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IV. Billing Process and Payment of Bills (continued):**B. Computing a Customer's Bill****1. Service and Rate Classifications**

Customers are assigned to Service and Rate Classifications based on criteria which include, but are not necessarily limited to, usage levels, demand levels, time of year for usage/demand (Rate Periods), voltage characteristics, and purpose of use. Each Service and Rate Classification contains its own rates and rate structure to recover revenue levels approved by the Authority.

2. Adjustments to Rates

The Authority may adjust rates or bills periodically for:

- a) Changes in the cost of fuel and purchased power, payments in lieu of revenue taxes, Visual Benefits Assessment, or other costs as approved by the Authority, and
- b) Any credits approved by the Authority, including the Ratepayer Class Action refund (RCAR) factor and the Shoreham Property Tax Settlement Rider, and
- c) Discounts to promote economic development, and
- d) Charges to LIPA Green Choice Customers for environmental attributes.

e) Any credits resulting from the Maximum Charge provision of Service Classification No. 16 Advanced Metering Initiative (AMI) Pilot Service.

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3. Applying Rate Changes to Customer's Bills

If a rate change becomes effective during a billing period (and unless the Authority determines otherwise), the Authority will average the old and new rates, weighted by the number of days in the billing period before and after the effective date of the rate change.

4. Backbilling**a) Backbilling Conditions**

- (1) For Residential Customers, the Authority shall send a backbill within four (4) months of learning of the circumstances or situation that caused the Authority to send a late or inaccurate bill.
- (2) For Nonresidential Customers, the Authority shall send a backbill within six (6) months of learning of the circumstances or situation that caused the Authority to send a late or inaccurate bill, unless that time is extended by a court.
- (3) The Authority shall not issue a backbill if the reason for the underbilling is clear from the Customer's Application or would have been clear, but the Authority failed to get and keep an Application

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VIII. SERVICE CLASSIFICATIONS (continued):

J. SERVICE CLASSIFICATION NO. 16- AMI
Advanced Metering Initiative Pilot Service:
(Rate Codes: M188, M288, M282, M284, M285)

1. Objective

This AMI pilot service is intended to test both a new Advance Metering Infrastructure (AMI) system and time-differentiated rates for residential and non-residential customers in certain geographical areas. Also, the pilot service will allow LIPA to investigate customers' interest in and response to experimental time-differentiated rate structures. The pilot service will be structured as a series of individual experiments, with each experiment evaluating the performance of AMI technology and alternative rate structures in a specific geographic location for a specific mix of residential and/or nonresidential customers. Authorization for this Pilot Service will terminate on September 30, 2013, and all individual experiments must be terminated by LIPA Staff on or before that date.

2. Program Requirements

a) LIPA Staff may, at its sole discretion, create or extend any experiment under this Service Classification that meets the program objective, subject to the following limitations:

- (1) Total enrollment in all experiments shall not exceed 2,000 participants at any one time.
- (2) Compensation and incentives for participation shall not exceed the value of the electric service provided to the participant, measured using the rates and charges from participant's former Service Classification. Equipment or services provided to the participant by LIPA, and subsequently removed or discontinued at the termination of participation in the experimental program, shall not be included in the measurement of the compensation or incentive value.
- (3) Participation in experimental pricing programs must be voluntary on the part of the customer.

b) LIPA Staff may, at its sole discretion, terminate any experiment under this Service Classification at any time.

c) The program's specific operational requirements will be identified on a "LIPA Statement of Advanced Metering Initiative Pilot". That Statement will define, for each separate experiment:

- (1) The geographic location of the experiment.
- (2) The duration of the experiment.
- (3) The eligible rate codes for the experiment.
- (4) The maximum number of participants from each rate code.
- (5) Any usage or other customer characteristics which are necessary for participation in the experiment.
- (6) The specific compensation for participation, if any.
- (7) Any other terms or conditions which are necessary to ensure the usefulness and applicability of the experiment and/or its results.

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VIII. SERVICE CLASSIFICATIONS (continued):

J. SERVICE CLASSIFICATION NO. 16- AMI

Advanced Metering Initiative Pilot Service (continued):
(Rate Codes: M188, M288, M282, M284, M285)

d) Eligible Participants will be required to enter into a signed agreement that specifies the terms of participation in the pilot program, including the duration of participation, applicable rates and charges, compensation (if any), program operational requirements and the conditions for early release from the pilot program.

3. Program Eligibility/Non-Eligibility

a) Residential and non-residential Customers who volunteer for the pilot program must be located in the geographic areas where the pilot program is being tested.

b) Qualified participants will be chosen on a first come, first served basis, except that:

- (1) LIPA Staff has the option to deny participation in the pilot program to any Customer it deems as not contributing to the objectives or requirements of the pilot program.
- (2) LIPA may deny participation to Customers taking residential service for religious, supervised community residences or veteran's organizations if the number of residential applicants exceeds the maximum number established for residential participation in that specific experiment.

c) Customers who are not eligible to participate in the program include:

- (1) Customers who receive service under provisions related to Residential Off-Peak Energy Storage served under Service Classification No. 1.
- (2) Customers who receive some or all of their electric requirements from the New York Power Authority (NYPA).
- (3) Customers who sell power to the Authority as Qualifying Facilities or are treated as Solar and Wind Electric Generators.
- (4) Customers who receive unmetered service.
- (5) Customers who receive service under Service Classification Nos. 2-VRTP, 11, 12 13 or 15.

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VIII. SERVICE CLASSIFICATIONS (continued):

J. SERVICE CLASSIFICATION NO. 16-AMI

Advanced Metering Initiative Pilot Service (continued):

(Rate Codes: M188, M288, M282, M284, M285)

4. Residential and Small Commercial Time-Differentiated Pricing

Residential and Small Commercial Customers participating in the Pilot Service will be charged the rates as stated below.

a) Schedule of Rates (Rate Code M188 and M288)

	June to September Inclusive	October to May Inclusive
Service Charge per day	\$.1790	\$.1790
Meter Charge per day	\$.0900	\$.0900

	June to September Inclusive	October to May Inclusive
Energy Charge per kWh		
	Period 1	Period 2
7 p.m. to 2 p.m. weekdays and all day Saturday and Sunday	\$.0578	\$.0437
	Period 3	Period 4
2 p.m. to 7 p.m. Weekdays	\$.2735	\$.0888

All the terms and conditions will apply as described in the Customer's previous rate and Service Classification.

b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Fuel and Purchased Power Cost Adjustment Rate, Increases in Rates and Charges to Recover PILOT Payments, and the Shoreham Property Tax Settlement Rider.

c) Minimum Charge

The Minimum Charge is the Service and Meter charge, plus Adjustments to Rates and Charges.

d) Maximum Annual Charge

For the first 12 months of participation, the Maximum Annual Charge is no more than what the Customer would have paid under their previous rate and Service Classification for the amount of service actually received over that annual period.

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VIII. SERVICE CLASSIFICATIONS (continued):

J. SERVICE CLASSIFICATION NO.16-AMI

Advanced Metering Initiative Pilot Service (continued):
(Rate Codes: M188, M288, M282, M284, M285)

Rates and Charges (continued):

5. Non-Residential Time-Differentiated Pricing

Non-Residential demand-metered customers may choose to sign up for the Commercial Modified Time-Differentiated Pricing Program.

a) Non-Residential customers participating in the Commercial Modified Time-Differentiated Pricing program will be eligible to take service under Service Classification Nos. 2L-VMRP or 2-MRP utilizing the modified rating periods as described on Leaf Nos. 212, 213, 226 and 227, depending on the size of the participant's load. All the terms and conditions will apply as described in the above stated service classifications.

b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Fuel and Purchased Power Cost Adjustment Rate, Increases in Rates and Charges to Recover PILOT Payments, and the Shoreham Property Tax Settlement Rider.

c) Maximum Annual Charge

For the first 12 months of participation, the Maximum Annual Charge is no more than what the Customer would have paid under their previous rate and Service Classification for the amount of service actually received over that annual period.

6. Special Provisions

a) Exit Provisions

(1) A participant may return to its previous rate at any time with forfeiture of payments, incentives or other specified benefits as may be stipulated in the agreement between LIPA and Participants. In this situation, either:

(a) The participant's billing will be adjusted to the beginning of their most recent anniversary date, or

(b) If the participant's billing is for an entire twelve (12) month period (based on their anniversary date); the billing will not be adjusted.

(2) LIPA may return a participant to their previous rate, and make the adjustments to the customer's billing as stated above, if they do not maintain their account in good standing.

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X. LIPA Green Choice Program:**A. General Provisions****1. Program Description and Definitions**

The LIPA Green Choice Program is a voluntary program in which the Authority's Customers may elect to purchase environmental attributes from Renewable Energy Options Providers, hereafter referred to as "Green Marketers", who meet the eligibility criteria. The purpose of this program is to stimulate the development of renewable energy generation resources through the sale of environmental attributes associated with such generation in New York State or in areas that would be specified by the New York State Public Service Commission's ("NYPSC") Renewable Portfolio Standard when it becomes effective.

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2. Customer Eligibility

a) In order to participate in the LIPA Green Choice Program a Customer must:

- (1) Take service under Service Classification Nos. 1, 1-VMRP(L), 1-VMRP(S), 2, 2-VMRP, 2L, 2L-VMRP, 2-H, or 2-MRP, 5, 7, 7A, 10, 13, 16-AM! and:
- (2) Receive metered or authorized unmetered electric service from the Authority.

b) Customers who are not eligible to participate in the LIPA Green Choice Program are:

- (1) Customers who receive service under Service Classification Nos. 2-VRTP, 11, 12, or 15. These include Customers who receive a portion of their electric requirements from self-generation or on-site generation and require supplemental, backup or maintenance service from the Authority.
- (2) Customers who receive part of their electric requirements from an Economic Development Power program through a municipal distribution agency
- (3) Customers who sell power to the Authority as Qualifying Facilities.
- (4) Customers who are in arrears for sixty or more days.

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