

Residential Fixed Cost Decoupling Tariff (RDT)

The RDT applies to residential customers receiving service on Schedules 1, 2, and 3. The RDT is an alternative cost recovery mechanism designed to ensure that the Company only recovers the distribution fixed costs (DFC) per residential customer authorized by the Public Service Commission without regard to the level of kWh sales.

Upon Commission authorization, the RDT shall run as a pilot program for an initial period of three years. During the period of the pilot, the Company shall report monthly to the Commission the accruals both in total and as a percentage of total DFC revenues.

Allowed Monthly DFC Revenue Per Customer

The Allowed Monthly DFC Revenue per customer per month is as follows:

Jan	\$23.32		Apr	\$16.45		Jul	\$27.03		Oct	\$17.00
Feb	\$19.85		May	\$16.04		Aug	\$31.59		Nov	\$16.15
Mar	\$18.24		Jun	\$19.87		Sep	\$24.71		Dec	\$21.24

Allowed Monthly DFC Revenue

The Allowed Monthly DFC Revenue equals the actual number of customers multiplied by the Allowed Monthly DFC Revenue per Customer per month.

Actual Monthly DFC Revenue

For each month, the Actual Monthly DFC Revenue is computed by the following formula:

$$\text{(Number of Customers Served x \$3.00) + (monthly kWh sales x \$0.02706613)}$$

Deferred Account Accrual

The difference between the Allowed Monthly DFC Revenue and the Actual Monthly DFC Revenue shall be recorded monthly in deferred account 182.3. In any calendar year, the Company may not accrue more than 5% of the authorized annual DFC revenue.

Amortization of Monthly Accruals

At least twice per year, the Company shall file with the Commission an application to amortize the DFC revenue balance in deferred account 182.3 over a subsequent twelve-month period. Through the remainder of the pilot program, the Company may not amortize DFC revenue accruals on a net basis totaling more than 5.0% of the authorized total DFC revenue for the previous 12-month period at the time of the application.

The balance of deferred account 182.3 shall be amortized through cents per kWh rate applicable to all residential kWh usage. Unless otherwise ordered by the Commission, the amortization period shall be for 12 months.

Carrying Charge

An annual interest rate of 6% (0.5% per month) simple interest shall be applied to the outstanding DFC revenue balance in deferred account 182.3.