PSC No: 120 - Electricity
New York State Electric & Gas Corporation
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GENERAL INFORMATION

7. **Revenue Decoupling Mechanism Adjustment ("RDM") (cont.)**

3. Calculation (cont.)

c. The surcharge or credit for each applicable service classification or sub classification shall be determined by dividing the amount to be refunded or surcharged to customers in that service classification or sub classification by estimated kWh or kW deliveries to customers in that service classification or sub classification over a twelve (12) month period. A per kW surcharge or credit will be applied for those classes that do not have a kWh delivery charge. A per kWh surcharge or credit will apply for all other service classifications.

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 will 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 PSC No. 119, Rule 4.Q. shall be excluded at the subsequent annual reconciliation.

e. The first two months of the Rate Year will 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 will be treated symmetrically using the following methodology:

   i. If a customer moves from a flexible rate contract to an RDM class, the RDM target will 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 will be credited to the RDM class.

   ii. If a customer moves from a RDM class to a flexible rate contract, the RDM target will 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 Companies will 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 1.25% or more from the total accumulated Delivery Service Revenue Targets, the Company will 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) will trigger an interim RDM Adjustment for each service classification and sub classification:

   i. Rate Year 1: $5.89 million;
   ii. Rate Year 2: $6.63 million;
   iii. Rate Year 3: $6.89 million

   Such interim RDM Adjustment will be limited to no more than one per Rate Year and will occur over four (4) months or until the end of the Rate Year, whichever is longer.

4. A Revenue Decoupling Mechanism (RDM) Statement setting forth the rate adjustment will be filed with the Public Service Commission on not less than thirty (30) days' notice to be effective November 1. Should the Company file an interim RDM Adjustment as described above, such filing will occur on not less than ten (10) days' notice. Such statement can be found at the end of this Schedule (PSC No. 120 – Electricity).

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