**Section 556.60 Determination of the QIP Surcharge Percentage**

a) The QIP surcharge percentage shall be expressed as a percentage carried to two decimal places. The QIP surcharge percentage shall be applied to the charges billed to each customer that represent base rate revenues as defined in Section 556.10. In calculating the QIP surcharge percentage, the utility may choose the number of billing periods for which the QIP surcharge percentage shall be in effect when the tariffs are submitted to the Commission for approval.

b) The QIP surcharge percentage shall be calculated by using the following formula:

|  |  |  |  |
| --- | --- | --- | --- |
| S% | = | (NetQIPxPTRxNBP/12)+(NetDepxNBP/12)+(R)+(O+INT)/NBPo | x 100 |
| PBR |

Where:

|  |  |  |
| --- | --- | --- |
| S% | = | QIP surcharge percentage. |
| NetQIP | = | Actual cost of QIP less accumulated depreciation and any accumulated deferred income tax liabilities net of deferred tax assets resulting from the additional QIP. |
| PTR | = | Pre-tax return as described in Section 556.50. |
| NetDep | = | Annualized depreciation expense applicable to NetQIP less the annualized depreciation expense applicable to the plant being retired as defined in Section 556.10. |
| R | = | Utility-determined reconciliation component calculated as described in Section 556.100(c). The reconciliation component shall be collected or refunded over the nine-month period from April through December. For S% in effect from April through December, R shall reflect 1/9 of the total R for each month. |
| O | = | Commission-ordered adjustment. |
| INT | = | The calculated interest attributable to the O component. This interest shall be calculated at the rate established by the Commission under 83 Ill. Adm. Code 280.7(e)(1). The interest shall accrue from the end of the reconciliation year to the order date in the reconciliation proceeding.  |
| PBR | = | The projected gas base rate revenues for the applicable billing periods that S% will be in effect. |
| NBP | = | Number of billing periods that S% will be effective prior to the scheduled recalculation. |
| NBPo | = | Number of billing periods (O + INT) will be collected or refunded. |