

**RIDER BSA****BILL STABILIZATION ADJUSTMENT**BILL STABILIZATION ADJUSTMENT RIDER

This Rider is applicable to the Residential, General Service Non-Demand, and General Service Demand rate schedules. The BSA does not apply to customers in the General Service Demand class that receive service at primary voltage level. The BSA shall be computed monthly for application in the second succeeding billing month. It shall consist of a factor designed to reflect differences between test year and actual base rate revenues adjusted as needed to exclude revenues for lost sales from the onset of a Major Outage Event, as defined by COMAR 20.50.01.03B (27), until all Major Outage Event-related sustained interruptions are restored, plus a factor designed to reconcile prior period Bill Stabilization Adjustments with actual billed BSA adjustments. The BSA charge or credit shall be applied to monthly bills beginning with the billing month of January 2011. The BSA shall be combined with the Distribution Charge by designated service classification and applied to customer bills.

CALCULATION OF BSA

The BSA shall be computed by dividing the difference between the normalized monthly test year revenue and the actual monthly revenue, plus any applicable true up amount from previous months, by the forecast kWh sales applicable to the service classification for the second succeeding month. The normalized monthly test year revenue is defined as the average revenue per customer in the test year billing month corresponding to the current billing month at rates approved in the latest base rate proceeding, multiplied by the number of customers in the current billing month.

The Major Outage Event adjustment is calculated by multiplying the kWhs lost, determined using test year average usage per hour, by the monthly approved BSA base rate per kWh. The monthly approved BSA base rate per kWh is the approved distribution revenues per customer for the applicable month divided by the test year average kWh per customer for the applicable month. The approved distribution revenues per customer is the sum of the test year approved distribution-kWh revenues, the distribution demand revenues, and the facilities revenues divided by the test year number of billed customers.

(1) Formulaically:

$$BSA = [(A*B-C+D)/S]$$

Where:

BSA = The monthly Bill Stabilization Adjustment factor for the class in \$ per kWh

A = Average Class Distribution Base Revenue per customer for the corresponding month in the test period.

B = Class customer count for the corresponding current billing month.

- C = Actual monthly Class Distribution Base Revenue in \$.
- D = Cumulative true-up for over/under-collections from the class in previous months and any adjustment for excluded Major Outage Event-related lost sales, in \$.
- S = Class forecasted kWh sales for the succeeding month.

- (2) The amount of the adjustment factor for any rate schedule may not exceed +/- 10% of the average test year rate per kWh for the rate class. Any excess amount above the cap shall be collected in a subsequent month.

#### FILING

SMECO shall file monthly with the Commission a copy of the computation of the current BSA factors and/or reconciliation factors at least ten days prior to its application on customers' bills. SMECO shall furnish Commission Staff sufficient workpapers for the review and audit of the BSA.