

GENERAL INFORMATION

14. Earnings Adjustment Mechanism (“EAM”)

The EAM Surcharge is designed to recover incentives associated with Electric EAMs from all customers taking service under Service Classification Nos. 1, 2, and 3.

A. Cost recovery shall be determined as follows:

1. Electric Share the Savings (“ESTS”) and Heat Pump Share the Savings (“HPSTS”)
 - A. The Company shall allocate the ESTS and HPSTS EAMs by using the same allocation method used to allocate Energy Efficiency-EE Tracker costs to service classes as follows:
 - (1) 83.43% is based on energy;
 - (2) 6.53% is based on a 1CP demand allocator;
 - (3) 3.38% is based on a 12 CP demand allocator;
 - (4) 1.72% is based on a primary NCP demand allocator; and
 - (5) 4.95% is based on a secondary NCP demand allocator.
 - B. In the event the Company undertakes non-pipes alternatives which include heat pumps as part of the solution, the Company will not include those heat pumps associated with any such project in the calculation of the Heat Pump Share the Savings EAM.
2. Beneficial Electrification (“BE”)
 - A. For the BE EAM, the Company shall allocate EAM incentives to Service Classifications for the BE EAM using transmission demand (12 CP), primary demand, secondary demand, and energy allocators with each carrying equal weight using the energy allocator.
3. Distributed Energy Resources (“DER”) Utilization
 - A. For the DER EAM, the Company shall allocate EAM incentives to Service Classifications using transmission demand (12CP), primary demand, secondary demand, and energy allocators with each carrying equal weight.
4. Electric Peak Reduction (“EPR”)
 - A. For the EPR EAM, the Company shall allocate EAM incentives to Service Classification using the transmission demand allocator (12 CP).

B. Recovery of EAM Incentives

Recovery of earned Electric EAMs will be through the Transition Charge. The EAM will be collected from customers on a per kWh basis for non-demand billed customers.

C. Calculation

The EAM surcharge shall be calculated by dividing the earned incentive for each service classification by the forecast sales for that service classification.

The EAM surcharge collected from customers will be subject to an annual reconciliation for any over or under collections from the previous year and at the end of the contract term if less than an annual period. The EAM reconciliation over or under collections will be credited or surcharged to customers.

A Statement setting forth the EAM surcharge shall be filed with the Public Service Commission on not less than 30-days' notice.

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