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PSC No: 120 - Electricity
 New York State Electric & Gas Corporation
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 Superseding Revision: 5

GENERAL INFORMATION

7. Revenue Decoupling Mechanism Adjustment ("RDM")

1. Applicable to:

- a. The residential RDM group consists of S.C. No. 1, S.C. No. 8, and S.C. No. 12. The non-residential RDM group consists of S.C. No. 2, S.C. No. 2S, S.C. No. 6, S.C. No. 9, S.C. No. 3, S.C. No. 3S, S.C. No. 11 Standby, S.C. No. 5, P.S.C. No. 121 Street Lighting (S.C. Nos. 1, 2, 3, 4), and all of the S.C. No. 7 sub-classes (1-Secondary, 2-Primary, 2-SubTrans, 4-Transmission). Whether receiving electricity supply from the Company or an ESCO, customers shall be subject to a RDM Adjustment as described below.
- b. The following customers shall be excluded from the RDM Adjustment: S.C. Nos. 10, 13, and 14.

2. Definitions:

- a. "Delivery Service Revenue Target": The Delivery Service Revenue Target for Rate Year 3 shall repeat annually until changed by the Commission. For the purposes of determining the Delivery Service Revenue Target, the residential and non-residential are based on the applicable service class delivery based revenues recovered under Industrial/High Load Factor rates shall be combined with standard service class revenues.
 - i. Residential
 - ii. Non-Residential
- 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 the Customer Charge, Demand Charge (per kW), Reactive Charge (per rkvarh), and the Energy Charge for delivery (per kWh). For purposes of this calculation, revenues related to the System Benefits Charge (SBC), Renewable Portfolio Standard charge (RPS), Merchant Function Charge (MFC), Monthly Adjustment Clause, Temporary State Assessment Surcharge (TSAS), and New York Power Authority (NYPA)-supplied usage are excluded. All sales to customers with economic development discounts or low income bill credits shall be calculated at standard service classification rates.
- c. "Rate Year": for the purposes of RDM, Rate Year 1 shall be effective through March 31, 2017. Each Rate Year thereafter shall begin on April 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. For each service classification or sub classification subject to the RDM, each month, the Company shall compare the Actual Billed Delivery Service Revenue and the Delivery Service Revenue Target. 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 for each service classification or sub classification. 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 on a service classification or sub classification basis.

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