

PSC NO. 4 GAS LEAF: 113.1
ORANGE AND ROCKLAND UTILITIES, INC. REVISION: 7
INITIAL EFFECTIVE DATE: April 1, 2019 SUPERSEDING REVISION: 5
Issued in compliance with Commission order in Case 18-G-0068, dated 03/14/19

GENERAL INFORMATION

25. Revenue Decoupling Mechanism ("RDM") Adjustment

Actual delivery revenues for certain customer classes are subject to reconciliation through an RDM Adjustment. Prior to April 1, 2019, the RDM Adjustment was calculated based on a revenue per customer ("RPC") methodology. Under the RPC methodology, annual Actual Delivery Revenue is compared with an annual Delivery Revenue Target equal to the product of the average of number of customers and an annual RPC target for each customer group subject to the RDM. Effective April 1, 2019, the RDM Adjustment will be calculated based on a revenue per class methodology where annual Actual Delivery Revenue is compared with an annual Delivery Revenue Target for such customer group as set forth in this section. For both methodologies, the RDM Adjustment will be tracked monthly. In months where Actual Delivery Revenue exceeds the Delivery Revenue Target, the delivery revenue excess, plus interest, will be accrued for refund to customers at the end of the RDM Period. For months where Actual Delivery Revenue is less than the Delivery Revenue Target, this delivery revenue shortfall, plus interest, will be accrued for recovery from customers at the end of the RDM Period. Interest at the Commission's rate for other customer provided capital will be calculated on the average of the current and prior month's cumulative delivery revenue excess/shortfall (net of state and federal income tax benefits).

For purposes of the RDM, the term Actual Delivery Revenue is defined as the sum of total revenue derived from: (a) delivery charges as defined in Service Classification Nos. 1 and 2; (b) transportation charges as defined in Service Classification No. 6; (c) the Weather Normalization Adjustment as described in General Information Section 12.3; and (d) for the 12-month period ending December 31, 2021, revenue associated with the Temporary Credit as described in General Information Section 12.2(H). Actual Delivery Revenue shall not include revenues derived from RDM Adjustments as described in Sections B, C, and D.

(A) Applicability

The RDM Adjustment is applicable to Service Classification Nos. 1, 2, and 6. For RDM purposes, these service classifications shall be assigned to service classification groups as follows:

Group A - Service Classification No. 1 and Service Classification No. 6 Rate Schedule IA customers.

Group B - Service Classification No. 2 and Service Classification No. 6 Rate Schedule IB and Rate Schedule II customers.

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