

RIDER 673
ADJUSTMENT OF CHARGES FOR ENVIRONMENTAL EXPENSE RECOVERY
MECHANISM

No. 1 of 1 Sheet

TO WHOM AVAILABLE

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

ADJUSTMENT OF CHARGES FOR ENVIRONMENTAL EXPENSE RECOVERY MECHANISM FACTOR

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

Environmental Expense Recovery Mechanism Factor ("EERM") = $((D \times P) + (O\&M \times P_c)) / S$

Where:

- "EERM" is the rate adjustment for each Rate Schedule representing the recovery of operation and maintenance and depreciation expenses for qualified pollution control property placed in service.
- "D" equals the total twelve (12)-month depreciation expense for the qualified pollution control property placed in service.
- "P" represents the Production Demand Allocation percentage for each Rate Schedule.
- "O&M" equals the total twelve (12)-month operation and maintenance expense for the qualified pollution control property placed in service and net emission allowance purchases.
- "P_c," a percentage value, equals a composite allocation based on:
x(%) times P 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 twelve (12) - month KWH sales for each Rate Schedule.

ENVIRONMENTAL EXPENSE RECOVERY MECHANISM FACTOR

The rates defined in Appendix A are subject an Environmental Expense Recovery Mechanism Factor. The Environmental Expense Recovery Mechanism Factor stated in Appendix E is applicable hereto and is issued and effective at the dates shown on Appendix E.

The EERM 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 EERM revenues and later reconciled with actual sales and revenues.

See Appendix E for EERM per KWH charge for each Rate Schedule.

Issued Date
12/21/2011

Effective Date
12/27/2011