

GENERAL INFORMATION

28. MERCHANT FUNCTION CHARGE ("MFC")

(A) Applicability

A Merchant Function Charge ("MFC") will be applied, on a per kWh basis, to the bills of all Full Service Customers, except with respect to electric power supply provided by NYPA under Rider B. Retail Access Customers are not subject to an MFC. The MFC shall include the following components:

- (1) a commodity procurement charge including purchased power working capital and a commodity revenue-based allocation of information resources and education and outreach costs;
- (2) a credit and collections charge; and
- (3) an uncollectibles charge.

(B) MFC Fixed Components

| <u>Service Classification</u> | <u>Commodity Procurement, IR, and Education and Outreach</u> | <u>Credit and Collections</u> | <u>Total</u> |
|--|--|-----------------------------------|--------------|
| <u>Commencing November 1, 2015</u> | | | |
| SC Nos. 1 and 19 | \$0.00374 | \$0.00071 | \$0.00445 |
| SC Nos. 2 Secondary, 20, 4, 5, 6 and 16 | \$0.00243 | \$0.00041 | \$0.00284 |
| SC Nos. 2 Primary, 3, 9, 21, 22 and 25 | \$0.00124 | \$0.00014 | \$0.00138 |
| <u>Commencing November 1, 2016</u> | | | |
| SC Nos. 1 and 19 | \$0.00387 | \$0.00074 | \$0.00461 |
| SC Nos. 2 Secondary, 20, 4, 5, 6 and 16 | \$0.00261 | \$0.00045 | \$0.00306 |
| SC Nos. 2 Primary, 3, 9, 21, 22 and 25 | \$0.00125 | \$0.00014 | \$0.00139 |

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28. MERCHANT FUNCTION CHARGE ("MFC") (Continued)

(C) Uncollectibles Charge

The uncollectibles charge will be determined separately each month for: (i) SC Nos. 1 and 19, (ii) SC Nos. 2 Secondary, 4, 5, 6, 16 and 20, and (iii) SC Nos. 2 Primary, 3, 9, 21, 22 and 25. The uncollectible expense ("UC Expense") for each of these groups shall be determined monthly based on an estimate of costs recoverable through the Market Supply Charge ("MSC") and an uncollectibles percentage ("UC Percentage") applicable to each group. UC Expense for each group will then be adjusted to reflect the Company's actual overall uncollectibles experience for the twelve month period ended the previous June 30 applicable to all electricity and gas customers eligible for the Company's Purchase of Receivables Program. UC Expense for each group, adjusted as set forth above, shall be divided by an estimate of corresponding full service kWh deliveries to determine the uncollectibles charge per kWh to be included in the MFC. The UC Percentages shall be reset annually effective November 1 based on the Company's actual uncollectibles experience for the twelve month period ended the previous June 30 applicable to all electricity and gas customers eligible for the Company's Purchase of Receivables Program.

(D) Reconciliation of MFC Components

Revenues associated with the MFC components shall be reconciled annually in accordance with the operation of the Transition Adjustment for Competitive Services, as set forth in General Information Section No. 29 of this Rate Schedule.

(E) Statement of Merchant Function Charge

- (1) The MFC shall be effective for service rendered on and after the first day of the calendar month following the computation date and shall continue in effect until changed. The MFC will be prorated based on the number of days each MFC is in effect in a billing period.
- (2) A Statement of Merchant Function Charge shall be filed with the Commission apart from this Schedule not less than three days prior to the date on which it is proposed to be effective. Such Statement will be available to the public at Company offices at which applications for service may be made.