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## GENERAL INFORMATION

### 29. TRANSITION ADJUSTMENT FOR COMPETITIVE SERVICES ("TACS")

(A) Applicability

A Transition Adjustment for Competitive Services ("TACS") will be applied, on a per kWh basis, to the bills of all customers taking service under this Rate Schedule. The TACS shall be reset annually effective November 1 of each year.

(B) Definitions for Purposes of the TACS

"Merchant Function Charge Fixed Component Lost Revenue" shall be equal to a revenue target attributable to the Merchant Function Charge ("MFC") Fixed Components consisting of a) commodity procurement costs, including purchased power working capital and a commodity revenue-based allocation of information resources and education and outreach costs; and b) credit and collections costs portions of the MFC, minus the revenues received through the MFC relating to such MFC Fixed Components. For the four month period ending October 31, 2015, the MFC Fixed Component revenue target is \$4,344,689. The MFC Fixed Component revenue targets are \$5,188,973 and \$5,324,717 for the twelve month periods commencing November 1, 2015, and November 1, 2016, respectively.

"Billing and Payment Processing Lost Revenue" shall be equal to the total of billing and payment processing charges avoided by retail access customers less billing service charges assessed on ESCOs participating in the Company's Electric Retail Access program and electing the Utility Single Bill Option, less the Company's avoided costs associated with ESCOs participating in the Company's Electric Retail Access Program and electing the ESCO Single Bill Option.

"Metering Lost Revenue" shall be equal to the total of metering services charges (i.e., the total of meter ownership charges, meter service provider charges, and meter data service provider charges), avoided by customers taking competitive metering services, less the Company's avoided costs associated with customers taking competitive metering services.

"Credit and Collections Lost Revenue Associated with Retail Access" shall be equal to the target level of credit and collections costs reflected in the POR discount minus revenues received through the credits and collections component of the POR discount. For the four month period ending October 31, 2015, the revenue target is \$372,258. The revenue targets are \$756,319 and \$778,260 for the twelve month periods commencing November 1, 2015, and November 1, 2016, respectively.

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**GENERAL INFORMATION**

**29. TRANSITION ADJUSTMENT FOR COMPETITIVE SERVICES ("TACS") (Continued)**

(B) Definitions for Purposes of the TACS (Continued)

"Prior Period Reconciliation" represents the difference between the amount to be recovered through the TACS and the actual amount recovered through the TACS. Any under-recovery or over-recovery resulting from such reconciliation, plus interest (calculated at the Other Customer Capital Rate), shall be included in the calculation of the subsequent year's TACS.

(C) Calculation of the TACS

The amount to be recovered from or credited to customers through the TACS shall be equal to the sum of the MFC Fixed Component Lost Revenue, Billing and Payment Processing Lost Revenue, Metering Lost Revenue, Credit and Collections Lost Revenue Associated with Retail Access and the Prior Period Reconciliation. Half of the amount to be recovered from or credited to customers through the TACS will be assigned to Full Service Customers; the balance will be assigned to both Full Service Customers and Retail Access Customers. The amounts to be collected from or credited to customers will be divided by the estimated total annual kWh deliveries, to which the TACS will be applied, to determine the per kWh TACS, expressed to the nearest 0.001 cent per kWh. If the above calculation results in a TACS of less than 0.001 cent per kWh, the total amount to be recovered from or refunded to customers will be deferred, with interest, for later recovery or refund through application to customers' bills in a subsequently determined TACS.

Each TACS will be in effect for a twelve-month period; provided, however, that the Company may adjust the TACS for the remaining months of a twelve-month period on not less than fifteen days' notice if the total deferred debit or credit amount exceeds \$1 million. The TACS effective November 1, 2015 will reconcile the period July 1, 2015 through October 31, 2015, including any prior period balances.

The TACS will be calculated on an annual or more frequent basis, as provided herein. Not less than fifteen days prior to a proposed change in the TACS, a Statement showing the determination of the TACS and the effective date will be filed with the Commission apart from this Schedule. Such Statement shall be made available to the public at Company offices at which applications for service may be made.