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GENERAL INFORMATION (Cont*d)

II. CONTINUED

39. UTILITY LOW INCOME ENERGY EFFICIENCY PROGRAM COST RECOVERY MECHANISM

As provided for by Commission Order in Case 89-M-0124, the prices for gas service shall be increased by an amount to be determined in accordance with the following provisions to allow the Company to recoup the cost associated with its UTILITY LOW INCOME ENERGY EFFICIENCY PROGRAM (ULIEEP).

a. The annual recovery period shall be the twelve months starting with the first cycle of the August billing period of the current year and ending with the last cycle of the July billing period of the following year.

The cost to be recovered in each recovery period shall be:

- (1) (a) Program Costs projected for the current program year.
- (b) Lost Revenue as determined for the prior actual program year; and
- (c) Any overcollection or undercollection balance resulting from the reconciliation of actual costs and recoveries through the end of the trial program period.

"Program Costs" shall be defined as all expenses incurred in designing, implementing, administering and evaluating the Company's ULIEEP.

"Lost Revenue" shall be defined as the product of the sales not made as a result of implementing ULIEEP measures times the unit margin that the Company would have realized had the sales been made. The unit margin shall be the price less any gas costs, ULIEEP surcharges, TOP surcharges and Revenue Tax surcharges included in that price.

The rates for Service Classifications Nos. 1, 2, 3, 4, 5, 7, 8, 9, 13D, 13M, 15, 16 and 17 shall be subject to a ULIEEP surcharge calculated in the following manner:

- (2) The above stated costs listed under Section II.39.a.(1) shall be recovered by a ULIEEP surcharge which shall be determined for each recovery period by dividing the costs to be recovered by 113,274,000 Mcf.

Issued by P.C. Ackerman, President, 10 Lafayette Square, Buffalo NY 14203
(Name of Officer, Title, Address)