

METHODOLOGY FOR DETERMINING PROPER RATE SERVICE PRIORITY CLASSIFICATION
PURSUANT TO COMMISSION RULES R6-12 & R6-19.2 – RIDER B

I. Definitions

- (a) "Actual Annual Usage" means the actual quantities of Gas sold to or transported for Customer by PSNC for a given Review Period as reflected on PSNC's invoices for that Customer.
- (b) "Classification Usage" means Gas quantities in an amount equal to Actual Annual Usage for a Customer for a Review Period divided by the Service Days for that same period.
- (c) "Involuntary Curtailment Days" means those days or portions of days in a given Review Period when curtailment of Customer's Service was imposed by PSNC's decision to curtail.
- (d) "Prospective Priority Classification" means the then current priority curtailment classification a Customer would otherwise qualify for based solely on the Classification Usage for a given Review Period.
- (e) "Prospective Rate Schedule" means PSNC's then current Rate Schedule that a Customer would otherwise qualify for based solely on the Classification Usage for a given Review Period.
- (f) "Review Period" means the twelve (12) months ended June 30.
- (g) "Service Days" means 365 less the number of Involuntary Curtailment Days.

II. Procedure

- (a) During July and August of each year, the Prospective Rate Schedule for each Customer for the Review Period just ended shall be determined.
- (b) If the Prospective Rate Schedule is the same rate schedule on which Customer is currently billed, no further Rate Schedule review is necessary. Customer shall remain on that Rate Schedule.
- (c) If the Prospective Rate Schedule is different from the Rate Schedule on which Customer is currently billed, the Prospective Rate Schedule for Customer for the Review Period immediately preceding the one used in Section (b)(1) shall also be determined.
- (d) If the Prospective Rate Schedule determined in (a) is the same as that determined in (c), Customer shall be reclassified to that Prospective Rate Schedule effective the following September 1.
- (e) The reclassified Customer will be given notice of such reclassification as required by Commission Rule R6 12(7).
- (f) A similar procedure will be followed for determining the proper curtailment priority for each Customer by using Prospective Priority Classification.

III. Exceptions

If a Customer adds or retires a major piece of gas-burning equipment, changes the hours of operations, or otherwise materially alters the Customer's business that will clearly increase or decrease the Customer's consumption on an ongoing basis to a level that will change the Customer's ability to qualify for a particular Rate Schedule, the Customer shall report such changes to PSNC and afford PSNC an opportunity to inspect any change in equipment and to meet with the Customer to review and discuss the anticipated future level of consumption. If PSNC is satisfied that reclassification is appropriate, the reclassification will occur within two months after the new equipment is in place and operational, or the retirement is completed, and the first Meter reading reflects the higher anticipated usage resulting from the new equipment or the lower anticipated usage resulting from the retirement. Any reclassification pursuant to this exception is subject to correction if actual experience so warrants.