,027	\$720,217
Jan-09	\$1,125,139	\$70,298	\$276,027	\$1,471,464
Feb-09	\$1,525,261	\$55,528	\$276,027	\$1,856,816
Mar-09	\$254,897	\$53,032	\$276,027	\$583,956
Apr-09	\$196,747	\$58,658	\$276,027	\$531,432
May-09	\$203,350	\$64,462	\$276,027	\$543,840
Jun-09	\$196,801	\$70,155	\$276,027	\$542,983
Jul-09	\$203,588	\$76,125	\$276,027	\$555,741
Aug-09	\$204,024	\$82,149	\$276,027	\$562,199
Sep-09	\$197,931	\$84,961	\$276,027	\$558,919
Oct-09	\$204,826	\$85,028	\$276,027	\$565,881
Total	\$4,872,437	\$865,729	\$3,312,324	\$9,050,490
System Balancing Factor (Dkt 3401)	0.2039	0.2039	0.2039	
GCR Costs allocated to DAC	\$993,490	\$176,522	\$675,383	\$1,845,395
Firm Thru-put				36,073,744 dth
System Pressure Factor				\$0.0512 per dth
System Pressure Factor				\$0.0051 per Therm

On-System Margin Credit

Line No.	Description	Reference	Amount
1	FY 2008 Non-Firm Margin in excess of Threshold *	Page 2	\$4,037,874
2	FY 2007 Adjustment	Page 3	-\$191,624
3	Total	[1] + [2]	\$3,846,251
4	Company @ 25%	[3] x 25%	\$961,563
5	Customers @ 75%	[3] x 75%	\$2,884,688
6	Annual Dt Nov 08 - Oct 09		36,073,744 Dth
7	On-System Margin	[5] / [6]	\$0.0800 per Dth
8		[7] / 10	\$0.0080 per therm

note: * updated with supplemental filing

Updated On-System Margin Credit - FY2008

	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Total
	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	
Non-firm (dth)													
Sales	92,089	100,150	89,637	78,160	135,846	188,837	117,010	199,409	49,533	36,793	36,576	23,023	1,147,064
Transportation	225,171	202,419	145,029	100,402	187,449	94,308	60,065	92,137	218,400	217,167	173,764	137,090	1,853,402
sub-total	317,260	302,569	234,666	178,562	323,295	283,145	177,075	291,546	267,933	253,960	210,340	160,114	3,000,466
Non-firm Revenue													
Sales	\$1,189,507	\$1,256,615	\$1,040,946	\$965,989	\$1,362,223	\$2,104,334	\$1,253,219	\$2,141,324	\$639,249	\$454,787	\$510,802	\$346,289	\$13,265,284
Transportation	\$204,803	\$198,717	\$146,215	\$179,761	\$416,811	\$140,153	\$174,270	\$168,908	\$152,315	\$222,314	\$154,350	\$119,359	\$2,277,975
sub-total	\$1,394,310	\$1,455,332	\$1,187,160	\$1,145,750	\$1,779,034	\$2,244,487	\$1,427,489	\$2,310,233	\$791,564	\$677,101	\$665,152	\$465,648	\$15,543,259
less GET & Energy Efficiency	\$1,329,035	\$1,392,983	\$1,136,883	\$1,099,485	\$1,699,270	\$2,151,542	\$1,370,199	\$2,216,171	\$745,701	\$634,763	\$627,989	\$438,058	\$14,842,079
Total Gas Costs	\$717,374	\$673,008	\$536,027	\$546,340	\$1,085,408	\$1,501,894	\$925,317	\$1,761,181	\$494,786	\$367,529	\$365,359	\$229,981	\$9,204,204
NF Margin	\$611,661	\$719,975	\$600,857	\$553,145	\$613,862	\$649,648	\$444,881	\$454,990	\$250,915	\$267,234	\$262,629	\$208,077	\$5,637,874

Sharing Threshold	\$1,600,000
Margin in excess of Base Rate threshold	\$4,037,874
Company @ 25%	\$1,009,469
Customers @ 75%	\$3,028,406

On-System Margin Credit - FY2006 Adjustment

	FY 2007 As Filed -----	FY 2007 Updated -----	Updated vs Filed -----
Non-firm (dth)			
Sales	1,048,601	1,053,634	5,033
Transportation	1,655,000	1,709,659	54,659
sub-total	2,703,601	2,763,293	59,692
 Non-firm Revenue			
Sales	\$12,065,985	\$12,095,877	\$29,892
Transportation	\$1,494,779	\$1,468,491	-\$26,288
sub-total	\$13,560,764	\$13,564,368	\$3,604
less GET	\$13,153,020	\$13,124,792	-\$28,228
Non-Firm Gas Costs	\$7,746,880	\$7,910,275	\$163,395
Non-Firm Margin	\$5,406,140	\$5,214,516	-\$191,624
		Adjustment to Non Firm Revenues	-\$191,624
		Company @ 25%	-\$47,906
		Customers @ 75%	-\$143,718

note: Any change in the gas costs results in shifting the gas costs between firm sales service and non-firm. In this case, an increase to the non-firm gas costs requires a corresponding decrease to the sales service gas costs. Upon approval of the Company's DAC filing, the Company will make a corresponding adjustment to sales service gas costs in the monthly deferred gas cost reconciliation.

Non-Firm Customer Billing Details

Assigned #	Alt Fuel	Month Charges Apply To	Banner Bill Date mo/yr	Sales or Trans	cust. Charge (2)	volume (therms) (3)	commodity charge (4)	commodity rate (per therm) (5)	distrib charge (6)	distrib rate (7)	taxes (8)	GET (9)	other charges (10)	total revenue	net revenue for margin/Dth	net revenue including cust. service charge	Gas Cost per Dth	Total Gas Cost	Total Margin	Margin for customer level calc	Margin per Dth	Comment
39	4	Jun-08	Jun-08	Sales	\$185	0.00	0.00	2.2066				5.72	0.00	\$191	\$0	\$185	9.9890	\$0	\$185	\$0	#DIV/0!	
43	6	Jun-08	Jun-08	Sales	\$185	182.62	272.72	1.4934				14.21	24.80	\$497	\$273	\$458	9.9890	\$182	\$275	\$90	\$4.94	
44	6	Jun-08	Jun-08	Sales	\$405	31,229.38	45554.30	1.4587				1,431.75	334.15	\$47,725	\$45,554	\$45,959	9.9890	\$31,195	\$14,764	\$14,359	\$4.00	
45	4	Jun-08	Jun-08	Sales	\$185	4,165.58	9191.77	2.2066				291.38	44.57	\$9,713	\$9,192	\$9,377	9.9890	\$4,161	\$5,216	\$5,031	\$12.08	
47	4	Jun-08	Jun-08	Sales	\$185	4,929.93	10878.38	2.2066				343.79	52.75	\$11,460	\$10,878	\$11,063	9.9890	\$4,925	\$6,139	\$5,954	\$12.08	
48	6	Jun-08	Jun-08	Sales	\$405	21,233.07	30972.68	1.4587				977.48	227.19	\$32,582	\$30,973	\$31,378	9.9890	\$21,210	\$10,168	\$9,763	\$4.60	
54	6	Jun-08	Jun-08	Sales	\$405	0.00	0.00	1.4587				0.63	0.00	\$406	(\$0)	\$405	9.9890	\$0	\$405	(\$0)	#DIV/0!	
57	6	Jun-08	Jun-08	Sales	\$405	430.89	628.54	1.4587				1.61	4.62	\$1,040	\$629	\$1,034	9.9890	\$430	\$603	\$198	\$4.60	
59	2	Jun-08	Jun-08	Sales	\$185	0.00	0.00	2.8744				5.72	0.00	\$191	\$0	\$185	9.9890	\$0	\$185	\$0	#DIV/0!	
Total		Jun-08		Sales	\$8,470	230,234					\$0	\$8,481	\$2,486	\$346,289	\$326,851	\$335,321		\$229,981	\$105,340	\$96,870	\$4.21	
3	6	Jun-08	Jun-08	Trans	\$485	15,574.69	N/A		2,638.35	0.1694		5.09	166.65	\$3,295	\$2,638	\$3,123	0.0000	\$0	\$3,123	\$2,638	\$1.69	
8	6	Jun-08	Jun-08	Trans	\$715	804,189.06	N/A		50,744.33	0.0631		1,857.65	8,604.82	\$61,922	\$50,744	\$51,459	0.0000	\$0	\$51,459	\$50,744	\$0.63	
9	LPG	Jun-08	Jun-08	Trans	\$485	100,418.76	N/A		7,029.31	0.0700			1,074.48	\$8,589	\$7,029	\$7,514	0.0000	\$0	\$7,514	\$7,029	\$0.70	
10	4	Jun-08	Jun-08	Trans	\$275	4,905.31	N/A		343.37	0.0700		1.04	52.49	\$672	\$343	\$618	0.0000	\$0	\$618	\$343	\$0.70	
11	4	Jun-08	Jun-08	Trans	\$275	25,242.69	N/A		1,766.99	0.0700		71.51	270.10	\$2,384	\$1,767	\$2,042	0.0000	\$0	\$2,042	\$1,767	\$0.70	
14	4	Jun-08	Jun-08	Trans	\$715	0.00	N/A		0.00	0.8101		22.11	0.00	\$737	\$0	\$715	0.0000	\$0	\$715	\$0	#DIV/0!	
15	6	Jun-08	Jun-08	Trans	\$715	48,333.84	N/A		3,049.87	0.0631		132.43	517.17	\$4,414	\$3,050	\$3,765	0.0000	\$0	\$3,765	\$3,050	\$0.63	
16	2	Jun-08	Jun-08	Trans	\$715	101,246.69	N/A		7,087.27	0.0700			1,083.34	\$8,886	\$7,087	\$7,802	0.0000	\$0	\$7,802	\$7,087	\$0.70	
21	6	Jun-08	Jun-08	Trans	\$485	57,309.29	N/A		9,708.19	0.1694		334.22	613.21	\$11,141	\$9,708	\$10,193	0.0000	\$0	\$10,193	\$9,708	\$1.69	
25	6	Jun-08	Jun-08	Trans	\$485	38,304.69	N/A		6,488.81	0.1694		228.36	409.86	\$7,612	\$6,489	\$6,974	0.0000	\$0	\$6,974	\$6,489	\$1.69	
27	6	Jun-08	Jun-08	Trans	\$715	0.00	N/A		0.00	0.0631		22.11	0.00	\$737	\$0	\$715	0.0000	\$0	\$715	\$0	#DIV/0!	
40	6	Jun-08	Jun-08	Trans	\$405	59,843.49	N/A		3,776.12	0.0631		149.12	640.33	\$4,971	\$3,776	\$4,181	0.0000	\$0	\$4,181	\$3,776	\$0.63	
55	6	Jun-08	Jun-08	Trans	\$715	33,690.76	N/A		2,125.89	0.0631		4.96	360.49	\$3,206	\$2,126	\$2,841	0.0000	\$0	\$2,841	\$2,126	\$0.63	
67	6	Jun-08	Jun-08	Trans	\$715	81,844.02	N/A		793.89	0.0097				\$794	\$794	\$794	0.0000	\$0	\$794	\$794	\$0.10	
Total		Jun-08		Trans	\$7,185	1,370,903					\$0	\$2,829	\$13,793	\$119,359	\$95,552	\$102,737		\$0	\$102,737	\$95,552	\$0.70	

Distribution Adjustment Charge Reconciliation Factor
(\$ per Therm)

Line No.	Description	reference	Ending Balance
1	AGT Factor - Base Rates	PCC-7, page 2	(\$414)
2	LIAP Factor - Base Rates	PCC-7, page 2	(\$7,151)
3	Environmental - Base Rates	PCC-7, page 3	(\$5,216)
4	System Pressure	PCC-7, page 4	\$307,918
5	Environmental - DAC	PCC-7, page 4	\$14,337
6	On-System Margin Credits	PCC-7, page 5	\$16,372
7	Weather Normalization	PCC-7, page 5	(\$3,741)
8	Earnings Sharing Mechanism	PCC-7, page 5	\$10,158
9	Previous Reconciliation Factor	PCC-7, page 6	\$40,426
10	Total	sum ([1]:[9])	\$372,689
11	Firm Thru-put	Nov 2008 - Oct 2009	36,073,744 dth
12	Reconciliation Factor	[10] / [11]	\$0.0103 per dth
13	Reconciliation Factor	[12] / 10	\$0.0010 per therm

Based on ending balance June 30, 2008

Based on forecasted balance October 31, 2008

Distribution Adjustment Charge Reconciliation Factor

		Base Rate / Fiscal Year Reconciling Components												12-mth end
source		Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jun 08
		31	31	30	31	30	31	31	29	31	30	31	30	
		(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	
DAC FACTORS: \$/dth														
AGT Factor - Base Rates	Dkt 3401	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	
LIAP Factor - Base Rates	Dkt 3401	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	
LIAP Factor - Base Rates		\$0.0461	\$0.0461	\$0.0461	\$0.0461	\$0.0461	\$0.0461	\$0.0461	\$0.0461	\$0.0461	\$0.0461	\$0.0461	\$0.0461	
Weather Normalization Factor - Base Rates		\$0.0058	\$0.0058	\$0.0058	\$0.0058	\$0.0058	\$0.0058	\$0.0058	\$0.0058	\$0.0058	\$0.0058	\$0.0058	\$0.0058	
Environmental - Base Rates	Dkt 3401	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	
RI Firm through-put (dth)	Classified's	1,080,325	1,031,605	1,127,532	1,254,120	2,179,572	4,144,752	5,590,839	5,610,324	5,060,771	3,649,233	2,416,968	1,563,363	34,709,403
													Target Collection	\$301,496
AGT Recon. Acct Beg. Bal.		\$0	(\$152)	(\$50)	(\$63)	\$2,333	\$4,890	\$2,419	\$364	\$1,765	\$2,538	\$2,261	\$479	
Fcst Firm Thru-put (from rate case Dkt 3401)		1,062,847	1,043,395	1,126,112	1,528,945	2,471,545	3,858,840	5,353,921	5,771,059	5,148,808	3,616,705	2,211,777	1,346,413	34,540,367
Fcst AGT Collections		\$9,247	\$9,078	\$9,797	\$13,302	\$21,502	\$33,572	\$46,579	\$50,208	\$44,795	\$31,465	\$19,242	\$11,714	\$300,501
Actual Firm Thru-put		1,080,325	1,031,605	1,127,532	1,254,120	2,179,572	4,144,752	5,590,839	5,610,324	5,060,771	3,649,233	2,416,968	1,563,363	34,709,403
Actual AGT Collections		\$9,399	\$8,975	\$9,810	\$10,911	\$18,962	\$36,059	\$48,640	\$48,810	\$44,029	\$31,748	\$21,028	\$13,601	\$301,972
Collection Variance		(\$152)	\$103	(\$13)	\$2,391	\$2,540	(\$2,487)	(\$2,061)	\$1,398	\$766	(\$283)	(\$1,786)	(\$1,887)	
Ending Balance		(\$152)	(\$49)	(\$63)	\$2,328	\$4,873	\$2,403	\$358	\$1,762	\$2,531	\$2,255	\$475	(\$1,408)	
Average Balance		(\$76)	(\$101)	(\$56)	\$1,132	\$3,603	\$3,646	\$1,389	\$1,063	\$2,148	\$2,397	\$1,368	(\$465)	
Bk America Rate less 200 Basis Points		6.25%	6.25%	6.03%	5.74%	5.50%	5.33%	4.97%	4.00%	3.66%	3.24%	3.00%	3.00%	
Interest Applied		(\$0)	(\$1)	(\$0)	\$6	\$16	\$17	\$6	\$3	\$7	\$6	\$3	(\$1)	\$62
AGT End Balance		(\$152)	(\$50)	(\$63)	\$2,333	\$4,890	\$2,419	\$364	\$1,765	\$2,538	\$2,261	\$479	(\$1,409)	(\$414)
Under/(over) Recovery		(\$152)	\$102	(\$13)	\$2,397	\$2,556	(\$2,470)	(\$2,055)	\$1,401	\$773	(\$277)	(\$1,783)	(\$1,888)	
													Target Collection	\$1,793,901
LIAP Recon. Acct Beg. Bal.		\$0	(\$909)	(\$301)	(\$376)	\$13,920	\$29,170	\$14,429	\$2,167	\$10,529	\$15,138	\$13,488	\$2,859	
Fcst Firm Thru-put (from rate case Dkt 3401)		1,062,847	1,043,395	1,126,112	1,528,945	2,471,545	3,858,840	5,353,921	5,771,059	5,148,808	3,616,705	2,211,777	1,346,413	34,540,367
Fcst LIAP Collections		\$55,162	\$54,152	\$58,445	\$79,352	\$128,273	\$200,274	\$277,868	\$299,518	\$267,223	\$187,707	\$114,791	\$69,879	\$1,792,644
Actual Firm Thru-put		1,080,325	1,031,605	1,127,532	1,254,120	2,179,572	4,144,752	5,590,839	5,610,324	5,060,771	3,649,233	2,416,968	1,563,363	34,709,403
Actual LIAP Collections		\$56,069	\$53,540	\$58,519	\$65,089	\$113,120	\$215,113	\$290,165	\$291,176	\$262,654	\$189,395	\$125,441	\$81,139	\$1,801,420
Collection Variance		(\$907)	\$612	(\$74)	\$14,263	\$15,153	(\$14,839)	(\$12,297)	\$8,342	\$4,569	(\$1,688)	(\$10,650)	(\$11,260)	
Weather Normalization Reclass to EES Fund		\$6,154	\$6,041	\$6,520	\$8,853	\$14,310	\$22,343	\$30,999	\$33,414	\$29,812	\$20,941	\$12,806	\$7,796	\$199,989
Ending Balance		(\$907)	(\$297)	(\$375)	\$13,887	\$29,073	\$14,331	\$2,132	\$10,509	\$15,098	\$13,450	\$2,838	(\$8,401)	
Average Balance		(\$454)	(\$603)	(\$338)	\$6,755	\$21,496	\$21,750	\$8,281	\$6,338	\$12,814	\$14,294	\$8,163	(\$2,771)	
Bk America Rate less 200 Basis Points		6.25%	6.25%	6.03%	5.74%	5.50%	5.33%	4.97%	4.00%	3.66%	3.24%	3.00%	3.00%	
Interest Applied		(\$2)	(\$3)	(\$2)	\$33	\$97	\$98	\$35	\$20	\$40	\$38	\$21	(\$7)	\$368
LIAP End Balance		(\$909)	(\$301)	(\$376)	\$13,920	\$29,170	\$14,429	\$2,167	\$10,529	\$15,138	\$13,488	\$2,859	(\$8,408)	(\$7,151)
Under/(over) Recovery		(\$909)	\$609	(\$76)	\$14,296	\$15,250	(\$14,741)	(\$12,262)	\$8,362	\$4,609	(\$1,650)	(\$10,629)	(\$11,267)	

Distribution Adjustment Charge Reconciliation Factor

Base Rate / Fiscal Year Reconciling Components

source	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	12-mth end Jun 08	
	31 (actual)	31 (actual)	30 (actual)	31 (actual)	30 (actual)	31 (actual)	31 (actual)	29 (actual)	31 (actual)	30 (actual)	31 (actual)	30 (actual)		
Environmental Recon. Adjust - Base Rates													Target Collection	\$1,310,000
Environmental Recon. Acct Beg. Bal.	\$0	(\$664)	(\$219)	(\$273)	\$10,167	\$21,304	\$10,540	\$1,586	\$7,693	\$11,059	\$9,854	\$2,092		
Fcst Firm Thru-put (from rate case Dkt 3401)	1,062,847	1,043,395	1,126,112	1,528,945	2,471,545	3,858,840	5,353,921	5,771,059	5,148,808	3,616,705	2,211,777	1,346,413	34,540,367	
Fcst Environmental Collections	\$40,282	\$39,545	\$42,680	\$57,947	\$93,672	\$146,250	\$202,914	\$218,723	\$195,140	\$137,073	\$83,826	\$51,029	\$1,309,081	
Actual Firm Thru-put	1,080,325	1,031,605	1,127,532	1,254,120	2,179,572	4,144,752	5,590,839	5,610,324	5,060,771	3,649,233	2,416,968	1,563,363	34,709,403	
Actual Environmental Collections	\$40,944	\$39,098	\$42,733	\$47,531	\$82,606	\$157,086	\$211,893	\$212,631	\$191,803	\$138,306	\$91,603	\$59,251	\$1,315,485	
Collection Variance	(\$662)	\$447	(\$53)	\$10,416	\$11,066	(\$10,836)	(\$8,979)	\$6,092	\$3,337	(\$1,233)	(\$7,777)	(\$8,222)		
Ending Environmental Balance	(\$662)	(\$217)	(\$272)	\$10,143	\$21,233	\$10,468	\$1,561	\$7,678	\$11,030	\$9,826	\$2,077	(\$6,130)		
Average Balance	(\$331)	(\$440)	(\$246)	\$4,935	\$15,700	\$15,886	\$6,050	\$4,632	\$9,361	\$10,442	\$5,965	(\$2,019)		
Bk America Rate less 200 Basis Points	6.25%	6.25%	6.03%	5.74%	5.50%	5.33%	4.97%	4.00%	3.66%	3.24%	3.00%	3.00%		
Interest Applied	(\$2)	(\$2)	(\$1)	\$24	\$71	\$72	\$26	\$15	\$29	\$28	\$15	(\$5)	\$269	
Environmental End Balance	(\$664)	(\$219)	(\$273)	\$10,167	\$21,304	\$10,540	\$1,586	\$7,693	\$11,059	\$9,854	\$2,092	(\$6,135)	(\$5,216)	
Under/(over) Recovery	(\$660)	\$449	(\$52)	\$10,392	\$10,995	(\$10,908)	(\$9,005)	\$6,077	\$3,308	(\$1,261)	(\$7,792)	(\$8,217)		

Distribution Adjustment Charge Reconciliation Factor

		Non-Base Rate / Gas Year Reconciling Components												12-mth end
source		Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Oct 08
		30	31	31	29	31	30	31	30	31	31	30	31	
		(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(forecast)	(forecast)	(forecast)	
DAC FACTORS: \$/dth		prorated												
System Pressure	Dkt 3760	\$0.0495	\$0.0429	\$0.0429	\$0.0429	\$0.0429	\$0.0429	\$0.0429	\$0.0429	\$0.0429	\$0.0429	\$0.0429	\$0.0429	\$0.0429
AGT - DAC	Dkt 3760	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Environmental - DAC	Dkt 3760	(\$0.0202)	(\$0.0215)	(\$0.0215)	(\$0.0215)	(\$0.0215)	(\$0.0215)	(\$0.0215)	(\$0.0215)	(\$0.0215)	(\$0.0215)	(\$0.0215)	(\$0.0215)	(\$0.0215)
On-System Margin Credits	Dkt 3760	(\$0.0637)	(\$0.0863)	(\$0.0863)	(\$0.0863)	(\$0.0863)	(\$0.0863)	(\$0.0863)	(\$0.0863)	(\$0.0863)	(\$0.0863)	(\$0.0863)	(\$0.0863)	(\$0.0863)
Weather Normalization	Dkt 3760	\$0.0263	\$0.0255	\$0.0255	\$0.0255	\$0.0255	\$0.0255	\$0.0255	\$0.0255	\$0.0255	\$0.0255	\$0.0255	\$0.0255	\$0.0255
Earnings Sharing Mechanism	Dkt 3760	(\$0.0045)	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Reconciliation Factor	Dkt 3760	\$0.0027	\$0.0143	\$0.0143	\$0.0143	\$0.0143	\$0.0143	\$0.0143	\$0.0143	\$0.0143	\$0.0143	\$0.0143	\$0.0143	\$0.0143
			(\$0.0250)											
RI Firm through-put (dth)	Classified's	2,179,572	4,144,752	5,590,839	5,610,324	5,060,771	3,649,233	2,416,968	1,563,363	1,260,583	1,041,585	1,185,868	1,512,592	35,216,449
System Pressure Recon Adjust.														
System Pressure Acct Beg. Balance		\$0	(\$6,532)	\$144,175	\$217,601	\$253,076	\$130,815	\$66,383	\$55,966	\$86,563	\$130,935	\$197,506	\$258,331	
Actual Costs		\$101,264	\$328,210	\$312,516	\$275,416	\$94,255	\$91,860	\$93,117	\$97,492	\$98,175	\$110,838	\$111,139	\$113,759	\$1,828,042
Actual Collections		\$107,781	\$177,814	\$239,852	\$240,688	\$217,112	\$156,555	\$103,690	\$67,070	\$54,080	\$44,685	\$50,875	\$64,892	\$1,525,094
Ending Balance		(\$6,517)	\$143,864	\$216,839	\$252,329	\$130,220	\$66,120	\$55,810	\$86,388	\$130,658	\$197,088	\$257,770	\$307,198	
Average Monthly Balance		(\$3,258)	\$68,666	\$180,507	\$234,965	\$191,648	\$98,468	\$61,096	\$71,177	\$108,611	\$164,012	\$227,638	\$282,764	
Bk America Rate less 200 Basis Points		5.50%	5.33%	4.97%	4.00%	3.66%	3.24%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
Interest Applied		(\$15)	\$311	\$762	\$747	\$596	\$262	\$156	\$176	\$277	\$418	\$561	\$720	\$4,971
Sys Pressure End Balance		(\$6,532)	\$144,175	\$217,601	\$253,076	\$130,815	\$66,383	\$55,966	\$86,563	\$130,935	\$197,506	\$258,331	\$307,918	
Under/(over) Recovery		(\$6,532)	\$150,707	\$73,426	\$35,475	(\$122,261)	(\$64,433)	(\$10,417)	\$30,597	\$44,372	\$66,571	\$60,825	\$49,587	
Environmental Recon. Adjust - DAC														
Environmental Acct Beg. Balance	Pricing	(\$726,094)	(\$685,195)	(\$599,188)	(\$481,538)	(\$362,534)	(\$254,936)	(\$177,233)	(\$125,774)	(\$92,507)	(\$65,669)	(\$43,465)	(\$18,104)	
Actual Firm Thru-put	Classified's	2,179,572	4,144,752	5,590,839	5,610,324	5,060,771	3,649,233	2,416,968	1,563,363	1,260,583	1,041,585	1,185,868	1,512,592	35,216,449
Actual Environmental Collections	Calculation	(\$44,082)	(\$88,907)	(\$119,926)	(\$120,344)	(\$108,556)	(\$78,278)	(\$51,845)	(\$33,535)	(\$27,040)	(\$22,342)	(\$25,437)	(\$32,446)	(\$752,738)
Ending Environmental Balance		(\$682,012)	(\$596,288)	(\$479,262)	(\$361,194)	(\$253,978)	(\$176,658)	(\$125,388)	(\$92,239)	(\$65,467)	(\$43,327)	(\$18,028)	\$14,342	
Average Monthly Balance		(\$704,053)	(\$640,741)	(\$539,225)	(\$421,366)	(\$308,256)	(\$215,797)	(\$151,311)	(\$109,006)	(\$78,987)	(\$54,498)	(\$30,747)	(\$1,881)	
Bk America Rate less 200 Basis Points		5.50%	5.33%	4.97%	4.00%	3.66%	3.24%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
Interest Applied		(\$3,183)	(\$2,901)	(\$2,276)	(\$1,339)	(\$959)	(\$575)	(\$386)	(\$269)	(\$201)	(\$139)	(\$76)	(\$5)	(\$12,307)
Environmental Recon End Balance		(\$685,195)	(\$599,188)	(\$481,538)	(\$362,534)	(\$254,936)	(\$177,233)	(\$125,774)	(\$92,507)	(\$65,669)	(\$43,465)	(\$18,104)	\$14,337	
Under/(over) Recovery		\$40,899	(\$86,006)	(\$117,650)	(\$119,005)	(\$107,597)	(\$77,703)	(\$51,459)	(\$33,266)	(\$26,839)	(\$22,203)	(\$25,361)	(\$32,441)	

Distribution Adjustment Charge Reconciliation Factor

Non-Base Rate / Gas Year Reconciling Components

		Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	12-mth end Oct 08
		30	31	31	29	31	30	31	30	31	31	30	31	
source		(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(forecast)	(forecast)	(forecast)	
On-system Credits Recon. Adjust. - DAC														
On-system Credit Acct Beg. Balance	Pricing	(\$2,922,564)	(\$2,796,730)	(\$2,450,881)	(\$1,977,708)	(\$1,499,043)	(\$1,066,271)	(\$753,757)	(\$546,823)	(\$413,084)	(\$305,207)	(\$215,979)	(\$114,043)	
Actual Firm Thru-put	Classified's	2,179,572	4,144,752	5,590,839	5,610,324	5,060,771	3,649,233	2,416,968	1,563,363	1,260,583	1,041,585	1,185,868	1,512,592	35,216,449
Actual On-system Collections	Calculation	(\$138,732)	(\$357,700)	(\$482,500)	(\$484,181)	(\$436,754)	(\$314,935)	(\$208,589)	(\$134,921)	(\$108,791)	(\$89,891)	(\$102,343)	(\$130,539)	(\$2,989,876)
Ending On-system Balance		(\$2,783,832)	(\$2,439,030)	(\$1,968,381)	(\$1,493,527)	(\$1,062,289)	(\$751,336)	(\$545,168)	(\$411,902)	(\$304,293)	(\$215,316)	(\$113,636)	\$16,496	
Average Monthly Balance		(\$2,853,198)	(\$2,617,880)	(\$2,209,631)	(\$1,735,617)	(\$1,280,666)	(\$908,804)	(\$649,463)	(\$479,363)	(\$358,689)	(\$260,262)	(\$164,808)	(\$48,773)	
Bk America Rate less 200 Basis Points		5.50%	5.33%	4.97%	4.00%	3.66%	3.24%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
Interest Applied		(\$12,898)	(\$11,851)	(\$9,327)	(\$5,516)	(\$3,982)	(\$2,421)	(\$1,655)	(\$1,182)	(\$914)	(\$663)	(\$406)	(\$124)	(\$50,940)
On-system Credit End Balance		(\$2,796,730)	(\$2,450,881)	(\$1,977,708)	(\$1,499,043)	(\$1,066,271)	(\$753,757)	(\$546,823)	(\$413,084)	(\$305,207)	(\$215,979)	(\$114,043)	\$16,372	
Under/(over) Recovery		\$125,834	\$345,849	\$473,173	\$478,665	\$432,772	\$312,514	\$206,934	\$133,739	\$107,877	\$89,228	\$101,937	\$130,415	
Weather Normalization - DAC														
WNA Acct Beg. Balance	Pricing	\$882,000	\$828,605	\$726,275	\$586,270	\$444,639	\$316,588	\$224,119	\$162,892	\$123,322	\$91,404	\$65,005	\$34,845	
Actual Firm Thru-put	Classified's	2,179,572	4,144,752	5,590,839	5,610,324	5,060,771	3,649,233	2,416,968	1,563,363	1,260,583	1,041,585	1,185,868	1,512,592	35,216,449
Actual WNA Collections	Calculation	\$57,253	\$105,841	\$142,769	\$143,267	\$129,233	\$93,188	\$61,720	\$39,922	\$32,191	\$26,598	\$30,283	\$38,626	\$900,891
Ending WNA Balance		\$824,747	\$722,764	\$583,506	\$443,003	\$315,406	\$223,400	\$162,399	\$122,970	\$91,131	\$64,806	\$34,722	(\$3,781)	
Average Monthly Balance		\$853,374	\$775,684	\$654,891	\$514,637	\$380,023	\$269,994	\$193,259	\$142,931	\$107,226	\$78,105	\$49,864	\$15,532	
Bk America Rate less 200 Basis Points		5.50%	5.33%	4.97%	4.00%	3.66%	3.24%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
Interest Applied		\$3,858	\$3,511	\$2,764	\$1,636	\$1,182	\$719	\$492	\$352	\$273	\$199	\$123	\$40	\$15,150
Weather Normalization End Balance		\$828,605	\$726,275	\$586,270	\$444,639	\$316,588	\$224,119	\$162,892	\$123,322	\$91,404	\$65,005	\$34,845	(\$3,741)	
Under/(over) Recovery		(\$53,395)	(\$102,330)	(\$140,005)	(\$141,631)	(\$128,051)	(\$92,469)	(\$61,228)	(\$39,570)	(\$31,918)	(\$26,399)	(\$30,160)	(\$38,586)	
Earnings Sharings Mechanism - DAC														
ESM Acct Beg. Balance	Pricing	\$0	\$9,830	\$9,875	\$9,916	\$9,948	\$9,979	\$10,005	\$10,031	\$10,056	\$10,081	\$10,107	\$10,132	
Actual Firm Thru-put	Classified's	2,179,572	4,144,752	5,590,839	5,610,324	5,060,771	3,649,233	2,416,968	1,563,363	1,260,583	1,041,585	1,185,868	1,512,592	35,216,449
Actual ESM Collections	Calculation	(\$9,808)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$9,808)
Ending ESM Balance		\$9,808	\$9,830	\$9,875	\$9,916	\$9,948	\$9,979	\$10,005	\$10,031	\$10,056	\$10,081	\$10,107	\$10,132	
Average Monthly Balance		\$4,904	\$9,830	\$9,875	\$9,916	\$9,948	\$9,979	\$10,005	\$10,031	\$10,056	\$10,081	\$10,107	\$10,132	
Bk America Rate less 200 Basis Points		5.50%	5.33%	4.97%	4.00%	3.66%	3.24%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
Interest Applied		\$22	\$44	\$42	\$32	\$31	\$27	\$25	\$25	\$26	\$26	\$25	\$26	\$350
Earnings Sharing End Balance		\$9,830	\$9,875	\$9,916	\$9,948	\$9,979	\$10,005	\$10,031	\$10,056	\$10,081	\$10,107	\$10,132	\$10,158	
Under/(over) Recovery		\$9,830	\$44	\$42	\$32	\$31	\$27	\$25	\$25	\$26	\$26	\$25	\$26	

Distribution Adjustment Charge Reconciliation Factor

Non-Base Rate / Gas Year Reconciling Components

source	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	12-mth end	
	30	31	31	29	31	30	31	30	31	31	30	31	Oct 08	
	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(forecast)	(forecast)	(forecast)		
Reconciliation Factor - DAC														
Recon Factor Acct Beg. Balance	Pricing	\$503,207	\$499,693	\$442,550	\$364,298	\$285,099	\$213,502	\$161,817	\$127,622	\$105,552	\$87,771	\$73,081	\$56,282	
Actual Firm Thru-put	Classified's	2,179,572	4,144,752	5,590,839	5,610,324	5,060,771	3,649,233	2,416,968	1,563,363	1,260,583	1,041,585	1,185,868	1,512,592	35,216,449
Actual Recon Collections	Calculation	\$5,776	\$59,271	\$79,951	\$80,229	\$72,371	\$52,185	\$34,563	\$22,357	\$18,027	\$14,895	\$16,958	\$21,631	\$478,214
Ending Recon Balance		\$497,431	\$440,422	\$362,599	\$284,069	\$212,728	\$161,317	\$127,254	\$105,265	\$87,525	\$72,876	\$56,123	\$34,651	
Average Monthly Balance		\$500,319	\$470,057	\$402,574	\$324,183	\$248,914	\$187,410	\$144,535	\$116,443	\$96,538	\$80,323	\$64,602	\$45,466	
Bk America Rate less 200 Basis Points		5.50%	5.33%	4.97%	4.00%	3.66%	3.24%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
Interest Applied		\$2,262	\$2,128	\$1,699	\$1,030	\$774	\$499	\$368	\$287	\$246	\$205	\$159	\$116	\$9,774
Earnings Sharing End Balance		\$499,693	\$442,550	\$364,298	\$285,099	\$213,502	\$161,817	\$127,622	\$105,552	\$87,771	\$73,081	\$56,282	\$34,767	
Under/(over) Recovery		(\$3,514)	(\$57,143)	(\$78,252)	(\$79,199)	(\$71,597)	(\$51,686)	(\$34,195)	(\$22,070)	(\$17,781)	(\$14,690)	(\$16,799)	(\$21,515)	

Distribution Adjustment Charge Reconciliation Factor

Non-Base Rate / Gas Year Reconciling Components

	October 31, 2007 Ending Deferred Balances		
	Forecast (1)	Actual	Variance
System Pressure	\$426,293	\$433,197	(\$6,904)
Environmental - DAC	(\$24,682)	(\$29,354)	\$4,672
On-System Margin Credits	(\$83,673)	(\$93,738)	\$10,065
Weather Normalization	\$129,786	\$136,369	(\$6,583)
Earnings Sharing Mechanism	(\$22,431)	(\$24,638)	\$2,207
Previous Reconciliation Factor	(\$31,505)	(\$33,707)	\$2,202
	\$393,788	\$388,128	\$5,660

Notes:

- (1) based on updated Attachment PCC-7, Docket 3760, October 12, 2007 - used to establish reconciliation component of November 2007 DAC factor

Distribution Adjustment Charge Reconciliation Factor

Non-Base Rate / Gas Year Reconciling Components

	Jul-07 31 source (actual) -----	Aug-07 31 (actual) -----	Sep-07 30 (actual) -----	Oct-07 31 (actual) -----
System Pressure Recon Adjust.				
System Pressure Acct Beg. Balance	\$253,055	\$301,820	\$354,252	\$394,358
Actual Costs	\$107,795	\$108,464	\$101,398	\$107,057
Actual Collections	\$60,498	\$57,770	\$63,142	\$70,231
Ending Balance	\$300,352	\$352,515	\$392,508	\$431,185
Average Monthly Balance	\$276,703	\$327,168	\$373,380	\$412,771
Bk America Rate less 200 Basis Points	6.25%	6.25%	6.03%	5.74%
Interest Applied	\$1,469	\$1,737	\$1,851	\$2,012
Sys Pressure End Balance	\$301,820	\$354,252	\$394,358	\$433,197
Under/(over) Recovery	\$48,765	\$52,431	\$40,107	\$38,839
Environmental Recon. Adjust - DAC				
Environmental Acct Beg. Balance	Pricing (\$113,228)	(\$93,249)	(\$74,091)	(\$52,982)
Actual Firm Thru-put	Classified's 1,080,325	1,031,605	1,127,532	1,254,120
Actual Environmental Collections	Calculation (\$20,526)	(\$19,600)	(\$21,423)	(\$23,828)
Ending Environmental Balance	(\$92,702)	(\$73,648)	(\$52,668)	(\$29,154)
Average Monthly Balance	(\$102,965)	(\$83,448)	(\$63,380)	(\$41,068)
Bk America Rate less 200 Basis Points	6.25%	6.25%	6.03%	5.74%
Interest Applied	(\$547)	(\$443)	(\$314)	(\$200)
On-system Credit End Balance	(\$93,249)	(\$74,091)	(\$52,982)	(\$29,354)
Under/(over) Recovery	\$19,980	\$19,158	\$21,109	\$23,628

Distribution Adjustment Charge Reconciliation Factor

Non-Base Rate / Gas Year Reconciling Components

		Jul-07 31 source (actual) -----	Aug-07 31 (actual) -----	Sep-07 30 (actual) -----	Oct-07 31 (actual) -----
On-system Credits Recon. Adjust. - DAC					
On-system Credit Acct Beg. Balance	Pricing	(\$274,116)	(\$231,160)	(\$189,979)	(\$144,577)
Actual Firm Thru-put	Classified's	1,080,325	1,031,605	1,127,532	1,254,120
Actual On-system Collections	Calculation	(\$44,293)	(\$42,296)	(\$46,229)	(\$51,419)
Ending On-system Balance		(\$229,823)	(\$188,864)	(\$143,750)	(\$93,158)
Average Monthly Balance		(\$251,969)	(\$210,012)	(\$166,865)	(\$118,868)
Bk America Rate less 200 Basis Points		6.25%	6.25%	6.03%	5.74%
Interest Applied		(\$1,338)	(\$1,115)	(\$827)	(\$579)
On-system Credit End Balance		(\$231,160)	(\$189,979)	(\$144,577)	(\$93,738)
Under/(over) Recovery		\$42,956	\$41,181	\$45,402	\$50,839
Weather Normalization - DAC					
WNA Acct Beg. Balance	Pricing	\$253,648	\$225,748	\$199,019	\$169,486
Actual Firm Thru-put	Classified's	1,080,325	1,031,605	1,127,532	1,254,120
Actual WNA Collections	Calculation	\$29,169	\$27,853	\$30,443	\$33,861
Ending WNA Balance		\$224,479	\$197,894	\$168,576	\$135,625
Average Monthly Balance		\$239,063	\$211,821	\$183,797	\$152,556
Bk America Rate less 200 Basis Points		6.25%	6.25%	6.03%	5.74%
Interest Applied		\$1,269	\$1,124	\$911	\$744
Weather Normalization End Balance		\$225,748	\$199,019	\$169,486	\$136,369
Under/(over) Recovery		(\$27,900)	(\$26,729)	(\$29,532)	(\$33,118)

Distribution Adjustment Charge Reconciliation Factor

Non-Base Rate / Gas Year Reconciling Components

		Jul-07	Aug-07	Sep-07	Oct-07
		31	31	30	31
	source	(actual)	(actual)	(actual)	(actual)
		-----	-----	-----	-----
Earnings Sharings Mechanism - DAC					
ESM Acct Beg. Balance	Pricing	(\$64,151)	(\$54,743)	(\$45,725)	(\$35,778)
Actual Firm Thru-put	Classified's	1,080,325	1,031,605	1,127,532	1,254,120
Actual ESM Collections	Calculation	(\$9,723)	(\$9,284)	(\$10,148)	(\$11,287)
Ending ESM Balance		(\$54,429)	(\$45,459)	(\$35,577)	(\$24,491)
Average Monthly Balance		(\$59,290)	(\$50,101)	(\$40,651)	(\$30,135)
Bk America Rate less 200 Basis Points		6.25%	6.25%	6.03%	5.74%
Interest Applied		(\$315)	(\$266)	(\$201)	(\$147)
Earnings Sharing End Balance		(\$54,743)	(\$45,725)	(\$35,778)	(\$24,638)
Under/(over) Recovery		\$9,408	\$9,018	\$9,946	\$11,140
Reconciliation Factor - DAC					
Recon Factor Acct Beg. Balance	Pricing	(\$73,037)	(\$63,676)	(\$54,705)	(\$44,803)
Actual Firm Thru-put	Classified's	1,080,325	1,031,605	1,127,532	1,254,120
Actual Recon Collections	Calculation	(\$9,723)	(\$9,284)	(\$10,148)	(\$11,287)
Ending Recon Balance		(\$63,314)	(\$54,392)	(\$44,557)	(\$33,516)
Average Monthly Balance		(\$68,176)	(\$59,034)	(\$49,631)	(\$39,160)
Bk America Rate less 200 Basis Points		6.25%	6.25%	6.03%	5.74%
Interest Applied		(\$362)	(\$313)	(\$246)	(\$191)
Earnings Sharing End Balance		(\$63,676)	(\$54,705)	(\$44,803)	(\$33,707)
Under/(over) Recovery		\$9,361	\$8,971	\$9,902	\$11,096

**Bill Impact Analysis with Various Levels of Consumption:
Current Distribution, GCR, DAC and Energy Efficiency Rates vs. 2008-2009 Proposed DAC**

Residential Heating:

Nov - Oct Consumption (Therms)	Proposed November-07	Current Rates	Difference	% Chg	Difference due to:				
					Base Rates	GCR	DAC	EnergyEff	
600	\$1,063	\$1,064	(\$1)	-0.1%	\$0	\$0.00	(\$0.89)	\$0.00	
664	\$1,165	\$1,166	(\$1)	-0.1%	\$0	\$0.00	(\$0.98)	\$0.00	
730	\$1,270	\$1,271	(\$1)	-0.1%	\$0	\$0.00	(\$1.10)	\$0.00	
794	\$1,370	\$1,372	(\$1)	-0.1%	\$0	\$0.00	(\$1.18)	\$0.00	
857	\$1,468	\$1,470	(\$1)	-0.1%	\$0	\$0.00	(\$1.24)	\$0.00	
Average Customer 922	\$1,569	\$1,570	(\$1)	-0.1%	\$0	\$0.00	(\$1.37)	\$0.00	
987	\$1,669	\$1,671	(\$1)	-0.1%	\$0	\$0.00	(\$1.44)	\$0.00	
1,051	\$1,768	\$1,770	(\$2)	-0.1%	\$0	\$0.00	(\$1.56)	\$0.00	
1,114	\$1,864	\$1,866	(\$2)	-0.1%	\$0	\$0.00	(\$1.67)	\$0.00	
1,180	\$1,964	\$1,966	(\$2)	-0.1%	\$0	\$0.00	(\$1.75)	\$0.00	
1,247	\$2,066	\$2,068	(\$2)	-0.1%	\$0	\$0.00	(\$1.89)	\$0.00	

Residential Non-Heating:

Nov - Oct Consumption (Therms)	Proposed November-07	Current Rates	Difference	% Chg	Difference due to:				
					Base Rates	GCR	DAC	EnergyEff	
123	\$294	\$294	(\$0)	-0.1%	\$0	\$0.00	(\$0.17)	\$0	
137	\$317	\$317	(\$0)	-0.1%	\$0	\$0.00	(\$0.22)	\$0	
147	\$333	\$334	(\$0)	-0.1%	\$0	\$0.00	(\$0.23)	\$0	
161	\$357	\$357	(\$0)	-0.1%	\$0	\$0.00	(\$0.22)	\$0	
176	\$381	\$382	(\$0)	-0.1%	\$0	\$0.00	(\$0.24)	\$0	
Average Customer 189	\$403	\$403	(\$0)	-0.1%	\$0	\$0.00	(\$0.28)	\$0	
202	\$425	\$425	(\$0)	-0.1%	\$0	\$0.00	(\$0.29)	\$0	
217	\$449	\$450	(\$0)	-0.1%	\$0	\$0.00	(\$0.31)	\$0	
231	\$473	\$473	(\$0)	-0.1%	\$0	\$0.00	(\$0.32)	\$0	
241	\$489	\$489	(\$0)	-0.1%	\$0	\$0.00	(\$0.35)	\$0	
256	\$514	\$514	(\$0)	-0.1%	\$0	\$0.00	(\$0.34)	\$0	

**Bill Impact Analysis with Various Levels of Consumption:
Current Distribution, GCR, DAC and Energy Efficiency Rates vs. 2008-2009 Proposed DAC**

C & I Small:

Nov - Oct Consumption (Therms)	Proposed November-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	EnergyEff
824	\$1,717	\$1,718	(\$1)	-0.1%	\$0	\$0	(\$1)	\$0
916	\$1,858	\$1,860	(\$1)	-0.1%	\$0	\$0	(\$1)	\$0
1,003	\$1,991	\$1,993	(\$2)	-0.1%	\$0	\$0	(\$2)	\$0
1,092	\$2,127	\$2,129	(\$2)	-0.1%	\$0	\$0	(\$2)	\$0
1,179	\$2,259	\$2,260	(\$2)	-0.1%	\$0	\$0	(\$2)	\$0
Average Customer 1,269	\$2,394	\$2,396	(\$2)	-0.1%	\$0	\$0	(\$2)	\$0
1,359	\$2,529	\$2,531	(\$2)	-0.1%	\$0	\$0	(\$2)	\$0
1,447	\$2,661	\$2,663	(\$2)	-0.1%	\$0	\$0	(\$2)	\$0
1,535	\$2,793	\$2,795	(\$2)	-0.1%	\$0	\$0	(\$2)	\$0
1,622	\$2,923	\$2,926	(\$2)	-0.1%	\$0	\$0	(\$2)	\$0
1,715	\$3,063	\$3,065	(\$3)	-0.1%	\$0	\$0	(\$3)	\$0

C & I Medium:

Nov - Oct Consumption (Therms)	Proposed November-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	EnergyEff
7,117	\$10,976	\$10,986	(\$11)	-0.1%	\$0	\$0	(\$11)	\$0
7,884	\$12,100	\$12,112	(\$12)	-0.1%	\$0	\$0	(\$12)	\$0
8,649	\$13,222	\$13,235	(\$13)	-0.1%	\$0	\$0	(\$13)	\$0
9,416	\$14,347	\$14,361	(\$14)	-0.1%	\$0	\$0	(\$14)	\$0
10,185	\$15,474	\$15,490	(\$15)	-0.1%	\$0	\$0	(\$15)	\$0
Average Customer 10,950	\$16,596	\$16,612	(\$16)	-0.1%	\$0	\$0	(\$16)	\$0
11,715	\$17,718	\$17,735	(\$18)	-0.1%	\$0	\$0	(\$18)	\$0
12,484	\$18,845	\$18,864	(\$19)	-0.1%	\$0	\$0	(\$19)	\$0
13,251	\$19,970	\$19,990	(\$20)	-0.1%	\$0	\$0	(\$20)	\$0
14,016	\$21,092	\$21,113	(\$21)	-0.1%	\$0	\$0	(\$21)	\$0
14,783	\$22,216	\$22,238	(\$22)	-0.1%	\$0	\$0	(\$22)	\$0

**Bill Impact Analysis with Various Levels of Consumption:
Current Distribution, GCR, DAC and Energy Efficiency Rates vs. 2008-2009 Proposed DAC**

C & I LLF Large:

Nov - Oct Consumption (Therms)	Proposed November-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	EnergyEff
37,532	\$56,450	\$56,507	(\$56)	-0.1%	\$0	\$0	(\$56)	\$0
41,573	\$62,412	\$62,474	(\$62)	-0.1%	\$0	\$0	(\$62)	\$0
45,616	\$68,377	\$68,445	(\$68)	-0.1%	\$0	\$0	(\$68)	\$0
49,660	\$74,342	\$74,417	(\$74)	-0.1%	\$0	\$0	(\$74)	\$0
53,699	\$80,301	\$80,382	(\$81)	-0.1%	\$0	\$0	(\$81)	\$0
Average Customer 57,742	\$86,266	\$86,352	(\$87)	-0.1%	\$0	\$0	(\$87)	\$0
61,785	\$92,230	\$92,323	(\$93)	-0.1%	\$0	\$0	(\$93)	\$0
65,824	\$98,189	\$98,288	(\$99)	-0.1%	\$0	\$0	(\$99)	\$0
69,868	\$104,155	\$104,260	(\$105)	-0.1%	\$0	\$0	(\$105)	\$0
73,911	\$110,120	\$110,231	(\$111)	-0.1%	\$0	\$0	(\$111)	\$0
77,952	\$116,081	\$116,198	(\$117)	-0.1%	\$0	\$0	(\$117)	\$0

C & I HLF Large:

Nov - Oct Consumption (Therms)	Proposed November-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	EnergyEff
37,970	\$52,813	\$52,870	(\$57)	-0.1%	\$0	\$0	(\$57)	\$0
42,061	\$58,387	\$58,450	(\$63)	-0.1%	\$0	\$0	(\$63)	\$0
46,151	\$63,960	\$64,029	(\$69)	-0.1%	\$0	\$0	(\$69)	\$0
50,240	\$69,530	\$69,606	(\$75)	-0.1%	\$0	\$0	(\$75)	\$0
54,329	\$75,102	\$75,183	(\$81)	-0.1%	\$0	\$0	(\$81)	\$0
Average Customer 58,418	\$80,673	\$80,760	(\$88)	-0.1%	\$0	\$0	(\$88)	\$0
62,508	\$86,245	\$86,339	(\$94)	-0.1%	\$0	\$0	(\$94)	\$0
66,596	\$91,815	\$91,915	(\$100)	-0.1%	\$0	\$0	(\$100)	\$0
70,686	\$97,387	\$97,493	(\$106)	-0.1%	\$0	\$0	(\$106)	\$0
74,775	\$102,959	\$103,071	(\$112)	-0.1%	\$0	\$0	(\$112)	\$0
78,867	\$108,534	\$108,652	(\$118)	-0.1%	\$0	\$0	(\$118)	\$0

**Bill Impact Analysis with Various Levels of Consumption:
Current Distribution, GCR, DAC and Energy Efficiency Rates vs. 2008-2009 Proposed DAC**

C & I LLF Extra-Large:

Nov - Oct Consumption (Therms)	Proposed November-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	EnergyEff
189,450	\$255,420	\$255,704	(\$284)	-0.1%	\$0	\$0	(\$284)	\$0
209,855	\$282,543	\$282,858	(\$315)	-0.1%	\$0	\$0	(\$315)	\$0
230,255	\$309,659	\$310,004	(\$345)	-0.1%	\$0	\$0	(\$345)	\$0
250,655	\$336,775	\$337,151	(\$376)	-0.1%	\$0	\$0	(\$376)	\$0
271,059	\$363,896	\$364,303	(\$407)	-0.1%	\$0	\$0	(\$407)	\$0
Average Customer 291,462	\$391,016	\$391,454	(\$437)	-0.1%	\$0	\$0	(\$437)	\$0
311,865	\$418,136	\$418,604	(\$468)	-0.1%	\$0	\$0	(\$468)	\$0
332,269	\$445,257	\$445,756	(\$498)	-0.1%	\$0	\$0	(\$498)	\$0
352,669	\$472,374	\$472,903	(\$529)	-0.1%	\$0	\$0	(\$529)	\$0
373,069	\$499,490	\$500,049	(\$560)	-0.1%	\$0	\$0	(\$560)	\$0
393,474	\$526,612	\$527,203	(\$590)	-0.1%	\$0	\$0	(\$590)	\$0

C & I HLF Extra-Large:

Nov - Oct Consumption (Therms)	Proposed November-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	EnergyEff
184,661	\$243,514	\$243,791	(\$277)	-0.1%	\$0	\$0	(\$277)	\$0
204,549	\$269,352	\$269,659	(\$307)	-0.1%	\$0	\$0	(\$307)	\$0
224,435	\$295,188	\$295,525	(\$337)	-0.1%	\$0	\$0	(\$337)	\$0
244,321	\$321,025	\$321,391	(\$366)	-0.1%	\$0	\$0	(\$366)	\$0
264,206	\$346,859	\$347,256	(\$396)	-0.1%	\$0	\$0	(\$396)	\$0
Average Customer 284,094	\$372,698	\$373,124	(\$426)	-0.1%	\$0	\$0	(\$426)	\$0
303,982	\$398,537	\$398,993	(\$456)	-0.1%	\$0	\$0	(\$456)	\$0
323,867	\$424,372	\$424,857	(\$486)	-0.1%	\$0	\$0	(\$486)	\$0
343,753	\$450,208	\$450,723	(\$516)	-0.1%	\$0	\$0	(\$516)	\$0
363,639	\$476,044	\$476,589	(\$545)	-0.1%	\$0	\$0	(\$545)	\$0
383,527	\$501,882	\$502,458	(\$575)	-0.1%	\$0	\$0	(\$575)	\$0