

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

Leaf No. 58
Revision: 1
Superseding Revision: 0

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

At the end of each fiscal year the Company will perform a reconciliation to determine whether there was an under- or over-collection of purchased power expense during the preceding 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 this period to determine if a PPA Reconciliation Surcharge or Refund is applicable. The resultant 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 number of months over which the Surcharge or Refund will be included will depend on the size of the Surcharge or Refund. If the Surcharge/Refund is under \$5,000 it will be included in one month. Surcharges/Refunds between \$5,000 and \$10,000 will be split between two months and any Surcharges/Refunds over \$10,000 will be charged/credited in \$5,000/month increments until complete in order to minimize the impact on rate payers.

(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