

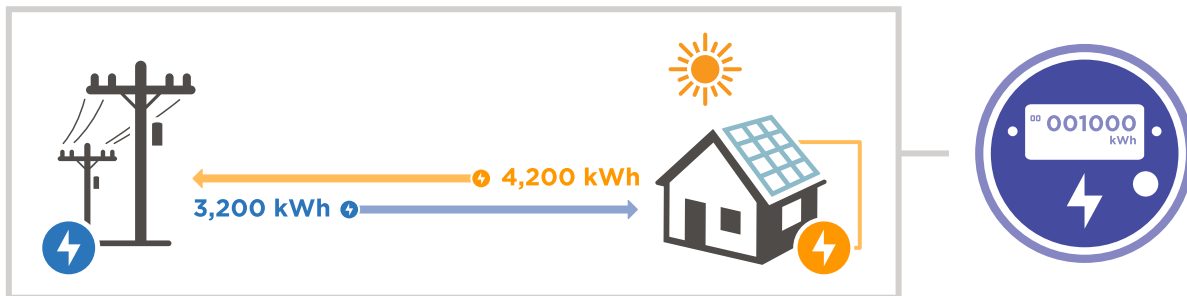
Example of Net Surplus Compensation



To help explain how Net Surplus Compensation works, we created the following example. Please note that the annual net production and consumption numbers are for illustrative purposes and based on customer averages.

Example: Rachel is a homeowner with a solar system on their roof. Annually, they are a net producer of surplus electricity by 1,000 kWh. Rachel will receive a net surplus compensation according to the following formula.

Annual net production of electricity:	4,200 kWh
Annual net consumption of electricity:	3,200 kWh
Annual net surplus electricity: (<i>production - consumption</i>)	1,000 kWh
Base Net Surplus Compensation (NSC) rate from the utility:	\$0.03068/kWh
SDCP NSC Bonus Incentive	\$0.0075/kWh



1. Total Net Surplus Compensation Rate

$$\begin{array}{rcccl} \text{Base Utility NSC Rate} & & & & \\ \mathbf{\$0.03068/kWh} & + & \text{SDCP Bonus Incentive} & = & \text{Total NSC Rate} \\ & & \mathbf{\$0.0075/kWh} & & \mathbf{\$0.03818/kWh} \end{array}$$

2. Total Compensation Amount

$$\begin{array}{rcccl} \text{Annual net surplus} & & & & \\ \text{electricity} & & & & \\ \mathbf{1,000 kWh} & \times & \text{Total NSC Rate} & = & \text{Total Compensation} \\ & & \mathbf{\$0.03818/kWh} & & \text{Amount: } \mathbf{\$38.18} \end{array}$$

In this example, because Rachel's Total Compensation Amount is less than \$100, they will not receive an automatic check; instead the Total Compensation Amount will be credited to their next bill to help offset future SDCP charges.