

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

The Long Island Power Authority (“the Authority”) Staff proposes to modify the Tariff for Electric Service (“Tariff”) effective April 1, 2015 to: (1) update Delivery Service charges consistent with the approved LIPA budget for 2015; (2) authorize the reconciliation of revenue to be recovered through the Energy Efficiency Cost Recovery Rate; and (3) introduce a Revenue Decoupling Mechanism.

Proposal:

The approved LIPA budget for 2015 incorporates a level of revenues that assumes no increase in rates, other than changes to the Power Supply Charge (also known as the Fuel and Purchased Power Cost Adjustment). As presented in the budget, however, a number of revenue-neutral changes are required to extend the rate freeze for 2015, align the components of the rates with their underlying costs, and bring the Tariff more into line with Public Service Commission policies for the regulated, investor-owned utilities. These proposed changes will not materially change the rates paid by customers in the aggregate for delivery service. The Power Supply Charge will continue to fluctuate with market conditions.

Reset Delivery Rates to Achieve Rate Neutrality consistent with the Goals of the LIPA Reform Act

LIPA was challenged in 2012 to freeze its rates for three years: 2013, 2014 and 2015. This recommended rate freeze covered Delivery Service charges only, and excluded the Power Supply Charge, which fluctuates with market conditions of supply and demand. The rate freeze covered LIPA's base rates for Delivery Service, including the several automatic adjustment clauses (also known as “riders”) that recover specific components of LIPA's Delivery Service. Two of those riders, the New York State Assessment and the Energy Efficiency Cost Recovery Rider, are expected to decline in 2015, due to changes in program implementation at the State level. The Authority Staff proposes to reallocate those revenues on a revenue-neutral basis from the respective riders into the Delivery Service charges for all rate classes, so that all customer classes pay the same expected revenues as were authorized for that customer class during the last three years, except for changes in volume of usage and changes to the rate for power supply.

The currently effective New York State Assessment rate of 1.00% was set at the statutory rate for the State fiscal year 2013-2014 as of January 1st, 2014. Although legislation later in 2014 lowered the New York State Assessment to 0.84% for the State fiscal year 2014-2015, with further declines scheduled each fiscal year until the New York State Assessment ends in December 2017, the effective New York State Assessment rate was maintained at 1.00% in order to collect LIPA's under-recovery of the New York State Assessment up to this time. To reflect the lowering of the statutory rate for the New

York State Assessment to 0.5% for State fiscal year 2015 – 2016, and since prior under-recoveries of the New York State Assessment should be caught up by early 2015, the Authority Staff proposes to lower the New York State Assessment rate to 0.5% effective April 1, 2015 and transfer the reduction in revenue currently recovered through the New York State Assessment into Delivery Service charges so there is no increase or decrease in current rates.

Costs recovered through the Energy Efficiency Cost Recovery Rate will change significantly in 2015 for two reasons. The New York State Energy Research and Development Authority now funds the PSEG-LI Residential Solar Program as part of the New York Sun Initiative, and will directly pay rebates to the participating customers. This reduces LIPA's expense in 2015. Additionally, LIPA will be receiving additional Regional Greenhouse Gas Initiative ("RGGI") funding in 2015 to support its energy efficiency program efforts. The Authority Staff proposes to lower the Energy Efficiency Cost Recovery Rate to reflect this cost reduction and transfer that amount into Delivery Service charges so there is no increase or decrease in current rates. The changes in the New York State Assessment and the Energy Efficiency Cost Recovery Rate will be reflected in the calculation of delivery rates, which will be increased approximately \$28.4 million.

Reconcile Revenue Recovered through the Energy Efficiency Cost Recovery Rate

The Authority Staff proposes to modify the Energy Efficiency Cost Recovery Rider that recovers the costs of PSEG-LI's energy efficiency programs to include a true-up of the revenues recovered under the Energy Efficiency Cost Recovery Rate. The proposed modification to LIPA's Energy Efficiency Cost Recovery Rate ensures that customers pay no more and no less over time than the approved level of revenues for the efficiency and renewable programs, and decouples this component of LIPA's rates in a manner consistent with the revenue decoupling mechanism discussed below. It also accomplishes the goal of freezing 2015 rates at the same level for the last three years since any reconciliation of the Energy Efficiency Cost Recovery Rate would occur in 2016. The proposed recovery mechanism covers variations in the recovery of revenues only. Variations in expenditures under the authorized energy efficiency programs would not be recoverable, and would be absorbed by LIPA just like any other variation in spending for delivery service.

Revenue Decoupling Mechanism

The Authority Staff proposes to introduce a Revenue Decoupling Mechanism that is consistent with New York Public Service Commission ("PSC") policy. A Revenue Decoupling Mechanism is designed to ensure that a distribution utility collects all of its approved revenues for Delivery Service from customers: excess recoveries are refunded to customers and insufficient recoveries are surcharged in the following year¹. If the difference between actual and approved Delivery Service Revenues is greater than a dollar amount specified in each electric utility tariff, the electric utilities are authorized to

¹ Except for Consolidated Edison, which resets its Revenue Decoupling Mechanism semi-annually.

make an interim Revenue Decoupling Mechanism adjustment. Revenue Decoupling Mechanisms are justified by the PSC as good regulatory policy² because:

- They eliminate or substantially reduce the linkage between sales and utility revenues and/or profits;
- They remove the disincentive a utility has to promote energy conservation by removing the link between sales and profits; and
- Existing utilities' delivery rate designs are, in most cases, not "optimal" in that they do not always collect fixed costs through fixed charges and variable costs through variable charges.

Mechanically, Revenue Decoupling Mechanisms function by comparing actual revenues with authorized revenues and crediting (or collecting) any differences to (or from) customers in a subsequent period. This true-up would include, among other things, any net lost revenues attributable to the implementation of energy efficiency programs, any revenue variances caused by hotter or colder than normal weather, and revenue variations that result from changes in economic conditions. The true-up should be calculated no less frequently than once per year and the recovery period should spread over a period of similar length.

As the Authority continues the process of establishing rates and charges that are more consistent with existing PSC policies, and seeks to implement its goal of holding its revenues and expenses at current levels, the adoption of a Revenue Decoupling Mechanism will help it to achieve financial stability without the conflicting pressures that are created by the pursuit of aggressive and societally justified programs for energy efficiency and renewable resources.

In April 2007, the PSC ordered all of the major electric and gas utilities under its jurisdiction to file proposals for Revenue Decoupling Mechanisms with their next rate case. While several of the utilities were under multi-year rate plans at the time, all of the utilities have since filed their proposals, and all six of the major electric utilities have approved Revenue Decoupling Mechanisms within their tariff for Delivery Service.

The structure that Staff has proposed is consistent with the Revenue Decoupling Mechanisms approved for the electric utilities, consisting of the features shown in the list below.

1. Only Delivery Revenue is subject to the Revenue Decoupling Mechanism. LIPA's other charges are subject to their own true-up mechanisms or recover statutory amounts that are not subject to true-up.
2. The Revenue Decoupling Mechanism will begin accumulating balances starting in April 2015 calculated as the difference between actual booked Delivery Service

² See PSC Order dated April 20, 2007 in Case 03-E-0640, pages 6 and 7.

- Revenues and approved Delivery Service Revenues in each month. Beginning in January 2016, the revenues will be reconciled semi-annually.
3. Refunds and surcharges will be handled through a non-bypassable charge or credit, which will be calculated based on a percentage of the Delivery Revenues. A positive or negative Revenue Decoupling Mechanism percentage will be applied to the delivery rates for all customers in the four participating service classification groups. Application of the adjustment via a percentage adjustment is similar to the manner in which the New York State Assessment is billed to customers, and ensures that all customer bills are impacted in the same proportions as the approved delivery rates that give rise to these adjustments.
 4. Separate tracking will be performed for the following four participating groups of service classifications:
 - o All residential customers
 - o Small Commercial customers (not demand metered)
 - o Large Commercial customers (demand metered, up to 145 kW)
 - o Mandatory TOU customers (demand metered, in excess of 145 kW)
 5. Delivery Service Revenues associated with load billed under the following categories will not receive a Revenue Decoupling Mechanism adjustment:
 - o lighting classes
 - o negotiated rates
 - o economic development rates
 - o Empire Zone rates
 - o Excelsior Jobs Program rates
 - o Recharge NY Program rates
 - o Back-up, Buy-Back and Supplemental Service rates
 6. Any revenue variance associated with the revenues of the non-participating load noted in (5) will be allocated proportionately to the four groups noted in (4) above.
 7. Variances will be tracked using booked revenues. Some utilities in New York use billed revenues, because they are simpler to measure, but all of LIPA's rate programs are tracked on the basis of booked revenues.
 8. After 2015, the Authority Staff may initiate collection or refund of Revenue Decoupling Mechanism amounts prior to the onset of a semi-annual Revenue Decoupling Mechanism collection/refund period or adjust the amounts to be collected or refunded for the remaining months of a Revenue Decoupling Mechanism collection/refund period if the balance due from or owed to customers exceeds \$20 million at any time during the semi-annual period.

The Authority Staff is proposing to implement the tracking aspect of the Revenue Decoupling Mechanism effective April 1, 2015. During 2015, customers will not experience the effect of the Revenue Decoupling Mechanism. PSEG-LI will only track the balances of revenues over or under the approved level. At the end of 2015, PSEG-LI will determine how much revenue was over- or under-collected in each of the four participating service classification groups as well as any revenue over- or under-collected associated with the non-participating load noted in (5) above and calculate the refund or surcharge percentage that is due each of the four participating service classification

groups. The surcharge or refund percentages will be applied to the Delivery Service charges associated with each customer in the four participating service classification groups for a six-month period beginning in March of 2016. At the same time, the 2016 revenues under the Revenue Decoupling Mechanism will be accumulating for disposition along with any residual balances remaining from the 2015 process. Effective January 1, 2016, the Revenue Decoupling Mechanism will be changed from an annual to a semi-annual reconciliation. Beginning in 2016, the semi-annual Revenue Decoupling Mechanism adjustments will be billed to customers in September for the January to June period and in March of the subsequent calendar year for the July to December period.

The Authority Staff proposes that the Revenue Decoupling Mechanism be established as an “Adjustment to Rates and Charges” which PSEG-LI would be authorized to calculate and update each year according to the pre-defined terms of the Tariff. The Tariff already authorizes several Adjustments to Rates and Charges³ that operate in this manner.

Financial Impacts:

No significant financial impacts are anticipated as a result of resetting delivery rates to achieve rate neutrality. Consistent with the goal of freezing LIPA’s delivery rates (excluding the Power Supply Charge) for a third year, all of the proposed changes are designed to maintain LIPA’s rates at a constant level for the last three years, excluding the Power Supply Charge. Table 1 illustrates that the overall change to electric revenues is revenue-neutral within 1/10th of one percent (approximately \$0.5 million less than current revenues), compared to the currently approved rates which have not changed in three years. This minor deviation results solely from rounding of Delivery Service charges to the nearest 1/100th of a cent.

³ The Power Supply Charge, the Efficiency and Renewables Charge, the New York State Assessment, the Suffolk Property Tax Settlement, the Increase to Rates and Charges to Recover PILOTs (revenue-based only) and various economic development program discounts are authorized in this manner.

Table 1
Impact on Projected Revenues in 2015 from the Proposed Tariff Changes

Rate Categories	Residential			Commercial			Other			Total		
	Current (Millions)	Proposed (Millions)	Delta (Millions)	Current (Millions)	Proposed (Millions)	Delta (Millions)	Current (Millions)	Proposed (Millions)	Delta (Million)	Current (Millions)	Proposed (Millions)	Delta (Millions)
Delivery Charge	996	1,010	13	792	806	14	33	33	0	1,821	1,849	28
Power Supply	805	805	0	756	756	0	43	43	0	1,604	1,604	0
E&R Charge	31	23	(7)	33	26	(8)	0	0	(0)	64	49	(15)
SPTA	22	22	(0)	20	20	0	1	1	(0)	42	42	0
NYSA Charge	19	12	(7)	17	10	(6)	1	0	(0)	36	23	(13)
Revenue PILOT	31	31	(0)	6	6	0	0	0	(0)	37	37	(0)
Total Revenue	1,904	1,903	(1)	1,623	1,623	0	78	78	(0)	3,605	3,605	(1)
Sales by Class (GWhs)	9,562	9,562	-	9,935	9,935	-	579	579	-	20,077	20,077	-
Average Rate (¢/kWh)	19.91	19.90	-0.01	16.33	16.34	0.00	13.53	13.52	-0.01	17.96	17.95	0.00

Note: Totals may not add due to rounding

The financial impact of the Revenue Decoupling Mechanism is to stabilize LIPA's revenue for delivery service. It is not intended to change the amount of revenue that LIPA intends to collect from customers. That amount is fixed within LIPA's approved budget and financial plan, and the Revenue Decoupling Mechanism merely insures that LIPA collects that amount of revenue, no more and no less. The variability of LIPA's revenue for delivery service is shown on Table 2.

Table 2
Delivery Service Revenues
(\$ in millions)

<u>Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Recovery</u>	<u>Pct. of Delivery</u>
2004	\$2,313	\$2,317	-\$4	-0.2%
2005	\$2,312	\$2,398	-\$86	-3.7%
2006	\$2,320	\$2,288	\$32	1.4%
2007	\$1,632	\$1,629	\$3	0.2%
2008	\$1,665	\$1,622	\$44	2.6%
2009	\$1,632	\$1,572	\$60	3.7%
2010	\$1,600	\$1,660	-\$60	-3.7%
2011	\$1,672	\$1,704	-\$32	-1.9%
2012	\$1,785	\$1,741	\$44	2.5%
2013	\$1,784	\$1,684	\$100	5.6%
2014*	\$1,455	\$1,411	\$44	3.0%
<i>overall average</i>			\$13	0.7%
<i>average recovery</i>	<i>7 times</i>		\$47	2.7%
<i>average refund</i>	<i>4 times</i>		-\$45	-2.3%

* Year-to-date; through September 2014

Over the past eleven years, the revenues from delivery service have, on average, matched the budgeted amounts within \$13 million (0.7%). However the swings for individual years have ranged from an under-collection of \$86 million (-3.7%) in 2005 to an over-collection of \$100 million (5.6%) in 2013. The proposed Revenue Decoupling Mechanism would have stabilized these results.

Proposed Tariff Changes:

1. Update Delivery Rates to Transfer New York State Assessment and Energy Efficiency Cost Recovery Revenues

Affected Tariff Leaves: Leaves 184, 185, 190, 191, 195, 197, 201, 205, 212, 213, 219, 226, 227, 238, 241, 244, 245, 248, 264, and 279I.

Reason for Tariff Change

To transfer tariff charges between automatic adjustment clauses and delivery rates to achieve rate neutrality.

2. Update the Energy Efficiency Cost Recovery Rate to Provide for a Reconciliation of Revenues Collected:

Affected Tariff Leaf: Leaf 182A

Reason for Tariff Change

To provide for a reconciliation of revenues recovered through the Energy Efficiency Cost Recovery Rate.

3. Revenue Decoupling Mechanism

a. Insert the Revenue Decoupling Mechanism in Section VII – Adjustments to Rates and Charges of Service Classifications.

Affected Tariff Leaves: Leaves 182I, 182K, 182L, 182M, and 182N.

Reason for Tariff Change

To incorporate the proposed Revenue Decoupling Mechanism.

b. Update the Adjustments to Rates and Charges under each affected Service Classification.

Affected Tariff Leaves: Leaves 186, 192, 195, 198, 201, 206, 213, 220, 227, 238, 241, 245, 248, 265, 272, 279I, 279J, and 313.

Reason for Tariff Change

To cross-reference the Revenue Decoupling Mechanism in Section VII to the rate classes in Section VIII of the Tariff.

c. Update the Billing Process and Payment of Bills in Section IV.

Affected Tariff Leaves: Leaf 100.

Reason for Tariff Change

To update the “Computing a Customer’s Bill” section to include credits or refunds related to the Revenue Decoupling Mechanism.

- d. **Insert language describing the applicability of the Revenue Decoupling Mechanism to Economic Development Programs.**

Affected Tariff Leaves: 181.

Reason for Tariff Change

To clarify whether customers receiving Economic Development discounts will receive a Revenue Decoupling Mechanism adjustment on their economic development load.

- e. **Insert language describing the applicability of the Revenue Decoupling Mechanism to the NYSERDA Loan Installment Program.**

Affected Tariff Leaves: Leaf 324.

Reason for Tariff Change

To clarify whether the Revenue Decoupling Mechanism applies to the NYSERDA Loan Installment Charge.

- f. **Update the Table of Contents and Abbreviations and Definitions.**

Affected Tariff Leaves: Leaves 6, 6B and 15.

Reason for Tariff Change

To include “J. Revenue Decoupling Mechanism” under Section VII. Also, to define the terms “Delivery Service Revenues.”

Summary of Proposed Changes:

In summary, the proposed changes to LIPA’s Tariff for Electric Service will revise the Delivery Service charges in a revenue-neutral manner, provide for a reconciliation of the Energy Efficiency Cost Recovery Rate and authorize LIPA to implement a Revenue Decoupling Mechanism and update that mechanism through a Statement.

The proposed revised Tariff Leaf Nos. 6, 6B, 15, 100, 181, 182A, 182I, 182K, 182L, 182M, 182N, 184, 185, 186, 190, 191, 192, 195, 197, 198, 201, 205, 206, 212, 213, 219, 220, 226, 227, 238, 241, 244, 245, 248, 264, 265, 272, 279I, 279J, 313, 324, and the updated New York State Assessment Statement and the Energy Efficiency Cost Recovery Rate Statement and draft Statement of Revenue Decoupling Mechanism are attached, for reference only.

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Feed-In Tariff Solar Power Purchase Agreement ("PPA")
Long Island Choice Operating Procedures ("Operating Procedures")
Smart Grid Small Generator Standardized Interconnection Procedures ("Smart Grid SGIP")
Specifications and Requirements for Electrical Installations ("Red Book")
Submetering Procedures ("Requirements for Residential Submetering")

I. General Information (continued):**B. Abbreviations and Definitions (continued):****Customer or Consumer (continued):**11. Seasonal Customer

A Customer who applies for and receives electric service at intervals during the year, or at other irregular intervals.

12. Short-Term or Temporary Customer - Non-Residential

A Non-residential Customer who requires temporary service for no longer than two (2) years.

13. Short-Term or Temporary Customer - Residential

A Residential Customer who requires temporary service for no longer than one (1) year.

Customer-generator: A Residential, Non-residential or Farm Service Customer of the Authority who owns and/or operates electric generating equipment. Customer-generators may be eligible for net metering. See definitions of Solar Electric Generating Equipment and Wind Electric Generating Equipment for further details.

Cycle Billing: Billing from the reading of meters on a regular interval. In general, there are twenty (20) business days in each month. Each business day is called a cycle and numbered. The cycle is the interval between that cycle number in the previous and current month. Each Customer's meter is read on or near the same cycle number every month or every other month.

D

Deferred Payment Agreement: A written agreement for the payment of outstanding charges over a fixed period of time.

Delinquent Customer: A non-residential Customer who has made two (2) or more late payments within the last twelve (12) months, or a residential Customer who has not paid a properly presented bill for electric service, either in full or an agreed-upon partial payment, by the "Pay by" date on the bill.

Delivery Service: The transmission and distribution of electricity to a Customer.

Delivery Service Revenues: Delivery Service Revenues include revenues based upon the rates and charges specified in Section VIII of the Tariff and exclude adjustments to rates and charges such as: the Fuel and Purchased Power Cost Adjustment Rate, Energy Efficiency Cost Recovery Rate, New York State Assessment Factor, Shoreham Property Tax Settlement Factor, Visual Benefits Assessment Rate, Charges to Recovery PILOT Payments, and the Revenue Decoupling Mechanism.

Demand: Power requirements placed on the utility system by a Customer or group of Customers. It is expressed in kilowatts, kilovoltamperes, or any other suitable unit and averaged over a fifteen (15) minute period. (See *Power*)

1. Coincidental Demand

When the maximum demand of a Customer or Customers occurs at the same time as the maximum demand of all other Customers.

2. Noncoincidental Demand

When the maximum demand of a Customer or Customers does not occur at the same time as the maximum demand of all other Customers.

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, New York State Assessment or to recover other costs as approved by the Authority, and
- b) Any charges and credits approved by the Authority, including the Shoreham Property Tax Settlement Rider, Revenue Decoupling Mechanism 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.
- f) NYSERDA Loan Installment Charges.
- g) Securitization Charges.

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

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**E. Adjustments to Rates to Encourage Business Development (continued):
Recharge New York Power Program (continued):****d) Rates and Charges**

- (1) The billing period for customers served under Recharge NY Power program shall be the calendar month. When a customer's eligibility for Recharge NY service expires, that customer shall revert back to the billing period of the applicable service classification as specified by LIPA.
- (2) In the event that NYPA is unable to deliver in any billing period any portion or all of the Recharge NY power to LIPA as contracted for, each customer shall have his contract lowered by the amount of reduced deliveries, allocated on a pro rata basis across all current Recharge NY contract demands. All such load not delivered and subsequently replaced with load supplied by LIPA shall be billed according to the rates and provisions of the Service Classification applicable to the customer's load served by LIPA during the periods of the reduced deliveries.
- (3) Customers served under Recharge NY Power program are subject to the following:
 - (a) Customers served under Recharge NY Power program will be subject to the rates, charges, terms and conditions specified in their applicable service classification: and
 - (b) Recharge NY allocations under this program will not be charged for the Authority's Fuel and Purchase Power Cost Adjustment rate, Revenue Decoupling Mechanism, and the Energy Efficiency Cost Recovery Rate.
 - (c) The increase in Rates and Charges to Recover PILOT Payments, the New York State Assessment, the Securitization Offset Charge, and all other Adjustments to Rates and Charges not specifically excluded above will be applied to the Customer's bill.
 - (d) The Securitization Charge will be applied to the customer's bill.
- (4) Load served under Recharge NY Power program will receive a discount on the charges under their applicable service classification to remove the impact of generating capacity costs that are recovered through those rates.
 - (a) The discount will apply to demand charges, minimum demand charges, and energy charges, for each applicable service classification, but not the service charge, meter charge, or reactive demand charge.
 - (b) The level of discount will be calculated for each calendar year to remove the following cost elements from the Base Rate Charges for Delivery Service, and reflect the values shown in the Authority's budget for each cost component listed below:
 - (i) The Power Supply Agreement expenses associated with certain National Grid generating facilities.
 - (ii) Operation, maintenance, depreciation, property tax and interest expenses associated with the Authority's partial ownership of the Nine Mile Point generating station.
 - (iii) Property tax expense associated with merchant generating facilities.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**F. Energy Efficiency Cost Recovery Rate:**

1. The purpose of the Energy Efficiency Cost Recovery Rate is to recover the expenditures resulting from LIPA's energy efficiency programs.
2. Cost to be Recovered

The Energy Efficiency Cost Recovery Rate recovers the cost of expenditures on Energy Efficiency programs explicitly approved by the Board of Trustees for the coming year- plus any under-recovery (or over-recovery) of the Energy Efficiency Cost Recovery Rate, minus any grant money received for the sole purpose of Energy Efficiency.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):

H. New York State Assessment:

4. Application of the NYS Assessment Factor

a) The NYS Assessment factor will apply to the following customer bill components:

- (1) Base Rates including the service and meter charges, energy charges (kWh),
- (2) and demand charge (kW); and
- (3) Fuel and Purchase Power Cost Adjustment (FPPCA); and
- (4) Visual Benefits Assessment (VBA), if applicable; and
- (5) Efficiency Long Island (ELI) Cost Recovery; and
- (6) Shoreham Property Tax (SPT) Settlement factor if applicable; and
- (7) Securitization Offset Charge;
- ~~(7)~~(8) Revenue Decoupling Mechanism;
- ~~(8)~~(9) Securitization Charge; and
- ~~(9)~~(10) Any "Charges for Miscellaneous Services".

b) Customers participating in the Long Island Choice program will be charged for the NYS Assessment as if they paid LIPA's charges for Bundled Service.

c) ESCOs participating in the LI Choice program will be charged for the NYS Assessment on any miscellaneous charges incurred under that program, but not for payments made or received from the Bill Credit Adjustment or the Fuel and Purchased Power Cost Adjustment.

d) The NYS Assessment factor does not apply to Increase in Rates and Charges to Recover PILOT Payments.

5. Annual Reconciliation

a) Each year, the Authority will perform a reconciliation based on twelve months to recover any amounts under or over collected in the prior time period. Any difference will be added to the amount to be recovered in the following year.

b) If the Commission determines that the amount assessed to the Authority under Section 18-a for a fiscal year is different from the amount used by the Authority to establish the revenue factor, the revenue factor will be updated as necessary to allow the Authority to recover the full amount of the assessment above the amount reflected in the Authority's base rates.

ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS:**J. Revenue Decoupling Mechanism**1. Purpose

The purpose of the Revenue Decoupling Mechanism is to recover approved Delivery Service Revenues from customers. Actual Delivery Service Revenues are reconciled to the approved Delivery Service Revenues through the Revenue Decoupling Mechanism for certain Service Classifications groups, as described below,

2. Definitions

For the purposes of the Revenue Decoupling Mechanism, the following Service Classification groups will apply.

a) Residential

- (1) Service Classification No. 1 (Rate Codes: 180, 183, 186, 380, 480, 481, 580, 581, 880, 881, 882, 883)
- (2) Service Classification No. 1-VMRP (Rate Codes: 181, 182,184,188)
- (3) Service Classification No. 16-AMI (Rate Code M188)

b) Small Commercial

- (1) Service Classification No. 2 (Rate Code 280)
- (2) Service Classification No. 2-VMRP (Rate Code 288)
- (3) Service Classification No. 16-AMI (Rate Code M288)

c) Large Commercial excluding mandatory demand metered service with multiple rate periods:

- (1) Service Classification No. 2-L (Rate Codes 281, 283)
- (2) Service Classification No. 2-H (Rate Codes 290, 291, 293)
- (3) Service Classification No. 2L-VMRP (Rate Codes 282, M282)
- (4) Service Classification No. 16 (Rate Code M282)

d) Mandatory Large Demand Metered Service with Multiple Rate Periods

- (1) Service Classification No. 2-MRP (Rate Codes 284, 285, M284, M285)
- (2) Service Classification No. 16-AMI (Rate Code M284, M285)

ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS:**J. Revenue Decoupling Mechanism****Definitions (continue):**

- e) Retail Customers participating in the Long Island Choice or Green Choice program are subject to the Revenue Decoupling Mechanism according to their base rate Service Classification.
- f) The Revenue Decoupling Mechanism does not apply to:
 - (1) Energy Service Companies (ESCOs) receiving service under Service Classification No. 14.
 - (2) Service Classification Nos. 5, 7, 7A and 10 (Rate Codes 980, 780, 781, 782, 1580, 1581).
 - (3) Service Classification Nos. 11, 12, and 13 (Rate Codes 289, 680, 681, 278).
 - (4) All load delivered under the Empire Zone Program, Excelsior Jobs Program, Manufacturer's Competitiveness, Business Incubation, and Recharge New York Programs.
- g) Annual Approved Delivery Service Revenues subject to the Revenue Decoupling Mechanism are:

the Delivery Service Revenues approved by the Authority for each Service Classification for each month in the calendar year, starting on April 1st 2015. Delivery Service Revenues exclude adjustments to rates and charges which include: the Fuel and Purchased Power Cost Adjustment Rate, Energy Efficiency Cost Recovery Rate, New York State Assessment Factor, Shoreham Property Tax Settlement Factor, Visual Benefits Assessment Rate, Charges to Recover PILOT Payments, and the Revenue Decoupling Mechanism.
- h) Revenues for the calendar year are set forth in the approved LIPA budget, and are revised each December for the upcoming calendar year.
- i) Actual booked Delivery Service Revenue are, for the purposes of Revenue Decoupling Mechanism, booked revenues for all Service Classifications for each month in the calendar year as it relates to the Service Charge, Meter Charge, Demand Charge (per kW), Reactive Demand Charge (per kvar), and the Energy Charge for delivery (per kWh).
- j) Tracking Period: In 2015 the tracking period is April 2015 to December 2015. In 2016 and beyond the tracking periods are semi-annual January through June and July through December.

ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS:**J. Revenue Decoupling Mechanism****3. Cost Recovery Period and Method**

- a) For each Service Classification group subject to the Revenue Decoupling Mechanism:
- (1) Starting on April 1st 2015, the difference between actual booked Delivery Service Revenues and approved Delivery Service Revenues will be reviewed monthly and accrued for refund or recovery to the applicable Service Classification groups at the end of calendar year 2015.
 - (2) In 2016 the Revenue Decoupling Mechanism will be modified semi-annually, based on the first sixth months (January to June) and the second sixth months (July to December). The difference between actual booked Delivery Service Revenues and approved Delivery Service Revenues will be reviewed monthly and accrued for refund or recovery to the applicable Service Classification groups at the end of each semi-annual period.
 - (3) At the end of each Tracking Period, when the Authority can state how much revenue was over- or under-collected in each of the four participating Service Classification groups, the refund or surcharge amount that is due to each of the four participating Service Classification groups will be calculated.
 - (4) Any revenue variance associated with the actually booked revenues of the non-participating customer load as noted in J.2.f) will be allocated proportionately to the four participating Service Classification groups.
 - (5) The refund or surcharge amount for each Service Classification group will be divided by the forecasted Delivery Service Revenues for each Service Classification group for the recovery period to develop the percentage of Delivery Service Revenues for each Service Classification group.
 - (6) Beginning in 2016, the surcharges or refunds percentages will be applied, to the Delivery Service charges associated with each customer in the four participating Service Classification groups, for the 6-month periods beginning March 1st and September 1st of each calendar year.
 - (7) In each month of the recovery period the Revenue Decoupling Mechanism will be placed on each customer's bill based on the customer's delivery charges times the Service Classifications group revenue decoupling mechanism percentage.
 - (8) Under or over recoveries from prior Revenue Decoupling Mechanism recovery periods will be reviewed monthly and accrued for refund or recovery to the four participating Service Classification groups at the end of each calendar year.
- b) Approved Delivery Service Revenues subject to the Revenue Decoupling Mechanism will be decreased or increased as customer's loads move in or out of the following economic development programs: the Empire Zone Program, Excelsior Jobs Program, Manufacturing Competitiveness, Business Incubation, and Recharge New York Programs.

ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS:**J. Revenue Decoupling Mechanism**

4. Beginning in January 2016, if the balance due from or owed to customers exceeds \$20 million at any time during the current semi-annual period, the Authority Staff may adjust collection or refund of Revenue Decoupling Mechanism amounts prior to the onset of the next semi-annual Revenue Decoupling Mechanism collection/refund period.
5. Statement of Revenue Decoupling Mechanism

The Revenue Decoupling Mechanism percentage amount to be refunded or surcharged to Customers will be shown for each of the four participating Service Classification groups and the effective date on the Statement of Revenue Decoupling Mechanism. The Authority will file such Statement for each semi-annual collection/refund period, and the statement will be available at the Authority's business offices.

VIII. SERVICE CLASSIFICATIONS: (continued):

A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 183, 186, 380, 480, 481, 580, 581, 880, 881, 882, 883)

3. Rates and Charges per Meter:

a) Schedule of Rates

The rates for this service code are set forth below.

All Rate Codes except 480 and 481

	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Service Charge per Day	\$.3600	\$.3600
Reduced Service Charge per Day (see Special Provisions for eligibility)	\$.1790	\$.1790

	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
<u>Rate Codes 180, 183, 186</u> Energy Charge per kWh per month		
First 250 kWh @	\$. <u>09040922</u>	\$. <u>09040922</u>
Over 250 kWh @	\$. <u>40221040</u>	\$. <u>08340852</u>

	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
<u>Rate Code 380 (Water Heating)</u> Energy Charge per kWh per month		
First 250 kWh @	\$. <u>09040922</u>	\$. <u>09040922</u>
Next 150 kWh @	\$. <u>40221040</u>	\$. <u>08340852</u>
Next 400 kWh @	\$. <u>06330651</u>	\$. <u>06330651</u>
Over 800 kWh @	\$. <u>40221040</u>	\$. <u>08340852</u>

VIII. SERVICE CLASSIFICATIONS: (continued):

A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 183, 186, 380, 480, 481, 580, 581, 880, 881, 882, 883)
Rates and Charges per Meter (continued):

<u>Rate Code 580, 581, 882, 883 (Space Heating)</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Energy Charge per kWh per month		
First 250 kWh @	\$. 090 <u>40921</u>	\$. 090 <u>40921</u>
Next 150 kWh @	\$. 4022 <u>1039</u>	\$. 0834 <u>0851</u>
Over 400 kWh @	\$. 4022 <u>1039</u>	\$. 0562 <u>0579</u>

<u>Rate Code 880, 881 (Space and Water Heating)</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Energy Charge per kWh per month		
First 250 kWh @	\$. 090 <u>40921</u>	\$. 090 <u>40921</u>
Next 150 kWh @	\$. 4022 <u>1039</u>	\$. 0834 <u>0851</u>
Next 400 kWh @	\$. 0633 <u>0650</u>	\$. 0562 <u>0579</u>
Over 800 kWh @	\$. 4022 <u>1039</u>	\$. 0562 <u>0579</u>

<u>Rate Code 480, 481</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Service Charge per day	\$.3200	\$.3200
Energy Charge per kWh per month		
12:00 midnight to 7:00 a.m. (Standard Time) or	\$. 0344 <u>0329</u>	\$. 0344 <u>0329</u>
10:00 p.m. to 10:00 a.m. (Standard Time)	\$. 0347 <u>0365</u>	\$. 0347 <u>0365</u>

VIII. SERVICE CLASSIFICATIONS: (continued):**A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 183, 186, 380, 480, 481, 580, 581, 880, 881, 882, 883)**3. Rates and Charges per Meter (continued):

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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

4. Minimum Charge - All Rate Codes

The Minimum Charge is the applicable Service Charge for each meter, plus Adjustments to Rates and Charges. Late Payments shall be subject to Late Payment Charges.

5. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill.

6. Term of Service

The Authority will provide service to the Customer until service is terminated either by the Customer or the Authority.

- a) The Customer shall give the Authority five (5) days written notice when requesting termination of service.
- b) The Authority may terminate service to the Customer in accordance with the provisions of this Tariff.

7. Special Provisions

a) Water Heating

The Water Heating Energy Charge in A.3. above will apply, provided:

- (1) The Customer's water is totally heated by an electric water heater or in combination with a solar hot water system that pre-heats water that is piped into an existing electric water heater that meets the Authority's specifications, and
- (2) The Customer is recorded on the Authority's books at that service location as of January 26, 1983, and
- (3) The Customer did not terminate service at that location or remove the electric water heater.

VIII. SERVICE CLASSIFICATIONS (continued):

**B. SERVICE CLASSIFICATION NO. 1-VMRP (L)
Voluntary Large Residential Service with Multiple Rate Periods (continued):
 (Rate Codes: 181, 182, 184)**

3. Rates and Charges per Meter:

a) Schedule of Rates

The rates for this service code are found below.

<u>All Rate Codes</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Service Charge per Day	\$1.650	\$1.650
<u>Rate Codes 184 – Rate 1 Energy Charge per kWh</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Daylight Savings Time 8 p.m. to 10 a.m., and Saturday and Sunday	<u>Period 1</u>	<u>Period 2</u>
First 125 kWh @	\$. <u>04230435</u>	\$. <u>04230435</u>
Over 125 kWh @	\$. <u>04230435</u>	\$. <u>04230435</u>
Daylight Savings Time 10 a.m. to 8 p.m. Weekdays	<u>Period 3</u>	<u>Period 4</u>
First 125 kWh @	\$. <u>08280840</u>	\$. <u>08280840</u>
Over 125 kWh @	\$. <u>24142423</u>	\$. <u>08280840</u>

VIII. SERVICE CLASSIFICATIONS (continued):

B. SERVICE CLASSIFICATION NO. 1-VMRP (L)

Voluntary Large Residential Service with Multiple Rate Periods (continued):

(Rate Codes: 181, 182, 184)

Rates and Charges (continued):

	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
<u>Rate Codes 181 - Rate 2</u>		
Energy Charge per kWh		
Daylight Savings Time*		
8 p.m. to 10 a.m., and		
Saturday and Sunday		

<u>Period 1</u>	<u>Period 2</u>
-----------------	-----------------

First 125 kWh @	\$. 06520664	\$. 06520664
Over 125 kWh @	\$. 06520664	\$. 06520664

Daylight Savings Time*
10 a.m. to 8 p.m.
Weekdays

<u>Period 3</u>	<u>Period 4</u>
-----------------	-----------------

First 125 kWh @	\$. 06520664	\$. 06520664
Over 125 kWh @	\$. 12891301	\$. 10041013

<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
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Rate Codes 182 - Rate 3
Energy Charge per kWh
Daylight Savings Time*
8 p.m. to 10 a.m., and
Saturday and Sunday

<u>Period 1</u>	<u>Period 2</u>
-----------------	-----------------

First 125 kWh @	\$. 06520664	\$. 06520664
Over 125 kWh @	\$. 06520664	\$. 05020514

Daylight Savings Time*
10 a.m. to 8 p.m.
Weekdays

<u>Period 3</u>	<u>Period 4</u>
-----------------	-----------------

First 125 kWh @	\$. 06520664	\$. 06520664
Over 125 kWh @	\$. 12891301	\$. 05020514

* See paragraph IV.A.10 "Daylight Savings Time" Leaf No. 99.

VIII. SERVICE CLASSIFICATIONS (continued):**B. SERVICE CLASSIFICATION NO. 1-VMRP (L)****Voluntary Large Residential Service with Multiple Rate Periods (continued):****(Rate Codes: 181, 182, 184)****Rates and Charges per Meter (continued):**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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

3. Minimum Charge - All Rate Codes

The minimum charge is the applicable Service Charge for each meter, plus Adjustments to Rates and Charges.

4. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill. Late payments shall be subject to Late Payment Charges.

5. Term of Service

The Authority will provide service to the Customer until service is terminated either by the Customer or the Authority.

- a) The Customer shall give the Authority five (5) days written notice when requesting termination of service.
- b) The Authority may terminate service to the Customer in accordance with the provisions of this Tariff.

6. Special Provisionsa) Space Heating

The Space Heating Energy Charge (Rate 182) in B.3 above will apply for the following heating applications, provided:

- (1) The size and design of the Customer's heating and heat pump equipment meets the Authority's specifications, and
- (2) The Customer submits a signed Application for this provision and a signed Certificate of insulation compliance, if it applies, and
- (3) The electric resistance heater or heat pump (fireplaces, coal and wood stoves are excluded) supplies all of the heating requirements of the building and is permanently connected

VIII. SERVICE CLASSIFICATIONS (continued):

C. SERVICE CLASSIFICATION NO. 1-VMRP(S)

Voluntary Small Residential Service With Multiple Rate Periods (continued):
(Rate Code: 188)

3. Rates and Charges per Meter:

a) Schedule of Rates

The rates for this service code are found below.

<u>All Rate Codes</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Service Charge per day	\$.3600	\$.3600
Meter Charge per day	\$.1000	\$.1000
Reduced Service Charge per day (see Special Provisions for eligibility)	\$.1790	\$.1790
<u>Rate Codes 188</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Energy Charge per kWh		
Daylight Savings Time* 8 p.m. to 10 a.m., and Saturday and Sunday	<u>Period 1</u>	<u>Period 2</u>
	\$. 06250643	\$. 04840502
Daylight Savings Time* 10 a.m. to 8 p.m. Weekdays	<u>Period 3</u>	<u>Period 4</u>
	\$. 27822800	\$. 09350953

* See Paragraph IV. A. 10. "Daylight Savings Time" on leaf No. 99.

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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

4. Minimum Charge

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

VIII. SERVICE CLASSIFICATIONS (continued):

**D. SERVICE CLASSIFICATION NO. 2 - General Service - Small:
(Rate Code: 280)**

1. Who Is Eligible

- a) Customers who will use the service for purposes other than Residential, when the Authority estimates that the Applicant's demand will be less than 7 kW, subject to Special Provision 8.c) below. The Authority may bill the Customer on a metered or unmetered basis.
- b) A Customer, as described in a. above, that has the option under Service Classification Nos. 12 – Backup and Supplemental Service, of choosing to pay the rates and charges associated with a different Service Classification.

2. Who Is Not Eligible

Traffic Signals, caution signals and operating control equipment for all such signals are no eligible for service under this Service Classification.

3. Character of Service

- a) Continuous, 60 hertz, alternating current.
- b) Radial secondary service at approximately 120/208, 120/240, or 277/480 volts, single or three phase; network system 120/208 or 277/480 volts, single or three phase; depending on the size and characteristics of the load and the circuit supplying the service.

4. Rates and Charges per Meter:

a) Schedule of Rates

The rates for this service are set forth below.

<u>Rate Code 280</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Service Charge per day	\$.3600	\$.3600
Energy Charge per kWh	\$. 4099 <u>1117</u>	\$. 0940 <u>0928</u>

VIII. SERVICE CLASSIFICATIONS (continued):**D. SERVICE CLASSIFICATION NO. 2 - General Service – Small (continued):****(Rate Code: 280)****Rates and Charges per Meter (continued):**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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

5. Minimum Charge

The Minimum Charge is the Service Charge for each meter, plus Adjustments to Rates and Charges.

6. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill. Late payments shall be subject to Late Payment Charges.

7. Terms of Service

- a) The Authority will provide service to the Customer until service is terminated either by the Customer or the Authority.
- b) The Customer shall give the Authority five (5) days written notice when requesting termination of service.
- c) The Authority may terminate service to the Customer in accordance with the provisions of this Tariff.

8. Special Provisionsa) Corrective Equipment Requirements

When the installation includes welders, x-rays, or other apparatus having a highly fluctuating or large instantaneous demand, the Customer shall provide batteries, rotating equipment, or other corrective equipment to reduce the inrush current to an amount acceptable to the Authority.

b) Two-Phase Service

Two-phase service is no longer available. Any Customer receiving two-phase service under this Service Classification will continue to receive the service until other arrangements are made.

VIII. SERVICE CLASSIFICATIONS (continued):

**E. SERVICE CLASSIFICATION NO. 2-VMRP
Voluntary Small General Service With Multiple Rate Periods: (continued)
 (Rate Code: 288)**

3. Rates and Charges per Meter:

a) Schedule of Rates

The rates for this service code are found below

<u>Rate Code 288</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Meter Charge per day	\$.1000	\$.1000
Service Charge per day	\$.3600	\$.3600
Energy Charge per kWh		
Daylight Savings Time 8 p.m. to 10 a.m., and Saturday and Sunday	<u>Period 1</u> \$. 06250643	<u>Period 2</u> \$. 04840502
Daylight Savings Time 10 a.m. to 8 p.m. Weekdays	<u>Period 3</u> \$. 27822800	<u>Period 4</u> \$. 09350953

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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

4. Minimum Charge

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

5. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill. Late payments shall be subject to Late Payment Charges.

VIII. SERVICE CLASSIFICATIONS (continued):

**F. SERVICE CLASSIFICATION NO. 2-L - General Service – Large (continued):
(Rate Codes: 281, 283)**

3. Rates and Charges per Meter:

a) Schedule of Rates

The rates for this service code are set forth below.

Secondary Service

<u>Rate Code 281</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Service Charge per day	\$1.400	\$1.400
Demand Charge per kW of demand	\$10.84	\$9.63
Energy Charge per kWh	\$.0569 <u>0588</u>	\$.0420 <u>0439</u>

Primary Service

<u>Rate Code 281</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Service Charge per day	\$1.400	\$1.400
Demand Charge per kW of demand	\$10.12	\$8.95
Energy Charge per kWh	\$.0563 <u>0582</u>	\$.0414 <u>0433</u>
Demand Charge per kvar of Reactive Demand	\$.27	\$.27

b) Rate Code 283 - Seasonal

The following changes to 3.a) above apply to Customers who terminate service for at least four (4) continuous months from October through May and submit a signed Application:

VIII. SERVICE CLASSIFICATIONS (continued):

**F. SERVICE CLASSIFICATION NO. 2-L - General Service – Large (continued):
(Rate Codes: 281, 283)**

Rates and Charges per Meter (continued):

Demand Charge per Meter per Month
Percent of Demand Charges per kW in 3 above.

	June to September Inclusive	Remaining Months Inclusive
Secondary Service	167%	50%
Primary Service	167%	50%

For billing purposes, the Authority will establish the monthly demand for the period ending on the date the meter is read, and it will be the recorded demand.

c) 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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

4. Minimum Charge - All Rate Codes

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

5. Reconnection Charges - All Rate Codes

If the Authority reconnects service to a Customer at the same premises within twelve (12) months of termination of service to that Customer, the Authority will charge the Customer:

a) The Service Charge and Demand Charge (See 3. above) the Customer would have paid if the meter had remained active with no power or energy used, and

b) A Reconnection Charge

VIII. SERVICE CLASSIFICATIONS (continued):

G. SERVICE CLASSIFICATION NO. 2L - VMRP

Voluntary Large Demand Metered Service With Multiple Rate Periods (continued):
(Rate Codes: 282 and M282)

3. Rates and Charges per Meter per Month:

a) Schedule of Rates

The rates for this service code are set forth below.

Rate Code 282-(Secondary)*

Service Charge per day \$1.400

Meter Charge per day \$.2500

Rate Periods**

	1	2	3
	<u>Off-Peak</u> all year 11 p.m. to 7 a.m.	<u>On-Peak*</u> June - Sept. weekdays 12 noon to 8 p.m.	<u>Intermediate</u> all other hours
Demand Charge per kW Total of 3 Rate Periods	none	\$44.78	\$3.84
Energy Charge per kWh Total of 3 Rate Periods	\$.02500269	\$.04180437	\$.03870406
Minimum Demand Charge per Meter per kW per Rate Period	none	\$55.58	\$6.74

*For Rate Code M282 (Secondary), the modified peak period is from 3 p.m. to 8 p.m.

** See Paragraph IV.A.10, "Daylight Savings Time", on Leaf No. 99.

VIII. SERVICE CLASSIFICATIONS (continued):

G. SERVICE CLASSIFICATION NO. 2L - VMRP

Voluntary Large Demand Metered Service With Multiple Rate Periods (continued):
(Rate Codes: 282 and M282)

Rates and Charges per Meter per Month (continued):

<u>Rate Code 282-(Primary)</u>			
Service Charge per day		\$1.400	
Meter Charge per day		\$.7500	
	<u>Rate Periods**</u>		
	1	2	3
	<u>Off-Peak</u>	<u>On-Peak*</u>	<u>Intermediate</u>
	all year	June - Sept. weekdays	all other hours
	11 p.m. to 7 a.m.	12 noon to 8 p.m.	
Demand Charge per kW			
Total of 3 Rate Periods	none	\$42.56	\$3.68
Energy Charge per kWh			
Total of 3 Rate Periods	\$.0224 <u>0243</u>	\$.0373 <u>0392</u>	\$.0350 <u>0369</u>
Demand Charge per kvar of Reactive Demand			
Total of 3 Rate Periods	none	\$.27	\$.27
Minimum Demand Charge per Meter per kW per Rate Period	none	\$52.91	\$6.44

* For Rate Code M282 (Primary), the modified peak period is from 3 p.m. to 8 p.m.

**See Paragraph IV.A.10, "Daylight Savings Time", on Leaf No. 99.

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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

4. Minimum Charge - All Rate Codes

The monthly Minimum Charge is the sum of the Service and Meter Charges, and may include an annual Demand Charge (See 6.below), plus Adjustments to Rates and Charges.

VIII. SERVICE CLASSIFICATIONS (continued):

**H. SERVICE CLASSIFICATION NO. 2 - H - Building Heating Service (continued):
(Rate Codes: 290, 291, 293)**

3. Rates and Charges per Meter

a) Schedule of Rates

The rates for this rate code are set forth below.

	<u>Secondary Service</u>	
	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
<u>Rate Code 290 - General</u>		
Service Charge per day	\$1.400	\$1.400
Demand Charge per kW of demand	\$10.84	\$9.63
Energy Charge per kWh one-half (1/2) of the total kWhs	\$. 05690588	\$. 04200439
Energy Charge per kWh one-half (1/2) of the total kWhs	\$. 05690588	\$. 03330352

	<u>Primary Service</u>	
	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
<u>Rate Schedule 290</u>		
Service Charge per day	\$1.400	\$1.400
Demand Charge per kW of demand	\$10.12	\$8.95
Energy Charge per kWh One Half (1/2) of Total kWhs	\$. 05630582	\$. 04140433
Energy Charge per kWh One Half (1/2) of Total kWhs	\$. 05630582	\$. 03270346
Demand Charge per kvar of Reactive Demand	\$.27	\$.27

b) Rate Code 291 - Schools

Same as 3.a) above, except only the recorded demand will apply for schools taking service under this Service Classification. Accessory school buildings that are eligible for Rate 290 and whose accounts are under the school's name and, as such, are tax exempt, would also qualify for Rate 291.

VIII. SERVICE CLASSIFICATIONS (continued):

H. SERVICE CLASSIFICATION NO. 2 - H - Building Heating Service (continued):

(Rate Codes: 290, 291, 293)

Rates and Charges per Meter (continued):

c) Rate Code 293 - Seasonal Service

The following changes to 3.a) above will apply to those Customers who terminate service for at least four (4) continuous months from October through May when they submit a signed Application:

Demand Charge per Meter per Month

Percent of Demand Charges per KW in 3a. above.

	June to September Inclusive	Remaining Months Inclusive
Secondary Service	167%	50%
Primary Service	167%	50%

For billing purposes, the Authority will establish the monthly demand for the period ending on the date the meter is read, and it will be the recorded demand.

d) 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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

4. Minimum Charge - All Rate Codes

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

5. Reconnection Charges - All Rate Codes

If the Authority reconnects service to a Customer at the same premises within twelve (12) months of termination of service to that Customer, the Authority will charge the Customer:

- a) The Service Charge and Demand Charge the Customer would have paid if the meter had remained active with no power or energy used, and
- b) A Reconnection Charge.

VIII. SERVICE CLASSIFICATIONS (continued):

I. SERVICE CLASSIFICATION NO. 2 - MRP

Large General and Industrial Service With Multiple Rate Periods (continued):

(Rate Codes: 284, 285, M284, M285)

Character of Service (continued):

- d) The Authority may consider loads with a minimum estimated demand of 10,000 kW for service at 69,000 volts or higher.
- e) The Primary Rate will also apply to Customers served at 23,000 or 33,000 volts.
- f) The Transmission Rate will apply to Customers served at 69,000 volts or higher.

3. Rates and Charges per Meter per Month:

a) Schedule of Rates

The rates for the service code are set forth below.

<u>Rate Code 285</u>	<u>Secondary</u>	<u>Primary</u>	<u>Transmission</u>
Service Charge per day	\$7.50	\$7.50	\$7.50
Meter Charge per day	\$2.50	\$6.50	\$6.50
	<u>Rate Periods**</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
	Off-Peak	On-Peak *	Intermediate
	all year	June-Sept. except	all
	midnight	Sundays 10 a.m.	other
	to 7 a.m.	10 a.m. to 10 p.m.	hours
<u>Demand Charge per kW</u>			
Secondary	none	\$22.09	\$5.26
Primary	none	\$18.96	\$4.65
Transmission	none	\$15.68	\$3.81
<u>Energy Charge per kWh</u>			
Secondary	\$.0268 <u>0287</u>	\$.0516 <u>0535</u>	\$.0409 <u>0428</u>
Primary	\$.0249 <u>0268</u>	\$.0477 <u>0496</u>	\$.0387 <u>0406</u>
Transmission	\$.0248 <u>0267</u>	\$.0461 <u>0480</u>	\$.0377 <u>0396</u>
<u>Minimum Demand Charge</u>			
per Meter per kW			
per Rate Period			
Secondary	none	\$33.50	\$9.21
Primary	none	\$28.76	\$8.13
Transmission	none	\$23.79	\$6.68

*For Rate M285, the modified peak period is from 3 p.m. to 10 p.m. on weekdays (Monday – Friday)

** See Paragraph IV.A.10, "Daylight Savings Time", on Leaf No.99.

VIII. SERVICE CLASSIFICATIONS (continued):

I. SERVICE CLASSIFICATION NO. 2 - MRP

Large General and Industrial Service With Multiple Rate Periods (continued):

(Rate Codes: 284, 285, M284, M285)

Rates and Charges per Meter per Month (continued):

<u>Rate Code 284</u>	<u>Secondary</u>	<u>Primary</u>	<u>Transmission</u>
Service Charge per day	\$7.50	\$7.50	\$7.50
Meter Charge per day	\$2.50	\$6.50	\$6.50
	<u>Rate Periods**</u>		
	1	2	3
	Off-Peak all year 11 p.m. to 7 a.m.	On-Peak * June - Sept weekdays 12 noon to 8 p.m.	Intermediate all other hours
<u>Demand Charge per kW</u>			
Secondary	none	\$42.83	\$4.28
Primary	none	\$38.45	\$3.84
Transmission	none	\$28.74	\$2.87
 <u>Energy Charge per kWh</u>			
Secondary	\$.00940113	\$.04720491	\$.04390458
Primary	\$.00790098	\$.04010420	\$.03780397
Transmission	\$.00790098	\$.03760395	\$.03590378
 <u>Minimum Demand Charge</u> per Meter per kW per Rate Period			
Secondary	none	\$54.99	\$7.25
Primary	none	\$49.57	\$6.68
Transmission	none	\$36.88	\$5.06

* For Rate Code M284, the modified peak period is from 3 p.m. to 8 p.m.

** See Paragraph IV.A.10, "Daylight Savings Time", on Leaf No. 99.

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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

VIII. SERVICE CLASSIFICATIONS (continued):**K. SERVICE CLASSIFICATION NO. 5
Traffic Signal Lighting (continued):
(Rate Code: 980)**4. Definition of Control Mechanism for Billing Purposes:

- a) A control mechanism is a device that controls the signal lights and other traffic/pedestrian equipment at an intersection.

5. Rates and Charges

- a) Rates per Signal Face of Light per Month

\$6.30 per control mechanism per month.

\$3.~~00~~~~08~~ per incandescent signal face per month.

\$2.~~70~~~~72~~ per LED signal face per month

- b) Adjustment 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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

6. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill. Late payments shall be subject to Late Payment Charges.

7. Term of Service

- a) The Authority will provide service to the Customer until service is terminated either by the Customer or the Authority.
- b) The Customer shall give the Authority thirty (30) days written notice when requesting termination of service.
- c) The Authority may terminate service to the Customer in accordance with the provisions of this Tariff, after giving the Customer thirty (30) days written notice.

VIII. SERVICE CLASSIFICATIONS (continued):

L. SERVICE CLASSIFICATION NO. 7

Outdoor Area Lighting:
(Rate Code: 780)

1. Who Is Eligible

Customers who used this service for outdoor lighting before December 5, 1986, provided:

- a) Suitable overhead distribution facilities exist, except,
- b) When only one (1) span of overhead secondary cable per lighting fixture is needed. In such cases, the Authority will provide the cable on existing poles.

2. Character of Service

- a) Unmetered, single-phase, 60 hertz, alternating current supplied to Authority-owned, operated, and maintained lighting facilities, and
- b) Provided for approximately 4,210 hours per year (4,222 for a leap year), at suitable voltages chosen by the Authority, and
- c) Provided to mercury vapor and incandescent lighting facilities.

3. Rates and Charges

a) Rates per Mercury Vapor Facility per Month

<u>Type Luminaire</u>	<u>Approximate Lumens</u>	<u>Total Watts</u>	<u>Monthly Rates</u>
Area Light	7,000	200	\$13. 2034
Area Light	21,000	455	\$20. 4037
Flood Light	21,000	455	\$21. 6088
Flood Light	52,000	1,100	\$ 4647.5015

b) Rates per Incandescent Facility per Month

<u>Type Luminaire</u>	<u>Approximate Lumens</u>	<u>Total Watts</u>	<u>Monthly Rates</u>
Flood Light	100 c.p.	92	\$5. 4046
Flood Light	250 c.p.	189	\$ 910.9002

c) 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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

VIII. SERVICE CLASSIFICATIONS (continued):

M. SERVICE CLASSIFICATION NO. 7A

Outdoor Area Lighting - HPS (High Pressure Sodium) and MH (Metal Halide):
(Rate Codes: 781, 782)

1. Who Is Eligible

Customers who will use this service for outdoor lighting, provided:

- a) Suitable overhead distribution facilities exist, except
- b) When only one (1) span of overhead secondary cable per lighting fixture is needed. In such cases, the Authority will provide the cable on existing poles. Charges for additional cable and poles are given below.

2. Character of Service

- a) Unmetered, single-phase, 60 hertz, alternating current supplied to Authority-owned, operated, and maintained lighting facilities, and
- b) Provided for approximately 4,090 hours per year (4,102 for a leap year), at suitable voltages chosen by the Authority, and
- c) Provided to high pressure sodium and metal halide facilities.

3. Rates and Charges

a) Rates per Lighting Facility per Month

<u>Lamp Type</u>	<u>Type Luminaire</u>	<u>Approximate Lumens</u>	<u>Total Watts</u>	<u>Monthly Rates</u>
High Pressure Sodium*	Area Light	6,400	108	\$17. 70 <u>83</u>
High Pressure Sodium*	Flood Light	27,500	309	\$23. 40 <u>33</u>
High Pressure Sodium*	Flood Light	50,000	476	\$31. 20 <u>53</u>
Metal Halide*	Flood Light	36,000	453	\$31. 50 <u>82</u>
Metal Halide*	Flood Light	110,000	1093	\$39. 00 <u>59</u>
High Pressure Sodium	Full Cut-off	4,000	63	\$23. 40 <u>54</u>
High Pressure Sodium	Full Cut-off	6,300	91	\$23. 70 <u>85</u>
High Pressure Sodium	Full Cut-off	9,500	128	\$24. 30 <u>47</u>

*Commencing October 1, 2003, not available for new installations or replacements.

VIII. SERVICE CLASSIFICATIONS (continued):**M. SERVICE CLASSIFICATION NO. 7A****Outdoor Area Lighting - HPS (High Pressure Sodium) and MH (Metal Halide)****(continued):****(Rate Codes: 781, 782)****Rates and Charges (continued):**

High Pressure Sodium	Full Cut-off	28,500	305	\$28. 50 75
High Pressure Sodium	Full Cut-off	50,000	455	\$37. 20 55
Metal Halide	Full Cut-off	20,500	288	\$28. 50 75
Metal Halid	Full Cut-off	36,000	455	\$37. 20 55

b) The charge for Additional Overhead Secondary Cable and Poles dedicated to the Customer is \$13.20 per span per month.

c) 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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

4. Minimum Charge

The monthly Minimum Charge is the facilities charge computed under the rates in 3 a), b) and c) above for the number of lighting facilities in place on the billing date.

5. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill. Late payments shall be subject to Late Payment Charges.

6. Term of Service

a) The Term of Service is two (2) years, and the Authority will provide service to the Customer until service is terminated either by the Customer or the Authority.

b) The Customer shall give the Authority five (5) days written notice when requesting termination of service, after two (2) years from the start of service.

c) The Authority may terminate service to the Customer in accordance with the provisions of this Tariff.

d) The Authority may terminate service immediately if, for any reason, the Authority is not able to maintain the lines needed to supply the facility or is unable to maintain the facility.

VIII. SERVICE CLASSIFICATIONS (continued):**N. SERVICE CLASSIFICATION NO. 10****Public Street and Highway Lighting Energy and Connections:
(Rate Codes: 1580, 1581)**1. Who Is Eligible

- a) Customers who will use this service for lighting of public streets, highways, parks, parking fields, and similar areas where facilities are owned and maintained by governmental agencies or their agents, and
- b) The Authority will furnish service only after suitable agreements are signed that cover energy requirements and service connections.

2. Character of Service

- a) Unmetered, single-phase, 60 hertz, alternating current supplied to Customer-owned, operated, and maintained lighting facilities (a lighting facility includes luminaries, posts, supply circuits, and all associated equipment needed), and
- b) Provided at suitable voltages chosen by the Authority.

3. Rates and Charges

- a) The Energy Charge per Lighting Facility per Month is \$.~~0603~~-~~0619~~ per kWh, for the monthly kWhs of unmetered lighting service specified in this Tariff.
- b) The Underground Connection Charge per Month is \$4.65 per Energy Delivery Point serving one or more underground-supplied lighting facility as described in Special Provision 7.a. below.
- c) 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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

4. Minimum Charge

The monthly Minimum Charge is the total Underground Connection Charge, plus Adjustments to Rates and Charges.

5. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill. Late payments shall be subject to Late Payment Charges.

VIII. SERVICE CLASSIFICATIONS (continued):

P. SERVICE CLASSIFICATION NO. 12

Back-Up and Supplemental Service (continued):

(Rate Codes: 680, 681)

Rates and Charges for Backup and Supplemental Service (continued):

d) Energy Charges per kWh (Rate Code 681)

Energy Charges per kWh for both Back-Up and Supplemental Service

	<u>Rate Periods*</u>		
	1	2	3
	Midnight to 7 a.m. all year	June - Sept., except Sunday, 10 a.m. to 10 p.m.	All remaining hours
Secondary	\$. <u>02430259</u>	\$. <u>20572073</u>	\$. <u>04910507</u>
Primary:	\$. <u>02350251</u>	\$. <u>19952011</u>	\$. <u>04710487</u>
Transmission	\$. <u>02230239</u>	\$. <u>19181934</u>	\$. <u>04430459</u>

* See Paragraph IV.A.10, "Daylight Savings Time", on Leaf No. 99.

e) Reactive Power Charge

Net Reactive Demand Charge per kvar = \$.27 for primary and transmission voltage services only, and applies from 7 a.m. through 11 p.m.

VIII. SERVICE CLASSIFICATIONS (continued):**P. SERVICE CLASSIFICATION NO. 12****Back-Up and Supplemental Service (continued):****(Rate Codes: 680, 681)****Rates and Charges for Backup and Supplemental Service (continued):**

f) 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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor and the Securitization Offset Charge. The Revenue Decoupling Mechanism does not apply.

g) Surcharge for Exceeding the Contract Demand for Back-Up and Supplemental Service

- (1) If the monthly maximum demand supplied for Back-Up and Supplemental Service is greater than the Contract Demand by 10 percent (10%) or less, the Authority will apply a surcharge equal to twelve (12) times the difference in monthly Rate II Demand Charges to that month's bill, or
- (2) If the monthly capacity supplied is greater than the Contract Demand by more than 10 percent (10%), the Authority will apply a surcharge equal to twenty-four (24) times the difference in monthly Rate II Demand Charges to that month's bill, and
- (3) In both 1 and 2, the Authority will increase the Contract Demand to the highest average kilowatts measured in a 15-minute interval during any month (maximum monthly demand).

6. Interconnection Charges

Interconnection Charges are for costs, not covered elsewhere, that are more than what the Authority's ordinary costs would have been to supply the Customer's electrical needs under a suitable Service Classification. The Customer shall pay the Authority the Interconnection Charges in full when the extra costs arise. The Authority will also charge an application fee of \$350 which may be applied to the costs of interconnection.

- a) The application fee will be returned to Customers that are participating in net metering to the extent it is not used to cover the cost of interconnection.
- b) Customers that are not participating in net metering will not be entitled to the return of any portion of their application fee, even to the extent it is not used to cover the cost of interconnection.
- c) The application fee will not be returned to Customers that withdraw their application or otherwise do not complete their interconnection agreement.

VIII. SERVICE CLASSIFICATIONS (continued):**Q. SERVICE CLASSIFICATION NO. 13****Negotiated Rate Service for Large Commercial Customers (continued):**
(Rate Codes: 278)5. Rates

- a) The specific charges for each Customer's service will be stated in the Electric Service Agreement, and
- b) The minimum rate will allow the Authority to recover all of its additional costs, plus contribute at least one (1) cent per kilowatt-hour to fixed costs.
- c) The specific charges applicable to the Brookhaven Laboratories receiving service from the New York Power Authority pursuant to a "sale for resale" agreement may be set equal to the cost of the power supply agreement plus a charge equivalent to the wholesale transmission rate for delivery of power, as the rate may change from time to time.

6. Adjustments to Rates and Charges

Except as stated in 5.c) above, 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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor and the Securitization Offset Charge. However, the bill will not be adjusted for the Revenue Decoupling Mechanism.

7. Terms of Payment

- a) The Customer shall pay the balance due in cash, including checks and money orders, or through an acceptable money-transfer process, on receiving the bill.
- b) Late payments shall be subject to Late Payment Charges.

8. Term of Service

The Term of Service shall be negotiated as part of the Electric Service Agreement and shall be no greater than 7 years, except for Traction Power Service to the Long Island Rail Road, which may extend for a longer term.

9. Special Provisions

- a) Before entering into an Electric Service Agreement:
 - (1) All Applicants are required to complete to the Authority's satisfaction the application for service for this Service Classification.
 - (2) Existing Attraction and Retention Applicants are required to demonstrate to the Authority's satisfaction that their other energy sources or the actions they are considering are realistic alternatives to the continued purchase of the Authority's electric power at the regular rates for all or part of their load.

VIII. SERVICE CLASSIFICATIONS (continued):

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

4. Residential and Small General Service Time-Differentiated Pricing

Residential and Small General Service (rate codes 280 and 288) 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 <u>Inclusive</u>	October to May <u>Inclusive</u>
Service Charge per day	\$.3600	\$.3600
Meter Charge per day	\$.1000	\$.1000
	June to September <u>Inclusive</u>	October to May <u>Inclusive</u>
Energy Charge per kWh		
	<u>Period 1</u>	<u>Period 2</u>
7 p.m. to 2 p.m. weekdays and all day Saturday and Sunday	\$. 06250637	\$. 04840496
	<u>Period 3</u>	<u>Period 4</u>
2 p.m. to 7 p.m. Weekdays	\$. 41194131	\$. 09350947

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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

c) Minimum Charge

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

d) Maximum Charge

For the first 12 months of participation under these rates, the Maximum 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. Following 12 consecutive months of participation, the Maximum Charge may increase to the amount actually billed to the participant, so long as that condition is included in the signed agreement with the Customer.

VIII. SERVICE CLASSIFICATIONS (continued):**S. SERVICE CLASSIFICATION NO. 16- AMI
Advanced Metering Initiative Pilot Service (continued):
(Rate Codes: M188, M288, M282, M284, M285)****5. Non-Residential Time-Differentiated Pricing**

Non-Residential 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, the Shoreham Property Tax Settlement Rider, the Energy Efficiency Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism and the Securitization Offset Charge.

c) Maximum Charge

On an annual basis, the Maximum 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. Following 12 consecutive months of participation, the Maximum Charge may increase to the amount actually billed to the participant, so long as that condition is included in the signed agreement with the Customer.

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.

IX. Long Island Choice Program (continued):**C. ADJUSTMENTS TO RATES AND CHARGES FOR PARTICIPATING CUSTOMERS (continued):**

2. The Increases in Rates and Charges to Recover PILOT Payments will be applied to all of the charges on the Participating Customer's bill.
3. \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment will apply to the Participating Customers.
4. The Shoreham Property Tax Settlement Rider do not apply to the charges and credits contained in C.1 and C.2 above. The Shoreham Property Tax Settlement Rider will be calculated as if the Participating Customer was receiving Bundled Service from the Authority.
5. For Participating Customers, the discounts under LIPA's Business Development programs will be calculated pursuant to the provisions and energy rates applicable to Bundled Service, as if the Customer were taking Bundled Service.
6. Long Island Choice Customers are subject to the Revenue Decoupling Mechanism according to their base rate Service Classification.
- ~~6-7.~~ The NYS Assessment charge will be calculated as if the Participating Customer was receiving Bundled Service from the Authority. The New York State Assessment charge will be applied before the Increases in Rates and Charges to Recover PILOT payments to all of the actual or estimated charges on the Participating Customer's bill.
- ~~7-8.~~ The Rates and Charges for Participating Customers will be increased by the Energy Efficiency Cost Recovery Rate to recover energy efficiency program costs, pursuant to their prevailing Rate Code for Bundled Service.
- ~~8-9.~~ Each Customer's bill will be adjusted for the Securitization Offset Charge.
- ~~9-10.~~ Each Customer's bill will be adjusted for the Securitization Charge.
- ~~10-11.~~ Special Provisions

a) Choice of Suppliers

Customers shall choose an ESCO to act as their agent from a list of ESCOs licensed by the Authority.

- 1) Customers shall select only one ESCO at a time unless the Customer has multiple eligible accounts, in which case the Customer may select a different ESCO for each account.
- 2) Customers may switch ESCOs or return to LIPA's Bundled Service on the first day of any month, after providing LIPA with not less than ten (10) calendar days' notice before that date. Customers shall pay the applicable administrative charge, as stated in A.5.b) above.
- 3) Customers who return to LIPA's Bundled Service shall pay the same rates that are applicable to Customers that never participated in the LI Choice Program. Any notification requirements or charges for terminating a contract between a Customer and an ESCO remain the responsibility of the Customer.

XI. NYSERDA Loan Installment Program (continued):**B. Operation of the Program**

1. NYSERDA Loan Installment Charges will be paid to the Authority with the Customer's regular cycle service bill.
 - a) Bills are due and payable when rendered.
 - b) If less than the total monthly bill amount inclusive of the NYSERDA Loan Installment Charge is remitted by the Customer, the partial payment will first be applied to any charges due to the Authority and any remaining amount thereafter will be applied to the NYSERDA Loan Installment Charge.
 - c) If more than the total monthly bill amount inclusive of the NYSERDA Loan Installment Charge is remitted by the Customer, the Authority will apply the excess payment first to subsequently billed Authority charges and then to NYSERDA Loan Installment Charges as they are billed.
 - (1) For a Customer participating in the Balanced Billing plan, the charges due to the Authority shall reflect the amounts billed under the Balanced Billing program
 - (2) The Authority will not apply excess payments as a prepayment of NYSERDA Loan Installment Charges. Customers wishing to make NYSERDA Loan Installment prepayments or satisfy the balance of the loan amount outstanding must arrange with NYSERDA or its designated billing agent for any such payments.
 - (3) The Authority will not pay any interest on any overpayments of NYSERDA Loan Installment Charges.
2. The provisions of this Tariff apply to NYSERDA Loan Installment Charges and payments, including:
 - a) Deferred Payment Agreements will be offered for unpaid NYSERDA Loan Installment Charges.
 - b) Field Collection Charge and Reconnection Charge will apply, even if the amount in arrears was related solely to NYSERDA Loan Installment charges.
 - c) Uncollectible Payment Handling Charge will apply, even if the payment was solely related to NYSERDA Loan Installment Charges
3. The Late Payment Charge will not apply to any unpaid NYSERDA Loan Installment Charges.
4. NYSERDA Loan Installment charges will not be subject to the following Adjustments to Rates and Charges:
 - a) Increases in Rates and Charges to Recover PILOT Payments
 - b) Shoreham Property Tax Settlement Rider
 - c) New York State Assessment Factor
 - e)d) Revenue Decoupling Mechanism

Long Island Power Authority

Statement of New York State Assessment (NYSA) Factor

Applicable to billings under all Service Classifications as set forth in the Tariff for Electric Service.

New York State Assessment Factor 40.00005000%

The New York State Assessment Factor shown above will be applied to each Customer's actual or estimated charges, including all Adjustments to Rates and Charges, except for Increases to Recover PILOT Payments.

Long Island Power Authority

Statement of Energy Efficiency Cost Recovery Rate (EER)

Applicable to Customers in All Service Classifications except S.C. 11 and 14
as set forth in the Tariff for Electric Service

	<u>Small Customers</u>	<u>Large Customers</u>
1. Efficiency and Renewables Expenditures Approved for Recovery	\$33,228,782	\$31,614,794
2. Estimated Energy Sales (in MWh)	<u>10,380,750</u>	<u>9,032,798</u>
3.1. Energy Efficiency Cost Recovery Rate (\$/kWh)	\$0.003204002233	\$0.003500002442

Applicability of the Cost Recovery Rate (per the Tariff for Electric Service):

Small Customers include Service Classification Nos. 1, 1-VMRP(L), 1-VMRP(S), 2, 2-VMRP, 5, 7, 7A, 10.

Large Customers include Service Classification Nos. 2-L, 2-H, 2L-VMRP, 2-MRP, 2-VRTP, 12, and 13.

Recharge NY energy is not subject to the Large Customer rate.

Service Classification No. 11 (Buy-Back Service) is not subject to this rate.

Customers participating in the Long Island Choice Program are subject to this rate.

Energy Service Companies (ESCOs) in Service Classification No. 14 are not subject to this rate.

Long Island Power Authority

Statement of Revenue Decoupling Mechanism (RDM)

Applicable to billings under Service Classifications as set forth in the Tariff for Electric Service.

- a) Residential Percentage Rate Equals (0.0000%) Applicable to:
 - (1) Service Classification No. 1-(Rate Codes: 180, 183, 186, 380, 480, 481, 580, 581, 880, 881, 882, 883)
 - (2) Service Classification No. 1-VMRP (Rate Codes: 181, 182,184,188)
 - (3) Service Classification No. 16-AMI (Rate Code M188)

- b) Small Commercial Percentage Rate Equals (0.0000%) Applicable to:
 - (1) Service Classification No. 2-(Rate Code 280)
 - (2) Service Classification No. 2-VMRP (Rate Code 288)
 - (3) Service Classification No. 16-AMI (Rate Code M288)

- c) Large Commercial Percentage Rate Equals (0.0000%) Applicable to::
 - (1) Service Classification No. 2-L (Rate Codes 281, 283)
 - (2) Service Classification No. 2-H (Rate Codes 290, 291, 293)
 - (3) Service Classification No. 2LVMRP (Rate Codes 282, M282)
 - (4) Service Classification No. 16 (Rate Code M282)

- d) Mandatory Large Demand Metered Service with Multiple Rate Periods Percentage Rate Equals (0.0000%) Applicable to::
 - (1) Service Classification No. 2-MRP (Rate Codes 284, 285, M284, M285)
 - (2) Service Classification No. 16-AMI (Rate Code M284, M285)