

1 rate increase and resulting revenue requirements for these classes, the rate increase to be
 2 applied to the remaining classes can be calculated.

3 Figure 8 demonstrates the calculation of modifying the multiplier. For example,
 4 under this proposal, if the rate increase reduced by 1% to 4.65%, then the absolute %
 5 change from 5.65% is 18%.¹ Either 50% or 100% of this change could be added to the
 6 initial 136% multiplier. Using 50% of the change or 9%, the modified multiplier is 145%.
 7 Similarly, using 100% of the change would result in a modified multiplier of 154%. Either
 8 of these modified multipliers can then be applied to the jurisdictional increase of 4.65%
 9 used in this example for the residential, lighting and CCN classes. For instance, using the
 10 145% and 154% modified multiplier, the resulting increase would be 6.74% and 7.15%
 11 respectively for these classes. After completing the step of allocating the revenue
 12 requirement increases using either of these multipliers to the residential, lighting and CCN
 13 classes, the next step would consist of calculating the rate increase to be used for the
 14 remaining classes – this can be done by dividing the remaining revenue requirement by the
 15 sum of present revenues of classes who would be subject to this calculated rate such as
 16 small general service, LGS, LPS and thermal service.

17 **Figure 8: Modification of Multiplier with Jurisdictional Rate Decreases**

| Average Increase | Percent Change from Company Proposal | 50% of Change | Change in Multiplier for Res, Ltg, CCN at 50% of Change | Change in Multiplier for Res, Ltg, CCN at 100% of Change |
|------------------|--------------------------------------|---------------|---|--|
| 5.65% | | | 136% | 136% |
| 4.65% | 18% | 9% | 145% | 154% |
| 3.65% | 35% | 18% | 154% | 171% |

¹ $(4.65\%/5.65\% - 1) \times -1$