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29. ADJUSTMENT OF CHARGES IN ACCORDANCE WITH CHANGES IN THE COST OF FUEL, INCLUDING ECONOMY ENERGY (Cont'd)

Coal Dock Cost Recovery Factor

For each calendar month commencing February 27, 1998, an adjustment shall be added to the Statement of Fuel Cost Adjustment, following the adjustment for line losses. This adjustment, called the Coal Dock Cost Recovery Factor, shall be designed to recover \$4.5 million annually from Service Classification Nos. 1, 2, 3, 5, 6, 8, 9, 10, 12 and 13.

The Coal Dock Cost Recovery Factor shall be determined in whole \$0.00001 amounts per kilowatthour and shall be developed by dividing \$4.5 million by the Company's annual forecast of sales for the service classifications to which the factor is applicable. The Coal Dock Cost Recovery Factor shall not be applicable to Energy Value Option Plan (EVOP) sales or retail access deliveries made to Service Classification No. 13 customers.

Approximately \$83,333 of the revenue produced each month by this factor, a total of \$1.0 million annually, shall be applied to an Accumulated Depreciation Reserve Account as the depreciation of the coal dock facility. The remainder, or the equivalent of \$3.5 million annually, shall be deferred in a sub-account of Account 253 - Other Deferred Credits and utilized for funding the rate reductions and retail access programs approved by the Public Service Commission and set forth in the Settlement Agreement in Case 96-E-0909.

At the end of each calendar year, a new Coal Dock Cost Recovery Factor shall be calculated based on the current sales forecast and adjusted for the reconciliation of any over/under collection of the previous year's estimated cost recovery. Any measurements performed for periods of time (partial periods) that are less than a calendar year shall be performed on a pro-rata basis.

The Coal Dock Cost Recovery Factor will expire on June 30, 2001 with respect to cost recovery, at which time a final reconciliation of any over/under collection for the partial period will be performed.

Statement of Fuel Cost Adjustment

The rate of adjustment per kilowatthour, as determined above, shall be redetermined for each month and shall become effective with the eighth billing batch of the succeeding billing month and shall remain in effect until changed.

Not less than three (3) business days prior to any change in the rate of adjustment per kilowatthour resulting from this provision a statement showing the base cost, the present average cost of fuel, the period for which the average was determined, the amount of adjustment per kilowatthour and the period such adjustment per kilowatthour will remain in effect will be duly filed with the Public Service Commission, apart from this rate schedule, and will be available to the public at Company offices at which applications for service may be made.

Each statement filed with the Public Service Commission will be accompanied by the information required by Section 72-a of the Public Service Law.

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York