

Effective Date: 05/01/2017

PSC No: 120 - Electricity  
 New York State Electric & Gas Corporation  
 Initial Effective Date: May 1, 2017  
 Issued in compliance with Order in Case 14-M-0565, dated February 17, 2017 and 17-M-0106 dated April 20, 2017.

Leaf No. 22

Revision: 15

Superseding Revision: 14

## GENERAL INFORMATION

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

## 3. Calculation (cont’d)

- d. Following each RDM Adjustment period, any difference between the amounts required to be charged or credited to customers in each service classification or sub classification and amounts actually charged or credited shall be charged or credited to customers in that service classification or sub 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. shall be excluded at the subsequent annual reconciliation.
- e. The first two months of the Rate Year shall be adjusted upward to reverse the effect of proration of changes in effective delivery rates.
- f. If a customer qualifies for and takes service under Service Classification Nos. 13 or 14, or receives an allocation of NYPA Power, or if a customer taking service under Service Classification Nos. 13 or 14 switches to another service classification subject to the RDM, or has an allocation of NYPA power that expires, such customer migration shall be treated symmetrically using the following methodology:
  - i. If a customer moves from a flexible rate contract to an RDM class, the RDM target shall increase by the level of revenue forecast for that customer in the rate year under the flexible rate contract pro-rated by the number of months in the new service class, making the Company whole for delivery revenues below the level forecast in the rate year. Any revenue in excess of the forecast shall be credited to the RDM class.
  - ii. If a customer moves from a RDM class to a flexible rate contract, the RDM target shall be decreased by that customer's sales in the flexible rate contract priced out at full tariff rates, making the RDM class whole for delivery revenues from the migrating customer.
  - iii. In situation (a) and (b) above, the Company shall adjust the RDM targets for the remaining months of the current rate year, and in the subsequent rate years.
- g. 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 each service classification and sub classification. For the Rate Years listed below, the amounts by Rate Year (positive or negative) shall trigger an interim RDM Adjustment for each service classification and sub classification:
  - i. Rate Year 1: \$8.87 million;
  - ii. Rate Year 2: \$9.57 million;
  - iii. 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. 120 – Electricity).

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