

Rate Design, Customer and Markets Panel

Exhibit \_\_ (RDCM-6)

Calculation of the Merchant Function Charge  
and Billing Backout Credit

Schedule 1

Witness: Rate Design, Customer and Markets Panel

**Merchant Function Charge**

	Non-Demand (SC-1, SC-1C, SC2ND)	Demand (SC2D, SC3, SC3A)	Streetlighting	Total
1 Historic Test Year Revenue (12 months ended 9/30/09)	\$ 1,809,706,690	\$ 1,091,644,201	\$ 56,187,413	\$ 2,957,538,304
2 Historic Test Year Net Writeoffs (12 months ended 9/30/09)	\$ 48,561,100	\$ 4,337,500	\$ 27,200	\$ 52,925,800
3 Uncollectible factor	<b>2.68%</b>	<b>0.40%</b>	<b>0.05%</b>	
4 Credit & Collections (\$/kWh)	0.00053	0.00053	0.00044	
5 Electric Supply Procurement & Admin (\$/kWh)	0.00016	0.00016	0.00016	
6 Pre Tax Weighted Cost of Capital	11.68%	11.68%	11.68%	
7 Lead Lag Percentage - CWC	3.64%	3.64%	3.64%	
8 Electric Purchased Power related Working Capital	<b>0.425%</b>	<b>0.425%</b>	<b>0.425%</b>	
9 Uncollectible factor	\$ 0.00183	\$ 0.00027	\$ 0.00003	
10 Credit & Collections	\$ 0.00053	\$ 0.00053	\$ 0.00044	
11 Electric Supply Procurement & Administration	\$ 0.00016	\$ 0.00016	\$ 0.00016	
12 Electric Purchased Power related Working Capital	\$ 0.00029	\$ 0.00029	\$ 0.00029	
<b>Total Merchant Function Charge</b>	<b>\$ 0.00281</b>	<b>\$ 0.00124</b>	<b>\$ 0.00092</b>	

1 Supported by Exhibit (RDCM-6), Schedule 1, Sheet 2, Line 1  
 2 Supported by Exhibit (RDCM-6), Schedule 1, Sheet 2, Line 2  
 3 Line 2 / Line 1  
 4 Supported by Exhibit (RDCM-6), Schedule 1, Sheet 4, Line 4  
 5 Supported by Exhibit (RDCM-6), Schedule 1, Sheet 5, Line 3  
 6 Supported by Exhibit (RDCM-6), Schedule 1, Sheet 6, Line 1

7 Supported by Exhibit (RDCM-6), Schedule 1, Sheet 6, Line 2  
 8 Line 6 \* Line 7  
 9 Supported by Exhibit (RDCM-6), Schedule 1, Sheet 2, Line 7  
 10 Supported by Exhibit (RDCM-6), Schedule 1, Sheet 4, Line 4  
 11 Supported by Exhibit (RDCM-6), Schedule 1, Sheet 5, Line 3  
 12 Supported by Exhibit (RDCM-6), Schedule 1, Sheet 6, Line 7

Witness: Rate Design, Customer and Markets Panel

**Development of Uncollectible Factor**

	Non-Demand (SC-1, SC-1C, SC2ND)	Demand (SC2D, SC3, SC3A)	Streetlighting	Total
1 Historic Test Year Revenue (12 mos ended 9/30/09)	\$ 1,809,706,690	\$ 1,091,644,201	\$ 56,187,413	\$ 2,957,538,304
2 Net Writeoffs (Historic Test Year)	\$ 48,561,100	\$ 4,337,500	\$ 27,200	\$ 52,925,800
3 Uncollectible factor	<b>2.68%</b>	<b>0.40%</b>	<b>0.05%</b>	
4 FY11 Commodity Revenue	\$ 674,543,011	\$ 269,528,082	\$ 7,410,397	\$ 951,481,489
5 Forecast Uncollectible MFC collected	\$ 18,100,475	\$ 1,070,933	\$ 3,587	\$ 19,174,996
6 2011 Forecast Full Service Customer kwh Sales	9,890,216,396	3,992,015,933	130,050,922	14,012,283,251
7 \$/kwhr rate	\$ <b>0.00183</b>	\$ <b>0.00027</b>	\$ <b>0.00003</b>	

- 1 Supported by Exhibit (RDCM-6), Schedule 1, Sheet 3, Line 6, cols A-C
- 2 Supported by Exhibit (RDCM-6), Schedule 1, Sheet 3, Line 1, cols A-C
- 3 Line 2 / Line 1
- 4 Supported by Exhibit (RDCM-14), Workpapers to Exhibit (RDCM-6), Schedule 1, Workpaper 3, Sheet 2
- 5 Line 3 \* Line 4
- 6 Supported by Exhibit (RDCM-14), Workpapers to Exhibit (RDCM-6), Schedule 1, Workpaper 4
- 7 Line 5 / Line 6

Witness: Rate Design, Customer and Markets Panel

**Development of Uncollectible Rate by Service Class**

	A Non-Demand (SC-1, SC-1C, SC2ND)	B Demand (SC2D, SC3, SC3A)	C Streetlighting	D NYPA	E SC11/12	F Total
1 Historic Net Writeoffs	\$ 48,561,100	\$ 4,337,500	\$ 27,200	\$ -	\$ -	\$ 52,925,800
2 Allocation % based on Historic Gross Writeoffs	91.753%	8.195%	0.051%	0.000%	0.000%	
<u>Historic Test Year Revenue</u>						
3 NMPC Historic Test Year Revenue	\$ 1,637,235,490	\$ 961,977,801	\$ 55,476,713	\$ 105,602,855	\$ 74,056,241	\$ 2,834,349,100
4 LPC	\$ 13,711,400	\$ 1,224,700	\$ 7,700	\$ -	\$ -	\$ 14,943,800
5 ESCO POR Revenue	\$ 158,759,800	\$ 128,441,700	\$ 703,000	\$ -	\$ -	\$ 287,904,500
6 Total	\$ 1,809,706,690	\$ 1,091,644,201	\$ 56,187,413	\$ 105,602,855	\$ 74,056,241	\$ 3,137,197,400
7 Uncollectible Rate	<b>2.6834%</b>	<b>0.3973%</b>	<b>0.0484%</b>	0.0000%	0.0000%	
<u>2011 Forecast Year Revenue</u>						
8 Delivery	\$ 1,004,344,392	\$ 790,513,163	\$ 51,312,048	\$ -	\$ -	\$ 1,846,169,604
9 Commodity	\$ 674,543,011	\$ 269,528,081	\$ 7,410,397	\$ -	\$ -	\$ 951,481,489
10 Total	\$ 1,678,887,403	\$ 1,060,041,244	\$ 58,722,445	\$ -	\$ -	\$ 2,797,651,093
<u>Forecast Uncollectible Expense</u>						
11 Delivery	\$ 26,950,261	\$ 3,140,997	\$ 24,840	\$ -	\$ -	\$ 30,116,098
12 Commodity	\$ 18,100,475	\$ 1,070,933	\$ 3,587	\$ -	\$ -	\$ 19,174,996
13	\$ 45,050,736	\$ 4,211,930	\$ 28,427	\$ -	\$ -	\$ 49,291,094
14 Uncollectibles - Delivery	<b>61%</b>					
15 Uncollectibles - Commodity	<b>39%</b>					

- 1 Supported by witness Rudy Wynter and detailed in Exhibit (RLW-5)
- 2 Historic Gross Writeoff percentages as detailed in Exhibit (RDCM-14), Workpapers to Exhibit (RDCM-6), Workpaper 2
- 3 Supported by witness Rudy Wynter and detailed in Exhibit (RLW-5)
- 4 Supported by Exhibit (RLW-5) and allocated between service classes based on Historic Gross Writeoff percentages as detailed in Exhibit (RDCM-14), Workpapers to Exhibit (RDCM-6), Workpaper 2
- 5 ESCO POR Revenue for historic test year ended 9/30/09 supported by Exhibit (RDCM-14), Workpapers to Exhibit (RDCM-6), Workpaper 1, Sheet 2
- 6 Line 3 + Line 4 + Line 5
- 7 Line 1 / Line 6
- 8 Detailed in Exhibit (RDCM-14), Workpapers to Exhibit (RDCM-6), Workpaper 3, Sheet 1
- 9 Detailed in Exhibit (RDCM-14), Workpapers to Exhibit (RDCM-6), Workpaper 3, Sheet 1
- 10 Line 8 + Line 9
- 11 Line 7 \* Line 8
- 12 Line 7 \* Line 9
- 13 Line 11 + Line 12
- 14 Line 11 (col F) / Line 13 (col F)
- 15 Line 12 (col F) / Line 13 (col F)

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**Development of Credit and Collection Factor**

	A	B	C
	Credit & Collections Total	Merchant Function Charge	Commodity Collections Component of POR Discount Rate
Rate Base	\$ 2,712,953	80.83%	19.17%
CUST. ACCT. & SERV. EXP.	\$ 6,330,550		
ADMINISTRATIVE & GENERAL EXPENSES	\$ 2,158,649		
DEPRECIATION EXPENSE	\$ 210,029		
TAXES	\$ 157,245		
TOTAL	\$ 8,856,473		
RETURN ON RATE BASE	\$ 217,850		
INCOME TAX EXPENSE	\$ 96,901		
1 TOTAL REVENUE REQUIREMENT	\$ 9,171,224	<u>\$ 7,412,702</u>	\$ 1,758,522

	Non-Demand	Demand	Streetlighting	Total
2 Total Revenue Requirement	\$ 5,255,159	\$ 2,099,811	\$ 57,732	\$ 7,412,702
3 2011 Forecast Full Service Customer kwh Sales	9,890,216,396	3,992,015,933	130,050,922	14,012,283,251
4 \$/kwh	\$ 0.00053	\$ 0.00053	\$ 0.00044	

- 1 Column A - Supported by Exhibit (RDCM-1), Schedule 13
- 2 Columns B&C - Supported by Exhibit (RDCM-14), Workpapers to Exhibit (RDCM-6), Workpaper 1, Sheet 1
- 3 Allocation to class based on Commodity Revenue % and supported by Exhibit (RDCM-14), Workpapers to Exhibit (RDCM-6), Workpaper 3, Sheet 2
- 4 Supported by Exhibit (RDCM-14), Workpapers to Exhibit (RDCM-6), Workpaper 4
- Line 2 / Line 3

Witness: Rate Design, Customer and Markets Panel

**Development of Supply Procurement Factor**

Rate Base	\$	1,342,875
CUST. ACCT. & SERV. EXP.	\$	235,673
ADMINISTRATIVE & GENERAL EXPENSES	\$	1,766,017
DEPRECIATION EXPENSE	\$	13,624
TAXES	\$	10,200
TOTAL	\$	2,025,514
RETURN ON RATE BASE	\$	107,833
INCOME TAX EXPENSE	\$	47,965
1 TOTAL REVENUE REQUIREMENT	\$	2,181,312
2 2011 Forecast Full Service Customer kwh Sales		14,012,283,251
3 Rate per kWh	\$	0.00016

1 Supported by Exhibit (RDCM-1), Schedule 12  
 2 Supported by Exhibit (RDCM-14), Workpapers to Exhibit (RDCM-6), Workpaper 4  
 3 Line 1 / Line 2

Witness: Rate Design, Customer and Markets Panel

**Development of Working Capital Factor**

1	Pre Tax Weighted Cost of Capital		11.68%
2	Lead Lag Percentage - CWC		3.64%
3	Electric Purchased Power related Working Capital		<b>0.425%</b>
4	Forecast Commodity Revenue	\$	951,481,489
5	Forecasted revenue	\$	4,045,243
6	2011 Forecast Full Service Customer kwh Sales		14,012,283,251
7	Rate/kwhr	\$	0.00029
1	Supported by Exhibit (RRP-6), Schedule 5		
2	Supported by Exhibit (RRP-6), Schedule 5		
3	Line 1 * Line 2		
4	Supported by Exhibit (RDCM-14), Workpapers to Exhibit (RDCM-6), Schedule 1, Workpaper 3, Sheet 2		
5	Line 3 * Line 4		
6	Supported by Exhibit (RDCM-14), Workpapers to Exhibit (RDCM-6), Schedule 1, Workpaper 4		
7	Line 5 / Line 6		

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**Development of Competitive Billing Backout Credit**

	<u>Proposed Billing Backout Credit (including Gas)</u>
1 Electric Comp Billing Revenue Requirement	\$ 20,020,100
2 Gas Comp Billing Revenue Requirement	\$ 3,160,136
3 Total Comp Billing Revenue Requirement	\$ 23,180,236
4 Total Forecast 2011 Electric Customer Bills	19,569,052
5 Total "Gas Only" Customer Accounts	553,428
6 Total # of bills	20,122,480
7 Total Monthly billing costs	<u>\$ 1.15</u>

  

1 Supported by Exhibit (RDCM-1), Schedule 14
2 Per Gas Rate Case (08-G-0609) and supported by Exhibit (RDCM-14), Workpapers to (RDCM-6), Schedule 1, Workpaper 5
3 Line 1 + Line 2
4 Supported by Exhibit (RDCM-4), Schedule 2, column 1
5 Supported by Exhibit (RDCM-14), Workpapers to (RDCM-6), Schedule 1, Workpaper 6
6 Line 4 + Line 5
7 Line 3 / Line 6