

RATE SCHEDULE: DISTRIBUTION ADJUSTMENT FACTOR

DAF

Designation: MDPU 193

Applicable to:

All filed retail rate schedules referencing this clause.

Rate Charges:

The object of this DAF clause is to adjust the revenues recovered through the Department's Distribution Energy Charge in order to ensure that the Department maintains an appropriate level of Net Income consistent with Massachusetts General Law Chapter 164.

At or before the beginning of each fiscal year the Department will calculate the Distribution Adjustment Factor for billing in that fiscal year in accordance with the following formula:

$$\text{DAF} = (\text{DR} - \text{DE} + \text{NI}) \div \text{kWh}$$

Where

DAF = Distribution Adjustment Factor;

DR = Forecast Distribution Revenues from the Department's Distribution Energy and Distribution Demand charges for the fiscal year including Other Income and Other Operating Revenues as applicable;

DE = Forecast Distribution Expenses consisting of Operation and Maintenance and Depreciation expenses as well as Interest Expense and other Income Deductions;

NI = The Department's desired Net Income for the fiscal year consistent with Massachusetts General Law Chapter 164;

kWh = Forecast kWh sales for all customer classes subject to this clause

The Distribution Adjustment Factor so determined, either a charge or credit, will be applied to the Distribution Energy Charge in the appropriate retail rate schedule and will appear on the bill as a single charge which will be the net of the Distribution Energy Charge and the Distribution Adjustment Factor.

Effective: September 1, 2018