

Derivation of Rates
Test Year Ending December 31, 2013

Derivation of Rates

Line	Category
	Small Volume Rates
1	Customer charges are set at an amount that, when added to a typical metering charge for the small volume class, provides an approximate 10% increase to the current customer charge.
2	Transportation administration charges are set approximately at cost of service.
3	Volumetric charges recover all remaining revenue requirement, with the above 250 therm block set at 75% of the initial block rate.
	Medium Volume Rates
4	Customer charges are set approximately at cost of service.
5	Transportation administration charges are set approximately at cost of service.
6	Volumetric charges recover all remaining revenue requirement.
	Large Volume Rates
7	Customer charges are set approximately at cost of service.
8	Transportation administration charges are set approximately at cost of service.
9	Demand charges are based on the revenue requirement for Peaking Facilities and Mains (Peaking) allocated to the large volume class (excess component only).
10	Volumetric charges recover all remaining revenue requirement.
11	Demand charges do not apply to interruptible customers.
	Metering Charges
12	Metering charges are based on the current installed cost of different types of meters in each metering class.
13	Installed cost is multiplied by a factor that reduces the total replacement cost of all meters down to the embedded metering revenue requirement.