

GENERAL SERVICE PROVISIONS (Continued)28. WEATHER NORMALIZATION ADJUSTMENTI. PROVISION FOR ADJUSTMENT

Effective with the August 2008 billing month, for the eight month period of October 1, 2007 through May 31, 2008, all firm service customers served under the Company's Rate Schedule Nos. 1, 1A, 2, 2A, 3, and 3A shall be subject to a Weather Normalization Adjustment (WNA) as computed in II. below. The WNA will be similarly calculated and applied for each successive WNA period.

II. COMPUTATION

- A. The WNA shall be charged or credited on each applicable customer bill once each year in the billing month of August and, as necessary, in subsequent billing months as described in C. below. The WNA shall appear as a specific dollar charge or credit set out as a separate line item on the customer bill.
- B. Separate WNA factors shall be determined for Washington Gas and Shenandoah for the following firm rate classes: Residential (All), Commercial Heating, Commercial Non-Heating, GMA Heating, GMA Non-Heating, and Industrial Firm (Shenandoah only).
- C. If the total non-gas surcharge calculated in D. Step 2 below exceeds three percent (3%) of the actual distribution charge revenue for the firm service rate class for the period October 1st – May 31st, the total non-gas revenue surcharge to be reflected on August bills will be limited to three percent (3%) of the actual October – May distribution charge revenue for the firm service rate class. Any remaining non-gas revenue surcharge amount will be reflected on bills rendered in the subsequent month, as necessary, subject to the same limitation. Any remaining balance will be applied in the third month.
- D. Step 1: The following information is derived from the test year in most current rate case:

1) <u>Variation per HDD for class</u>	<u>Washington Gas</u>	<u>Shenandoah</u>
Residential (All)	0.1627260	0.1280724
Commercial Heating	0.9910693	0.7227363
Commercial Non-Heating	0.3108739	0.2691090
GMA Heating	3.1959728	0.7838708
GMA Non-Heating	0.2481307	0.1548459
Industrial Firm		11.5431667
2) <u>Weighted average cost rate per therm by class</u>		
Residential (All)	\$0.3031	\$0.3173
Commercial Heating	\$0.2132	\$0.2350
Commercial Non-Heating	\$0.2117	\$0.2291
GMA Heating	\$0.1981	\$0.2244
GMA Non-Heating	\$0.2185	\$0.2423
Industrial Firm		\$0.0712

ISSUED: September 20, 2007

For service rendered on and after October 1, 2007

Adrian P. Chapman - Vice President, Operations, Regulatory Affairs & Energy Acquisition

GENERAL SERVICE PROVISIONS (Continued)

3) <u>Normal weather HDD's</u>		
<u>Washington – 3,786</u>		
<u>Shenandoah – 4,773</u>		
4) <u>Base usage (therms per month)</u>	<u>Washington Gas</u>	<u>Shenandoah</u>
Residential (All)	15.9	11.1
Commercial Heating	176.8	106.7
Commercial Non-Heating	408.4	369.0
GMA Heating	541.3	134.8
GMA Non-Heating	227.4	53.2
Industrial Firm		14,374.5

Step 2: The formula for the WNA adjustment is:

- 1) Volume Adjustment = (Normal HDD's as shown in II.D.3. - actual HDD's) x (Variation per HDD by class as shown in II.D.1.) x (Total number of bills for the WNA period / 8)
- 2) Total Revenue Adjustment = Volume Adjustment x Weighted average cost rate per therm by class as shown in II.D.2.
- 3) Adjustment Factor per therm = Total Revenue Adjustment / (Total Actual Therms - (Base Usage as shown in II.D.4. x Total number of bills))
- 4) Individual Customer WNA Charge/Credit = Adjustment Factor per therm x (Actual usage for the WNA period - (Individual Customer's Base Usage x 8))

Individual Customer's Base Usage is defined as each customer's average usage for July and August of the test year in the most current rate case. If in any given month during the WNA period the customer's actual usage is less than the Individual Customer's Base Usage, then that month's actual usage will be considered base usage for that month.

For new customers that did not receive service during July and August of the test year in the most current rate case, the class average Base Usage, as shown in II.D.4., will be used as the Individual Customer's Base Usage until an actual July and August usage is obtained. Once an actual July and August usage is obtained, the average usage for that July and August will be used as the customer's Individual Base Usage until the next rate case.

III. FILING

The Company shall file annually with the Division of Energy Regulation by July 1st each year, or the next business day if the 1st falls on a weekend, a copy of the computation of the WNA rates that provide the basis for the individual customer charges or credits.

IV. GENERAL

Late Payment Charges, if any, and all applicable taxes shall apply to the WNA in a manner consistent with the applicability to the Distribution Charge portion of the customer bill.

ISSUED: September 20, 2007

For service rendered on and after October 1, 2007

Adrian P. Chapman - Vice President, Operations, Regulatory Affairs & Energy Acquisition