

PSC NO: 2 Electricity
The Fishers Island Electric Corporation
Initial Effective Date: 10/01/11

Leaf No. 58
Revision: 2
Superseding Revision: 1

GENERAL INFORMATION

(16) Meter Reading, Billing, Collection, and Estimated Bills (Cont'd.)

I. Adjustment of Rates According to Changes in the Cost of Fuel: (Cont'd.)

(e) Calculation of Purchase Power Adjustment Charge:

(1) SC Nos. 1 and 5 (SC1 & 5 PPAC)

The PPAC for SC Nos. 1 and 5 shall equal:

$$\frac{1}{2} * (PPC - BPPC) * FOA$$

(2) SC Nos. 2 and 7

The PPAC for SC Nos. 2 and 7 shall equal:

$$\frac{(\text{Total monthly SC sales}) * (PPC - BPPC) * FOA - (\text{SC 1 and 5 sales}) * (\text{SC 1 \& 5 PPAC})}{\text{Total SC 2 \& 7 sales}}$$

(f) Annual Reconciliation

After the end of each fiscal year, beginning with fiscal year 2010, the Company will perform a reconciliation to determine whether there was an under-collection or over-collection of purchased power expense during the preceding fiscal year. The calculation is as follows:

Total Purchased Power Cost – (kWh sold x Base Cost of Purchased Power x Factor of Adjustment)

The result will then be compared to the actual PPAC revenues recovered during that period to determine whether a PPA Reconciliation surcharge or refund is applicable. Until the revenue requirement is recalculated in the Company's first rate case following the effective date of this tariff, \$125,245 will be added to the resulting surcharge or refund. The resulting total surcharge or refund will be included as a line item in the following month(s) calculation(s) of PPAC in order to adjust revenues to more accurately reflect actual expenses. The total surcharge or refund amount will be collected over the 12 months subsequent to the reconciliation. The amount of under-collection or over-collection surcharged or refunded each month will be in accordance with the percentage of delivered sales to total annual delivered sales for the corresponding month in the reconciled fiscal year.

(g) Purchased Power Adjustment Rate Statement:

A statement showing the Purchased Power Adjustment per kWh shall be filed with the Commission not less than 3 business days prior to the date on which it is proposed to be effective.

Issued by: Robert E. Wall, President, Fishers Island, New York 06390