

23.3 REVENUE, PRODUCTION COST AND PROPERTY TAX RECONCILIATION ADJUSTMENT CLAUSE (RRC) - NEW YORK/FOREST PARK (continued)

In accordance with the property tax mechanism set forth in the Joint Proposal approved by the Commission in Case 16-W-0130, the PSC has permitted the Company to reconcile property taxes each year. For the RY ended 01/31/2018, such reconciliation resulted in a surcharge to customers of \$ 903,793 which includes the remaining balance from Rate Year Ended 05/31/2016 of \$(186,574) plus applicable interest results in a total surcharge of \$ 723,878.

In accordance with the terms set forth in Section VI of the Joint Proposal approved by the Commission in Case 16-W-0130, the Company is required to defer any actual revenues above the estimated antenna site rental revenues included in the Company's revenue requirement. The amount netted to the Revenue and Production Cost Surcharge for the RY ended 01/31/2018 is (\$0).

A net surcharge of 9.515% which is based on the Company's total metered sales revenues will be billed to all metered customers over the 12 month period following the effective date of the surcharge.

In the event of any disagreement over the proper net surcharge or surcredit amounts between the Company and Staff, Staff's calculated surcharge or surcredit will be temporarily placed in effect. The differences will be resolved through the Dispute Resolution Process.

If the Dispute Resolution Process results in an amount ultimately resolved in the Company's favor, then the Company will be allowed to recover carrying charges on the determined net of tax amount. Carrying charges will be applied at the then-current Other Customer Capital rate.

The accumulated net revenue variance will accrue interest net of income tax from the end of each Rate Year at the Other Customer Capital rate then in effect.

The reconciliation will be submitted to the Director of the Office of Electric, Gas and Water within 60 days after the end of the term of each Rate Year. At the end of Year Three, any remaining balances will be reconciled in a similar manner as described above. In addition, reconciliation amounts from prior rate plans will be recovered or refunded in the manner described above. If a new rate plan does not immediately begin upon the completion of the final rate year of this rate plan, the Company will use the revenue and production cost targets from the final rate year to do a pro-rated revenue and production cost reconciliation. Monthly revenue and production cost targets will be calculated as the monthly averages of metered revenue and production costs for the most recent 5 years applied to the final rate year annual targets.

The reconciliations will continue beyond the end of the Rate Plan at the third rate year targets until new target levels are set in the next rate proceeding.