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| SCHEDULE 120 |
| Electricity Conservation Service Rider (Continued) |

4. **Conservation Cost Recovery Procedures:**

Each year, the Company;

1. Estimates current year expenditures,

b. performs a true-up of prior period differences for;

 i. Budget versus actual expenditures, and

 ii. Revenues set in rates versus actual revenue recovered.

c. Upon completion of the true-up, a. and b. are added together and the customer contributions that are facilitated pursuant to Schedule 258 (Large Power User Self-Directed Program) from Schedules 448, 449, 458 and 459 (the “Schedule 449 Customers”) are subtracted. The Company then uses the peak credit method to assign the electric conservation program costs to each rate schedule with the exception of Schedule 449 Customers. The conservation cost assigned to Schedule 449 customers is based on a separate estimate of the four-year conservation program expenses and rates are then fixed for the four year period.  The total conservation rider revenue requirement amount, applicable adjustments by rate schedule, and all substantiating calculations, are then submitted to the Commission for approval at least 60 days prior to the requested effective date.

All conservation expenditures and collections are tracked in FERC account 182.3.

1. **General Rules and Provisions:** Service under this schedule is subject to the General Rules and Provisions contained in this tariff.

(M) Transferred From Sheet No. 120-F