29. ENERGY COST ADJUSTMENT MECHANISM (Cont'd)

Miscellaneous Charges Factor (Cont'd)

Electric Vehicle Make-Ready Program Factor

The Electric Vehicle Make-Ready (EVMR) Program factor is designed to recover the following costs as addressed by the Commission in Case 18-E-0138:

(a) Utility-Owned Make-Ready Work: Until these costs are recovered through base rates, the depreciation expense related to utility-owned make-ready work including work related to future-proofing Company infrastructure and the return, at the Company's currently authorized pre-tax cost of capital, on the average unrecovered portion of such investment net of deferred income taxes for each program year will be recovered over a subsequent one-year period;

(b) Customer-Owned Make-Ready Work: Until these costs are recovered through base rates, incentives paid for customer-owned make-ready work, including carrying charges calculated at the Company's currently authorized pre-tax cost of capital applied to the net-of-tax balances of such incentives and carrying charges, will be recovered over a period of 15 years;

(c) Other Programs: This includes costs associated with the Environmental Justice Community Clean Vehicles Transformation Prize, Clean Personal Mobility Prize, Clean Medium- and Heavy- Duty Innovation Prize, Fleet Assessment Service, and Medium- and Heavy- Duty Make-Ready Pilot Program. To the extent that costs in these programs are for utility-owned make-ready infrastructure, such costs will be recovered consistent with Utility-Owned Make-Ready Work as noted in (a) above. Other costs of these programs, including carrying charges calculated at the Company's currently authorized pre-tax cost of capital applied to the net-of-tax balances of such other costs and carrying charges, will be recovered over a period of 15 years; and,

(d) Make-Ready Implementation Costs: Implementation costs inclusive of the Fleet Assessment Service, including carrying charges calculated at the Company's currently authorized pre-tax cost of capital applied to the net-of-tax balances of such other costs and carrying charges, will be recovered over a period of 5 years.

Cost recovery will be determined:

1. on an annual basis to be effective with the first billing batch in February, with the first program year ending December 31, 2020 and each subsequent program year comprising a successive annual term thereafter;

2. for each service classification or sub-classification in proportion to each class' transmission and distribution revenues;

3. on a kWh basis for non-demand customers and on a kW basis for demand customers;

4. with the rate per kWh or kW determined by dividing allocable costs by estimated billed kWh deliveries or kW demand over the collection period;

5. by reconciling recoveries (eleven months actual, one month forecast) with allocable costs for each twelve-month recovery period ending December 31, with any over or under recoveries included in the development of succeeding rates. Reconciliation amounts related to the one month forecast will be included in the second subsequent rates determination. with the disposition of any resulting over or under recovery at the end of the program recovery period addressed by the Commission.