

**RIDER 772**  
**ADJUSTMENT OF CHARGES FOR ENVIRONMENTAL COST RECOVERY MECHANISM**

Sheet No. 1 of 1

**TO WHOM AVAILABLE**

This Rider shall be applicable to the Rate Schedules as identified in Appendix A.

**ADJUSTMENT OF CHARGES FOR ENVIRONMENTAL COST RECOVERY MECHANISM**  
**("ECRM") FACTOR**

Energy Charges in the Rate Schedules are subject to adjustment to reflect rate base treatment for qualified pollution control property, and recovery of operation and maintenance expenses and depreciation expenses for qualified pollution control property placed in service, along with emission allowance costs and credits. Such charges shall be increased or decreased to the nearest 0.001 mill (\$.000001) per kWh in accordance with the following:

$$ECRM = ((R \times Pd) + ((D \times Pd) + (O\&M \times Pc))) / S$$

Where:

- "ECRM" is the rate adjustment for each Rate Schedule representing the ratemaking treatment for qualified pollution control property, including the recovery of operation and maintenance expenses and depreciation expenses for qualified pollution control property placed in service.
- "R" equals the total revenue requirement based upon the costs for the qualified pollution control property.
- "Pd" represents the Production Demand Allocation percentage for the Rate Schedule.
- "D" equals the total six (6) month depreciation expense for the qualified pollution control property placed in service.
- "O&M" equals the total six (6) month operation and maintenance expense for the qualified pollution control property placed in service and net emission allowance purchases.
- "Pc," a percentage value, equals a composite allocation based on:  
x(%) times Pd defined above for each Rate Schedule; and  
(1-x)(%) times "Te," where:
- "Te" represents the Energy Allocation Percentage for each Rate Schedule; and
- "S" is the forecast six (6) month kWh sales for each Rate Schedule.

**ENVIRONMENTAL COST RECOVERY MECHANISM FACTOR**

The Rate Schedules identified in Appendix A are subject to an ECRM Factor. The ECRM Factors in Appendix D are applicable hereto and are issued and effective at the dates shown on Appendix D. The ECRM Factors as computed above shall be further modified to allow the recovery of gross receipts taxes and other similar revenue based tax charges occasioned by the ECRM revenues and later reconciled with actual sales and revenues. The ECRM Factors per kWh charge for each Rate Schedule are shown on Appendix D.

**Issued Date**  
**7/18/2016**

**Effective Date**  
**9/29/2016**