

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
DISTRIBUTION ADJUSTMENT CHARGE / CREDIT**

1 APPLICABILITY

A distribution adjustment charge / credit shall be applied to each rate schedule in which reference to such adjustment is incorporated.

2 DETERMINATION

The Delivery Services charge set forth in each applicable rate schedule and contract of the Department shall be increased or decreased by the Distribution Adjustment Charge / Credit (DAC) calculated for each rate schedule on a per kWh basis calculated to the nearest thousandth of a cent (\$.00001) by the following formula:

$$\text{DAC} = [(E - I) / S] - B$$

DAC = Distribution Adjustment Charge / Credit

E = Total estimated operating and nonoperating costs charged to accounts including, but not limited to, 580 through 920, 403, 435 (*) for the period plus a return on plant assets

I = Total estimated other income charged to accounts including, but not limited to, 415 through 432 for the period.

S = Estimated kWh to be sold during the period

B = Base period operating and nonoperating costs (E) recovered by the Departments base rates, expressed as an amount per kWh sold

The difference between the base cost and the annual cost per kWh estimated to be sold will be applied in the billing period.

This calculation will normally be made on a quarterly basis and a single Distribution Adjustment Charge / Credit billed for the entire quarter, although the Department may change the Distribution Adjustment Charge / Credit more frequently if such changes are required.

(*) An adjustment to the total operating and non operating costs shall be made to reflect the difference between estimated and actual costs in the prior period in order to recover or credit any under collection or over collection of the distribution adjustment charge / credit.