

Appendix A

Step 1. Determine the Index Value for the Measuring Year and Measuring Year -1 for Each Index.
Sample Computation for Annual Adjustment Factor (hypothetical values for July 1, 2014 implementation)

Index 1.		
PRODUCER PRICE INDEX - INDUSTRIAL POWER		
	Measuring Year	Measuring Year -1
	(2013)	(2012)
January	171.2	167.8
February	172.8	167.6
March	171.6	168.2
April	173.8	168.6
May	175.1	171.6
June	185.7	180.1
July	186.4	182.7
August	184.7	179.2
September	185.5	181.8
October	175.5	170.2
November	172.2	168.8
December	171.8	166.6
Average	177.2	172.8
Ratio of MY/MY-1		1.03

Index 2.			
EIA INDUSTRIAL RATE			
STATE	REVENUES	SALES	AVG. RATE
	(\$000)	MWh	(cents/kwh)
Measuring Year (2012)			
CT	590,972	6,814,757	
MA	1,109,723	13,053,806	
ME	328,594	4,896,176	
NH	304,363	2,874,495	
NJ	1,412,665	15,687,873	
NY	2,001,588	26,379,314	
OH	3,695,978	78,496,166	
PA	3,682,192	63,413,968	
RI	152,533	1,652,593	
VT	155,903	2,173,679	
TOTAL	13,434,511	215,442,827	6.24
Measuring Year -1 (2011)			
CT	579,153	6,678,462	
MA	1,076,431	12,662,192	
ME	310,521	4,626,886	
NH	298,276	2,817,005	
NJ	1,370,285	15,217,237	
NY	1,891,501	24,928,452	
OH	3,622,058	76,926,243	
PA	3,571,726	61,511,549	
RI	144,144	1,561,700	
VT	152,785	2,130,205	
TOTAL	13,016,880	209,059,931	6.23
			Ratio of MY/MY-1
			1.00

Index 3.		
PRODUCER PRICE INDEX - INDUSTRIAL COMMODITIES LESS FUEL		
	Measuring Year	Measuring Year -1
	(2013)	(2012)
January	190.1	187.2
February	190.9	188.0
March	191.6	188.7
April	192.8	189.9
May	194.7	191.8
June	195.2	192.3
July	195.5	192.3
August	196.0	193.1
September	196.1	193.2
October	196.2	193.8
November	196.6	193.7
December	196.7	194.0
Average	194.4	191.5
Ratio of MY/MY-1		1.02

Sample Computation for Annual Adjustment Factor
(hypothetical values for July 1, 2014 implementation)

Step 2. Determine Annual Adjustment Factor by Summing the Weighted Indices.

<u>Index</u>	<u>Ratio of MY to MY-1</u>	<u>Weight</u>	<u>Weighted Factors</u>
PPI Industrial Power	1.03	0.35	0.361
EIA Industrial Rate	1.00	0.40	0.400
PPI Industrial Commodities less fuel	1.02	0.25	<u>0.255</u>
Annual Adjustment Factor			1.016

Step 3. Apply Annual Adjustment Factor to Calculate Adjusted Base Rate.

	<u>Demand</u> \$/kw	<u>Energy</u> \$/mwh
Current Rate Year base rate	6.23	12.30
Adjusted base rate	6.33	12.50

Step 4. Apply Cap of +/- 2.2% to Determine Contract Year Base Rate.

	<u>Demand</u> \$/kw	<u>Energy</u> \$/mwh
Current Rate Year base rate, -2.2%	6.09	12.03
Current Rate Year base rate, +2.2%	6.37	12.57
Contract Year base rate	6.33	12.50