

GENERAL SERVICE PROVISIONS (Continued)

27. MARYLAND FRANCHISE TAX SURCHARGE

Distribution Charges set forth in Rate Schedule Nos. 1, 1A, 2, 2A, 3 and 3A and billings under Rate Schedule Nos. 4 and 5 shall include a surcharge for the recovery of the Maryland Franchise Tax. Such surcharge shall be applied to total throughput, expressed on a therm basis, and will be based on The Maryland Franchise tax rate effect at that time. Such surcharge shall be adjusted for any taxes levied

Upon the Company which are based upon revenues by dividing the tax rate by the complement of the Tax rate on such revenues.

In the event that the surcharge changes the Company will file with the Commission a copy of the Computation of any changed surcharge at least ten days prior to application on customers' bills.

28. BALANCING CHARGE

I. PROVISION FOR CHARGE

Suppliers providing service under the Company's Rate Schedule No. 8. shall be billed monthly a charge for the recovery of peaking operations and other gas costs appropriately assigned for providing delivery service. The charge factors will be determined as described below.

II. APPLICATION

A. The charge shall be comprised of: (a) a "current factor and (b) a "reconciling factor" applicable to the previous twelve month determination

B. Computation

1. Current factor

This charge shall be calculated annually to be effective with the December billing period each year to recover the projected annual expense of the Company, as assigned and/or allocated, applicable to firm delivery service customers. This charge shall be calculated to the nearest .01¢ per therm by dividing the projected annual peaking costs by the normalized firm throughput for the twelve months ended the immediately prior August.

2. Reconciliation factor

A reconciliation will be performed each year, which compares the actual costs of the Company applicable to this General Service Provision with related collections to reconcile any over or under collections. This factor shall be calculated to the nearest .01¢ per therm by dividing the net amount of actual peaking costs incurred applicable to delivery service versus actual collections. This net amount shall be divided by firm normalized throughput applicable to delivery service customers for the twelve months ended the immediately prior December. Billing of this reconciling factor shall commence with the March billing cycle of each year.