

PSC No: 16 - Gas  
Rochester Gas and Electric Corporation  
Initial Effective Date: July 1, 2016  
Issued in compliance with Order in Case 15-G-0286, dated June 15, 2016

Leaf No. 127.46.3  
Revision: 4  
Superseding Revision: 2

#### GENERAL INFORMATION

### 14. REVENUE DECOUPLING MECHANISM (RDM) ADJUSTMENT (Cont'd)

#### 3. Calculation

- a. Each month, actual billed delivery service revenues per customer shall be reconciled to allow weather normalized delivery service revenues per customer. Actual delivery service revenues are defined as the revenue received from base delivery rates (customer charges and per-therm delivery rates). Actual delivery service revenues shall reflect the weather normalization adjustment clause.
- b. At the end of the Rate Year, actual billed revenues per customer by service class for the entire Rate Year shall be compared to the cumulative monthly targets for the entire Rate Year. Any variance from the cumulative monthly targets for the Rate Year shall be either surcharged or credited to customers over the 12-monthly periods of the immediately succeeding Rate Year. Surcharges or credits shall be developed on a service class basis. Any surcharge or credit amount shall reflect interest at the then effective other customer deposit rate. Any such surcharge or credit under the annual reconciliation or interim reconciliation process (refer to 3.d. below) shall be recovered or returned through service class specific rates. Surcharges or credits arrived at in the annual reconciliation shall reflect amounts already surcharged or refunded through the interim reconciliation process.
- c. The first two months of the Rate Year shall be adjusted upward to reverse the effect of proration between old and new rates in actual billed delivery service revenue. The actual billing determinants for each RDM applicable service class shall be multiplied by the approved rates for the Rate Year. If at any time during the Rate Year the cumulative difference between the actual billed revenues per customer and the cumulative target revenues per customer is 1.50% or more, the Company may file an interim RDM Adjustment for each service classification. For the Rate Years listed below, the amounts by Rate Year (positive or negative) will trigger an interim RDM Adjustment for each service classification:
  - (i) Rate Year 1: \$2.36 million;
  - (ii) Rate Year 2: \$2.47 million;
  - (iii) Rate Year 3: \$2.60 million

Such interim RDM Adjustment shall be limited to no more than one per Rate Year and shall occur over four months or until the end of the Rate Year, whichever is longer.

#### 4. Filing of Statements

- a. A Revenue Decoupling Mechanism (RDM) Statement setting forth the rate adjustment shall be filed with the Public Service Commission on not less than 30 days' notice.
- b. Should the Company file an interim RDM Adjustment as described above, such filing shall occur on not less than 10 days' notice.
- c. Such statement can be found at the end of this Schedule (P.S.C. No. 16 Gas).

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Rochester, New York