

Pascoag Utility District - Electric Department
Transition Charge

Transition Costs

Transition Costs are defined as the estimated aggregate amount of Pascoag Utility District's required payments under the Power Service Agreement (PSA) and Project Participants Agreement (PPA), exclusive of the Reserve and Contingency Fund billings, to Massachusetts Municipal Wholesale Electric Company (MMWEC).

The estimated aggregate amount is identified each year in Pascoag's Audited Financial Statements, and annual amounts are estimated through 2019.

Calculation of Per-Unit Rate Charge

The per-unit rate of the Transition Charge shall be calculated every twelve months and submitted to the Rhode Island Public Utilities Commission (Commission) for approval. The rate approved by the Commission shall remain in effect until the Commission approves a new rate. The calculation of the per-unit rate is as follows:

- 1) Estimate the total Transition Cost for the upcoming twelve-month period;
- 2) Add or deduct any over-collection or under-collection from previously approved rates to ensure the reconciliation of costs; and
- 3) Divide the costs by the sum of the estimated District sales made to the residential, commercial, and industrial classes. The sales are the total retail sales that are estimated to be made to both retail customers and distribution only customers during the upcoming twelve-month period.

In the event that conditions affecting the Transition Costs, which are actually experienced or reasonably anticipated during the period when the approved per-unit charge defined herein is in effect, indicate that the recovery of Transition Costs to be incurred by the District during said period will vary by 10 percent or more above or below revenues collected and to be collected, the District may apply to the Commission for approval and authorization of an appropriate interim increase or decrease in the approved per-unit charges to be applicable during the remainder of said period.

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