

TRANSITION SURCHARGE

Non-gas transition costs associated with FERC Order 636 will be recovered by a Transition Surcharge applicable to all volumes of gas delivered under the rates listed below, excluding general interdepartmental usage.

<u>RATE</u>	<u>TRANSITION SURCHARGE</u>	
GR,GC,OL,L,MV -F,MV -I,I,S TCS, Excess Off-Peak Use Rider	\$0.0000 per Mcf	(D)
TS-I, TS-F	\$0.0000 per Mcf	(D)

Computation of the Transition Surcharge factors will be in accordance with the following procedure pursuant to Section 1307(a) of the Public Utility Code.

1. Transition costs are defined as the actual non-gas FERC Order 636 costs billed to the Company by its pipeline suppliers or approved in accordance with Federal Energy Regulatory Commission (FERC) actions and regulations, which have not otherwise been recovered by the Company.
2. Once the surcharge is in place it will be recomputed effective March 1, June 1, September 1, and December 1 of each year and will be filed with the Commission 10 days prior to the effective date, subject to PUC review and audit. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the total transition costs to be recovered by the estimated throughput in Mcf for the application period. Throughput is defined as total volumetric sales of gas and gas delivered under transportation service, excluding general interdepartmental usage. Application period is defined as the period of time over which transition costs are to be recovered. This period will normally be 12 months. The initial application period will commence with the effective date of the original surcharge filing and terminate February 28, 1995.
3. A reconciliation of over/under recovery of transition costs compared with revenues received will be made after the close of each application period. For this reconciliation the Company will impute as revenue received the product of the factor developed in Paragraph 2 multiplied by the actual throughput. Any resulting over/under recovery of transition costs after such reconciliation will be included without interest in the Company's subsequent quarterly transition cost filing as computed above.

Any shortfalls in TS-I and TS-F Transition Surcharge revenues due to competitive forces requiring a reduced surcharge rate will be reconciled and carried forward, with final recovery to be made from such rate classes in a future period.

4. The total charge per Mcf for the Transition Surcharge shall be the sum of the separate components detailed in Paragraphs 2 and 3, plus any applicable Gross Receipts Tax.
5. The Transition Surcharge shall become effective upon Commission approval and shall remain in effect until the transition costs have been collected or as otherwise directed by the Commission. In the event the Company receives refunds for prior transition charges, the appropriate portion of the refunds shall be included in the Company's subsequent 1307(a) filing.
6. The Transition Surcharge shall include any over or under recoveries of Take-or-Pay costs, the recovery of which terminated on December 1, 1993.

(D) Indicates Decrease