

Rate Mitigation: *Examples*

- Generation rate as of December 2010 is \$0.07 per kWh (before rate cap expires).
- Distribution rate is \$0.03 per kWh (both before and after rate cap expiration).
- Customer uses 1000 kWh per month.

December 2010 Bill from Electric Distribution Company

Generation Supplied by EDC (\$0.07/kWh x 1000 kWh)	\$ 70.00
Distribution (\$0.03/kWh x 1000 kWh)	\$ 30.00
Total	\$100.00

- January 2011 generation rate increases to \$0.10 per kWh (after rate cap expires).
- Customer elects to participate in rate increases phase-in plan.
- Customer considers a competitive offer of 10% off the default generation rate (\$0.09/kWh).

Competively Neutral Example:

January 2011 Bill from Electric Distribution Company

Generation Supplied by EDC (\$0.10/kWh x 1000 kWh)	\$100.00
Distribution (\$0.03/kWh x 1000 kWh)	\$ 30.00
Rate Mitigation Credit (-\$0.015/kWh x 1000 kWh)	-\$ 15.00
Total	\$115.00

\$15.00 of Generation charges deferred for future recovery.

*NOTE:
Price to compare is \$0.10/kWh and reflects the actual generation cost.*

January 2011 Bill from Electric Distribution Company with EGS Charges

Generation Supplied by Acme Energy (\$0.09/kWh x 1000 kWh)	\$ 90.00
Distribution (\$0.03/kWh x 1000 kWh)	\$ 30.00
Rate Mitigation Credit (-\$0.015/kWh x 1000 kWh)	-\$ 15.00
Total	\$105.00

\$15.00 of Generation charges deferred for future recovery.

*NOTE:
Customer makes informed decision to shop based on accurate "apples to apples" comparison of generation cost.*

Non-Competively Neutral Example:

January 2011 Bill from Electric Distribution Company

Generation Supplied by EDC (\$0.085/kWh x 1000 kWh)	\$ 85.00
Distribution (\$0.03/kWh x 1000 kWh)	\$ 30.00
Total	\$115.00

\$15.00 of Generation charges deferred for future recovery.

*NOTE:
Price to compare is \$0.085 per kWh even though the actual generation cost is \$0.10/kWh.*

January 2011 Bill from Electric Distribution Company with EGS Charges

Generation Supplied by Acme Energy (\$0.09/kWh x 1000 kWh)	\$ 90.00
Distribution (\$0.03/kWh x 1000 kWh)	\$ 30.00
Total	\$120.00

No amount is deferred because shopping customer is not allowed to participate in rate phase-in plan.

*NOTE:
Actual generation rate available from the competitive supplier (\$0.09 per kWh) is actually lower than the utility's default service rate (\$0.10 per kWh), but customer won't shop because they can't get the rate mitigation credit.*