

STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

ORDER NO. 88515

IN THE MATTER OF THE APPLICATION	*	BEFORE THE
OF SOUTHERN MARYLAND ELECTRIC	*	PUBLIC SERVICE COMMISSION
COOPERATIVE, INC. FOR AUTHORITY	*	OF MARYLAND
TO REVISE ITS RATES AND CHARGES	*	
FOR ELECTRIC SERVICE AND CERTAIN		
RATE DESIGN CHANGES		CASE NO. 9456

Issued: December 14, 2017

PROPOSED ORDER OF PUBLIC UTILITY LAW JUDGE

**Appearances:**

Mark A. MacDougall, Esquire, and Theodore F. Duver, Esquire, on behalf of the Southern Maryland Electric Cooperative, Inc.

Kelsey A. Harrer, Esquire, on behalf of the Department of the Navy.

Mikhail Raykher, Esquire, and Theresa V. Czarski, Esquire, on behalf of the Maryland Office of People's Counsel.

Annette B. Garofalo, Esquire, and Lloyd J. Spivak, Esquire, on behalf of the Technical Staff of the Maryland Public Service Commission.

**Procedural History**

On August 1, 2017, Southern Maryland Electric Cooperative, Inc. ("SMECO") submitted to the Maryland Public Service Commission ("Commission") an application for authority to revise SMECO's rates and charges for electric service and to make certain rate design changes ("Application").<sup>1</sup> Along with the Application, SMECO filed the direct testimony (with associated exhibits) of the following persons: Austin J. Slater, Jr.,

<sup>1</sup> SMECO Exhibit ("Ex.") 12.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

President and Chief Executive Officer of SMECO;<sup>2</sup> Sonja M. Cox, Senior Vice President of Financial, Economic, and Employee Services and Chief Financial Officer of SMECO;<sup>3</sup> Eugene W. Bradford, Vice President of Rates and Energy Procurement of SMECO;<sup>4</sup> J. Steven Shurbutt, P.E., Executive Vice President of GDS Associates; and Robert C. Smith, Vice President of GDS Associates.<sup>5</sup> Mr. Bradford's testimony included the revised SMECO retail electric tariff, reflecting an effective date for the proposed rates of September 1, 2017 ("Revised Tariff").

On August 4, 2017, the Commission issued Order No. 88328 in which it initiated a new docket, Case No. 9456, to consider the Application, delegated the matter to the Public Utility Law Judge Division, and suspended the effective date of the Revised Tariff by 150 days.

On September 7, 2017, a pre-hearing conference was held and a procedural schedule was adopted. Additionally, at the hearing, the petition to intervene filed by the Department of the Navy ("DON") was granted without opposition. By Order 88374 issued on September 7, 2017, the Commission extended the suspension period for the Revised Tariff by 30 days, for a total suspension period of 180 days from the effective date of the Revised Tariff.

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<sup>2</sup> SMECO Ex. 2 ("Slater Direct").

<sup>3</sup> SMECO Ex. 3 ("Cox Direct").

<sup>4</sup> SMECO Ex. 4 ("Bradford Direct").

<sup>5</sup> SMECO Ex. 5 ("Shurbutt Direct").



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

On October 2, 2017, the Maryland Office of People's Counsel ("OPC") filed the testimony of David E. Peterson, a Senior Consultant employed by Chesapeake Regulatory Consultants, Inc.<sup>6</sup>

Also on October 2, 2017, the Commission's Technical Staff ("Staff") filed the testimony of Felicia L. Shelton, an Electrical Engineer in the Commission's Engineering Division;<sup>7</sup> David L. Valcarenghi, Assistant Director of the Commission's Accounting Investigations Division;<sup>8</sup> Loubens Blaise, a Regulatory Economist in the Commission's Electricity Division;<sup>9</sup> Drew M. McAuliffe, a Regulatory Economist in the Commission's Electricity Division;<sup>10</sup> and David Hoppock, Assistant Director of the Commission's Electricity Division.<sup>11</sup>

On October 17, 2017, SMECO filed the rebuttal testimony of Mr. Slater,<sup>12</sup> Ms. Cox,<sup>13</sup> Mr. Bradford,<sup>14</sup> and Mr. Shurbutt.<sup>15</sup>

On October 25, 2017, an evening hearing for public comment was held at SMECO's headquarters building in Hughesville, Maryland. No member of the public appeared to comment. Nor were any written comments filed in the matter.

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<sup>6</sup> OPC Ex. 1 ("Peterson Direct").

<sup>7</sup> Staff Ex. 1 ("Shelton Direct").

<sup>8</sup> Staff Exs. 2 and 2E (Errata to direct testimony filed October 6, 2017) ("Valcarenghi Direct").

<sup>9</sup> Staff Ex. 3 ("Blaise Direct").

<sup>10</sup> Staff Ex. 4 ("McAuliffe Direct").

<sup>11</sup> Staff Ex. 5 ("Hoppock Direct").

<sup>12</sup> SMECO Ex. 7.

<sup>13</sup> SMECO Ex. 8 ("Cox Rebuttal").

<sup>14</sup> SMECO Ex. 9.

<sup>15</sup> SMECO Ex. 10.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

On November 2, 2017, OPC filed the surrebuttal testimony of Mr. Peterson,<sup>16</sup> and Staff filed the surrebuttal testimony of Mr. Valcarenghi,<sup>17</sup> Mr. McAuliffe,<sup>18</sup> Ms. Shelton,<sup>19</sup> and Mr. Hoppock.<sup>20</sup>

On November 9, 2017, the Parties advised the Commission that they had come to a settlement in principle and requested the procedural schedule be suspended to permit them to memorialize the agreement and file pre-filed testimony in support of the settlement.

On November 13, 2017, the procedural schedule was suspended.

On December 6, 2017, on behalf of the Settling Parties,<sup>21</sup> SMECO filed a Stipulation and Settlement Agreement ("Settlement") and Joint Motion for Approval of Settlement Agreement ("Motion").<sup>22</sup>

On December 7, 2017, in support for approval of the Settlement, OPC filed the supplemental testimony of Mr. Peterson.<sup>23</sup> On December 8, 2017, SMECO filed the testimony of Mr. Slater in support of approval of the Settlement.<sup>24</sup> On December 11, 2017,

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<sup>16</sup> OPC Exs. 2 (public version) and 2C (confidential version) ("Peterson Surrebuttal").

<sup>17</sup> Staff Exs. 8 (public version), 8C (confidential version), and 8E (errata filed November 6, 2017) ("Valcarenghi Surrebuttal").

<sup>18</sup> Staff Ex. 7.

<sup>19</sup> Staff Ex. 6.

<sup>20</sup> Staff Ex. 9.

<sup>21</sup> The Settling Parties are SMECO, OPC, and Staff.

<sup>22</sup> Joint Ex. 1.

<sup>23</sup> OPC Ex. 3. ("Peterson Suppl.").

<sup>24</sup> SMECO Ex. 11 ("Slater Support").



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

Staff filed the testimony of Mr. Valcarenghi and Mr. Hoppock in support of approval of the Settlement.<sup>25</sup>

On December 12, 2017, an evidentiary hearing to consider the Settlement was held. The parties' pre-filed testimony was stipulated into the record at the hearing. SMECO's witness Slater and Staff's witness Hoppock appeared to respond to questions from the Chief Public Utility Law Judge.

**Summary of the Parties' Position before Settlement**

**SMECO**

In its Application, SMECO requested authority to revise its retail rates to remove from its distribution rates and charges the costs associated with its 230 kV transmission facilities, which SMECO will recover pursuant to the PJM Open Access Transmission Tariff ("PJM Tariff") that will be updated to reflect a transmission revenue requirement associated with the 230 kV facilities. The revised rates also will update SMECO's distribution costs and margin requirements to reflect the cost that will be incurred during the period that rates approved in the proceeding will be in effect. The requested revised revenue requirement is based on a test period for the 12 months ending December 31, 2016, with adjustments for known and measurable changes and with removal of costs associated with the SMECO's 230 kV transmission facilities.

To achieve a Debt Service Coverage ("DSC") of 1.85, SMECO asked for a total proposed decrease in operating revenues of

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<sup>25</sup> Staff Exs. 11 and 11 E (errata filed December 11, 2017) and Ex. 12 ("Staff Support").



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

\$1,854,548.<sup>26</sup> SMECO proposed that each customer class receive a proportional amount of the revenue decrease. SMECO also asked for authority to revise its non-residential customers' facilities charges and demand charges.

SMECO witness Slater presented a summary of the reasons that SMECO sought the rate changes, an overview of the Cooperative and its customers, and the fiscal challenge that SMECO faces. He noted that on July 18, 2017, SMECO's Board of Directors authorized the filing of the application proposing to decrease the total distribution system revenue requirement by approximately \$1.85 million.<sup>27</sup>

Mr. Slater identified CFC<sup>28</sup> and CoBank as the two entities from which SMECO obtains its debt capital.<sup>29</sup> In addition, Mr. Slater discussed the Equity Management Plan ("EMP") approved by the Board of Directors, which was adopted to expand SMECO's capital resource business partners and options.<sup>30</sup> He explained that if SMECO is to successfully accomplish its objectives in the EMP, the Cooperative must maintain a DSC and Equity Ratio required by larger financial community for comparably sized utilities.<sup>31</sup> Mr. Slater said that the recommended DSC of 1.85 is a key determinant in

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<sup>26</sup> Application at 3.

<sup>27</sup> Slater Direct at 5.

<sup>28</sup> Acronym used for the National Rural Utilities Cooperative Finance Corporation.

<sup>29</sup> Slater Direct at 7.

<sup>30</sup> *Id.* at 9-10.

<sup>31</sup> *Id.* at 8.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

developing the Cooperative's revenue requirement, and one that will allow the Cooperative to move toward an equity ratio of 35%.<sup>32</sup>

Ms. Cox presented the Cooperative's adjusted financial data for the test-year period of calendar year 2016 and SMECO's revenue requirement. She explained the Cooperative's process for separating the costs associated with the 230 kV transmission system, which costs will be recovered by the FERC-approved PJM Transmission Tariff. In her direct testimony, Ms. Cox described her Adjusted Test Year Operating Statement exhibit and summarized the adjustments made to SMECO's test period actual data. In her rebuttal testimony, Ms. Cox revised certain of her adjustments in response to the direct testimony submitted by OPC witness Peterson and Staff witness Valcarenghi.

Ms. Cox recounted the manner in which SMECO had traditionally determined the margin necessary to meet its operational and financial obligations. Prior to 2015, according to Ms. Cox, SMECO's required margins were based on a Times Interest Earned Ratio ("TIER") because of debt covenants that were in place with the Rural Utilities Service ("RUS")/Federal Financing Bank ("FFB").<sup>33</sup> After it refinanced its RUS/FFB debt, SMECO used DSC in its last base rate case to determine its required margin.<sup>34</sup> The Cooperative is seeking to set rates at a level that would produce a DSC of 1.85.<sup>35</sup> In her rebuttal testimony, after making adjustments to the rate case expenses (amortizing over a two-year period) and

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<sup>32</sup> Slater Direct at 8-9.

<sup>33</sup> Cox Direct at 10.

<sup>34</sup> *Id.*

<sup>35</sup> *Id.* at 14.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

the payroll expenses (including associated payroll taxes), Ms. Cox determined that a decrease of \$2,151,219 in revenue (or a decrease of \$6,141,080 when revenues are fully annualized with rates approved in Case No. 9396) will be required for a DSC of 1.85.<sup>36</sup>

Mr. Smith sponsored his testimony that was submitted to FERC on behalf of SMECO to support the transmission revenue requirement for SMECO's 230 kV transmission system.

Mr. Shurbutt sponsored the allocated Cost of Service Study ("COSS") that Mr. Shurbutt performed. He explained how he conducted his study and described the three key steps he followed in allocating the costs: functionalization, classification, and allocation. Mr. Shurbutt stated that he used the minimum system method ("MSS") to classify SMECO's distribution system investment for poles, conductors and devices, and transformers.<sup>37</sup> After completing his cost allocations, Mr. Shurbutt concluded the present charges for some rate classes produce revenue that meets or exceeds that rate class's allocated cost of service, while the charges in other rate schedules do not.

Mr. Bradford presented SMECO's proposed rate design and tariff sheets as well as the updated monthly factors for the Bill Stabilization Adjustment factor calculation based upon the proposed rates. SMECO proposed to have all customer classes share equally in the requested decrease by proportionally allocating the amount of

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<sup>36</sup> Cox Surrebuttal, Ex. SMC-R-1.

<sup>37</sup> Shurbutt Direct at 9.





STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

the revenue decrease among the classes.<sup>38</sup> Additionally, Mr. Bradford explained SMECO's proposal to modify the facilities charges and/or demand charges for non-residential customers to reflect the costs to serve each customer class as reflected in the COSS conducted by Mr. Shurbutt. Mr. Bradford stated that the residential facility charge remained unchanged because of the settlement agreement approved in SMECO's prior rate case, Case No. 9396.<sup>39</sup>

**OPC and Staff**

**Recommended Revenue Requirement**

In the pre-filed testimony submitted on behalf of OPC and Staff, OPC and Staff each objected to the adjustments made by Ms. Cox as follows

- (1) OPC recommended adjusting Ms. Cox's adjustment to "other revenue" to account for the margin from the transmission return revenue to reflect the entire margin, \$6,896,855, to be returned to the customers rather than half of the margin accounted for by Ms. Cox;<sup>40</sup> whereas Mr. Valcarenghi adjusted Ms. Cox's amount to reflect Staff's recommendation of a DSC of 1.75;<sup>41</sup>
- (2) Both Mr. Peterson and Mr. Valcarenghi included the annualization of the distribution revenues for the rates authorized in Case No. 9396 in each of their revenue calculations<sup>42</sup> whereas

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<sup>38</sup> Bradford Direct at 2.

<sup>39</sup> *Id.* at 4.

<sup>40</sup> Peterson Direct at 10.

<sup>41</sup> Valcarenghi Surrebuttal, Ex. DLV-1S.

<sup>42</sup> Peterson Surrebuttal at 2; Valcarenghi Direct at 13; Valcarenghi Surrebuttal at 13.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

Ms. Cox did not (but SMECO agreed that it was included in the rate design);<sup>43</sup>

- (3) Mr. Peterson and Mr. Valcarengghi each challenged the SMECO's adjustment to operating wages and associated payroll taxes;<sup>44</sup>
- (4) Both Mr. Peterson and Mr. Valcarengghi removed Ms. Cox's adjustment reflecting an annualization of the 2017 depreciation expenses;<sup>45</sup>
- (5) Mr. Peterson and Mr. Valcarengghi each reduced the amounts to be recovered for rate case expenses and amortized the amount over 4 years and 3 years, respectively;<sup>46</sup> and
- (6) Both Mr. Peterson and Mr. Valcarengghi removed that portion of the incentive compensation based upon financial goals.<sup>47</sup>

After making his adjustments and based on his recommended DSC of 1.75,<sup>48</sup> OPC's witness Peterson recommended a revenue requirement decrease of \$14,599,642.<sup>49</sup> After making Staff's adjustments and based upon Staff's recommended DSC of 1.75,<sup>50</sup> Staff witness Valcarengghi recommended a revenue requirement decrease of \$11,123,496.<sup>51</sup>

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<sup>43</sup> Slater Support at 4.

<sup>44</sup> Peterson Direct at 12-13; Valcarengghi Direct at 13-17; Valcarengghi Surrebuttal at 6.

<sup>45</sup> Peterson Direct at 18-19; Valcarengghi Direct at 17-18.

<sup>46</sup> Peterson Direct at 16-17; Valcarengghi Surrebuttal at 7-16.

<sup>47</sup> Peterson Direct at 13-15; Valcarengghi Surrebuttal at 16-17.

<sup>48</sup> Peterson Direct at 24-25.

<sup>49</sup> Peterson Surrebuttal at 2.

<sup>50</sup> Blaise Direct at 2, 11, 13, 14.

<sup>51</sup> Valcarengghi Surrebuttal at 2, 17.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

**Table 1 - Positions of Parties Pre-Settlement**

<b>Test Year Margins</b>	<b>Annualized SMECO <u>\$22,840,159</u></b>	<b>Staff <u>\$22,840,159</u></b>	<b>OPC <u>\$22,840,159</u></b>
Adjustments			
Reflect Transmission Revenue	3,277,957	2,767,572	6,896,866
Annualize Distribution Revenues	4,025,861	4,598,012	4,598,012
Adjust Operating Wages	(826,631)	(250,269)	(826,602)
Annualize Depreciation Expense	(1,803,567)	0	0
Recover Rate Case Expenses	(207,216)	(44,980)	(77,706)
Adjust Payroll Taxes	(63,237)	(5,806)	(49,895)
Remove Donations and Lobbying	382,975	382,975	382,975
Adjust Interest on Long-Term Debt	27,002	27,002	27,002
Remove Incentive Compensation	0	174,375	174,375
<b>Adjusted Margins</b>	<b><u>\$27,653,294</u></b>	<b><u>\$30,489,040</u></b>	<b><u>\$33,965,186</u></b>
Interest on Long-Term Debt	\$19,201,172	\$19,201,172	\$19,201,172
Principal Payments	20,301,284	20,301,284	20,301,284
Depreciation & Amortization	32,366,158	30,562,582	30,562,582
Debt Service Coverage	1.85	1.75	1.75
<b>Required Margins</b>	<b>21,512,214</b>	<b>19,365,544</b>	<b>19,365,544</b>
Adjusted Margins	27,653,294	30,489,040	33,965,186
<b>Revenue Requirement</b>	<b><u>(\$6,141,080)</u></b>	<b><u>(\$11,123,496)</u></b>	<b><u>(\$14,599,642)</u></b>

**Cost of Service Study and Rate Design**

Mr. Peterson questioned the result of the Cooperative's COSS because of the use of the minimum system approach for a portion of the distribution costs.<sup>52</sup> He, however, agreed with

<sup>52</sup> Peterson Direct at 30.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

Mr. Bradford's proposal to distribute the revenue decrease uniformly across the rate classes.<sup>53</sup> He challenged the manner in which Mr. Bradford proposed to increase the non-residential customers' facilities charges and demand charges (even though no increase to the residential classes' facilities charges was proposed) because Mr. Peterson was concerned about the precedence that might be established if the SMECO's proposal were accepted by the Commission.<sup>54</sup>

Mr. McAuliffe recommended the COSS not be accepted because he disagreed with the use of the MSS to determine cost allocations for poles, conductors and devices, and transformers.<sup>55</sup> Mr. Hoppock supported SMECO's proposal to apply a constant percent decrease in revenue across all rate classes in COSS, but opposed SMECO's proposed rate design and SMECO's proposal to increase non-residential classes' facilities charges and demand charges.<sup>56</sup> Mr. Hoppock recommended that no customers' facilities charges or demand charges be increased.<sup>57</sup> He adopted SMECO's decrease in the facilities charges for classes T, T-NSWC, and CCSS.<sup>58</sup> He proposed that the CCSS and SF classes receive revenue reductions equal to the overall percentage revenue reduction.<sup>59</sup> He recommended the revenue decrease be achieved for the CCSS class by reducing the

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<sup>53</sup> *Id.* at 32.

<sup>54</sup> *Id.*

<sup>55</sup> McAuliffe Direct at 2.

<sup>56</sup> Hoppock Direct at 15.

<sup>57</sup> Hoppock Direct at 19.

<sup>58</sup> Hoppock Direct at 18.

<sup>59</sup> *Id.*



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

demand charge and for the SF class by reducing the facilities, energy, and demand charges.<sup>60</sup>

**Other**

Ms. Shelton testified on the results of her review of the changes to SMECO's 230 kV transmission system and the Cooperative's use of the minimum system analysis. She concluded that the costs removed from the distribution plant in service are comparable to the costs added to transmission plant in service, which SMECO will recover through its FERC tariff from all customers that benefit from SMECO's transmission system.<sup>61</sup> She also discussed the Cooperative's historical reliability performance.

**Settlement Agreement**

The Settling Parties agreed to a revenue decrease of \$10,071,329 to SMECO's electric base rate distribution revenues, as adjusted to reflect the revenues from rates approved in Case No. 9396.<sup>62</sup> Included in the Settlement, as Exhibit A, is the revenue decrease distribution among the rate classes. Exhibit A reflects that each customer class has an approximate 6.1% to 6.2% revenue decrease.

In respect to the base rate revenue decrease, the Settling Parties agreed that Calvert Cliffs Standby Service ("CCSS") and Solar Facility ("SF") class will receive the same

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<sup>60</sup> *Id.*

<sup>61</sup> Shelton Direct at 2, 7.

<sup>62</sup> Settlement at 6, Twelfth Paragraph.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

revenue decrease on a percentage basis as other classes (i.e., approximately 6.2%); the base rates contained in Exhibit A achieve revenue decreases for Residential, General Service Non-Demand ("GSND"), General Service Demand ("GSD"), and Large Power ("LP") classes through a decrease to the energy charge; and the Transmission ("T"), Transmission - Naval Service Warfare Center ("T-NSWC"), and CCSS class revenue decreases has been achieved through adjustment of the facilities charge and the demand charge while the SF class revenue decrease is achieved through adjustment of the energy charge and demand charge.

**All Class Settlement Energy Charge<sup>63</sup>**

Rate Class	Energy Charge	
	Current (per kWh)	Agreed Upon (per kWh)
Residential	\$0.04336	\$0.04300
GSND	\$0.03281	\$0.03039
GSD-Secondary	\$0.01286	\$0.01276
GSD-Primary	\$0.01222	\$0.01212
LP-Secondary	\$0.01113	\$0.00950
LP-Primary	\$0.01057	\$0.00903
T	N/A	N/A
T-NSWC	N/A	N/A
CCSS	N/A	N/A
SF-Primary	\$0.01222	\$0.01218
SF-Secondary	\$0.01286	\$0.01282

<sup>63</sup> Staff Support, Table 1a (Errata).



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

The Settling Parties agreed to increase SMECO's monthly non-residential facilities charges by 2.84% for the GSND, GSD, and LP classes,<sup>64</sup> but the facilities charge for the SF class will remain unchanged. The Settling Parties also agreed that the facilities charge for the T, T-NSWC, and CCSS classes will be decreased to \$900. The facilities charges will be adjusted as set forth in the following table:

**Non-Residential Settlement Facilities Charge<sup>65</sup>**

Rate Class	Facilities Charge	
	Current	Agreed Upon
GSND-1 Phase	\$17.78	\$18.28
GSND-3 Phase	\$25.43	\$26.15
GSD Secondary - 1 Phase	\$17.78	\$18.28
GSD Secondary - 3 Phase	\$25.43	\$26.15
GSD Primary	\$49.71	\$51.12
LP Secondary - 3 Phase	\$44.50	\$45.76
LP Primary	\$49.71	\$51.12
T	\$939.00	\$900.00
T-NSWC	\$939.00	\$900.00
CCSS	\$939.00	\$900.00
SF-Secondary	\$32.50	\$32.50
SF-Primary	\$56.78	\$56.78

Pursuant to the Settlement, SMECO's non-residential demand charges will be revised as follows:

<sup>64</sup> The Settlement provision states the charges will be increased by 2.84% per month, which could be read that the charges increase each month by 2.84%. The testimony of all Settling Parties make clear, the increase is a one-time increase to the monthly facilities charge.

<sup>65</sup> *Id.*



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

**Settlement Demand Charge<sup>66</sup>**

Rate Class	Demand Charge	
	Current (per kW)	Agreed Upon (per kW)
GSD Secondary	\$5.16	\$5.26
GSD Primary	\$4.90	\$5.00
LP Secondary	\$5.02	\$5.06
LP Primary	\$4.77	\$4.80
T	\$3.35	\$3.12
T-NSWC	\$3.71	\$3.47
CCSS	\$1.05	\$0.98
SF-Primary	\$4.90	\$4.46
SF-Secondary	\$5.16	\$4.69

The Settling Parties agreed the unbundling of rates to eliminate transmission functions related to the 230 kV system from the distribution rates, as reflected in SMECO's testimony and exhibits, is reasonable and appropriate for SMECO customer-members.

In the event that SMECO files a COSS with a minimum system analysis with its next base rate case application, SMECO has agreed also to file a COSS without the minimum system analysis with its application.

The Settlement also includes general terms and conditions agreed to by the Settling Parties. Of particular importance is the agreement that the Settlement is conditioned upon the Commission's acceptance of all of the terms of the Settlement, without any modification to any term or condition. Should the Commission modify, condition, or reject any portion of the Settlement, the Settlement will be considered null and void.

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<sup>66</sup> *Id.*





STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

Further, the Settling Parties agreed to waive their rights as parties set forth in Public Utilities Article ("PUA") § 3-113(d) and their right to appeal this Proposed Order or seek rehearing of the final Order or seek judicial review of the final Order. The Settling Parties requested a shortened appeal period of seven (7) days, the shortest appeal period permitted under PUA § 3-113(d)(2)(ii), to enable the proposed rates to become effective on January 1, 2018.

Pursuant to the Ninth Paragraph of the Settlement, the Settling Parties filed testimony in support of the Settlement.

**Summary of Testimony in Support of the Settlement**

**SMECO**

In his testimony in support of the Settlement, Mr. Slater summarized the key terms of the Settlement. He explained that the Cooperative agreed to the terms and conditions of the Settlement because the compromises agreed to by the Settling Parties "will result in immediate benefits to SMECO's customer-members."<sup>67</sup> Additionally, he noted that the agreed-upon revenue requirement will allow SMECO "an opportunity to meet its financial obligations under existing loan agreements and to continue to make the necessary investments in its electric system to the benefit of all of its customer-members."<sup>68</sup>

Mr. Slater described the immediate benefits to customers to include SMECO's ability to bill "the lower distribution rates

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<sup>67</sup> Slater Support at 3.

<sup>68</sup> *Id.*



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

almost a full two months prior to the effective date of rates that would be approved after a fully litigated case."<sup>69</sup> He pointed out that the two months, January and February, were months in which SMECO customer-members "typically experience higher electricity usage and higher bills."<sup>70</sup> Additionally, he explained that having the distribution rate reduction implemented on the same effective date as the FERC transmission rates would allow SMECO "to appropriately recover the cost of providing both distribution and transmission service through the applicable Maryland and FERC tariffs."<sup>71</sup> According to Mr. Slater, the Settlement is a "step in the right direction to SMECO meeting the goals in its Equity Management Plan that are designed to best serve its customer-members at the lowest possible costs."<sup>72</sup>

Mr. Slater discussed the portion of the Settlement that includes an increase in SMECO's facilities charges for non-residential customers. Mr. Slater pointed to the testimony of Messrs. Shurbutt and Bradford to evidence that the current rate design recovers a disproportionate level of fixed costs through a volumetric rate. In addition, he submitted that prior increases in the facilities charges authorized in past rate cases are not sufficient to meet the increased costs being incurred by SMECO on behalf of its customer-members.<sup>73</sup> Mr. Slater referenced Mr. Shurbutt's testimony to demonstrate that the COSS conducted

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<sup>69</sup> Slater Support at 4.

<sup>70</sup> *Id.*

<sup>71</sup> *Id.* at 5.

<sup>72</sup> *Id.* at 6.

<sup>73</sup> *Id.* at 6.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

justified an increase in the facilities charges for non-residential customers-members included in the Settlement. Mr. Slater noted that in Case 9368,<sup>74</sup> the Commission approved a non-residential facilities charge increase of 25% and that the increase in the Settlement in this matter is modest in comparison to the Commission-approved 25% increase in the Choptank case.<sup>75</sup> He also submitted that the increase is consistent with past Commission decisions approving increases in facilities charges for investor-owned utilities.<sup>76</sup>

Finally, Mr. Slater explained why SMECO agreed to conduct a cost of serve study with and without the minimum system method as part of its next base rate case. According to Mr. Slater, SMECO continues to believe the use of the minimum system study has value in determining a just and reasonable rate, but it recognizes that providing a COSS without the minimum system method lends an efficiency in Staff's ability to assess the Cooperative's rate filing.<sup>77</sup> If SMECO files the COSS without the minimum system method, Staff will not need to issue discovery to obtain the information in order to conduct its analysis.<sup>78</sup>

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<sup>74</sup> *In the Matter of the Application of Choptank Electric Cooperative, Inc. for Authority to Revise its Rate and Charges for Electric Service*, Order No. 86994, Slip op. at 11 (May 21, 2015).

<sup>75</sup> *Id.* at 7.

<sup>76</sup> *Id.* at 8.

<sup>77</sup> *Id.*

<sup>78</sup> *Id.* at 8.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

OPC

OPC witness Peterson briefly summarized the basic differences between SMECO's rate proposals and OPC's responses to the proposals. Mr. Peterson noted the two significant terms of the settlement agreement from OPC's perspective: a \$10,071,329 revenue reduction, and an early implementation date of new rates becoming effective with billings on and after January 1, 2018.<sup>79</sup>

He explained why he considers the revenue reduction agreed to in the Settlement to be reasonable, despite his recommended adjustments that would have increased the reduction in revenue. According to Mr. Peterson, even though he felt his recommended adjustments are appropriate and reasonable, he recognized that if the Commission did not accept his recommendations, the Commission could authorize a rate reduction less than the \$10,071,329 reflected in the Settlement.<sup>80</sup> Consequently, he reasoned that accepting the reduction agreed to by the Settling Parties protects the residential ratepayers from a result that OPC would consider unreasonable. Further, Mr. Peterson noted that, by settling the matter, SMECO would not be required to incur additional rate case expenses and "thus, save money for both SMECO and its customers."<sup>81</sup>

Additionally, Mr. Peterson described the potential benefits achieved by the reduced rates going into effect on or after January 1, 2018, rather than at the end of the tariff

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<sup>79</sup> Peterson Suppl. at 3.

<sup>80</sup> *Id.* at 4.

<sup>81</sup> *Id.*



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

suspension date, approximately the end of February 2018. He submitted, "When one considers that December, January, and February are among the heaviest usage months for SMECO's customers, the earlier implementation date becomes quite significant – saving SMECO's customers nearly \$1 million per month" (footnote omitted).<sup>82</sup> He also noted that SMECO expects to implement its unbundled FERC transmission rates on January 1, 2018, which he asserted would result in "an additional \$1.0 million per month or more in savings to SMECO's retail customers because transmission customers other than SMECO's own residential customers will pay the bulk of the transmission revenue requirement prospectively" (footnote omitted).<sup>83</sup>

He also cited the benefit of SMECO's agreement to file the result of its cost of service study with the MSS and excluding the MSS. He explained that by having both COSS results, the parties would be able to argue "the merits of including the minimum system analysis in the class cost study rather than on the mechanical accuracy of the cost study itself."<sup>84</sup> Additionally, he noted that, as the Settlement terms will not be considered a precedent, OPC will be "free to raise the same issues that it raised in this proceeding" and any new issues it may determine appropriate in future proceedings.<sup>85</sup>

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<sup>82</sup> *Id.*

<sup>83</sup> *Id.* at 5.

<sup>84</sup> *Id.*

<sup>85</sup> *Id.* at 5-6.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

**Staff**

Staff witnesses' Valcarengi and Hoppock ("Joint Staff Witnesses") filed joint testimony in support of the Settlement. In their testimony, they described the significant terms of the Settlement. The witnesses explained how the revenue decrease, which is distributed equally across the classes, is achieved. They noted that the facilities charges for rate classes GSND, GSD, and LP increase by approximately 2.84%; the demand charges for class GSD Single Phase and Three Phase increase 1.9% and 2.0%, respectively; and the demand charges for class LP Secondary and Primary increase 0.8% and 0.6%, respectively.<sup>86</sup>

The Joint Staff Witnesses testified that all residential class customers will see a decrease in their distribution bill, but only customers at or above the fiftieth percentile average monthly consumption (approximately 1100 kWh per month) will obtain a 6% decrease.<sup>87</sup> They also reported that approximately 10% of GSND customers (those with the lowest energy consumption) will have a slight increase in their distribution bills because of the facilities charge increase, with the maximum increase of approximately 72 cents a month.<sup>88</sup> On the other hand, higher consumption GSND customers will see a decrease in their distribution bill.

The Joint Staff Witnesses indicated that based on its analysis of a representative sample of monthly demand and energy consumption provided by SMECO for classes GSD and LP, Staff

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<sup>86</sup> Staff Support at 3-4, Table 1a (Errata).

<sup>87</sup> *Id.* at 5.

<sup>88</sup> *Id.*



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

determined that all single phase GSD customers and LP secondary and primary customers will have a decrease in their distribution bills. Some of the GSD three phase customers will see up to a 2% increase in their distribution bill, but most will receive a decrease of between 2%-12%; almost all GSD primary customers will see their distribution bill increase of approximately 1% or less. The Joint Staff Witnesses noted that the GSD primary customers represent less than 1% of all GSD customers.<sup>89</sup>

Although the Settlement will allow a small increase for a small portion of customers in the GSND and GSD classes while all other ratepayers will experience an overall decrease in distribution bills, the Joint Staff Witness testified that "this result is significantly better for those customers than the original proposal made by SMECO as described in Staff's Rate Design testimony."<sup>90</sup> Further, the witnesses asserted the Settlement is "reasonable and in the public interest because the agreement provides a firm, known revenue decrease for customers on a more expedited basis than that required under the procedural schedule in this proceeding."<sup>91</sup>

### Findings

The Department of the Navy did not join in the Settlement, but it also did not file any testimony or challenge SMECO's adjustments or proposed rates, or appear at the evidentiary hearing. Additionally, the Settlement proposes a decrease in the

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<sup>89</sup> *Id.* at 6, *citing*, Exhibit (EWB)-1, Page 1 of 4.

<sup>90</sup> *Id.* at 6.

<sup>91</sup> *Id.*



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

T-NSWC class facilities charge and demand charge, which benefits the DON. Consequently, I conclude the Settlement is equivalent to a unanimous settlement agreement among parties with divergent positions and interests.

Historically, the Commission has found a unanimous settlement agreement to be reasonable when it has been submitted "by parties who normally have adverse interests."<sup>92</sup>

The purpose of litigating various adjustments or expense and rate base items is to challenge the reasonableness of the overall rate increase requested by a company ... In a settlement, in contrast, adverse parties settle on an overall revenue requirement taking into account the position they would have advanced in further litigation and assessing the likelihood of prevailing on any particular issue."<sup>93</sup>

Even upon a finding that a settlement is reasonable, the resulting rates also must be found to be "just and reasonable"<sup>94</sup> and not an undue burden to one customer class more than another.<sup>95</sup>

Prior to the agreement among the Settling Parties, SMECO had submitted its case-in-chief, which included its support for its requested revenue decrease. OPC and Staff each conducted its own independent review and analysis of the application and accompanying testimony and exhibits as well as conducted extensive discovery to

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<sup>92</sup> See *Re Delmarva Power and Light Company*, 102 MD PSC 236, 240 (2011); *Re Potomac Electric Power Company*, 90 Md. P.S.C. 329, 339 (1999).

<sup>93</sup> *Re Washington Gas Light Company*, Case No. 8545, 84 Md. P.S.C. 274, 277 (1993).

<sup>94</sup> See Md. Ann. Code, Publ. Util. Art., § 4-102; See also *Re Delmarva Power and Light Company*, 102 Md. P.S.C. at 240.

<sup>95</sup> See *Re Potomac Electric Power Co.*, 80 Md. P.S.C. 61, 64 (1986).





STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

investigate the reasonableness of SMECO's requested revenue decrease. OPC and Staff each recommended adjustments to SMECO's test year margin resulting in a larger decrease in SMECO's revenue requirement and challenged the cost of service study results used to support the significant increase in SMECO's proposed non-residential customer charges, with Staff recommending modifications to SMECO's rate design. Despite the initial disparate positions taken by each of the Settling Parties, the Settling Parties were able to negotiate a Settlement. In reaching the Settlement, the record reflects that the Settling Parties were fully aware of each of the other Parties' positions while negotiating the settlement.

I conclude that, had the matter been fully litigated, there is sufficient evidence in the record to support a finding that a revenue decrease is appropriate and warranted. As a final position after submission of all scheduled testimony, SMECO sought a revenue requirement of (\$6,141,080); Staff, (\$11,123,496); and OPC, (\$14,599,642). Although each of the parties very ably advocated for their positions as to the adjustments made to the test year margin and for the appropriate DSC, no party could be confident of the Commission's decision on each of the issues. Consequently, I find that a decrease in SMECO's revenue requirement of \$10,071,329 is well within a reasonable range of a revenue requirement that I may have authorized if the matter were fully litigated. Accordingly, I will approve the agreed-upon revenue decrease of **\$10,071,329**.

Both Staff and OPC challenged the results and application of the SMECO's COSS because of SMECO's use of the MSS. The



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

Settlement requires SMECO, in its next base rate case, to submit a COSS with and without an MSS, if SMECO elects to conduct a COSS with an MSS to submit with its application. As Mr. Peterson testified, the availability of the COSS results with and without the MSS will permit the parties to raise issues on merits of the COSS. I therefore accept the term as appropriate and reasonable.

The Settlement adopts the revenue distribution method proposed by SMECO (i.e., equal distribution of the revenue decrease among all classes) and significantly decreases SMECO's initially proposed increase in the non-residential facilities and demand charges. Pursuant to the Settlement Agreement approved in the prior base rate case, the residential facilities charge remains unchanged.

Although Staff challenged the results of the COSS and its use to determine an increase in the non-residential facilities charge, SMECO's evidence is sufficient to support its contention that some increase in the non-residential facilities charge is necessary to recover additional fixed costs from other than the volumetric rates. Mr. Slater also points to the 25% increase in non-residential facilities charges approved by the Commission in Choptank's last base rate case, which is significantly greater than the 2.84% increase agreed upon by the Settling Parties. Staff, in support of the Settlement, also notes that the 2.84% increase in the facilities charges are significantly lower than the percentage increases initially proposed by SMECO in this matter.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

Additionally, in its recent Order in the Potomac Electric Power Company rate case,<sup>96</sup> at the recommendation of Staff and to avoid rate shock and make a gradual change to the non-residential customer charges, the Commission increased each of the non-residential rate classes' customer charge by 2.84% (except for two classes: GT-3B (n/a) and TM-RT (7.82%)).<sup>97</sup> In the Settlement in this case, the Settling Parties agreed to a similar percentage increase for the non-residential customer classes. Consequently, I find the 2.84% increase in the non-residential facilities charges will not result in a rate shock, is reasonable, and is supported by the evidence in the record.

In review of Exhibit A, I conclude that no one customer class has been unduly burdened by the distribution of the revenue decrease to any other class. As testified to by Mr. Slater, "each customer class will experience a 6.12% decrease in distribution revenues."<sup>98</sup> The percentage decrease for each customer within a customer class is largely dependent on energy usage and, for those classes with demand charges, the monthly peak demand. Consequently, some customers may experience a greater percentage decrease in their overall distribution bill than others within their customer class.

Staff has identified that almost all GSD primary customers will see an increase of approximately 1% in their

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<sup>96</sup> *In Re Application of Potomac Electric Power Company for Adjustments to its Retail Rates for the Distribution of Electric Energy*, Case No. 88432, Order No. 88432 (Oct. 20, 2017) ("Pepco Order")

<sup>97</sup> Pepco Order at 129-130.

<sup>98</sup> Slater Support at 2.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

distribution bills, that 10% of the GSND customers will see a slight increase in their distribution bills (a maximum of \$0.072), and that a few GSD three phase customers will see up to a 2% increase in their distribution bills. Otherwise, the majority of non-residential customers will experience a reduction in their distribution bills. Under SMECO's initial rate design, Mr. Bradford testified, "For GSND, GSD and LP customers, on a total bill basis, the total charges that customer-members will experience — even with the proposed facilities charge and demand increase in this case — will be at or below levels experienced prior to SMECO's last approved base rate change."<sup>99</sup> Consequently, under SMECO's proposal to increase facilities charges and demand charges, a greater number of non-residential customers may have experienced an increase in their distribution bills. I am persuaded that the equal distribution of the revenue decrease among the customer classes and the rate design proposed in the Settlement to achieve the revenue decreases result in just and reasonable rates, despite the slight increase in the overall bills of a small percentage of non-residential customers. Accordingly, I find the agreed-upon rates in the Settlement are just and reasonable and accept them.

The primary reason that for the decrease in SMECO'S distribution revenue is because of the removal of the transmission functions related to its 230 kV system from distribution rates. No party disputed the amount of the costs associated with the 230 kV transmission system that were removed from distribution rates. Consequently, I find sufficient evidence in the record to accept

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<sup>99</sup> Bradford Rebuttal at 5.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

the Fourteenth provision of the Settlement agreeing to the unbundling of rates.

The Settling Parties have requested a seven-day appeal period with the expectation that the authorized rates and charges become effective on January 1, 2018. At the hearing, Mr. Slater explained why the Cooperative was attempting to synchronize the effective dates of its transmission rates under the PJM tariff approved by FERC and its distribution rates. According to Mr. Slater, the effective date for its FERC-approved transmission rates is January 1, 2018; if the current distribution rates continue to bill on or after January 1, 2018, he said that SMECO will over-recover the costs associated with the transmission system. Mr. Slater estimated that the over-recovery equates to approximately \$43,000 per day. Even though SMECO will refund any over-recovery and would file the information with the Commission, Mr. Slater offered that the process associated with refunding the over-recovery of costs would require additional resources of OPC, Staff, and the Commission to review the filings; therefore, if both the transmission rates and the distribution rates with the transmission costs removed became effective on the same date, no refund process would be required.

I conclude that the Settling Parties' reasons for setting the effective date as January 1, 2018, is valid especially as it will provide rate relief to SMECO's customers approximately two months earlier than contemplated if the proceeding were fully litigated; the two months at issue are months in which customers may experience higher energy bills. Accordingly, I find good cause



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

to shorten the appeal period in this matter to facilitate an effective date of January 1, 2018, for the authorized reduction in the distribution revenue requirement.

Thus, to meet the expectations of the Settling Parties, an appeal period expiring on or prior to December 29, 2017, would be necessary to allow the rates to become effective on January 1, 2018, even though acceptance of the tariff may not occur until a later date. I therefore shorten the appeal period to eight (8) **business** days. Accordingly, any appeal of the Proposed Order shall be filed on or before December 27, 2017; if no appeal is filed and the Commission takes no action on its own motion to modify or reverse the Proposed Order, or initiates further proceedings in this matter, the Proposed Order shall become a final Order on December 28, 2017.

IT IS THEREFORE, this 14th day of December, in the Year Two Thousand Seventeen,

ORDERED (1) That the application of Southern Maryland Electric Cooperative, Inc. is hereby denied and the Joint Motion for Approval of the Settlement Agreement is hereby granted.


(2) That the Stipulation and Settlement Agreement, a copy of which is attached hereto and incorporated herein by reference, is hereby approved.

(3) That Southern Maryland Electric Cooperative, Inc. is hereby authorized to file the tariffs accompanying the Settlement Agreement with the Commission with an effective date of January 1, 2018.



STATE OF MARYLAND  
PUBLIC SERVICE COMMISSION

(4) That this Proposed Order will become a final order of the Commission on December 28, 2017, unless an appeal is noted with the Commission by any party to this proceeding by December 27, 2017, or the Commission modifies or reverses the Proposed Order or initiates further proceedings in this matter as provided in Section 3-114(c)(2) of the Public Utilities Article.

  
\_\_\_\_\_  
Terry J. Romine  
Chief Public Utility Law Judge  
Public Service Commission of Maryland

**BEFORE THE  
PUBLIC SERVICE COMMISSION OF MARYLAND**

<b>IN THE MATTER OF THE APPLICATION</b>	*	
<b>OF SOUTHERN MARYLAND ELECTRIC</b>	*	
<b>COOPERATIVE, INC. FOR AUTHORITY TO</b>	*	<b>CASE NO. 9456</b>
<b>REVISE ITS RATES AND CHARGES FOR</b>	*	
<b>ELECTRIC SERVICE AND FOR CERTAIN</b>	*	
<b>RATE DESIGN CHANGES</b>	*	

\*   \*   \*   \*   \*   \*   \*   \*   \*   \*   \*

**STIPULATION AND SETTLEMENT AGREEMENT AND JOINT MOTION FOR  
APPROVAL OF SETTLEMENT AGREEMENT**

This Stipulation and Settlement Agreement ("Settlement" or "Settlement Agreement") is entered into by and between Southern Maryland Electric Cooperative, Inc. ("SMECO"), the Staff of the Public Service Commission of Maryland ("Staff"), and the Maryland Office of the People's Counsel ("OPC") (collectively, the "Settling Parties").<sup>1</sup> In consideration of the matters set forth herein, the Settling Parties hereby respectfully move the Public Utility Law Judge ("PULJ") to recommend approval of this Settlement Agreement.

WHEREAS, SMECO filed an Application for Authority to Revise its Rates and Charges for Electric Service and for Certain Rate Design Changes on August 1, 2017 (the "Application") with the Maryland Public Service Commission ("Commission");

<sup>1</sup> The Department of the Navy ("DON"), the only other party to the case, has indicated that it does not oppose the Settlement Agreement.



WHEREAS, the Application contained the Direct Testimony of Austin J. Slater, Jr., Sonja M. Cox, Eugene W. Bradford, Robert C. Smith, and J. Steven Shurbutt in support of the Application;

WHEREAS, SMECO's Application requested an order to revise rates to remove from distribution rates and charges the costs associated with its 230kV transmission facilities and to update SMECO's distribution costs and margin requirements;

WHEREAS, through its Application, SMECO requested that the Commission approve the proposed rate decrease and authorize the rates to be effective on September 1, 2017 or as soon thereafter as is practicable;

WHEREAS, through its Application and subsequent filings, SMECO sought authority to decrease its electric distribution base rate revenues by \$2,115,219 or \$6,141,080 when revenues are fully annualized with rates approved in Case No. 9396, SMECO's last base rate case;

WHEREAS, on August 4, 2017, by Order No. 88328, the Commission suspended the proposed rates for a period of not more than 150 days from September 1, 2017, and delegated the matter to the Public Utility Law Judge Division;

WHEREAS, on August 31, 2017, the Department of the Navy ("DON") filed a petition to intervene;

WHEREAS, on September 7, 2017, the Public Utility Law Judge convened a pre-hearing conference and, on that same day, issued a Notice of Procedural Schedule and granted the Department of the Navy's petition to intervene;

WHEREAS, on September 7, 2017, by Order No. 88374, the Commission extended the 150 day suspension issued on August 4, 2017 for an additional 30 days to

accommodate the procedural schedule and allow the Commission sufficient time to address any appeals of the Proposed Order and issue its final Order in the matter;

WHEREAS, on October 2, 2017, Staff filed the Direct Testimonies of Felicia L. Shelton, David L. Valcarenghi, Loubens Blaise, Drew M. McAuliffe, and David Hoppock, and OPC filed the Direct Testimony of David E. Peterson;

WHEREAS, on October 17, 2017, in response to the Direct Testimonies filed by Staff and OPC, SMECO filed Rebuttal Testimony by Austin J. Slater, Jr., Sonja M. Cox, Eugene W. Bradford, and J. Steven Shurbutt;

WHEREAS, on November 1, 2017, in response to the Rebuttal Testimonies of SMECO, Staff filed the Surrebuttal Testimonies of Felicia L. Shelton, David Hoppock, and David L. Valcarenghi, and OPC filed the Surrebuttal Testimony of David E. Peterson;

WHEREAS, extensive discovery has been conducted and SMECO's Application has been thoroughly analyzed by representatives of Staff, OPC, and the DON and, as a result of and on the basis of that analysis, the Settling Parties desire to settle this matter on the terms and conditions set forth herein:

NOW, THEREFORE, the Settling Parties agree to the following full settlement and compromise, with rates to be effective with bills rendered on or after January 1, 2018, provided that this Settlement and Stipulation is fully executed, filed with, and approved by the Commission:

### GENERAL TERMS

FIRST, the Settling Parties agree that this Settlement Agreement is expressly conditioned upon the Commission's acceptance of all of its terms, without change to any term or condition.

SECOND, the Settling Parties agree that this Settlement Agreement together with its exhibits constitutes a full settlement and compromise of SMECO's Application.

THIRD, the Settling Parties agree that this Settlement Agreement represents a compromise of divergent positions in order to end litigation and that, except as expressly stated herein, no party to the Settlement Agreement shall be deemed to have approved, accepted, or consented to any principle underlying or supposed to underlie any of the matters provided for in this Settlement or in the Application, nor shall approval of this Settlement constitute in any respect a determination by the Commission as to the merits of any of the contentions or allegations which might be made by any of the Settling Parties in the absence of the Settlement Agreement.

FOURTH, all Settling Parties reserve all rights to take any position concerning any issue addressed in this Settlement or raised by the Application or any responsive testimony discussed above in any future proceedings.

FIFTH, the Settling Parties stipulate that they will not take any action before the Commission, any regulatory body, or a court in derogation of this Settlement.

SIXTH, the various provisions of this Settlement are not severable. None of the provisions shall become operative unless and until the Commission issues an Order approving the Settlement without modification or condition. If any portion of this Settlement is modified, conditioned, or rejected by the Commission, the Settlement shall

be considered null and void. If the Settlement is rendered null and void by operation of this paragraph, the Settling Parties agree to immediately enter into good faith negotiations to reach a new settlement and if no new settlement can be reached to litigate the matter under a new and appropriate schedule. If any future law or regulation is enacted that any Settling Party believes, in good faith, has a material impact on the rights and obligations arising under this Settlement, the Settling Parties shall meet to discuss what action, if any, should be taken.

SEVENTH, the discussions that produced this Settlement have been conducted on the understanding that all offers of settlement and discussions relating thereto are and shall remain privileged and confidential, shall be without prejudice to the position of any party or participant presenting any such offer or participating in any such discussions, and are not to be used in any manner in connection with this proceeding or otherwise. If the Commission does not approve this Settlement without modification or condition, the Settlement shall be deemed withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

EIGHTH, the Settling Parties waive their rights to: (i) call, examine, and cross-examine witnesses; (ii) present oral argument and/or written briefs to the PULJ; (iii) appeal a proposed order of the PULJ to the Commission pursuant to Md. Code Ann. Public Utilities Article ("PUA") § 3-113(d); (iv) seek rehearing of a Commission order; and (v) seek judicial review of a Commission order. The Settling Parties request that the time period for appeal designated in the proposed order be shortened to seven (7) days as permitted under PUA § 3-113(d)(2)(ii). The Settling Parties recognize that if the

Settlement Agreement is approved without modification, then the proposed order of the PULJ will become a final order pursuant to PUA § 3-104 (d)(3).

NINTH, the Settling Parties will file testimony, in support of this Settlement.

#### EFFECTIVE DATE OF APPROVED RATES

TENTH, the Settling Parties agree that the rates that are approved in this proceeding would be effective for bills rendered on or after January 1, 2018 (subject to approval by the Commission of the Settlement prior to January 1, 2018) or as soon thereafter if the Commission approves the Settlement after January 1, 2018.

ELEVENTH, the Settling Parties agree to use good faith, best efforts to make all filings and take all actions necessary in furtherance of the January 1, 2018 effective date.

#### REVENUE DECREASE AND DISTRIBUTION

TWELFTH, the Settling Parties agree that a decrease of \$10,071,329 in SMECO's electric base rate distribution revenues, as adjusted to reflect the revenues from rates approved in Case No. 9396, is appropriate for the purposes of this Settlement.

THIRTEENTH, the Settling Parties agree that the decrease in SMECO's base rate distribution revenues specified in the preceding paragraph shall be accomplished in accordance with the revenue distribution set forth on Exhibit A to this Settlement Agreement. In addition, the Settling Parties agree to the following with respect to the base rate revenue decreases:

- Calvert Cliffs Standby Service ("CCSS") and Solar Facility ("SF") classes receive the same revenue decrease on a percentage basis as other classes;
- The new base rates contained in Exhibit A, achieve revenue decreases for all classes (except the T, T-NSWC, CCSS and SF classes) through a decrease to the energy charge;

- The T class revenue decrease has been achieved through adjustment to the demand charge;
- The T-NSWC class revenue decrease has been achieved through adjustment to the demand charge;
- The CCSS class revenue decrease has been achieved through adjustment to the demand charge; and
- The SF class revenue decrease has been achieved through adjustment of the energy and the demand charge.

#### UNBUNDLED RATES

FOURTEENTH, the Settling Parties agree that the proposed unbundling of rates to eliminate transmission functions related to the 230 kilovolt system from distribution rates, as detailed in SMECO's testimony and exhibits in support of its Application, is reasonable and appropriate for SMECO customer-members.

#### COST OF SERVICE

FIFTEENTH, to the extent SMECO files with its next base rate application a cost of service study with a minimum system study, it agrees to also file with that application a cost of service study without a minimum system study.

#### RATE DESIGN

SIXTEENTH, SMECO's monthly non-residential facilities charges for the General Service Non-Demand ("GSND"), General Service Demand ("GSD") and Large Power ("LP") classes shall be increased by 2.84 percent per month.

SEVENTEENTH, SMECO's facilities charge for the SF class will remain unchanged.

EIGHTEENTH, SMECO'S facilities charge for the Transmission Service ("T"), Transmission Service – Naval Surface Warfare Center ("T-NSWC") and CCSS classes

shall be decreased to \$900. SMECO's facilities charges for all non-residential customer classes are set forth in the tariff sheets contained in Exhibit B, attached hereto.

NINETEENTH, SMECO's non-residential demand charges will be set at the levels set forth in the table below:

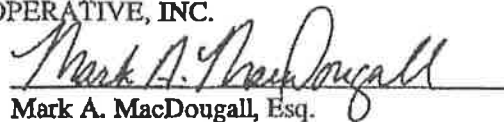
Non-Residential Demand Charges	
Rate Class	Demand Charge
GSD Secondary	\$5.26
GSD Primary	\$5.00
LP Secondary	\$5.06
LP Primary	\$4.80
T	\$3.12
T-NSWC	\$3.47
CCSS	\$0.98
SF	\$4.46

WHEREFORE, the Settling Parties have, by their respective counsel, entered into this Settlement Agreement and do hereby respectfully request that the PULJ issue a proposed order approving this Settlement Agreement and authorizing SMECO to file tariff sheets, which reflects a decrease in base rate distribution revenues, effective with bills rendered on or after January 1, 2018; or as soon as practicable thereafter, in the amounts set forth in Exhibits A and B, attached hereto.

Respectfully submitted,

SOUTHERN MARYLAND ELECTRIC  
COOPERATIVE, INC.

By:



Mark A. MacDougall, Esq.

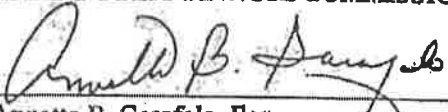
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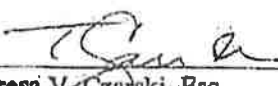
MARYLAND PUBLIC SERVICE COMMISSION

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## **Exhibit A**

[illegible]

Summary  
Settlement Proposed Rate Design

Sch.	Description	Units	Annual Billing Units	Existing Rate	Proposed Rate	Revenue	Revenue Decrease
#	Residential Service						
	Facilities Charge		1,750,266	\$ 9.50	\$ 9.50	\$ 16,713,027	
	Energy Charge	kWh	2,105,484,558	\$ 0.04336	\$ 0.04300	\$ 90,335,836	
	Franchise Taxes	kWh	2,105,484,558	\$ 0.00062	\$ 0.00062	\$ 1,305,405	
	Total Schedule #					\$ 98,154,268	\$ (7,075,000)
GSND	General Service - Non-Demand						
	Facilities Charge		74,005	\$ 17.78	\$ 18.78	\$ 1,370,000	
	Single Phase		20,087	\$ 25.43	\$ 26.15	\$ 548,287	
	Three Phase						
	Energy Charge	kWh	112,368,771	\$ 0.03281	\$ 0.03036	\$ 3,415,799	
	Franchise Taxes	kWh	112,368,771	\$ 0.00062	\$ 0.00062	\$ 69,607	
	Total Schedule GSND					\$ 5,403,693	\$ (352,310)
GSD	General Service - Demand						
	Facilities Charge		10,526	\$ 17.78	\$ 18.22	\$ 358,035	
	Single Phase		84,903	\$ 25.43	\$ 26.15	\$ 1,697,213	
	Three Phase		128	\$ 49.71	\$ 51.12	\$ 6,543	
	Energy Charge	kWh	1,001,497,864	\$ 0.01286	\$ 0.01276	\$ 12,779,110	
	403 & 404	kWh	7,294,020	\$ 0.01222	\$ 0.01212	\$ 88,404	
	405	kWh	1,008,791,564	\$ 0.00062	\$ 0.00062	\$ 625,451	
	Franchise Taxes	kWh					
	Demand Charge	kW	3,200,036	\$ 5.16	\$ 5.78	\$ 17,205,580	
	403 & 404	kW	20,037	\$ 4.90	\$ 5.00	\$ 100,163	
	405	kW					
	Total Schedule GSD					\$ 22,958,429	\$ (2,152,110)
LP	Large Power						
	Facilities Charge		514	\$ 44.50	\$ 45.76	\$ 23,521	
	501		96	\$ 40.71	\$ 51.12	\$ 4,908	
	502						
	Energy Charge	kWh	104,848,729	\$ 0.01113	\$ 0.00950	\$ 996,072	
	501	kWh	70,889,200	\$ 0.01057	\$ 0.00902	\$ 640,130	
	502	kWh	178,739,019	\$ 0.00062	\$ 0.00062	\$ 108,936	
	Franchise Taxes	kWh					
	Demand Charge	kW	302,535	\$ 5.02	\$ 5.06	\$ 1,530,826	
	501	kW	150,226	\$ 4.77	\$ 4.80	\$ 721,085	
	502	kW					
	Total Schedule LP					\$ 4,028,562	\$ (262,683)
T	Transmission						
	Facilities Charge		24	\$ 939.00	\$ 900.00	\$ 21,600	
	Franchise Taxes	kWh	1,853,141	\$ 0.00062	\$ 0.00062	\$ 1,025	
	Demand Charge	kW	24,873	\$ 3.35	\$ 3.12	\$ 77,805	
	Total Schedule T					\$ 22,630	\$ (0,057)
T-DSWC	Haral Surface Warfare Center						
	Facilities Charge		24	\$ 909.00	\$ 900.00	\$ 21,600	
	Franchise Taxes	kWh	26,700,876	\$ 0.00062	\$ 0.00062	\$ 16,810	
	Demand Charge	kW	132,420	\$ 3.71	\$ 3.47	\$ 459,529	
	Total Schedule T-DSWC					\$ 497,939	\$ (32,710)
AL	Area Light						
	Facilities Charge		1,220	\$ 4.60	\$ 4.55	\$ 5,592	
	8,000 Mercury Vapor OH		90,410	\$ 4.60	\$ 4.65	\$ 423,316	
	8,000 Lumen HP Sodium OH		451	\$ 8.50	\$ 7.91	\$ 3,567	
	8,000 Lumen HP Sodium Standard Post Top		903	\$ 6.32	\$ 5.87	\$ 5,829	
	8,100 Lumen MH Colonial Post Top		102,083	\$ 1.22	\$ 1.19	\$ 121,479	
	Distribution Charge						
	Franchise Tax		1,220	\$ 0.04	\$ 0.04	\$ 40	
	8,000 Mercury Vapor		90,861	\$ 0.02	\$ 0.02	\$ 1,097	
	8,000 Lumen HP Sodium		903	\$ 0.03	\$ 0.03	\$ 30	
	8,100 Lumen MH						
	Pole and Misc. Additional Charge		41,193	\$ 2.95	\$ 2.76	\$ 113,278	
	Additional Wood Pole		2,856	\$ 3.15	\$ 2.64	\$ 7,815	
	38" Pole for installation after 3/31/2009						
	Total AL					\$ 715,553	\$ (48,789)
SL	Street Lights						
	Facilities Charge		1,704	\$ 8.47	\$ 7.95	\$ 13,547	
	8,000 Lumen Mercury Vapor OH Post Top		2,266	\$ 8.47	\$ 7.95	\$ 18,174	
	20,000 Mercury Vapor Colonial Post Top		1,284	\$ 16.39	\$ 15.38	\$ 19,746	
	8,000 Lumen HP Sodium OH		155	\$ 16.75	\$ 15.72	\$ 2,452	
	8,000 Lumen HP Sodium Standard Post Top		30,124	\$ 8.47	\$ 7.65	\$ 229,460	
	8,000 Lumen HP Sodium Standard Post Top		62,810	\$ 8.47	\$ 7.95	\$ 490,955	
	8,000 Lumen HP Sodium Colonial Post Top		2,177	\$ 16.39	\$ 15.38	\$ 33,462	
	8,000 Lumen HP Sodium Cutoff Lantern Post Top		564	\$ 14.37	\$ 13.40	\$ 7,860	
	20,000 Lumen HP Sodium Cutoff Lantern Post Top		432	\$ 20.12	\$ 18.88	\$ 8,156	
	20,000 Lumen HP Sodium Cutoff Lantern Post Top		12,004	\$ 16.75	\$ 15.72	\$ 190,078	
	20,000 Lumen HP Sodium Cutoff Lantern Post Top		7,044	\$ 8.34	\$ 7.83	\$ 55,155	
	8,100 Lumen MH Colonial Post Top		12,310	\$ 6.30	\$ 5.91	\$ 72,798	
	8,100 Lumen MH Cutoff Post Top		2,231	\$ 7.96	\$ 7.48	\$ 16,843	
	8,100 Lumen MH Cutoff Lantern Post Top		5,540	\$ 7.95	\$ 7.18	\$ 39,542	
	8,100 Lumen MH Cutoff Lantern Post Top		442	\$ 13.18	\$ 12.37	\$ 5,408	
	8,100 Lumen MH Cutoff Lantern Post Top		372	\$ 10.73	\$ 10.71	\$ 3,944	
	12,000 Lumen MH Colonial Post Top		8,807	\$ 3.61	\$ 3.30	\$ 10,880	
	12,000 Lumen MH Essex Post Top		3,750	\$ 11.60	\$ 11.17	\$ 41,935	
	12,000 Lumen MH Cutoff Lantern Post Top		6,708	\$ 10.38	\$ 9.75	\$ 65,403	
	12,000 Lumen MH Cutoff Lantern Post Top		1,037	\$ 15.65	\$ 14.69	\$ 15,234	

	12,000 Lumen MH Outoff Marine Pool Top	155	\$	21.40	\$	20.00	\$	3,375	
	14,000 Lumen MH Colonial Pool Top	804	\$	7.87	\$	7.30	\$	6,042	
	20,000 Lumen MH Colonial Pool Top	804	\$	31.77	\$	29.83	\$	23,983	
	20,000 Lumen MH Colonial Pool Top w/CIAC		\$	6.31	\$	4.00	\$		
	Distribution Charge								
	20,000 Lumen MH (260 Watts)	804	\$	2.42	\$	2.30	\$	1,840	
	All Other Lamp Fixture Types	150,196	\$	1.27	\$	1.19	\$	190,832	
	Franchise Tax								
	5,000 Mercury Vapor	5,274	\$	0.04	\$	0.04	\$	211	
	8,000 Lumen HP Sodium	96,807	\$	0.02	\$	0.02	\$	1,918	
	9,100 Lumen MH	20,910	\$	0.03	\$	0.03	\$	627	
	12,000 Lumen MH	17,830	\$	0.04	\$	0.04	\$	701	
	14,000 Lumen MH	804	\$	0.06	\$	0.06	\$	40	
	20,000 Lumen MH	804	\$	0.06	\$	0.06	\$	40	
	20,000 Mercury Vapor	155	\$	0.00	\$	0.00	\$	14	
	20,000 Lumen HP Sodium	10,708	\$	0.06	\$	0.06	\$	665	
	Pole and Misc. Additional Charge								
	Additional Pole	6,170	\$	2.96	\$	2.78	\$	17,064	
	Existing 18' Pole for Pool Top Luminaire	22,806	\$	0.76	\$	0.72	\$	16,422	
	18' Laminated Wood Pole	2,704	\$	0.82	\$	0.80	\$	2,165	
	18' Pole for Installation after 3/1/1000	40,719	\$	3.16	\$	2.96	\$	120,838	
	18' Pole for MH Lamp Customer	16,106	\$	3.16	\$	2.96	\$	47,685	
	Decorative Straight Fluted 18' Pole	20,318	\$	8.82	\$	8.28	\$	168,233	
	Decorative Straight Aluminum 18' Pole	2,490	\$	17.22	\$	16.17	\$	36,778	
	Decorative Outoff Lumen 18' Pole	840	\$	7.30	\$	6.86	\$	5,740	
	Decorative 12-18 ft. in Length	27,830	\$	0.47	\$	0.45	\$	12,533	
	<b>Total SF</b>							<b>\$ 2,042,850</b>	<b>\$ (130,111)</b>
Sch. CCSI	<b>Description</b>	<b>Units</b>	<b>Annual Billing Units</b>	<b>Proposed Rates</b>					
	<b>Calvert Cliffs Standby Service</b>			<b>Rate</b>	<b>Revenue</b>				
	Facilities Charge		12	\$ 939.00	\$ 900.00	\$	10,800		
	Franchise Taxes	kWh	10,868	\$ 0.00062	\$ 0.00062	\$	7		
	Demand Charge	kW	30,000	\$ 1.64	\$ 0.68	\$	20,400		
	<b>Total Schedule CCSI</b>						<b>\$ 40,207</b>		<b>\$ (2,568)</b>
Sch. SF	<b>Description</b>	<b>Units</b>	<b>Annual Billing Units</b>	<b>Proposed Rates</b>					
	<b>Solar Facility</b>			<b>Rate</b>	<b>Revenue</b>				
	Facilities Charge		24	\$ 66.78	\$ 56.78	\$	1,363		
	Non-Standard Charge								
	8MECO Solar		12	\$ 406.66	\$ 406.66	\$	6,084		
	Roof/Fish		12	\$ 449.43	\$ 449.43	\$	6,300		
	Volumetric Charge	kWh	166,141	\$ 0.01222	\$ 0.01218	\$	1,800		
	Franchise Taxes	kWh	166,141	\$ 0.00062	\$ 0.00062	\$	90		
	<b>Total Schedule SF</b>			<b>\$ 4.80</b>	<b>\$ 4.46</b>	<b>\$</b>	<b>28,276</b>		<b>\$ (2,768)</b>
	<b>Grand Total</b>						<b>\$ 154,377,563</b>		<b>\$ (10,067,782)</b>
	<b>Proposed Change</b>						<b>Target \$ 154,377,563</b>		<b>From Stmt Rev Req Sheet</b>
							<b>Difference \$ 3,677</b>		

SMECO Rate Case 9456  
Settlement Proposed Rate Design

Class	Actual Test Year Revenues	Annualized Test Year Revenues	Settlement Revenues	Decrease	
Res	\$ 112,216,519	\$ 115,630,263	\$ 108,554,263	\$ (7,075,999)	-6.1%
GSND	\$ 5,584,371	\$ 5,756,991	\$ 5,404,682	\$ (352,310)	-6.1%
GSD	\$ 34,141,559	\$ 35,111,549	\$ 32,959,429	\$ (2,152,119)	-6.1%
LP	\$ 4,206,213	\$ 4,288,185	\$ 4,025,502	\$ (262,683)	-6.1%
T	\$ 105,993	\$ 106,886	\$ 100,230	\$ (6,657)	-6.2%
TNSWC	\$ 518,558	\$ 530,458	\$ 497,739	\$ (32,719)	-6.2%
AL	\$ 753,527	\$ 758,741	\$ 711,951	\$ (46,789)	-6.2%
SL	\$ 2,161,221	\$ 2,173,668	\$ 2,040,556	\$ (133,111)	-6.1%
CCSS	\$ 42,775	\$ 42,775	\$ 40,207	\$ (2,568)	-6.0%
SF	\$ 45,236	\$ 45,796	\$ 43,001	\$ (2,796)	-6.1%
Total	\$ 159,775,972	\$ 164,445,312	\$ 154,373,983	\$ (10,067,752)	-6.1%
Target			\$ 154,373,983	\$ (10,071,329)	-6.1%

Sch.	Description	Units	Annual Billing Units	TY Rates & Revenue		Annualized Rates & Revenue		Proposed Rates & Revenue		Difference Amount	Percent Change
				Rate	Revenue	Rate	Revenue	Rate	Revenue		
R	Residential Service										
	Facilities Charge										
	Jan-Feb		291,588	\$ 8.60	\$ 2,507,657	\$ 9.50	\$ 2,770,086	\$ 9.50	\$ 2,770,086	\$ -	
	Mar-Dec		1,467,678	\$ 9.50	\$ 13,942,941	\$ 9.50	\$ 13,942,941	\$ 9.50	\$ 13,942,941	\$ -	
	Total		1,759,266		\$ 16,450,598		\$ 16,713,027		\$ 16,713,027	\$ -	
	Energy Charge										
	Jan-Feb	kWh	431,686,895	\$ 0.03606	\$ 15,566,629	\$ 0.04336	\$ 18,717,944	\$ 0.04300	\$ 18,562,536	\$ (155,407)	
	Mar-Dec	kWh	1,673,797,663	\$ 0.04336	\$ 72,575,867	\$ 0.04336	\$ 72,575,867	\$ 0.04300	\$ 71,973,300	\$ (602,567)	
	Total		2,105,484,558		\$ 88,142,496		\$ 91,293,810		\$ 90,535,836	\$ (757,974)	
	Franchise Taxes	kWh	2,105,484,558	\$ 0.00062	\$ 1,305,400	\$ 0.00062	\$ 1,305,400	\$ 0.00062	\$ 1,305,400	\$ -	
	Other										
	Total Energy				\$ 89,447,897		\$ 92,599,211		\$ 91,841,236	\$ (757,974)	
	BSA Revenue				\$ 5,107,928		\$ 5,107,928		\$ 5,107,928	\$ -	
	Unbilled Revenue				\$ 1,210,097		\$ 1,210,097		\$ 1,210,097	\$ -	
	Total Schedule R				\$ 112,216,519		\$ 115,630,263	Target	\$ 108,554,263	\$ (7,075,999)	-6.1%
								Proposed Rates & Revenue	\$ 108,548,575	\$ (7,075,999)	-6.1%

Sch.	Description	Units	Billing Units	Rate	Revenue	Rate	Revenue	Rate	Revenue	Amount	Change
GSND	<b>General Service - Non-Demand Facilities Charge</b>										
	Jan-Feb	Single Phase	12,630	\$ 16.09	\$ 203,217	\$	17.78	\$ 224,561	\$	18.28	\$ 230,876
		Three Phase	3,545	\$ 23.01	\$ 81,570	\$	25.43	\$ 90,149	\$	26.15	\$ 92,702
	Mar-Dec	Single Phase	62,365	\$ 17.78	\$ 1,108,850	\$	17.78	\$ 1,108,850	\$	18.28	\$ 1,140,032
		Three Phase	17,422	\$ 25.43	\$ 443,041	\$	25.43	\$ 443,041	\$	26.15	\$ 455,585
	Total		95,962		\$ 1,836,678			\$ 1,866,602			\$ 1,919,196
	<b>Energy Charge</b>										
	Jan-Feb	kWh	21,686,419	\$ 0.02623	\$ 568,835	\$	0.03281	\$ 711,531	\$	0.03039	\$ 659,050
	Mar-Dec	kWh	90,712,352	\$ 0.03281	\$ 2,976,272	\$	0.03281	\$ 2,976,272	\$	0.03039	\$ 2,756,748
	Total		112,398,771		\$ 3,545,107			\$ 3,687,804			\$ 3,415,792
Other	Franchise Taxes	kWh	112,398,771	\$ 0.00062	\$ 69,687	\$	0.00062	\$ 69,687	\$	0.00062	\$ 69,687
	Total Energy	kWh	112,398,771		\$ 3,614,794			\$ 3,757,491			\$ 3,485,486
	BSA Revenue				\$ 87,823			\$ 87,823			\$ (87,823)
	Unbilled Revenue				\$ 45,075			\$ 45,075			\$ (45,075)
<b>Total Schedule GSND</b>					\$ 5,594,371		\$ 5,756,991		\$ 5,404,682	\$ (352,310)	-6.1%

Target										
Annualized Rates & Revenue					Proposed Rates & Revenue					Percent Change
Sch.	Description	Units	Annual Billing Units	Rate	Revenue	Rate	Revenue	Difference	Amount	

GSD	<b>Facilities Charge</b>										
	Jan-Feb	Single Phase	3,107	\$ 16.09	\$ 49,992	\$	17.78	\$ 55,242	\$	18.28	\$ 56,796
		Three Phase	10,754	\$ 23.01	\$ 247,450	\$	25.43	\$ 273,474	\$	26.15	\$ 281,217
	Primary		20	\$ 44.99	\$ 900	\$	49.71	\$ 994	\$	51.12	\$ 1,022
	Mar-Dec	Single Phase	16,419	\$ 17.78	\$ 291,930	\$	17.78	\$ 291,930	\$	18.28	\$ 300,139
		Three Phase	54,149	\$ 25.43	\$ 1,377,009	\$	25.43	\$ 1,377,009	\$	26.15	\$ 1,415,996
	Primary		108	\$ 49.71	\$ 5,369	\$	49.71	\$ 5,369	\$	51.12	\$ 5,521
	Total		84,557		\$ 1,972,649			\$ 2,004,018			\$ 2,060,692
	<b>Energy Charge</b>										
	Jan-Feb	kWh	164,410,200	\$ 0.01102	\$ 1,811,800	\$	0.01286	\$ 2,114,315	\$	0.01276	\$ 2,097,874
Other	Secondary	kWh	1,937,650	\$ 0.01047	\$ 20,287	\$	0.01222	\$ 23,678	\$	0.01212	\$ 23,484
	Mar-Dec	Secondary	837,087,464	\$ 0.01286	\$ 10,764,945	\$	0.01286	\$ 10,764,945	\$	0.01276	\$ 10,681,236
	Primary	kWh	5,356,370	\$ 0.01222	\$ 65,455	\$	0.01222	\$ 65,455	\$	0.01212	\$ 64,919
	Total	kWh	1,008,791,684		\$ 12,662,487			\$ 12,968,393			\$ 12,967,514
	Franchise Taxes	kWh	1,008,791,684	\$ 0.00062	\$ 625,451	\$	0.00062	\$ 625,451	\$	0.00062	\$ 625,451
	Total Energy	kWh	1,008,791,684		\$ 13,287,938			\$ 13,593,844			\$ 13,492,965
	<b>Demand Charge</b>										
	Jan-Feb	kW	541,357	\$ 4.00	\$ 2,165,428	\$	5.16	\$ 2,793,403	\$	5.26	\$ 2,847,538
	Primary	kW	4,309	\$ 3.80	\$ 16,373	\$	4.90	\$ 21,113	\$	5.00	\$ 21,544
	Mar-Dec	Secondary	2,748,679	\$ 5.16	\$ 14,183,184	\$	5.16	\$ 14,183,184	\$	5.26	\$ 14,458,052
	Primary	kW	15,728	\$ 4.90	\$ 77,066	\$	4.90	\$ 77,066	\$	5.00	\$ 78,639
Total			3,310,073		\$ 15,442,051			\$ 17,074,765			\$ 17,405,773
	BSA Revenue				\$ 2,181,222			\$ 2,181,222			\$ (2,181,222)
	Unbilled Revenue				\$ 257,699			\$ 257,699			\$ (257,699)
<b>Total Schedule GSD</b>					\$ 34,141,559		\$ 35,111,549		\$ 32,959,429	\$ (2,152,119)	-6.1%

Target

Sch. LP	Description	Units	Annual Billing Units	TY Rates & Revenue		Annualized Rates & Revenue		Proposed Rates & Revenue		Difference Amount	Percent Change	
				Rate	Revenue	Rate	Revenue	Rate	Revenue			
Facilities Charge	Jan-Feb Secondary Primary		86	\$ 40.27	\$ 3,463	\$	\$ 44.50	\$ 3,827	\$ 45.76	\$ 3,935	\$ 108	
			16	\$ 44.99	\$ 720	\$	\$ 49.71	\$ 795	\$ 51.12	\$ 818	\$ 23	
	Mar-Dec Secondary Primary		428	\$ 44.50	\$ 19,046	\$	\$ 44.50	\$ 19,046	\$ 45.76	\$ 19,585	\$ 539	
			80	\$ 49.71	\$ 3,977	\$	\$ 49.71	\$ 3,977	\$ 51.12	\$ 4,090	\$ 113	
	Total			610	\$	\$ 27,206	\$	\$	\$ 27,645	\$	\$ 28,428	\$ 783
	Energy Charge			15,999,922	\$ 0.01089	\$ 174,239	\$	\$ 0.01113	\$ 178,079	\$ 0.00950	\$ 151,999	\$ (26,080)
				12,476,610	\$ 0.01035	\$ 129,133	\$	\$ 0.01057	\$ 131,878	\$ 0.00903	\$ 112,664	\$ (19,214)
				88,849,807	\$ 0.01113	\$ 988,898	\$	\$ 0.01113	\$ 988,898	\$ 0.00950	\$ 844,073	\$ (144,825)
				58,412,680	\$ 0.01057	\$ 617,422	\$	\$ 0.01057	\$ 617,422	\$ 0.00903	\$ 527,467	\$ (89,956)
				175,739,019	\$ 0.00062	\$ 1,909,692	\$	\$ 0.00062	\$ 1,916,277	\$ 0.00062	\$ 1,636,203	\$ (280,075)
Demand Charge			175,739,019	\$ 0.00062	\$ 108,958	\$	\$ 0.00062	\$ 108,958	\$	\$ (280,075)		
			175,739,019	\$ 2,018,651	\$	\$ 2,025,235	\$ 1,745,161	\$ (280,075)				
			Jan-Feb Secondary Primary	46,788	\$ 4.00	\$ 187,153	\$	\$ 5.02	\$ 234,877	\$ 5.06	\$ 236,749	\$ 1,872
			28,066	\$ 3.80	\$ 106,652	\$	\$ 4.77	\$ 133,876	\$ 4.80	\$ 134,718	\$ 842	
			Mar-Dec Secondary Primary	255,747	\$ 5.02	\$ 1,283,849	\$	\$ 5.02	\$ 1,283,849	\$ 5.06	\$ 1,294,079	\$ 10,230
Other			122,160	\$ 4.77	\$ 582,702	\$	\$ 4.77	\$ 582,702	\$ 4.80	\$ 586,367	\$ 3,665	
			452,761	\$	\$ 2,160,357	\$	\$	\$ 2,235,305	\$	\$ 2,251,913	\$ 16,608	
Total Schedule LP				\$	\$ 4,206,213	\$	\$	\$ 4,288,185	\$	\$ 4,025,502	\$ (262,683)	
											-6.1%	

Sch.	Description	Units	Annual Billing Units	TY Rates & Revenue		Annualized Rates & Revenue		Proposed Rates & Revenue		Difference Amount	Percent Change
				Rate	Revenue	Rate	Revenue	Rate	Revenue		
T	Facilities Charge										
	All Customers		24	\$ 939.00	\$ 22,536	\$ 939.00	\$ 22,536	\$ 900.00	\$ 21,600	\$ (936)	
	Volumetric Charge		1,653,141	\$ 0.00062	\$ 1,025	\$ 0.00062	\$ 1,025	\$ 0.00062	\$ 1,025	\$ -	
	Franchise Taxes										
	Demand Charge										
	Jan-Feb	kW	4,254	\$ 3.14	\$ 13,358	\$ 3.35	\$ 14,252	\$ 3.12	\$ 13,273	\$ (978)	
Mar-Dec	kW	20,619	\$ 3.35	\$ 69,074	\$ 3.35	\$ 69,074	\$ 3.12	\$ 64,331	\$ (4,742)		
	Total	kW	24,873	\$ 82,432	\$ 83,326	\$ 83,326	\$ 83,326	\$ 77,605	\$ (5,721)		
Total Schedule T				\$ 105,993	\$ 106,886	\$ 106,886	\$ 106,886	\$ 100,230	\$ (6,657)		-6.2%

Sch.	Description	Units	Annual Billing Units	TY Rates & Revenue		Annualized Rates & Revenue		Proposed Rates & Revenue		Difference Amount	Percent Change
				Rate	Revenue	Rate	Revenue	Rate	Revenue		
T-NSWC	Facilities Charge										
	All Customers		24	\$ 939.00	\$ 22,536	\$ 939.00	\$ 22,536	\$ 900.00	\$ 21,600	\$ (936)	
	Volumetric Charge										
	Franchise Taxes	kWh	26,790,876	\$ 0.00062	\$ 16,610	\$ 0.00062	\$ 16,610	\$ 0.00062	\$ 16,610	\$ -	
	Demand Charge										
	Jan-Feb	kW	20,878	\$ 3.14	\$ 65,556	\$ 3.71	\$ 77,456	\$ 3.47	\$ 72,445	\$ (5,011)	





9,100 Lumen Metal Halide C Jan-Feb	62	\$	16.14	\$	1,001	\$	16.73	\$	1,037	\$	15.71	\$	974	\$	(63)
12,000 Lumen Metal Halide Jan-Feb	981	\$	3.48	\$	3,414	\$	3.61	\$	3,541	\$	3.39	\$	3,326	\$	(216)
12,000 Lumen Metal Halide Jan-Feb	620	\$	11.48	\$	7,118	\$	11.90	\$	7,378	\$	11.17	\$	6,925	\$	(453)
12,000 Lumen Metal Halide Jan-Feb	1,120	\$	10.02	\$	11,222	\$	10.38	\$	11,626	\$	9.75	\$	10,920	\$	(706)
12,000 Lumen Metal Halide Jan-Feb	182	\$	15.10	\$	2,748	\$	15.65	\$	2,848	\$	14.69	\$	2,674	\$	(175)
12,000 Lumen Metal Halide Jan-Feb	28	\$	20.65	\$	578	\$	21.40	\$	599	\$	20.09	\$	563	\$	(37)
14,000 Lumen Metal Halide Jan-Feb	134	\$	7.59	\$	1,017	\$	7.87	\$	1,055	\$	7.39	\$	990	\$	(64)
20,000 Lumen Metal Halide Jan-Feb	134	\$	30.66	\$	4,108	\$	31.77	\$	4,257	\$	29.83	\$	3,997	\$	(260)
8,000 Mercury Vapor Overht Mar-Dec	1,420	\$	5.12	\$	12,027	\$	5.31	\$	12,027	\$	4.99	\$	-	\$	-
8,000 Lumen Mercury Vapor Mar-Dec	1,908	\$	8.47	\$	16,161	\$	8.47	\$	16,161	\$	7.95	\$	15,289	\$	(738)
8,000 Lumen Mercury Vapor Mar-Dec	1,068	\$	16.39	\$	17,505	\$	16.39	\$	17,505	\$	15.38	\$	16,426	\$	(992)
20,000 Mercury Vapor Colonn Mar-Dec	130	\$	16.75	\$	2,178	\$	16.75	\$	2,178	\$	15.72	\$	2,044	\$	(134)
8,000 Lumen High Pressure Mar-Dec	25,122	\$	8.47	\$	212,783	\$	8.47	\$	212,783	\$	7.95	\$	199,720	\$	(13,063)
8,000 Lumen High Pressure Mar-Dec	52,075	\$	8.47	\$	441,075	\$	8.47	\$	441,075	\$	7.95	\$	413,996	\$	(27,079)
8,000 Lumen High Pressure Mar-Dec	1,813	\$	16.39	\$	29,715	\$	16.39	\$	29,715	\$	15.38	\$	27,884	\$	(1,831)
8,000 Lumen High Pressure Mar-Dec	470	\$	14.37	\$	6,754	\$	14.37	\$	6,754	\$	13.48	\$	6,336	\$	(418)
8,000 Lumen High Pressure Mar-Dec	380	\$	20.12	\$	7,243	\$	20.12	\$	7,243	\$	18.88	\$	6,797	\$	(446)
20,000 Lumen High Pressure Mar-Dec	10,554	\$	16.75	\$	176,780	\$	16.75	\$	176,780	\$	15.72	\$	165,909	\$	(10,871)
20,000 Lumen High Pressure Mar-Dec	5,870	\$	8.34	\$	48,956	\$	8.34	\$	48,956	\$	7.83	\$	45,962	\$	(2,994)
9,100 Lumen Metal Halide C Mar-Dec	10,447	\$	6.30	\$	65,816	\$	6.30	\$	65,816	\$	5.91	\$	61,742	\$	(4,074)
9,100 Lumen Metal Halide E Mar-Dec	1,881	\$	7.95	\$	14,954	\$	7.95	\$	14,954	\$	7.46	\$	14,032	\$	(922)
9,100 Lumen Metal Halide E Mar-Dec	4,750	\$	7.65	\$	36,338	\$	7.65	\$	36,338	\$	7.18	\$	34,105	\$	(2,233)
9,100 Lumen Metal Halide C Mar-Dec	360	\$	13.18	\$	4,745	\$	13.18	\$	4,745	\$	12.37	\$	4,453	\$	(292)
9,100 Lumen Metal Halide C Mar-Dec	310	\$	16.73	\$	5,186	\$	16.73	\$	5,186	\$	15.71	\$	4,870	\$	(316)
12,000 Lumen Metal Halide Mar-Dec	4,886	\$	3.61	\$	17,638	\$	3.61	\$	17,638	\$	3.39	\$	16,564	\$	(1,075)
12,000 Lumen Metal Halide Mar-Dec	3,136	\$	11.90	\$	37,318	\$	11.90	\$	37,318	\$	11.17	\$	35,029	\$	(2,289)
12,000 Lumen Metal Halide Mar-Dec	5,588	\$	10.38	\$	58,003	\$	10.38	\$	58,003	\$	9.75	\$	54,483	\$	(3,520)
12,000 Lumen Metal Halide Mar-Dec	855	\$	15.65	\$	13,381	\$	15.65	\$	13,381	\$	14.69	\$	12,560	\$	(821)
12,000 Lumen Metal Halide Mar-Dec	140	\$	21.40	\$	2,996	\$	21.40	\$	2,996	\$	20.09	\$	2,813	\$	(183)
14,000 Lumen Metal Halide Mar-Dec	670	\$	7.87	\$	5,273	\$	7.87	\$	5,273	\$	7.39	\$	4,951	\$	(322)
20,000 Lumen Metal Halide Mar-Dec	670	\$	31.77	\$	21,286	\$	31.77	\$	21,286	\$	29.83	\$	19,986	\$	(1,300)
20,000 Lumen Metal Halide Mar-Dec	-	\$	5.31	\$	-	\$	5.31	\$	-	\$	4.99	\$	-	\$	-
<b>Distribution Charge</b>	160,999	\$	-	\$	1,493,680	\$	-	\$	1,502,436	\$	-	\$	1,410,199	\$	(92,237)
20,000 Lumen Metal Halide Jan-Feb	134	\$	2.34	\$	314	\$	2.42	\$	324	\$	2.3	\$	308	\$	(16)
All Other Lamp Fixture Type: Jan-Feb	26,382	\$	1.23	\$	32,450	\$	1.27	\$	33,505	\$	1.19	\$	31,395	\$	(2,111)
20,000 Lumen Metal Halide Mar-Dec	670	\$	2.42	\$	1,621	\$	2.42	\$	1,621	\$	2.3	\$	1,541	\$	(80)
All Other Lamp Fixture Type: Mar-Dec	133,813	\$	1.27	\$	169,943	\$	1.27	\$	169,943	\$	1.19	\$	159,237	\$	(10,705)
<b>Franchise Tax</b>	26,516	\$	-	\$	204,327	\$	-	\$	205,393	\$	-	\$	192,481	\$	(12,912)
8,000 Mercury Vapor	5,274	\$	0.04	\$	211	\$	0.04	\$	211	\$	0.04	\$	211	\$	-
8,000 Lumen High Pressure Sodium	95,807	\$	0.02	\$	1,916	\$	0.02	\$	1,916	\$	0.02	\$	1,916	\$	-
9,100 Lumen Metal Halide	20,910	\$	0.03	\$	627	\$	0.03	\$	627	\$	0.03	\$	627	\$	-
12,000 Lumen Metal Halide	17,536	\$	0.04	\$	701	\$	0.04	\$	701	\$	0.04	\$	701	\$	-
14,000 Lumen Metal Halide	804	\$	0.05	\$	40	\$	0.05	\$	40	\$	0.05	\$	40	\$	-
20,000 Lumen Metal Halide	156	\$	0.05	\$	40	\$	0.05	\$	40	\$	0.05	\$	40	\$	-
20,000 Mercury Vapor	19,708	\$	0.09	\$	14	\$	0.09	\$	14	\$	0.09	\$	14	\$	-
20,000 Lumen High Pressure Sodium	160,999	\$	0.05	\$	985	\$	0.05	\$	985	\$	0.05	\$	985	\$	-
<b>Pole and Misc. Additional Charge</b>	-	\$	-	\$	4,536	\$	-	\$	4,536	\$	-	\$	4,536	\$	-
Additional Pole	1,021	\$	2.85	\$	2,910	\$	2.95	\$	3,012	\$	2.76	\$	2,818	\$	(194)
Existing 16' Pole for Post Top Luminaire	3,808	\$	0.73	\$	2,780	\$	0.76	\$	2,894	\$	0.72	\$	2,742	\$	(152)

Exhibit A  
Page 9 of 9

16' Laminated Wood Pole	484	\$	0.89	\$	431	\$	0.92	\$	445	\$	0.86	\$	416	\$	(29)
16' Pole for Installation after 3/1/1996	6,644	\$	3.04	\$	20,198	\$	3.15	\$	20,929	\$	2.96	\$	19,666	\$	(1,262)
16' Pole for Metal Halide Lamp Customer	2,676	\$	3.04	\$	8,135	\$	3.15	\$	8,429	\$	2.96	\$	7,921	\$	(508)
Decorative Straight Fluted 16' Pole	3,246	\$	8.51	\$	27,623	\$	8.82	\$	28,630	\$	8.28	\$	26,877	\$	(1,753)
Decorative Brushed Aluminum 30' Pole	410	\$	16.62	\$	6,814	\$	17.22	\$	7,060	\$	16.17	\$	6,630	\$	(430)
Decorative Cutoff Marine 16' Pole	90	\$	7.04	\$	634	\$	7.30	\$	657	\$	6.85	\$	617	\$	(41)
Brackets 12-18 ft. in Length	4,622	\$	0.65	\$	3,004	\$	0.67	\$	3,097	\$	0.63	\$	2,912	\$	(185)
Additional Pole	5,158	\$	2.95	\$	15,216	\$	2.95	\$	15,216	\$	2.76	\$	14,236	\$	(980)
Existing 16' Pole for Post Top Luminaire	19,000	\$	0.76	\$	14,440	\$	0.76	\$	14,440	\$	0.72	\$	13,680	\$	(760)
16' Laminated Wood Pole	2,312	\$	0.92	\$	2,127	\$	0.92	\$	2,127	\$	0.86	\$	1,988	\$	(139)
16' Pole for Installation after 3/1/1996	34,075	\$	3.15	\$	107,336	\$	3.15	\$	107,336	\$	2.96	\$	100,862	\$	(6,474)
16' Pole for Metal Halide Lamp Customer	13,433	\$	3.15	\$	42,314	\$	3.15	\$	42,314	\$	2.96	\$	39,762	\$	(2,552)
Decorative Straight Fluted 16' Pole	17,072	\$	8.82	\$	150,575	\$	8.82	\$	150,575	\$	8.28	\$	141,356	\$	(9,219)
Decorative Brushed Aluminum 30' Pole	2,050	\$	17.22	\$	35,301	\$	17.22	\$	35,301	\$	16.17	\$	33,149	\$	(2,153)
Decorative Cutoff Marine 16' Pole	450	\$	7.30	\$	3,285	\$	7.30	\$	3,285	\$	6.85	\$	3,083	\$	(203)
Brackets 12-18 ft. in Length	23,217	\$	0.67	\$	15,555	\$	0.67	\$	15,555	\$	0.63	\$	14,627	\$	(929)
Total Schedule SL		\$		\$	2,161,221	\$		\$	2,173,688	\$		\$	2,040,556	\$	(133,111)
															-6.1%

Sch.	Description	Units	Annual Billing Units	TY Rates & Revenue		Annualized Rates & Revenue		Proposed Rates		Difference Amount	Percent Change
				Rate	Revenue	Rate	Revenue	Rate	Revenue		
CCSS	Calvert Cliffs Standby Service										
	Facilities Charge		12	\$ 939.00	\$ 11,268	\$ 939.00	\$ 11,268	\$ 900.00	\$ 10,800	\$ (468)	
	Franchise Taxes		10,685	\$ 0.00062	\$ 7	\$ 0.00062	\$ 7	\$ 0.00062	\$ 7	\$ -	
	Demand Charge		30,000	\$ 1.05	\$ 31,500	\$ 1.05	\$ 31,500	\$ 0.98	\$ 29,400	\$ (2,100)	
Total Schedule CCSS					\$ 42,775		\$ 42,775		\$ 40,207	\$ (2,568)	-6.0%

Sch.	Description	Units	Annual Billing Units	TY Rates & Revenue		Annualized Rates & Revenue		Proposed Rates		Difference Amount	Percent Change
				Rate	Revenue	Rate	Revenue	Rate	Revenue		
SF	Solar Facility										
	Facilities Jan-Feb		4	\$ 52.06	\$ 208	\$ 56.78	\$ 227	\$ 56.78	\$ 227	\$ -	
	Facilities Mar-Dec		20	\$ 56.78	\$ 1,136	\$ 56.78	\$ 1,136	\$ 56.78	\$ 1,136	\$ -	
	Non-Standard Charge										
	SMCO Solar		12	\$ 498.65	\$ 5,984	\$ 498.65	\$ 5,984	\$ 498.65	\$ 5,984	\$ -	
	Rockfish		12	\$ 449.43	\$ 5,393	\$ 449.43	\$ 5,393	\$ 449.43	\$ 5,393	\$ -	
	kWh Chg Jan-Feb		29,565	\$ 0.01047	\$ 310	\$ 0.01222	\$ 361	\$ 0.01218	\$ 360	\$ (1)	
	kWh Chg Mar-Dec		125,576	\$ 0.01222	\$ 1,535	\$ 0.01222	\$ 1,535	\$ 0.01218	\$ 1,530	\$ (5)	
	Franchise Taxes		155,141	\$ 0.00062	\$ 96	\$ 0.00062	\$ 96	\$ 0.00062	\$ 96	\$ -	
	Dmd Chg Jan-Feb		445	\$ 3.80	\$ 1,692	\$ 4.90	\$ 2,182	\$ 4.46	\$ 1,986	\$ (196)	
	Dmd Chg Mar-Dec		5,894	\$ 4.90	\$ 28,883	\$ 4.90	\$ 28,883	\$ 4.46	\$ 26,289	\$ (2,594)	
Total Schedule SF					\$ 45,236		\$ 45,796		\$ 43,001	\$ (2,796)	-6.1%

Total All Classes Target \$ 159,775,972 \$ 164,445,312 \$ 154,377,560 \$ (10,067,752)  
Target \$ 154,373,983

## **Exhibit B**



**RETAIL ELECTRIC SERVICE TARIFF**  
**R**

P.S.C. Md. No. 3  
Sheet 6261

*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

**SCHEDULE R**

**RESIDENTIAL SERVICE**

**AVAILABILITY**

Available throughout the area served by the Cooperative to individual residences and individually metered dwelling units in multiple-occupancy buildings where the use is for residential purposes and for farm operations where electricity for both farm and residential purposes is delivered through the same meter, subject to the established rules and regulations of the Cooperative. Without the written permission of the Cooperative, the rated capacity of single-phase motors shall not be in excess of five horsepower (5 hp).

**TYPE OF SERVICE**

Single-phase or three-phase, 60 hertz, at standard secondary voltages of the Cooperative.

**RATES**

Customers receiving Standard Offer Service as defined in the General Terms and Conditions will pay A) the Standard Offer Service Charge, B) the Distribution Charge, and C) the Facilities Charge. These Customers will also pay the monthly purchased power cost adjustment.

Customers choosing an alternative Electricity Supplier as defined in the General Terms and Conditions will pay B) the Distribution Charge, and C) the Facilities Charge. These Customers will not pay the monthly purchased power cost adjustment. Such rates are exclusive of all applicable alternative Electricity Supplier rates and charges.

	Billing Months of May - September (Summer)	Billing Months of October - April (Winter)
<b>A. Standard Offer Service</b>		
All kilowatt-hours	\$ 0.0687 per kWh	\$ 0.0720 per kWh
<b>B. Distribution Charge</b>		
All kilowatt-hours	\$ <del>0.04336</del> per kWh <u>.04300</u>	\$ <del>0.04336</del> <u>.04300</u> per kWh
<b>C. Facilities Charge</b>	\$ 9.50 per month	\$ 9.50 per month

**MINIMUM MONTHLY BILL**

The minimum monthly bill under the above rate shall be the Facilities charge plus USP charge.

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RETAIL ELECTRIC SERVICE TARIFF  
R

P.S.C. Md. No. 3  
Sheet 6362

*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

APPLICABLE RIDERS

BSA	- Appendix <del>CB</del> , Sheet <del>143</del> <u>102</u>
DR-R, GSND, GSD	- Appendix <del>CB</del> , Sheet <del>145</del> <u>104</u>
EMC	- Appendix <del>CB</del> , Sheet <del>153</del> <u>112</u>
RGGI	- Appendix <del>CB</del> , Sheet <del>171</del> <u>130</u>
USP	- Appendix <del>CB</del> , Sheet <del>173</del> <u>132</u>

PURCHASED POWER COST ADJUSTMENT CLAUSE

Charges for Standard Offer Service (SOS) Customers are subject to a monthly Purchased Power Cost Adjustment (PPCA), which may be a charge or a credit. The PPCA is calculated monthly to recover differences between the actual costs incurred for power supply for SOS Customers and the amount of costs recovered from SOS Customers through the SOS base charges, including differences in projected versus actual load management credits. The monthly PPCA factor will be calculated using twelve-months of historic and projected power supply costs, kWh sales, load management credits, and the cumulative over/under recovery balance. The factor will be revised each month based upon the most recent monthly information.

The formula used in the PPCA Model to true-up the actual purchased power costs to the projected base cost of purchased power built into the SOS rates is:

$$PPCA = (PC - S * B + R) / S$$

Where,

PC = power costs, including load management credits

S = kWh sales

B = base SOS rate

R = cumulative over/under recovery

PUBLIC SERVICE COMPANY FRANCHISE TAX

A charge each month of 0.062 cents per kWh shall be applied to all kWh sales.

MARYLAND ENVIRONMENTAL SURCHARGE

A charge each month shall be applied to all kWh sales at the current rate set by the Maryland Public Service Commission.

TERMS OF PAYMENT

The above rates are net, the gross rate being 1.5 percent higher. In the event the current monthly bill is not paid within 20 days after the rendition of the bill, the gross rate shall apply. If the bill remains unpaid before the end of the next nominal billing period, an additional charge to be made equal to 1.5 percent will be assessed on any portion of the original amount which remains unpaid at the time, and at the end of the second nominal billing interval, an additional charge to be made equal to 2 percent will be assessed on any portion of the original amount which remains unpaid at that time. The total of the charges should not exceed 5 percent of the original unpaid amount.

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RETAIL ELECTRIC SERVICE TARIFF  
GSND

P.S.C. Md. No. 3  
Sheet ~~68-64~~

*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

**SCHEDULE GSND**

**GENERAL SERVICE NON-DEMAND**

AVAILABILITY

This schedule is closed to new accounts after 10/1/2016. Available to commercial and industrial Customers and all schools, churches and community halls throughout the area served by the Cooperative for all uses where the peak demand is less than 25 kW and no demand meter is installed, subject to the established rules and regulations of the Cooperative.

TYPE OF SERVICE

Single-phase or three-phase where facilities are available, 60 hertz, at standard voltages of the Cooperative.

RATES

Customers receiving Standard Offer Service as defined in the General Terms and Conditions will pay A) the Standard Offer Service Charge, B) the Distribution Charge, and C) the Facilities Charge. These Customers will also pay the monthly purchased power cost adjustment.

Customers choosing an alternative Electricity Supplier as defined in the General Terms and Conditions will pay B) the Distribution Charge, and C) the Facilities Charge. These Customers will not pay the monthly purchased power cost adjustment. Such rates are exclusive of all applicable alternative Electricity Supplier rates and charges.

	Billing Months of May - September (Summer)	Billing Months of October - April (Winter)
<b>A. Standard Offer Service</b>		
All kilowatt-hours	\$ 0.0657 per kWh	\$ 0.0710 per kWh
<b>B. Distribution Charge</b>		
All kilowatt-hours	\$ <del>0.03281</del> <u>0.03039</u> per kWh	\$ <del>0.03281</del> <u>0.03039</u> per kWh
<b>C. Facilities Charge</b>		
Secondary - 1 Phase	\$ <del>17.78</del> <u>18.28</u> per month	\$ <del>17.78</del> <u>18.28</u> per month
Secondary - 3 Phase	<del>25.43</del> <u>26.15</u> per month	<del>25.43</del> <u>26.15</u> per month

MINIMUM MONTHLY BILL

The minimum monthly charge shall be the Facilities charge as determined above.

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RETAIL ELECTRIC SERVICE TARIFF  
GSND

P.S.C. Md. No. 3  
Sheet 4465

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

APPLICABLE RIDERS

BSA	- Appendix C <del>B</del> , Sheet 443 <del>102</del>
DR-R, GSND, GSD	- Appendix C <del>B</del> , Sheet 445 <del>104</del>
EMC	- Appendix C <del>B</del> , Sheet 453 <del>112</del>
USP	- Appendix C <del>B</del> , Sheet 473 <del>132</del>

PURCHASED POWER COST ADJUSTMENT CLAUSE

Charges for Standard Offer Service (SOS) Customers are subject to a monthly Purchased Power Cost Adjustment (PPCA), which may be a charge or a credit. The PPCA is calculated monthly to recover differences between the actual costs incurred for power supply for SOS Customers and the amount of costs recovered from SOS Customers through the SOS base charges. The monthly PPCA factor will be calculated using twelve-months of historic and projected power supply costs, kWh sales, and the cumulative over/under recovery balance. The factor will be revised each month based upon the most recent monthly information.

The formula used in the PPCA Model to true-up the actual purchased power costs to the projected base cost of purchased power built into the SOS rates is:

$$PPCA = (PC - S * B + R) / S$$

Where,

PC = power costs

S = kWh sales

B = base SOS rate

R = cumulative over/under recovery

PUBLIC SERVICE COMPANY FRANCHISE TAX

A charge each month of 0.062 cents per kWh shall be applied to all kWh sales.

MARYLAND ENVIRONMENTAL SURCHARGE

A charge each month shall be applied to all kWh sales at the current rate set by the Maryland Public Service Commission.

CONDITIONS OF SERVICE

Without the written permission of the Cooperative, the rated capacity of single-phase motors shall not be in excess of five horsepower (5 hp).

TERMS OF PAYMENT

The above rates are net, the gross rate being 1.5 percent higher. In the event the current monthly bill is not paid within 20 days after the rendition of the bill, the gross rate shall apply. If the bill remains unpaid before the end of the next nominal billing period, an additional charge to be made equal to 1.5 percent will be assessed on any portion of the original amount which remains unpaid at the time, and at the end of the second nominal billing interval, an additional charge to be made equal to 2 percent will be assessed on any portion of the original amount which remains unpaid at that time. The total of these charges may not exceed 5 percent.

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RETAIL ELECTRIC SERVICE TARIFF

P.S.C. Md. No. 3

Sheet 7466

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**RETAIL ELECTRIC SERVICE TARIFF  
GSD**

P.S.C. Md. No. 3  
Sheet 74-67

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

**SCHEDULE GSD**

**GENERAL SERVICE DEMAND**

**AVAILABILITY**

Available to commercial and industrial Customers and all schools, churches and community halls throughout the area served by the Cooperative for all uses where the peak demand exceeds 25 kW, subject to the established rules and regulations of the Cooperative.

**TYPE OF SERVICE**

Single-phase or three-phase where facilities are available, 60 hertz, at standard voltages of the Cooperative.

**RATES**

Customers receiving Standard Offer Service as defined in the General Terms and Conditions will pay A) the Standard Offer Service Charge, B) the Distribution Charge, and C) the Facilities Charge. These Customers will also pay the monthly purchased power cost adjustment.

Customers choosing an alternative Electricity Supplier as defined in the General Terms and Conditions will pay B) the Distribution Charge, and C) the Facilities Charge. These Customers will not pay the monthly purchased power cost adjustment. Such rates are exclusive of all applicable alternative Electricity Supplier rates and charges.

	Billing Months of May - September (Summer)	Billing Months of October - April (Winter)
<b>A. Standard Offer Service</b>		
All kilowatts	\$ 4.82 per kW	\$ 4.82 per kW
All kilowatt-hours	\$ 0.0476 per kWh	\$ 0.0508 per kWh
<b>B. Distribution Charge</b>		
All kilowatts	\$ <del>5.16</del> <u>5.26</u> per kW	\$ <del>5.16</del> <u>5.26</u> per kW
All kilowatt-hours	\$ <del>0.01286</del> <u>0.01276</u> per kWh	\$ <del>0.01286</del> <u>0.01276</u> per kWh
<b>C. Facilities Charge</b>		
Secondary - 1 Phase	\$ <del>17.78</del> <u>18.28</u> per month	\$ <del>17.78</del> <u>18.28</u> per month
Secondary - 3 Phase	<del>25.43</del> <u>26.15</u> per month	<del>25.43</del> <u>26.15</u> per month
Primary	<del>49.71</del> <u>51.12</u> per	<del>49.71</del> <u>51.12</u> per

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RETAIL ELECTRIC SERVICE TARIFF  
GSD

P.S.C. Md. No. 3  
Sheet ~~74-67~~

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*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

month

month

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RETAIL ELECTRIC SERVICE TARIFF  
GSD

P.S.C. Md. No. 3

Sheet 2568

*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

DETERMINATION OF BILLING DEMAND

The highest 15-minute integrated kilowatt demand occurring during the billing month or 50 percent of the highest 15-minute integrated kilowatt demand occurring in any of the preceding eleven months, whichever is greater, shall be used for billing purposes, except that the billing demand shall not in any case be less than 50 percent of the maximum kilowatt capacity contracted for nor less than 25 kilowatts.

POWER FACTOR

The Customer agrees to maintain unity power factor as nearly as practicable. The Cooperative reserves the right to measure the power factor. Should such measurements indicate that the average power factor is less than 90 percent, demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 90 percent and divided by the percent power factor. Such adjustments to measured demand shall be made until subsequent tests indicate an improvement in power factor. Tests shall be made at the request of the Customer upon completion of remedial measures.

MINIMUM MONTHLY BILL

The minimum monthly charge shall be the Facilities charge plus the Distribution kW charge as determined above.

APPLICABLE RIDERS

BSA	- Appendix C-B, Sheet 443 <u>102</u>
DR-R, GSND, GSD	- Appendix C-B, Sheet 445 <u>104</u>
DR-GSD, LP	- Appendix C-B, Sheet 449 <u>108</u>
EMC	- Appendix C-B, Sheet 452 <u>112</u>
USP	- Appendix C-B, Sheet 472 <u>132</u>

PRIMARY SERVICE

A discount of 5 percent of the Standard Offer Service charge and Distribution charge will be allowed when the service is metered and delivered at primary voltage and the Customer owns, installs, and maintains all transforming and protective equipment.

PURCHASED POWER COST ADJUSTMENT CLAUSE

Charges for Standard Offer Service (SOS) Customers are subject to a monthly Purchased Power Cost Adjustment (PPCA), which may be a charge or a credit. The PPCA is calculated monthly to recover differences between the actual costs incurred for power supply for SOS Customers and the amount of costs recovered from SOS Customers through the SOS base charges. The monthly PPCA factor will be calculated using twelve-months of historic and projected power supply costs, kWh sales, and the cumulative over/under recovery balance. The factor will be revised each month based upon the most recent monthly information.

The formula used in the PPCA Model to true-up the actual purchased power costs to the projected base cost of purchased power built into the SOS rates is:

$$PPCA = (PC - S * B + R) / S$$

Where,

PC = power costs

Issued: May 31, 2017 August 1, 2017  
Effective: August 1, 2017 January 1, 2018



RETAIL ELECTRIC SERVICE TARIFF  
GSD

P.S.C. Md. No. 3  
Sheet 7469

*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

S = kWh sales

B = base SOS rate

R = cumulative over/under recovery

PUBLIC SERVICE COMPANY FRANCHISE TAX

A charge each month of 0.062 cents per kWh shall be applied to all kWh sales.

MARYLAND ENVIRONMENTAL SURCHARGE

A charge each month shall be applied to all kWh sales at the current rate set by the Maryland Public Service Commission.

CONTRACT

Where special investment is made to serve a Customer, a contract may be required. The term of contract will not be less than one year. Temporary service will not normally require a contract.

CONDITIONS OF SERVICE

Without the written permission of the Cooperative, the rated capacity of single-phase motors shall not be in excess of five horsepower (5 hp).

TERMS OF PAYMENT

The above rates are net, the gross rate being 1.5 percent higher. In the event the current monthly bill is not paid within 20 days after the rendition of the bill, the gross rate shall apply. If the bill remains unpaid before the end of the next nominal billing period, an additional charge to be made equal to 1.5 percent will be assessed on any portion of the original amount which remains unpaid at the time, and at the end of the second nominal billing interval, an additional charge to be made equal to 2 percent will be assessed on any portion of the original amount which remains unpaid at that time. The total of these charges may not exceed 5 percent.



RETAIL ELECTRIC SERVICE TARIFF  
LP

P.S.C. Md. No. 3  
Sheet ~~84~~70

PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.

SCHEDULE LP

LARGE POWER

AVAILABILITY

Available to commercial and industrial Customers and all schools, churches and community halls throughout the area served by the Cooperative for all uses where the estimated capacity requirement is 1,000 KVA or more, subject to the established rules and regulations of the Cooperative.

TYPE OF SERVICE

Three-phase where facilities are available, 60 hertz, at standard voltages of the Cooperative.

RATES

Customers receiving Standard Offer Service as defined in the General Terms and Conditions will pay A) the Standard Offer Service Charge, B) the Distribution Charge, and C) the Facilities Charge. These Customers will also pay the monthly purchased power cost adjustment.

Customers choosing an alternative Electricity Supplier as defined in the General Terms and Conditions will pay B) the Distribution Charge, and C) the Facilities Charge. These Customers will not pay the monthly purchased power cost adjustment. Such rates are exclusive of all applicable alternative Electricity Supplier rates and charges.

	Billing Months of May - September (Summer)	Billing Months of October - April (Winter)
<b>A. Standard Offer Service</b>		
All kilowatts	\$ 3.61 per kW	\$ 3.61 per kW
All kilowatt-hours	\$ 0.0496 per kWh	\$ 0.0529 per kWh
<b>B. Distribution Charge</b>		
All kilowatts	\$ <del>5.02</del> 5.06 per kW	\$ <del>5.02</del> 5.06 per kW
All kilowatt-hours	\$ <del>0.01113</del> 0.0095 per kWh	\$ <del>0.01113</del> 0.0095 per kWh
<b>C. Facilities Charge</b>		
Secondary - 3 Phase	\$ <del>44.50</del> 45.76 per month	\$ <del>44.50</del> 45.76 per month
Primary	49.71 <del>51.12</del> per month	49.71 <del>51.12</del> per month

Issued: May 21, 2017 ~~August 1, 2017~~  
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RETAIL ELECTRIC SERVICE TARIFF  
LP

P.S.C. Md. No. 3  
Sheet 8271

*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

DETERMINATION OF BILLING DEMAND

The highest 15-minute integrated kilowatt demand occurring during the billing month or 50 percent of the highest 15-minute integrated kilowatt demand occurring in any of the preceding eleven months, whichever is greater, shall be used for billing purposes, except that the billing demand shall not in any case be less than 50 percent of the maximum kilowatt capacity contracted for nor less than 25 kilowatts.

POWER FACTOR

The Customer agrees to maintain unity power factor as nearly as practicable. The Cooperative reserves the right to measure the power factor. Should such measurements indicate that the average power factor is less than 90 percent, demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 90 percent and divided by the percent power factor. Such adjustments to measured demand shall be made until subsequent tests indicate an improvement in power factor. Tests shall be made at the request of the Customer upon completion of remedial measures.

MINIMUM MONTHLY BILL

The minimum monthly charge shall be the Facilities charge plus the Distribution kW charge as determined above.

APPLICABLE RIDERS

DR-GSD, LP	- Appendix C-B, Sheet 449108
EMC	- Appendix C-B, Sheet 453112
USP	- Appendix C-B, Sheet 473132

PRIMARY SERVICE

A discount of 5 percent of the Standard Offer Service charge and Distribution charge will be allowed when the service is metered and delivered at primary voltage and the Customer owns, installs, and maintains all transforming and protective equipment.

PURCHASED POWER COST ADJUSTMENT CLAUSE

Charges for Standard Offer Service (SOS) Customers are subject to a monthly Purchased Power Cost Adjustment (PPCA), which may be a charge or a credit. The PPCA is calculated monthly to recover differences between the actual costs incurred for power supply for SOS Customers and the amount of costs recovered from SOS Customers through the SOS base charges. The monthly PPCA factor will be calculated using twelve-months of historic and projected power supply costs, kWh sales, and the cumulative over/under recovery balance. The factor will be revised each month based upon the most recent monthly information.

The formula used in the PPCA Model to true-up the actual purchased power costs to the projected base cost of purchased power built into the SOS rates is:

$$PPCA = (PC - S * B + R) / S$$

Where,

PC = power costs

S = kWh sales

Issued: ~~May 31, 2017~~ August 1, 2017  
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RETAIL ELECTRIC SERVICE TARIFF  
LP

P.S.C. Md. No. 3  
Sheet 8372

*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

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B = base SOS rate

R = cumulative over/under recovery

PUBLIC SERVICE COMPANY FRANCHISE TAX

A charge each month of 0.062 cents per kWh shall be applied to all kWh sales.

MARYLAND ENVIRONMENTAL SURCHARGE

A charge each month shall be applied to all kWh sales at the current rate set by the Maryland Public Service Commission.

CONTRACT

A contract will be required where the estimated capacity requirement is 1,000 KVA or more. Where special investment is made to serve a Customer, a contract may be required. The term of contract will not be less than one year. Temporary service will not normally require a contract.

CONDITIONS OF SERVICE

Without the written permission of the Cooperative, the rated capacity of single-phase motors shall not be in excess of five horsepower (5 hp).

TERMS OF PAYMENT

The above rates are net, the gross rate being 1.5 percent higher. In the event the current monthly bill is not paid within 20 days after the rendition of the bill, the gross rate shall apply. If the bill remains unpaid before the end of the next nominal billing period, an additional charge to be made equal to 1.5 percent will be assessed on any portion of the original amount which remains unpaid at the time, and at the end of the second nominal billing interval, an additional charge to be made equal to 2 percent will be assessed on any portion of the original amount which remains unpaid at that time. The total of these charges may not exceed 5 percent.





RETAIL ELECTRIC SERVICE TARIFF  
SL

P.S.C. Md. No. 3  
Sheet 8873

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

**SCHEDULE SL**

**STREET LIGHTING SERVICE**

**AVAILABILITY**

Available throughout the territory served by the Cooperative to:

1. Towns, villages and organized communities
2. State Roads Commission
3. County Commissioners
4. Government Agencies

for lighting public thoroughfares, highways, intersections, and parks.

Also available to current General Service customers for lighting public spaces.

**TERM**

Customers initiating this service must continue this service for a minimum of five years. Failure to continue this service for the minimum five year period will result in a termination charge as set forth in this schedule.

**RATES**

Rates include the following parts:

- A) Standard Offer Service Charge
- B) Distribution Charge
- C) Facilities Charge
- D) Public Service Company Franchise Tax
- E) Poles and Miscellaneous Additional Charges

Customers receiving Standard Offer Service as defined in the General Terms and Conditions will pay A, B, C, and D.

Customers choosing an alternative Electricity Supplier as defined in the General Terms and Conditions will pay B, C, and D. They will not pay A) Standard Offer Service Charge. They are subject to all applicable alternative Electricity Supplier rates and charges, none of which are included in this tariff schedule.

Customers will pay E when applicable.

**Overhead Street Light**

**Lamp fixtures available**

- 8,000 Lumen Mercury Vapor (175 Watts)
- 8,000 Lumen High Pressure Sodium (100 Watts)
- 20,000 Lumen Mercury Vapor (400 Watts)
- 20,000 Lumen High Pressure Sodium (250 Watts)

<b><u>A. Standard Offer Service Charge</u></b>		<b><u>Rate per month</u></b>
8,000 lumen (175 Watt) mercury vapor		\$3.11
8,000 lumen (100 Watt) high pressure sodium		1.78
20,000 lumen (400 Watt) mercury vapor		7.11
20,000 lumen (250 Watt) high pressure sodium		4.45
<b><u>B. Distribution Charge</u></b>		
All applicable lamp fixture types		+271.19

Issued: May 31, 2017 August 1, 2017  
Effective: August 1, 2017 January 1, 2018



RETAIL ELECTRIC SERVICE TARIFF  
SL

P.S.C. Md. No. 3

Sheet 8974

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

C. <u>Facilities Charge</u>	<u>Rate per month</u>
8,000 lumen (175 Watt) mercury vapor	\$8,477.95
8,000 lumen (100 Watt) high pressure sodium	8,477.95
20,000 lumen (400 Watt) mercury vapor	11,751.72
20,000 lumen (250 Watt) high pressure sodium	16,751.72
D. <u>Public Service Company Franchise Tax</u>	
8,000 lumen (175 Watt) mercury vapor	0.04
8,000 lumen (100 Watt) high pressure sodium	0.02
20,000 lumen (400 Watt) mercury vapor	0.09
20,000 lumen (250 Watt) high pressure sodium	0.05
E. <u>Poles and Miscellaneous Additional Charges</u>	
Brackets 12-18 feet in length	4,477.95
Metal Shade	2,152.76
Additional Wood Pole	2,152.76
Existing 16 foot pole for post top luminaire	4,746.72
16 foot laminated wood pole	4,928.86
16 foot pole for installations after 3/1/1996	2,152.76
16 foot pole for installations with CIAC* (not available after 8/1/2004)	no charge

### Standard Post Top Light

#### Lamp fixtures available

8,000 Lumen Mercury Vapor (175 Watts)  
8,000 Lumen High Pressure Sodium (100 Watts)

A. <u>Standard Offer Service Charge</u>	<u>Rate per month</u>
8,000 lumen (175 Watt) mercury vapor	\$3.11
8,000 lumen (100 Watt) high pressure sodium	1.78
B. <u>Distribution Charge</u>	
All applicable lamp fixture types	4,271.19
C. <u>Facilities Charge</u>	
8,000 lumen (175 Watt) mercury vapor	8,477.95
8,000 lumen (100 Watt) high pressure sodium	8,477.95
D. <u>Public Service Company Franchise Tax</u>	
8,000 lumen (175 Watt) mercury vapor	0.04
8,000 lumen (100 Watt) high pressure sodium	0.02
E. <u>Poles and Miscellaneous Additional Charges</u>	
Additional Wood Pole	2,152.76
Existing 16 foot pole for post top luminaire	4,746.72
16 foot laminated wood pole	4,928.86
16 foot pole for installations after 3/1/1996	2,152.76
16 foot pole for installations with CIAC* (not available after 8/1/2004)	no charge

### Colonial Post Top Light

#### Lamp fixtures available

8,000 Lumen Mercury Vapor (175 Watts)  
8,000 Lumen High Pressure Sodium (100 Watts)  
9,100 Lumen Metal Halide (150 Watts pulse start)  
12,000 Lumen Metal Halide (175 Watts)  
14,000 Lumen Metal Halide (250 Watts pulse start)

Issued: May 31, 2017 August 1, 2017  
Effective: August 1, 2017 January 1, 2018



RETAIL ELECTRIC SERVICE TARIFF  
SL

P.S.C. Md. No. 3  
Sheet 8974

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*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

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20,000 Lumen Metal Halide (250 Watts

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Issued: May 31, 2017 August 1, 2017  
Effective: August 1, 2017 January 1, 2018



**RETAIL ELECTRIC SERVICE TARIFF**  
**SL**

P.S.C. Md. No. 3  
Sheet ~~90-75~~

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

<u>A. Standard Offer Service Charge</u>		<u>Rate per month</u>
8,000 lumen (175 Watt) mercury vapor		\$3.11
8,000 lumen (100 Watt) high pressure sodium		1.78
9,100 lumen (150 Watt) metal halide pulse start		2.67
12,000 lumen (175 Watt) metal halide		3.11
14,000 lumen (250 Watt) metal halide pulse start		4.45
20,000 lumen (250 Watt) metal halide		4.45
<u>B. Distribution Charge</u>		
20,000 lumen (250 Watt) metal halide		2,422.30
All other applicable lamp fixture types		1,271.19
<u>C. Facilities Charge</u>		
8,000 lumen (175 Watt) mercury vapor		16,341.538
8,000 lumen (100 Watt) high pressure sodium		16,341.538
9,100 lumen (150 Watt) metal halide pulse start		6,305.91
12,000 lumen (175 Watt) metal halide		3,613.39
14,000 lumen (250 Watt) metal halide pulse start		7,477.39
20,000 lumen (250 Watt) metal halide		31,777.93
20,000 lumen (250 Watt) metal halide with CIAC* (not available after 8/1/2004)		3,311.60
<u>D. Public Service Company Franchise Tax</u>		
8,000 lumen (175 Watt) mercury vapor		0.04
8,000 lumen (100 Watt) high pressure sodium		0.02
9,100 lumen (150 Watt) metal halide pulse start		0.03
12,000 lumen (175 Watt) metal halide		0.04
14,000 lumen (250 Watt) metal halide pulse start		0.05
20,000 lumen (250 Watt) metal halide		0.05
<u>E. Poles and Miscellaneous Additional Charges</u>		
Additional Wood Pole		2,452.76
Existing 16 foot pole for post top luminaire		1,740.72
16 foot laminated wood pole		1,920.86
16 foot pole for installations after 3/1/1996		3,152.96
16 foot pole for metal halide lamp customer		3,152.96
16 foot pole for installations with CIAC* (not available after 8/1/2004)		no charge
16 foot pole for metal halide with CIAC* (not available after 8/1/2004)		no charge

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\* CIAC – Contribution in Aid of Construction equal to the total installed cost of lamp fixtures, poles, or both, as applicable. This payment option is no longer available as of 8/1/2004.

## Decorative Street Lights

### Essex Post Top Light (Lantern Luminaire)

#### Lamp fixtures available

9,100 Lumen Metal Halide (150 Watts pulse start)  
12,000 Lumen Metal Halide (175 Watts)

<u>A. Standard Offer Service Charge</u>		<u>Rate per month</u>
9,100 lumen (150 Watt) metal halide pulse start		\$2.67
12,000 lumen (175 Watt) metal halide		3.11
<u>B. Distribution Charge</u>		
		1,271.19
<u>C. Facilities Charge</u>		
9,100 lumen (150 Watt) metal halide pulse start		7,457.46
12,000 lumen (175 Watt) metal halide		11,991.17
<u>D. Public Service Company Franchise Tax</u>		
9,100 lumen (150 Watt) metal halide pulse start		0.03

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Issued: May 31, 2017 August 1, 2017  
Effective: August 1, 2017 January 1, 2018



RETAIL ELECTRIC SERVICE TARIFF  
SL

P.S.C. Md. No. 3  
Sheet ~~90-75~~

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*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

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12,000 lumen (175 Watt) metal halide

0.04

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Issued: ~~May 31, 2017~~ August 1, 2017  
Effective: ~~August 1, 2017~~ January 1, 2018



RETAIL ELECTRIC SERVICE TARIFF  
SL

P.S.C. Md. No. 3  
Sheet 91-76

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

E. <u>Poles and Miscellaneous Additional Charges</u>	<u>Rate per month</u>
Decorative straight fluted 16-foot pole	\$8,828.28

**Oldtown Post Top Light (Acorn Luminaire)**

Lamp fixtures available

9,100 Lumen Metal Halide (150 Watts pulse start)  
12,000 Lumen Metal Halide (175 Watts)

A. <u>Standard Offer Service Charge</u>	<u>Rate per month</u>
9,100 lumen (150 Watt) metal halide pulse start	\$2.67
12,000 lumen (175 Watt) metal halide	3.11
B. <u>Distribution Charge</u>	+271.19
C. <u>Facilities Charge</u>	
9,100 lumen (150 Watt) metal halide pulse start	7,657.18
12,000 lumen (175 Watt) metal halide	40,389.75
D. <u>Public Service Company Franchise Tax</u>	
9,100 lumen (150 Watt) metal halide pulse start	0.03
12,000 lumen (175 Watt) metal halide	0.04
E. <u>Poles and Miscellaneous Additional Charges</u>	
Decorative straight fluted 16-foot pole	\$8,828.28

**Multi-purpose Light (Rdwy light- 30ft Al Pole w/ 12ft Brkt)**

Lamp fixtures available

20,000 Lumen Mercury Vapor (400 Watts)  
20,000 Lumen High Pressure Sodium (250 Watts)

A. <u>Standard Offer Service Charge</u>	<u>Rate per month</u>
20,000 lumen (400 Watt) mercury vapor	\$7.11
20,000 lumen (250 Watt) high pressure sodium	4.45
B. <u>Distribution Charge</u>	+271.19
C. <u>Facilities Charge</u>	
20,000 lumen (400 Watt) mercury vapor	40,0010.23
20,000 lumen (250 Watt) high pressure sodium	8,347.83
D. <u>Public Service Company Franchise Tax</u>	
20,000 lumen (400 Watt) mercury vapor	0.09
20,000 lumen (250 Watt) high pressure sodium	0.05
E. <u>Poles and Miscellaneous Additional Charges</u>	
Decorative brushed aluminum 30-foot pole	+7,2216.17

**Cutoff Lantern Post Top Light**

Lamp fixtures available

8,000 Lumen Mercury Vapor (175 Watts)  
8,000 Lumen High Pressure Sodium (100 Watts)  
9,100 Lumen Metal Halide (150 Watts pulse start)

Issued: May 31, 2017-August 1, 2017  
Effective: August 1, 2017-January 1, 2018



RETAIL ELECTRIC SERVICE TARIFF  
SL

P.S.C. Md. No. 3  
Sheet 76

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12,000 Lumen Metal Halide (175 Watts)

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Issued: ~~May 31, 2017~~ August 1, 2017  
Effective: ~~August 1, 2017~~ January 1, 2018



RETAIL ELECTRIC SERVICE TARIFF  
SL

P.S.C. Md. No. 3  
Sheet 92-77

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

A. <u>Standard Offer Service Charge</u>	<u>Rate per month</u>
8,000 lumen (175 Watt) mercury vapor	\$3.11
8,000 lumen (100 Watt) high pressure sodium	1.78
9,100 lumen (150 Watt) metal halide pulse start	2.67
12,000 lumen (175 Watt) metal halide	3.11
B. <u>Distribution Charge</u>	<u>4-271.19</u>
C. <u>Facilities Charge</u>	
8,000 lumen (175 Watt) mercury vapor	<u>45.65 14.69</u>
8,000 lumen (100 Watt) high pressure sodium	<u>44.37 13.48</u>
9,100 lumen (150 Watt) metal halide pulse start	<u>43.48 12.37</u>
12,000 lumen (175 Watt) metal halide	<u>45.65 14.69</u>
D. <u>Public Service Company Franchise Tax</u>	
8,000 lumen (175 Watt) mercury vapor	0.04
8,000 lumen (100 Watt) high pressure sodium	0.02
9,100 lumen (150 Watt) metal halide pulse start	0.03
12,000 lumen (175 Watt) metal halide	0.04
E. <u>Poles and Miscellaneous Additional Charges</u>	
Decorative straight fluted 16-foot pole	<u>2-238.28</u>

Cutoff Marine Post Top Light

Lamp fixtures available

8,000 Lumen Mercury Vapor (175 Watts)  
8,000 Lumen High Pressure Sodium (100 Watts)  
9,100 Lumen Metal Halide (150 Watts pulse start)  
12,000 Lumen Metal Halide (175 Watts)

A. <u>Standard Offer Service Charge</u>	<u>Rate per month</u>
8,000 lumen (175 Watt) mercury vapor	\$3.11
8,000 lumen (100 Watt) high pressure sodium	1.78
9,100 lumen (150 Watt) metal halide pulse start	2.67
12,000 lumen (175 Watt) metal halide	3.11
B. <u>Distribution Charge</u>	<u>4-271.19</u>
C. <u>Facilities Charge</u>	
8,000 lumen (175 Watt) mercury vapor	<u>21-40 20.09</u>
8,000 lumen (100 Watt) high pressure sodium	<u>20-12 18.88</u>
9,100 lumen (150 Watt) metal halide pulse start	<u>46-73 15.71</u>
12,000 lumen (175 Watt) metal halide	<u>24-40 20.09</u>
D. <u>Public Service Company Franchise Tax</u>	
8,000 lumen (175 Watt) mercury vapor	0.04
8,000 lumen (100 Watt) high pressure sodium	0.02
9,100 lumen (150 Watt) metal halide pulse start	0.03
12,000 lumen (175 Watt) metal halide	0.04
E. <u>Poles and Miscellaneous Additional Charges</u>	
Decorative cutoff marine 16-foot pole	<u>2-206.85</u>

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Effective: August 1, 2017 January 1, 2018





RETAIL ELECTRIC SERVICE TARIFF  
SL

P.S.C. Md. No. 3  
Sheet 93-78

***PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.***

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CONVERSION CHARGE

The above charges are available only for new installations. Requests for conversion to another type of luminaire or lamp will have a per fixture removal and installation charge to the customer based on the cost of labor incurred and the unamortized cost of the replaced luminaire or lamp.

GENERAL PROVISIONS

1. Lamps shall be lighted from dusk to dawn each and every night or for approximately 4,140 hours per year.
2. Changes in pole or fixture location at the request of the customer, other than those incidental to street or highway improvements, will be made by the Cooperative upon payment to it of the costs of such change.
3. Additional standard street lighting fixtures on distribution poles will be installed by the Cooperative at the written request of the customer and will be governed by the terms of the contract then in existence.
4. Where underground service is required, the customer will pay the cost of line extensions and underground service requirements.

TERMINATION CHARGE SCHEDULE

The following termination charges will apply if the TERM requirement is not met:  
For termination in the first year: 21% of initial installed cost  
For termination in second year: 17% of initial installed cost  
For termination in third year: 12% of initial installed cost  
For termination in fourth year: 8% of initial installed cost  
For termination in fifth year: 4% of initial installed cost  
For terminations after fifth year: 0% of initial installed cost

TERMS OF PAYMENT

The above rates are net, the gross rate being 1.5 percent higher. In the event the current monthly bill is not paid within 20 days after the rendition of the bill, the gross rate shall apply. If the bill remains unpaid before the end of the next nominal billing period, an additional charge to be made equal to 1.5 percent will be assessed on any portion of the original amount which remains unpaid at that time, and at the end of the second nominal billing interval, an additional charge to be made equal to 2 percent will be assessed on any portion of the original amount which remains unpaid at that time. The total of these charges may not exceed 5 percent.



RETAIL ELECTRIC SERVICE TARIFF  
AL

P.S.C. Md. No. 3  
Sheet 9479

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

## SCHEDULE AL

### AREA LIGHTING SERVICE

#### AVAILABILITY

Available throughout the territory served by the Cooperative to farm, residential, and general service Customers for area lighting from dusk to dawn, mounted on Cooperative poles with bracket attachments and connected to existing overhead or underground secondary circuits.

#### RATES

Rates include the following parts:

- A) Standard Offer Service Charge
- B) Distribution Charge
- C) Facilities Charge
- D) Public Service Company Franchise Tax
- E) Poles and Miscellaneous Additional Charges

Customers receiving Standard Offer Service as defined in the General Terms and Conditions will pay A, B, C, and D.

Customers choosing an alternative Electricity Supplier as defined in the General Terms and Conditions will pay B, C, and D. They will not pay A) Standard Offer Service Charge. They are subject to all applicable alternative Electricity Supplier rates and charges, none of which are included in this tariff schedule.

Customers will pay E when applicable.

#### Overhead Area Light

##### Lamp fixtures available

- 8,000 Lumen Mercury Vapor (175 Watts)
- 8,000 Lumen High Pressure Sodium (100 Watts)

	Rate per month
A. <u>Standard Offer Service Charge</u>	
8,000 lumen (175 Watt) mercury vapor	\$3.11
8,000 lumen (100 Watt) high pressure sodium	1.78
B. <u>Distribution Charge</u>	4,221.19
C. <u>Facilities Charge</u>	
8,000 lumen (175 Watt) mercury vapor	4,894.55
8,000 lumen (100 Watt) high pressure sodium	4,894.55
D. <u>Public Service Company Franchise Tax</u>	
8,000 lumen (175 Watt) mercury vapor	0.04
8,000 lumen (100 Watt) high pressure sodium	0.02
E. <u>Poles and Miscellaneous Additional Charges</u>	
Additional wood pole	2,952.75

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Effective: August 1, 2017 January 1, 2018



RETAIL ELECTRIC SERVICE TARIFF  
AL

P.S.C. Md. No. 3  
Sheet 95-80

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

## Underground Area Light

### Standard Post Top Light

#### Lamp fixtures available

8,000 Lumen High Pressure Sodium (100 Watts)

	<u>Rate per month</u>
A. <u>Standard Offer Service Charge</u> 8,000 lumen (100 Watt) high pressure sodium	\$1.78
B. <u>Distribution Charge</u>	4231.19
C. <u>Facilities Charge</u> 8,000 lumen (100 Watt) high pressure sodium	8547.91
D. <u>Public Service Company Franchise Tax</u> 8,000 lumen (100 Watt) high pressure sodium	0.02
E. <u>Poles and Miscellaneous Additional Charges</u> 16 foot pole for installations after 3/1/1996	3152.94

### Colonial Post Top Light

#### Lamp fixtures available

9,100 Lumen Metal Halide (150 Watts pulse start)

	<u>Rate per month</u>
A. <u>Standard Offer Service Charge</u> 9,100 lumen (150 Watt) metal halide pulse start	\$2.67
B. <u>Distribution Charge</u>	4231.19
C. <u>Facilities Charge</u> 9,100 lumen (150 Watt) metal halide pulse start	6325.87
D. <u>Public Service Company Franchise Tax</u> 9,100 lumen (150 Watt) metal halide pulse start	0.03
E. <u>Poles and Miscellaneous Additional Charges</u> 16 foot pole for installations after 3/1/1996	3152.94

Installation of any underground cable, conduit, plus any other electrical plant that is in excess of the standard plant required for an area light, will require an upfront payment from the Customer of the total estimated installed cost of such plant.

#### CONDITIONS OF SERVICE

1. Area lighting equipment including lamps, fixtures and controls shall be installed within one span of existing overhead secondary lines, owned, operated and maintained by the Cooperative only on Cooperative owned poles for a period of not less than one year.
2. The lamps shall operate from dusk to dawn each and every night or for approximately 4,140 hours per year.

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RETAIL ELECTRIC SERVICE TARIFF  
AL

P.S.C. Md. No. 3  
Sheet 9681

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**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

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3. Lamp replacements shall be made by the Cooperative without additional charge, except that any damage to lamps and associated equipment resulting from vandalism due to the negligence of the Customer, his agents, servants, or employees, shall be charged to the Customer at cost.
4. The Customer should report outages promptly. Lamps shall be serviced only during the regular working hours of the Cooperative.
5. Additional costs incurred when installing underground lamps such as boring/jacking sidewalks, driveways or streets will be added at 100% cost.
6. The Cooperative will follow standard trenching, backfilling, seed and mulch during original installation. Any further repair to trench or landscape is the responsibility of the Customer.

TERMS OF PAYMENT

The above rates are net, the gross rate being 1.5 percent higher. In the event the current monthly bill is not paid within 20 days after the rendition of the bill, the gross rate shall apply. If the bill remains unpaid before the end of the next nominal billing period, an additional charge to be made equal to 1.5 percent will be assessed on any portion of the original amount which remains unpaid at the time, and at the end of the second nominal billing interval, an additional charge to be made equal to 2 percent will be assessed on any portion of the original amount which remains unpaid at that time. The total of these charges may not exceed 5 percent.

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RETAIL ELECTRIC SERVICE TARIFF  
T

P.S.C. Md. No. 3  
Sheet 9782

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

## SCHEDULE T

### TRANSMISSION SERVICE

#### AVAILABILITY

Available to Customers throughout the area served by the Cooperative for all uses, subject to the established rules and regulations of the Cooperative.

#### TYPE OF SERVICE

Three-phase, 60 hertz, at the Cooperative's nominal transmission voltage of 66 kilovolts.

#### RATES

Customers receiving Standard Offer Service as defined in the General Terms and Conditions will pay A) the Standard Offer Service Charge, B) the Distribution Charge, and C) the Facilities Charge. These Customers will also pay the monthly purchased power cost adjustment.

Customers choosing an alternative Electricity Supplier as defined in the General Terms and Conditions will pay B) the Distribution Charge, and C) the Facilities Charge. These Customers will not pay the monthly purchased power cost adjustment. Such rates are exclusive of all applicable alternative Electricity Supplier rates and charges.

	Billing Months of May - September (Summer)	Billing Months of October - April (Winter)
<b>A. Standard Offer Service</b>		
All kilowatts	\$ 0.08 per kW	\$ 0.08 per kW
All kilowatt-hours	\$ 0.0259 per kWh	\$ 0.0290 per kWh
<b>B. Distribution Charge</b>		
All kilowatts	\$ <del>3.35</del> 3.12 per kW	\$ <del>3.35</del> 3.12 per kW
<b>C. Facilities Charge</b>	\$ per month	\$ per month
	<del>0.20-0.0000</del> 00	<del>0.20-0.0000</del> 00

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#### DETERMINATION OF BILLING DEMAND

The highest 15-minute integrated kilowatt demand occurring during the billing month or 50 percent of the highest 60-minute integrated kilowatt demand occurring in any of the preceding eleven months, whichever is greater, shall be used for billing purposes, except that the billing demand shall not in any case be less than 50 percent of the maximum kilowatt capacity contracted for.

#### POWER FACTOR

The power factor of the Customer shall be maintained as near unity as practicable and shall be not less than 90 percent lagging at the time of measurement of the billing demand. If the power factor is found to be below 90 percent lagging at the time of the billing demand, the Customer shall rearrange existing or install additional power factor corrective equipment so as to raise the power factor of its load to at least 90 percent lagging. Such corrective equipment shall be so controlled as not to cause the power factor to become leading at any time. Until sufficient corrective action has been taken, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 90 percent and divided by the percent power factor.

#### MINIMUM MONTHLY BILL

The Facilities charge plus the Distribution kW charge as determined above shall be the minimum charge in any month during the term of the contract.

#### APPLICABLE RIDER

USP - Appendix C-3, Sheet 423132

#### PURCHASED POWER COST ADJUSTMENT CLAUSE

Charges for Standard Offer Service (SOS) Customers are subject to a monthly Purchased Power Cost Adjustment (PPCA), which may be a charge or a credit. The PPCA is calculated monthly to recover differences between the actual costs incurred for power supply for SOS Customers and the amount of costs recovered from SOS Customers through the SOS base charges. The monthly PPCA factor will be calculated using twelve-months of historic and projected power supply costs, kWh sales, and the cumulative over/under recovery balance. The factor will be revised each month based upon the most recent monthly information.

The formula used in the PPCA Model to true-up the actual purchased power costs to the projected base cost of purchased power built into the SOS rates is:

$$PPCA = (PC - S * B + R) / S$$

Where,

PC = power costs

S = kWh sales

B = base SOS rate

R = cumulative over/under recovery



RETAIL ELECTRIC SERVICE TARIFF

P.S.C. Md. No. 3  
Sheet 9984

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

PUBLIC SERVICE COMPANY FRANCHISE TAX

A charge each month of 0.062 cents per kWh shall be applied to all kWh sales.

MARYLAND ENVIRONMENTAL SURCHARGE

A charge each month shall be applied to all kWh sales at the current rate set by the Maryland Public Service Commission.

CONTRACT

Service will be by contract for a term of not less than five years and renewable thereafter for like terms except upon 90 days written notice prior to expiration of the term from either party to the other.

CONDITIONS OF SERVICE

1. Meter will be read by the Cooperative on the last day of the month.
2. The additional costs of providing service beyond one mile from the Cooperative's existing transmission system will be paid by the Customer.

TERMS OF PAYMENT

The above rates are net, the gross rate being 1.5 percent higher. In the event the current monthly bill is not paid within 20 days after the rendition of the bill, the gross rate shall apply. If the bill remains unpaid before the end of the next nominal billing period, an additional charge to be made equal to 1.5 percent will be assessed on any portion of the original amount which remains unpaid at the time, and at the end of the second nominal billing interval, an additional charge to be made equal to 2 percent will be assessed on any portion of the original amount which remains unpaid at that time. The total of these charges may not exceed 5 percent.

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RETAIL ELECTRIC SERVICE TARIFF  
T-NSWC

P.S.C. Md. No. 3  
Sheet 40385

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

## SCHEDULE T-NSWC

### TRANSMISSION SERVICE – NAVAL SURFACE WARFARE CENTER

#### AVAILABILITY

Available for service to the Naval Surface Warfare Center located at Indian Head, Maryland in Charles County via transmission level voltage for all uses, subject to the established rules and regulations of the Cooperative.

#### TYPE OF SERVICE

Three-phase, 60 hertz, at the Cooperative's nominal transmission voltage of 66 kilovolts.

#### RATES

If customer is receiving Standard Offer Service as defined in the General Terms and Conditions, customer will pay A) the Standard Offer Service Charge, B) the Distribution Charge, and C) the Facilities Charge. Customer will also pay the monthly purchased power cost adjustment.

If customer chooses an alternative Electricity Supplier as defined in the General Terms and Conditions, customer will pay B) the Distribution Charge, and C) the Facilities Charge. Customer will not pay the monthly purchased power cost adjustment. Such rates are exclusive of all applicable alternative Electricity Supplier rates and charges.

	Billing Months of May - September (Summer)	Billing Months of October - April (Winter)
<b>A. Standard Offer Service</b>		
All kilowatts	\$ 3.38 per kW	\$ 3.38 per kW
All kilowatt-hours	\$ 0.0478 per kWh	\$ 0.0509 per kWh
<b>B. Distribution Charge</b>		
All kilowatts	\$ <del>3.71</del> 3.47 per kW	\$ <del>3.71</del> 3.47 per kW
<b>C. Facilities Charge</b>	\$ per month	\$ per month
	<del>0.20,000.00</del> 00	<del>0.20,000.00</del> 00

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RETAIL ELECTRIC SERVICE TARIFF  
T-NSWC

P.S.C. Md. No. 3  
Sheet 40385

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*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

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RETAIL ELECTRIC SERVICE TARIFF  
T-NSWC

P.S.C. Md. No. 3  
Sheet 4486

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

#### DETERMINATION OF BILLING DEMAND

The highest 15-minute integrated kilowatt demand occurring during the billing month or 50 percent of the highest 60-minute integrated kilowatt demand occurring in any of the preceding eleven months, whichever is greater, shall be used for billing purposes, except that the billing demand shall not in any case be less than 50 percent of the maximum kilowatt capacity contracted for.

#### POWER FACTOR

The power factor of the Customer shall be maintained as near unity as practicable and shall be not less than 90 percent lagging at the time of measurement of the billing demand. If the power factor is found to be below 90 percent lagging at the time of the billing demand, the Customer shall rearrange existing or install additional power factor corrective equipment so as to raise the power factor of its load to at least 90 percent lagging. Such corrective equipment shall be so controlled as not to cause the power factor to become leading at any time. Until sufficient corrective action has been taken, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 90 percent and divided by the percent power factor.

#### MINIMUM MONTHLY BILL

The Facilities charge plus the Distribution kW charge as determined above shall be the minimum charge in any month during the term of the contract.

#### APPLICABLE RIDER

USP - Appendix C-3, Sheet 4486

#### PURCHASED POWER COST ADJUSTMENT CLAUSE

Charges for Standard Offer Service (SOS) Customers are subject to a monthly Purchased Power Cost Adjustment (PPCA), which may be a charge or a credit. The PPCA is calculated monthly to recover differences between the actual costs incurred for power supply for SOS Customers and the amount of costs recovered from SOS Customers through the SOS base charges. The monthly PPCA factor will be calculated using twelve-months of historic and projected power supply costs, kWh sales, and the cumulative over/under recovery balance. The factor will be revised each month based upon the most recent monthly information.

The formula used in the PPCA Model to true-up the actual purchased power costs to the projected base cost of purchased power built into the SOS rates is:

$$PPCA = (PC - S * B + R) / S$$

Where,

PC = power costs

S = kWh sales

B = base SOS rate

R = cumulative over/under recovery

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RETAIL ELECTRIC SERVICE TARIFF  
T-NSWC

P.S.C. Md. No. 3  
Sheet 44587

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

PUBLIC SERVICE COMPANY FRANCHISE TAX

A charge each month of 0.062 cents per kWh shall be applied to all kWh sales.

MARYLAND ENVIRONMENTAL SURCHARGE

A charge each month shall be applied to all kWh sales at the current rate set by the Maryland Public Service Commission.

CONTRACT

Service will be by contract for a term of not less than five years and renewable thereafter for like terms except upon 90 days written notice prior to expiration of the term from either party to the other.

CONDITIONS OF SERVICE

1. Meter will be read by the Cooperative on the last day of the month.
3. The additional costs of providing service beyond one mile from the Cooperative's existing transmission system will be paid by the Customer.

TERMS OF PAYMENT

The above rates are net, the gross rate being 1.5 percent higher. In the event the current monthly bill is not paid within 20 days after the rendition of the bill, the gross rate shall apply. If the bill remains unpaid before the end of the next nominal billing period, an additional charge to be made equal to 1.5 percent will be assessed on any portion of the original amount which remains unpaid at the time, and at the end of the second nominal billing interval, an additional charge to be made equal to 2 percent will be assessed on any portion of the original amount which remains unpaid at that time. The total of these charges may not exceed 5 percent.

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RETAIL ELECTRIC SERVICE TARIFF  
SF

P.S.C. Md. No. 3  
Sheet 44 of 88

*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

**SCHEDULE SF**

**SOLAR FACILITY SERVICE**

AVAILABILITY

Available for purchase and sale of electric energy from a properly interconnected solar facility to SMECO's electric system within the SMECO service area. This schedule is not for facilities that qualify as Net Metering installations. All sales by any interconnected solar facility are only to SMECO, no other purchasers or recipients are allowed.

DELIVERY VOLTAGE

As specified by the Cooperative.

INTERCONNECTION COSTS

The Cooperative will estimate the required modifications, additions, and upgrades to the distribution, station, and transmission systems that may be necessary to interconnect the solar facility. The solar facility will be required to pay the estimated cost for these modifications, additions, and upgrades necessary to interconnect.

The solar facility will be required to pay the estimated replacement cost for any of these modifications, additions, and upgrades when replacements occur after interconnection unless the Cooperative determines the replacements are no longer required solely for the interconnection of the solar facility. In such instances, the estimated replacement costs may be jointly charged to multiple small power producers that all share use of the modifications, additions, and upgrades for interconnection purposes. Alternatively, the estimated replacement costs will not be charged to the solar facility if the Cooperative determines the modifications, additions, and upgrades are now required for more than interconnection purposes.

MONTHLY PURCHASE RATES

The Cooperative shall purchase electric energy from Solar Facilities at the rates specified in the purchase power agreement with the solar facility. The rate will apply to the monthly metered kWh energy delivered to SMECO as measured by SMECO's billing meter at the solar facility site. SMECO will not purchase energy from a solar facility under this tariff without a properly executed purchase power agreement. SMECO will provide the interconnected solar facility with the amount of monthly metered kWh energy delivered to SMECO on a monthly basis. The solar facility is responsible for invoicing SMECO directly for all energy purchases.

MONTHLY SALES RATES

All solar facility customers receiving Standard Offer Service as defined in the General Terms and Conditions will pay the following for all electric service delivered to the solar facility: A) the Standard Offer Service Charge, B) the Distribution Charge, C) the Facilities Charge, and D) the Non-Standard Facilities Charge. The solar facility will also pay the monthly purchased power cost adjustment.

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RETAIL ELECTRIC SERVICE TARIFF  
SF

P.S.C. Md. No. 3  
Sheet 1088

*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

Solar facility customers choosing an alternative Electricity Supplier as defined in the General Terms and Conditions will pay the following for all electric service delivered to the solar facility: B) the Distribution Charge, C) the Facilities Charge, and D) the Non-Standard Facilities Charge.

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RETAIL ELECTRIC SERVICE TARIFF  
SF

P.S.C. Md. No. 3  
Sheet 1189

PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.

These Customers will not pay the monthly purchased power cost adjustment. Such rates are exclusive of all applicable alternative Electricity Supplier rates and charges.

	Billing Months of May - September (Summer)	Billing Months of October - April (Winter)
<b>A. Standard Offer Service</b>		
Secondary Voltage:		
All kilowatts	\$ 0.08 per kW	\$ 0.08 per kW
All kilowatt-hours	\$ 0.0269 per kWh	\$ 0.0302 per kWh
Primary Voltage:		
All kilowatts	\$ 0.08 per kW	\$ 0.08 per kW
All kilowatt-hours	\$ 0.0264 per kWh	\$ 0.0295 per kWh
<b>B. Distribution Charge</b>		
Secondary Voltage:		
All kilowatts	\$ <del>5.16</del> 4.69 per kW	\$ <del>5.16</del> 4.69 per kW
All kilowatt-hours	\$ <del>0.01286</del> 0.1282 per kWh	\$ <del>0.01286</del> 0.1282 per kWh
Primary Voltage:		
All kilowatts	\$ <del>4.00</del> 4.46 per kW	\$ <del>4.00</del> 4.46 per kW
All kilowatt-hours	\$ <del>0.01222</del> 0.1218 per kWh	\$ <del>0.01222</del> 0.1218 per kWh
<b>C. Facilities Charge</b>		
Secondary	\$ 32.50 per month	\$ 32.50 per month
Primary	\$ 56.78 per month	\$ 56.78 per month
<b>D. Non-Standard Facilities Charge</b>		

For any distribution, station, or transmission modifications, additions, or upgrades required for the interconnection of the solar facility as required in the Interconnection Cost section above, a fixed monthly charge shall be applied to recover the monthly carrying costs. The carrying cost will include O&M expense, property taxes, and property insurance. The charge will be calculated based on the current carrying cost rates and the amount of Non-Standard facility plant cost. The charge will appear as a separate charge on the solar facility's bill. If multiple small power producers are charged for modification, additions, and upgrades as required in the Interconnection Cost section above, the annual carrying cost will be divided between the multiple parties in determining the Non-Standard Facilities charge.

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RETAIL ELECTRIC SERVICE TARIFF  
SF

P.S.C. Md. No. 3  
Sheet 11-290

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

DETERMINATION OF BILLING DEMAND

For all electric service delivered to the solar facility as a customer-member of SMECO, the highest 15-minute integrated kilowatt demand occurring during the billing month or 50 percent of the highest 15-minute integrated kilowatt demand occurring in any of the preceding eleven months, whichever is greater, shall be used for billing purposes, except that the billing demand shall not in any case be less than 50 percent of the maximum kilowatt capacity contracted for.

POWER FACTOR

The monthly average power factor of the solar facility shall be maintained as near unity as practicable and shall be not less than 98 percent lagging or 99.25 percent leading. If the power factor is found to be below 98 percent lagging or 99.25 percent leading, the solar facility shall rearrange existing or install additional power factor corrective equipment so as to raise the power factor of its load to at least 98 percent lagging or 99.25 percent leading. Such corrective equipment shall be so controlled as not to cause the power factor to become leading at any time. Until sufficient corrective action has been taken, the demand for billing purposes for all electric service delivered to the solar facility as a customer-member of SMECO shall be the demand as indicated or recorded by the demand meter multiplied by 98 percent and divided by the percent power factor.

MINIMUM MONTHLY BILL

For all electric service delivered to the solar facility as a customer-member of SMECO, the Facilities charge, the Distribution kW charge as determined above, and the non-standard facilities charge shall be the minimum charge in any month during the term of the contract.

APPLICABLE RIDER

For all electric service delivered to the solar facility as a customer-member of SMECO,

SGIS – Appendix B, Sheet 172131  
USP – Appendix C, Sheet 173132

PURCHASED POWER COST ADJUSTMENT CLAUSE

For all electric service delivered to the solar facility as a customer-member of SMECO, charges for Standard Offer Service (SOS) are subject to a monthly Purchased Power Cost Adjustment (PPCA), which may be a charge or a credit. The PPCA is calculated monthly to recover differences between the actual costs incurred for power supply for SOS and the amount of costs recovered from solar facility customers through the SOS base charges. The monthly PPCA factor will be calculated using twelve-months of historic and projected power supply costs, kWh sales, and the cumulative over/under recovery balance. The factor will be revised each month based upon the most recent monthly information. The formula used in the PPCA Model to true-up the actual purchased power costs to the projected base cost of purchased power built into the SOS rates is:

$$PPCA = (PC - S * B + R) / S$$

Where,

PC = power costs

S = kWh sales

B = base SOS rate

R = cumulative over/under recovery

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RETAIL ELECTRIC SERVICE TARIFF  
SF

P.S.C. Md. No. 3  
Sheet 11391

*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

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PUBLIC SERVICE COMPANY FRANCHISE TAX

For all electric service delivered to the solar facility as a customer-member of SMECO, a charge each month of 0.062 cents per kWh shall be applied to all kWh sales.

MARYLAND ENVIRONMENTAL SURCHARGE

For all electric service delivered to the solar facility as a customer-member of SMECO, a charge each month shall be applied to all kWh sales at the current rate set by the Maryland Public Service Commission.

TERMS OF PAYMENT

For all electric service delivered to the solar facility as a customer-member of SMECO, the above rates are net, the gross rate being 1.5 percent higher. In the event the current monthly bill is not paid within 20 days after the rendition of the bill, the gross rate shall apply. If the bill remains unpaid before the end of the next nominal billing period, an additional charge to be made equal to 1.5 percent will be assessed on any portion of the original amount which remains unpaid at the time, and at the end of the second nominal billing interval, an additional charge to be made equal to 2 percent will be assessed on any portion of the original amount which remains unpaid at that time. The total of these charges may not exceed 5 percent.

INSURANCE

The solar facility will have its insurance company submit proof of the purchase of liability insurance coverage to the Cooperative, with renewal policies being provided annually. The Cooperative is to be notified immediately if there is any insurance cancellation. A solar facility may request the Cooperative to reduce or waive the insurance requirements where it believes such insurance is excessive and unreasonable. If the Cooperative disagrees and refuses to grant the requested reduction or waiver, the solar facility may then apply to the Public Service Commission requesting such reduction or waiver.

OPERATION

1. Interruption or Reduction of Deliveries

- a) Cooperative shall not be obligated to accept, and may require solar facility to interrupt or reduce deliveries of as-available energy: (a) when necessary in order to construct, install, maintain, repair, replace, remove, investigate, or inspect any of its equipment or part of its system; or (b) if it determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, force majeure, or compliance with prudent electrical practices.
- b) Whenever possible and practical, the Cooperative shall give solar facility reasonable notice of the possibility that interruption or reduction of deliveries may be required.

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RETAIL ELECTRIC SERVICE TARIFF  
SF

P.S.C. Md. No. 3  
Sheet 11391

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***PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.***

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- c) Notwithstanding any other provision of this Agreement, if at any time the Cooperative determines that either (a) the solar facility system may endanger Cooperative personnel, or (b) the continued operation of the solar facility system may endanger the integrity of Cooperative's electric system, the Cooperative shall have the right to disconnect solar facility's service. Solar facility's service shall remain disconnected until such time as the Cooperative is satisfied that the conditions referenced in (a) or (b) of this section have been corrected. The solar facility may seek review of any decision made under this section by the Engineering Division of the Public Service Commission, or the Commission's designee for such matters.

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RETAIL ELECTRIC SERVICE TARIFF  
SF

P.S.C. Md. No. 3  
Sheet 4492

*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

2. Interconnection

- a) Solar facility shall deliver the as-available energy to the Cooperative at the utility's meter.
- b) Solar facility shall pay for designing, installing, operating and maintaining its facility in accordance with all applicable laws, regulations, SMECO Interconnection Standards, and all applicable safety and performance standards established by the National Electric Code, The Institute of Electrical and Electronics Engineers, and Underwriters Laboratories. For facilities with a capacity greater than 10 kW, interconnection will not occur until the solar facility and the Cooperative have executed an agreement for interconnection of small generator facilities. The Cooperative will terminate interconnection with the solar facility if the agreement is terminated or the Cooperative determines the solar facility is not in compliance with the agreement.
- c) The Cooperative shall provide a watt-hour meter capable of measuring the flow of electricity in both directions.
- d) Solar facility shall not commence parallel operation of the electric generating system until written approval of the interconnection facilities has been given by the Cooperative. Such approval shall not be unreasonably withheld. The Cooperative shall have the right to have representatives present at the initial testing of the solar facility's protective devices.
- e) The solar facility may not use its system to generate electric energy for another party or Customer-member of the Cooperative, or for use at any location other than service at the installed location. The solar facility may not install any equipment, connection, wires, or cable to distribute electric energy to another party or to any location external to the solar facility's system except for the interconnection to the utility's meter.

3. Maintenance and Permits

- a) Solar facility shall: (a) maintain the system and interconnection facilities in a safe and prudent manner and in conformance with all applicable laws and regulations, and (b) obtain any governmental authorizations and permits required for the construction and operation of the system and interconnection facilities. Solar facility shall reimburse the Cooperative for any and all losses, damages, claims, penalties, or liability the Cooperative incurs as a result of solar facility's failure to obtain or maintain any governmental authorizations and permits required for construction and operation of solar facility's system.
- b) Solar facility shall be solely responsible for all expenses of owning and operating the system, including maintenance of the facility, any necessary or appropriate repairs, property and other taxes, and all other related costs of the system.

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RETAIL ELECTRIC SERVICE TARIFF  
SF

P.S.C. Md. No. 3  
Sheet ~~114~~22

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*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

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RETAIL ELECTRIC SERVICE TARIFF  
SF

P.S.C. Md. No. 3  
Sheet 44523

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***PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.***

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4. Damages

- a) Solar facility agrees to defend, pay on behalf of and hold harmless SMECO and its directors, officers, agents and employees from all claims of whatsoever nature or kind arising out of or as a result of any act or failure to act by solar facility, its employees, agents, or subcontractors in connection with the performance of the work to be performed pursuant to this agreement by solar facility, its employees, agents, and subcontractors. Solar facility agrees to defend and pay all costs in defending these claims including attorney fees.
- b) Solar facility has the sole responsibility for the safety, operability and electrical protection of the solar facility irrespective of the condition of the Cooperative property, except to the extent that any such problems are caused by the Cooperative's property. The Cooperative is not responsible for the safety, operability, or electrical protection of the solar facility and is absolved from any liability for damages or harm to the solar facility, its owner, employees, or any other persons at the facility, solar facility property, the public or any personal or public property due to operation of the solar facility. Solar facility is responsible for any damages to the Cooperative's service connections, meters, or distribution system due to operation of the solar facility.

Access to Premises: The Cooperative may enter solar facility's premises: (a) to inspect, at all reasonable hours, solar facility's protective devices and read or test meter; and (b) to disconnect, without notice, the interconnection facilities if, in the Cooperative's opinion a hazardous condition exists and such immediate action is necessary to protect persons, or the Cooperative's facilities, or property of others from damage or interference caused by solar facility's electric generating system, or lack of properly operating protective device.

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RETAIL ELECTRIC SERVICE TARIFF  
SF

P.S.C. Md. No. 3  
Sheet 11593

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*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

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**RETAIL ELECTRIC SERVICE TARIFF  
CCSS**

P.S.C. Md. No. 3  
Sheet 11694

**PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.**

**SCHEDULE CCSS**

**CALVERT CLIFFS STANDBY SERVICE**

**AVAILABILITY**

Available only to Calvert Cliffs industrial Customer located in the Calvert County area served by the Cooperative for all uses, subject to the established rules and regulations of the Cooperative.

**TYPE OF SERVICE**

Single-phase or three-phase where facilities are available, 60 hertz, at standard voltages of the Cooperative.

**RATES**

Customers receiving Standard Offer Service as defined in the General Terms and Conditions will pay A) the Standard Offer Service Charge, B) the Distribution Charge, and C) the Facilities Charge. These Customers will also pay the monthly purchased power cost adjustment.

Customers choosing an alternative Electricity Supplier as defined in the General Terms and Conditions will pay B) the Distribution Charge, and C) the Facilities Charge. These Customers will not pay the monthly purchased power cost adjustment. Such rates are exclusive of all applicable alternative Electricity Supplier rates and charges.

	Billing Months of May - September (Summer)	Billing Months of October - April (Winter)
<b>A. Standard Offer Service</b>		
All kilowatts	\$ 4.82 per kW	\$ 4.82 per kW
All kilowatt-hours	\$ 0.0476 per kWh	\$ 0.0508 per kWh
<b>B. Distribution Charge</b>		
All kilowatts	\$ 1.050.98 per kW	\$ 1.050.98 per kW
<b>C. Facilities Charge</b>		
	\$ 0.000000.00 per month	\$ per month

**DETERMINATION OF BILLING DEMAND**

The highest 15-minute integrated kilowatt demand occurring during the billing month or 50 percent of the highest 15-minute integrated kilowatt demand occurring in any of the preceding eleven months, whichever is greater, shall be used for billing purposes, except that the billing demand shall not in any case be less than 50 percent of the maximum kilowatt capacity contracted for nor less than 25 kilowatts.

**POWER FACTOR**

The Customer agrees to maintain unity power factor as nearly as practicable. The Cooperative reserves the right to measure the power factor. Should such measurements indicate that the average power factor is less than 90 percent, demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 90 percent and divided by the percent power factor.

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RETAIL ELECTRIC SERVICE TARIFF  
CCSS

P.S.C. Md. No. 3  
Sheet 11694

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*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

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Such adjustments to measured demand shall be made until subsequent tests indicate an improvement in power factor. Tests shall be made at the request of the Customer upon completion of remedial measures.

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RETAIL ELECTRIC SERVICE TARIFF  
CCSS

P.S.C. Md. No. 3  
Sheet 41795

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*PRIVILEGED AND CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY.*

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MINIMUM MONTHLY BILL

The minimum monthly charge shall be the Facilities Charge plus the Distribution Charge, as applicable, under "Rates" above. If the customer takes Standard Offer Service, then Items A, B, and C apply. If no Standard Offer Service is taken, then Items B and C apply.

APPLICABLE RIDERS

USP - Appendix ~~CB~~, Sheet ~~473~~132

PURCHASED POWER COST ADJUSTMENT CLAUSE

Charges for Standard Offer Service (SOS) Customers are subject to a monthly Purchased Power Cost Adjustment (PPCA), which may be a charge or a credit. The PPCA is calculated monthly to recover differences between the actual costs incurred for power supply for SOS Customers and the amount of costs recovered from SOS Customers through the SOS base charges. The monthly PPCA factor will be calculated using twelve-months of historic and projected power supply costs, kWh sales, and the cumulative over/under recovery balance. The factor will be revised each month based upon the most recent monthly information.

The formula used in the PPCA Model to true-up the actual purchased power costs to the projected base cost of purchased power built into the SOS rates is:

$$PPCA = (PC - S * B + R) / S$$

Where,

PC = power costs

S = kWh sales

B = base SOS rate

R = cumulative over/under recovery

PUBLIC SERVICE COMPANY FRANCHISE TAX

A charge each month of 0.062 cents per kWh shall be applied to all kWh sales.

MARYLAND ENVIRONMENTAL SURCHARGE

A charge each month shall be applied to all kWh sales at the current rate set by the Maryland Public Service Commission.

CONTRACT

A contract is required for service under this tariff.

CONDITIONS OF SERVICE

Without the written permission of the Cooperative, the rated capacity of single-phase motors shall not be in excess of five horsepower (5 hp).

TERMS OF PAYMENT

The above rates are net, the gross rate being 1.5 percent higher. In the event the current monthly bill is not paid within 20 days after the rendition of the bill, the gross rate shall apply. If the bill remains unpaid before the end of the next nominal billing period, an additional charge to be made equal to 1.5 percent will be assessed on any portion of the original amount which remains unpaid

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RETAIL ELECTRIC SERVICE TARIFF  
**SG**

P.S.C. Md. No. 3  
Sheet 90

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at the time, and at the end of the second nominal billing interval, an additional charge to be made equal to 2 percent will be assessed on any portion of the original amount which remains unpaid at that time. The total of these charges may not exceed 5 percent.

