

**STANDARD CONTRACT RIDER NO. 1
FUEL COST ADJUSTMENT
(Applicable to Rate 1 and Rate 2)**

A fuel cost adjustment shall be made in accordance with the following provisions:

- A. The fuel cost adjustment per therm shall be calculated by multiplying the Therms billed by an Adjustment Factor established according to the following formula:

$$\text{Adjustment Factor} = \frac{F}{S}$$

where:

1. "F" is the estimated expense of fuel based on a three month average cost beginning with the month of February 2008, and consisting of the following costs:
 - (a) the average cost of fuel burned for the production of steam in the Utility's plants, including only those items listed in Account 151;
 - (b) the average cost of purchases from the Indianapolis Resource Recovery Project (Covanta) of displaced net steam to mains.
 2. "S" is the estimated applicable sales in Therms for the same estimated period set forth in "F".
- B. The Adjustment Factor as computed above shall be further modified to allow the recovery of the utility receipts taxes and other similar revenue based tax charges occasioned by the fuel adjustment revenues.
- C. The Adjustment Factor shall be further modified to reflect the difference between incremental fuel cost billed and the incremental fuel cost actually experienced during the six month period ending July 31, 2007, and other Commission authorized adjustments as appropriate.
- D. The Adjustment Factor to be effective with meter readings on February 1, 2008 for all General Service and Demand Rate Accounts is \$0.49835 per Therm.