

**BASIC SERVICE COST RECONCILIATION**

The prices in all the rates of the Company are subject to adjustment to reflect the power purchase costs incurred by the Company in arranging Basic Service that are not recovered through the Basic Service rate.

On an annual basis, the Company shall reconcile its total cost of purchased power for Basic Service supply against its total Basic Service revenue, and the excess or deficiency shall be refunded to, or collected from, Customers on a per kilowatt-hour basis over the following twelve (12) months, with interest, through a Basic Service Cost True-Up Factor ("BSTF"). Interest shall be calculated on the average monthly reconciling balance using the customer deposit rate. For purposes of the above reconciliation, total purchased power revenues shall mean all revenues collected from Customers through the Basic Service rate for the applicable 12-month reconciliation period together with payments or credits from suppliers, including uncollected prior period balances in the Basic Service account.

Effective January 1, 2023, the reconciliation amount calculated herein shall be allocated to all rate class groups by applying the Base Distribution Revenue Allocator as shown below.

Rate Class Group	Base Distribution Revenue Allocator
Residential	50.795%
Small General Service/Streetlights	21.268%
Medium General Service	17.654%
Large General Service	10.283%
Total	100.000%

\*Percentages may not total to 100% due to rounding

The rates for the BSTF, shall be as referenced in M.D.P.U. No. 1, as in effect from time to time.

The calculation of the Basic Service Cost True Up Factor shall be subject to the review and approval of the Department.