

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
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GENERAL INFORMATION

7. **Revenue Decoupling Mechanism Adjustment ("RDM")**

1. Applicable to:

- a. All customers taking service under Service Classification Nos. 1, 2, 3 (Primary), 6, 7, 8, 9, and 12, except as noted in (c.) below, whether receiving electricity supply from the Company or an ESCO, shall be subject to a RDM Adjustment as described below.
- b. All customers taking service under Service Classification No. 11 and choose to be subject to the otherwise applicable service class rates (pursuant to Section 3 under "Optional Standby Service Rate Phase-In is Applicable To;". All other customers taking service under Service Classification No. 11 shall be excluded from the RDM Adjustment.
- c. The following customers shall be excluded from the RDM Adjustment: customers taking Seasonal Service under the Special Provisions in Service Classification Nos. 1 and 8, Service Classification 3 (Substation), Service Classification No. 7-4 Transmission, Service Classification Nos. 5, 10, 13, and 14.

2. Definitions:

- a. "Delivery Service Revenue Target" for each service classification is based on service classification base delivery revenues for each month. Delivery Service Revenue Targets for each of the Rate Years are set forth in the Joint Proposal dated July 14, 2010 in Case Nos. 09-E-0715, 09-G-0716, 09-E-0717, and 09-G-0718, and approved by the Commission on September 21, 2010. The Delivery Service Revenue Target for Rate Year 3 shall repeat annually until changed by the Commission. For the purposes of determining the Delivery Service Revenue Target, revenues recovered under Industrial/High Load Factor rates shall be combined with standard service class revenues.
- b. "Actual Billed Delivery Service Revenue": For the purpose of RDM, shall be measured as the sum of the billed base delivery revenues from all customers for each service classification. Base delivery revenues include revenues related to the Customer Charge, Demand Charge (per kW), Reactive Charge (per rkvarh), and the Energy Charge for delivery (per kWh). For purposes of this calculation, revenues related to the System Benefits Charge (SBC), Merchant Function Charge (MFC), Transition Charge (NBC), Temporary State Assessment Surcharge (TSAS), and New York Power Authority (NYPA)-supplied usage are excluded. All sales to customers with economic development discounts or low income bill credits shall be calculated at standard service classification rates.
- c. "Rate Year": for the purposes of RDM, Rate Year 1 shall be effective through August 31, 2011. Each Rate Year thereafter shall begin on September 1 in all subsequent 12-month periods.

3. Calculation:

Beginning October 1, 2010:

- a. The RDM shall reconcile per service class actual billed delivery service revenue to allowed delivery service revenue.
- b. For each service classification, or sub classification subject to the RDM, each month, the Company shall compare the Actual Billed Delivery Service Revenue and the Delivery Service Revenue Target. If the monthly Actual Billed Delivery Service Revenue exceeds the Delivery Service Revenue Target, the delivery service revenue excess shall be accrued for refund to customers at the end of the Rate Year. Likewise, if the monthly Actual Billed Delivery Service Revenue is less than the Delivery Service Revenue Target, the delivery revenue shortfall shall be accrued for recovery from customers at the end of the Rate Year.
- c. At the end of the Rate Year, total delivery service revenues shall be compared to cumulative monthly target revenues for each service classification or sub classification. Any variance from cumulative target revenues shall be either refunded or surcharged to customers over the twelve monthly periods of the immediately succeeding Rate Year. Any surcharge or credit amount shall reflect interest at the then effective other customer deposit rate and shall be either recovered or returned on a service classification or sub classification basis.

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