

APPENDIX E

ENERGY EFFICIENCY ADJUSTMENT

The Delivery Charges specified in Gas Rate Nos. D20 and D40 shall be adjusted from time to time in accordance with the Final Order of the Indiana Utility Regulatory Commission in Company's most recent general rate case to reflect an Energy Efficiency Funding Component and a Sales Reconciliation Component.

ENERGY EFFICIENCY FUNDING COMPONENT ("EEFC"):

The EEFC shall recover the costs of funding energy efficiency efforts throughout the Company's service area. These efforts may include, among others, energy efficiency programs, Customer education programs, and weatherization programs designed to benefit Customers under the applicable rate schedules.

The estimated annual costs, plus related revenue taxes, shall be divided by projected sales volumes to determine the applicable EEFC. The actual costs recoverable and the actual costs recovered under the EEFC shall be reconciled, with any under or over recovery being recovered or returned via the EEFC over a subsequent twelve Month period.

SALES RECONCILIATION COMPONENT ("SRC"):

The SRC shall recover the differences between Actual Margins and Adjusted Order Granted Margins for the applicable rate schedules.

Actual Margins are defined as Monthly margins for each rate schedule, prior to the SRC Adjustment. Adjusted Order Granted Margins are defined as the Order granted Monthly margins for each rate schedule, as approved in Company's most recent general rate case, as adjusted to reflect the change in number of Customers from the Order granted Customer levels. To reflect the change in number of Customers, Order granted margin per Customer is multiplied by the change in the number of Customers since the like Month during the test year, with the product being added to the Order granted margins for such Month.

The Company shall defer the calculated differences between Actual Margins and Adjusted Order Granted Margins for subsequent return or recovery via the SRC. Annually, the Company shall reflect in a revised SRC the accumulated Monthly margin differences. Beginning with the twelve-month period ending December 31, 2013, margin differences from Residential Customers

Appendix E – Energy Efficiency Adjustment (cont’d)

receiving Gas Delivery Service under Gas Rate No. D20 eligible for recovery in the SRC annually are capped at 8% of Adjusted Order Granted Margins attributable to Residential Customers applicable to the previous year. Any actual margin differences from Residential Customers in excess of the 8% SRC cap will be deferred for future recovery either in a future SRC filing, with the annual residential SRC amount still subject to the 8% cap, or in a future rate case. The total amount that may be deferred for recovery in a future rate case may not exceed \$1 million.

Appendix E – Energy Efficiency Adjustment

The accumulated Monthly margin differences for each rate schedule shall be divided by projected throughput volumes for each rate schedule to determine the applicable SRC. Projected and actual recoveries by rate schedule under the SRC are reconciled, with any under or over recovery being recovered or returned over a subsequent twelve Month period.

ENERGY EFFICIENCY ADJUSTMENT RATE: \$ per Therm

The applicable Energy Efficiency Adjustment Rate (the sum of the EEFC and SRC) shall be applied to each Therm of metered Gas usage each Month.

<u>Rate Schedule</u>	<u>A Energy Efficiency Funding Component</u>	<u>B Sales Reconciliation Component</u>	<u>A + B Energy Efficiency Adjustment Rate</u>
Gas Rate D20	\$0.0013	\$0.0424	\$0.0437
Gas Rate D40	\$0.0013	(\$0.0057)	(\$0.0044)