

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
Initial Effective Date: October 17, 2009

Leaf No. 21
Revision: 4
Superseding Revision: 2

GENERAL INFORMATION

7. **Revenue Decoupling Mechanism Adjustment (“RDM”)**

Applicable to:

All customers taking service under Service Classification Nos. 1, 2, 3 (Primary), 6, 7 (except for SC 7-4 Transmission), 8, 9, and 12, whether receiving electricity supply from NYSEG or an ESCO, will be subject to a RDM Adjustment as described below.

1. Definitions

“Initial Target Delivery Revenue” for each service classification is based on service classification base delivery revenues for each month, as approved by the Public Service Commission. For the purposes of determining the Initial Target Delivery Revenue, revenues recovered under Industrial/High Load Factor rates will be combined with standard service class revenues.

“Delivery Revenues”: For the purpose of RDM, “Delivery Revenues” will 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 rkVAh), and the Energy Charge for delivery (per kWh). For purposes of this calculation, revenues related to the System Benefits Charge (SBC), Renewable Portfolio Standard charge (RPS), Merchant Function Charge (MFC), Transition Charge (NBC), Deferral Recovery Mechanism (DRM), Temporary State Assessment Surcharge (TSAS), and New York Power Authority (NYPA)-supplied usage are excluded. Also excluded are economic development discounts, low income bill credits and gross receipts taxes.

2. Each month, the difference (if any) between the Target Delivery Revenue and actual Delivery for each service classification shall be accumulated and deferred. At the end of the calendar year, the deferral balance will be refunded or surcharged to the each service classification via an individual service classification RDM Rate Adjustment.

If at any time during the year, the value of the overall deferral account exceeds \$8.5 million (positive or negative), the Company will file an interim RDM Rate Adjustment for each service classification in the following month on not less than ten (10) days’ notice.

The deferral account will be subject to a carrying charge at the other customer deposit rate most recently accepted by the Commission..

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