

PSC NO: 121 ELECTRICITY  
 NEW YORK STATE ELECTRIC & GAS CORPORATION  
 Initial Effective Date: December 1, 2017  
 Issued in compliance with Order in Case 16-E-0710, dated November 16, 2017.

Leaf: 14.0  
 Revision: 0  
 Superseding Revision:

## 17. Revenue Decoupling Mechanism Adjustment (“RDM”)

1. Applicable to:
  - a. All customers taking service under Service Classification Nos. 1, 2, 3, and 4, whether receiving electricity supply from the Company or an ESCO, such customers shall be subject to a RDM Adjustment as described below.
    - i. For reconciliation purposes, the Company shall combine all classes.
2. Definitions:
  - a. “Delivery Service Revenue Target”: shall be based on combined lighting service classification base delivery revenues for each month. The Delivery Service Revenue Target for Rate Year 3 shall repeat annually until changed by the Commission. Delivery Service Revenue Targets for each of the Rate Years are set forth in the Joint Proposal dated February 19, 2016 in Case Nos. 15-E-0283, 15-G-0284, 15-E-0285, and 15-G-0286, and approved by the Commission on June 15, 2016. The Delivery Service Revenue Target for Rate Year 3 shall repeat annually until changed by the Commission.
  - b. “Actual Billed Delivery Service Revenue”: For the purpose of RDM, shall 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 monthly delivery charges and the Energy Charge for delivery (per kWh). For purposes of this calculation, revenues related to the System Benefits Charge (SBC), Rate Adjustment Mechanism (RAM), Merchant Function Charge (MFC), Transition Charge (Non-Bypassable Charge [“NBC”]), Reliability Support Services Surcharge (RSSS), Temporary State Assessment Surcharge (TSAS), and New York Power Authority (NYPA) supplied usage are excluded.
  - c. “Rate Year”: For the purposes of RDM, Rate Year 2 shall be effective through April 30, 2018. Each Rate Year thereafter shall begin on May 1 in all subsequent 12-month periods.
3. Calculation:
  - a. The RDM shall reconcile per service class actual billed delivery service revenue to allowed delivery service revenue.
  - b. Each month, the Company shall compare the Actual Billed Delivery Service Revenue and the Delivery Service Revenue Target for all service classes. If the monthly Actual Billed Delivery Service Revenue exceeds the Delivery Service Revenue Target, the delivery service revenue excess shall be accrued for refund to customers at the end of the Rate Year. Likewise, if the monthly Actual Billed Delivery Service Revenue is less than the Delivery Service Revenue Target, the delivery revenue shortfall shall be accrued for recovery from customers at the end of the Rate Year.
  - c. At the end of the Rate Year, total delivery service revenues shall be compared to cumulative monthly target revenues. Any variance from cumulative target revenues shall be either refunded or surcharged to customers over the 12 monthly periods of the immediately succeeding Rate Year. Any surcharge or credit amount shall reflect interest at the then effective other customer deposit rate and shall be either recovered or returned to all service classifications. The surcharge or credit shall be determined by dividing the amount to be refunded or surcharged to customers by estimated kWh deliveries to customers over a 12-month period. A per kWh surcharge or credit shall apply for all other service classifications.
  - d. Following each RDM Adjustment period, any difference between the amounts required to be charged or credited to and amounts actually charged or credited shall be charged or credited to customers in each service classification, with interest, over the subsequent RDM Adjustment period, or as determined by the Public Service Commission, if no RDM is in effect. Credits applied to Customer accounts pursuant to P.S.C. No. 119, Rule 4.S. Policies Related to Prolonged Outages, shall be excluded at the subsequent annual reconciliation.
  - e. If at any time during Rate Year, the actual total accumulated billed delivery service revenues vary plus or minus 1.50% or more from the total accumulated Delivery Service Revenue Targets, the Company may file an interim RDM Adjustment. For the Rate Years listed below, the amounts by Rate Year (positive or negative) shall trigger an interim RDM Adjustment:
    - i. Rate Year 2: \$9.57 million;
    - ii. Rate Year 3: \$10.06 million
 Such interim RDM Adjustment shall be limited to no more than one per Rate Year and shall occur over four months or until the end of the Rate Year, whichever is longer.
4. A Revenue Decoupling Mechanism (RDM) Statement setting forth the rate adjustment shall be filed with the Public Service Commission on not less than 30-days’ notice to be effective August 1. Should the Company file an interim RDM Adjustment as described above, such filing shall occur on not less than 10-days’ notice. Such statement can be found at the end of this Schedule (P.S.C. No. 121 – Electricity).

ISSUED BY: Joseph J. Syta, Vice President, Controller and Treasurer, Binghamton, New York