

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

Staff proposes to modify the Authority's Tariff for Electric Service ("Tariff") to implement an Excelsior Jobs Program discount in furtherance of New York State legislation. Staff further proposes to modify LIPA's business attraction, expansion, manufacturing competitiveness and business incubator programs to encourage business development.

Background and Proposal:

Excelsior Jobs Program

In July 2010, Chapter 59 of the Laws of 2010 was enacted, which among other things, amended the Economic Development Law and established the Excelsior Jobs Program. Staff proposes to revise the Tariff to implement an Excelsior Jobs Program discount in furtherance of the New York State law.

The New York State Excelsior Jobs Program, administered by New York State Department of Economic Development, encourages the expansion in, and/or relocation to New York State for businesses in growth industries such as clean-tech, broadband, information systems, renewable energy and biotechnology. Firms in these strategic industries that create and maintain new jobs or make significant financial investment will be eligible for up to four new tax credits from New York State. Businesses qualifying for this program must make a substantial commitment to growth either in employment or through the investment of significant capital in a New York facility.

The Excelsior Jobs Program tariff provisions proposed by Staff are consistent with the tariffs that are being submitted to the Public Service Commission by the investor-owned utilities in the State. Similar to the rest of the State, participants in the LIPA program must be certified by the New York State Department of Economic Development to qualify for this program.

The proposed change to the Tariff is to add a new section under "VII.E - Adjustment to Rates to Encourage Business Development" to incorporate the Excelsior Program. Participation in LIPA's Excelsior Program is limited to customers that meet the following criteria:

- A new customer that moves into the LIPA service territory with electric load of 7 kW or higher and is certified by New York State (NYS) Empire State Development Corporation as a participant in the NYS Excelsior Jobs Program.
- An existing customer that increases its electric load by 25 % or 50 kW (whichever is less) to a level of 7 kW or higher after the increase, and is certified by New

York State (NYS) Empire State Development Corporation as a participant in the NYS Excelsior Jobs Program.

The proposed pricing for Excelsior Jobs Program participants is based on the incremental cost of serving this new load which is the same basis used by the electric utilities in the rest of the State. Each customer that qualifies will receive a discount to their energy costs equating to an annual savings of about 15%. New customers receive the discount on 100% of their load while existing customers that expand load receive the discounts only on their incremental consumption. The savings will be accomplished through a 75% discount that applies only to the energy charge component of the Delivery Charge, and will not be applied to any other charge on the bill. The proposed discount on the energy component of the delivery charge will continue for 10 years from the date of certification for each eligible customer.

Because the NYS Excelsior Jobs Program is already in effect, Staff requests that the benefits of LIPA's program discount be made retroactive to the date that an eligible customer is certified by Empire State Development Corporation as a qualifying participant. Applications for Excelsior Jobs Program participation have been received from 21 companies so far, and while none have been certified to date, it is possible that certification and eligibility could be established while this tariff proposal is under consideration.

Business Development Rates (BDR)

LIPA has offered Business Development rate discounts since it acquired the electrical system in 1998. The purpose of the Business Development program is to attract and retain electric load to Long Island in order to support the economy and spread LIPA's fixed costs over a larger customer base. The discounts are available to qualifying non-residential customers that move into the service territory or increase their load by a significant amount. The discount is structured as a percentage reduction to specific rate components, and declines each year over a five-year period until the customer is paying the standard rates.

Several changes to the provisions of the Business Development Rate (BDR) programs are proposed, including:

- Removing the discount on the base cost of fuel
- Removing the upper limit in the eligibility criteria for qualifying load
- Extending eligibility for modified rating periods to retention customers and retail enterprises

These proposed changes would apply only to new participants in the program. Existing participants would continue to receive the benefits they were eligible for when they were accepted into the program.

Staff proposes to modify the structure of the business development rate discounts to reflect the current rate structure. The current design for the Business Development Rate provides a discount on the “base cost of fuel”, a concept that was removed from the rate structure in 2006 when the Fuel and Purchased Power Cost Adjustment (“FPPCA”) was reconstituted as the Power Supply Charge. Staff recommends that the discount currently associated with the base cost of fuel (equal to 3.92¢ per kWh) be added to the discount applicable to the energy-related per-kWh components of the Delivery rates (averaging 3.66¢ per kWh), effectively doubling the discount on the energy rate component of the Delivery Charge each year but producing the same overall discount on the total bill. A table is included as Attachment A to this proposal that demonstrates the calculation of the first year discount under the current and proposed approaches.

Staff also proposes to remove the upper size limits on participation in the Business Development Rate programs. The current upper limits were approved by the Trustees in September 2004 to provide a clearly defined, off-the-shelf, program discount to new customers, and/or site location consultants for new projects in the 500 kW to 1,000 kW load range, without having to request financial analysts to perform detailed rate discount analyses now required under SC-13. In practice, staff has found that even the largest customers are more attracted by the existence of standard offers, which means that LIPA can achieve equal or better participation by removing the upper limit. At the same time, the option for negotiated contracts still remains for customers that need something other than the standard discount to attract them to the service territory.

Modified Time of Use Rates for Load Retention

Staff also proposes to make Modified Time of Use¹ rates available to retention customers. These modified rating periods are currently available to expansion and attraction customers through the Business Development program, and to Negotiated Contract customers under SC-13. Staff anticipates that extending modified time of use rating periods to load retention situations will increase its ability to retain such businesses without providing an automatic discount. The ability to provide a potential benefit in order to retain load from businesses that are too small to qualify for a negotiated contract in a manner which ultimately saves money for all other customers presents an opportunity that seems appropriate to consider. Since 2009, commercial customers have been leaving the service territory or closing their operations almost as fast as new businesses are being attracted and almost all of these customers were too small to qualify for negotiated contracts under SC-13².

¹ Modified time-of-use rating periods are intended to encourage customers to control, shift or minimize their peak energy requirements between 3 PM and 8 PM on summer weekdays, without having to maintain those efforts for the entire 12 hour on-peak period. As discussed in the Financial Impact section of the memorandum, the savings in power supply and delivery costs created by shifting load exceed the reduction in revenue received by the participating customers, so Modified Time of Use rates actually generate a benefit for all ratepayers, not just the participating customers.

² Net annual growth in commercial customers was only 0.05% in the two years from 2009 to 2011 compared with net annual growth of 0.6% in the five years from 2004 to 2009.

Time of Use rates vary by the time of day in which electricity is used, and are mandatory for LIPA's largest non-residential customers³. The high-price on-peak hours occur between 10 AM and 10 PM on Monday through Saturday. Since the hours most likely to contribute to LIPA's peak load are between 3 PM and 8 PM on summer weekdays, the modified time-of-use option gives commercial customers the opportunity to operate their businesses at full requirements through the earlier part of the afternoon, and still reduce their load (and therefore LIPA's load) in the most expensive summer daytime hours.

Financial Impacts:

The intention of the Excelsior Jobs program and the business development program is to increase economic activity on Long Island and promote or retain electric load in the service territory. The Excelsior Jobs Program is priced at the incremental cost of Delivery Service, and Power Supply is provided at the tariff rate (unless purchased from a third-party ESCO). The Business Development Rate (BDR) programs are priced at the incremental cost of Power Supply and Delivery Service, plus an incremental penny per kWh contribution to fixed costs. As a result, every kWh of energy sold under either of these programs makes a contribution to LIPA's fixed costs that would otherwise be borne by the existing customer base. LIPA's Approved Budget for 2012 includes \$2.2 million per year to support business development program discounts, including the grandfathered Empire Zone program, the proposed Excelsior Jobs program and the continuing Business Development Rate program.

The financial impact of offering modified rating periods for business retention is estimated to be small but positive. If a participating customer does not change its usage behavior, the bill will be the same as under standard rating periods, and there will be no change in revenue to LIPA. For each kW of reduced load in the modified on-peak hours, LIPA avoids marginal generation and transmission capacity costs of approximately \$70 per kW-year currently, which is projected to grow as capacity tightens on Long Island. Since a Rate 285 customer that shifts his on-peak load into the less expensive intermediate peak period saves \$62 per kW across all four summer months, or \$8/kW less than it costs LIPA to serve that load, the cost savings more than justify the reduced revenue, which savings are passed through to all other customers through the Power Supply Charge and future delivery cost reductions.

Proposed Tariff Changes:

1. Add language to "Adjustments to Rates to Encourage Business Development" section

Affected Tariff Leaves: Leaves 177B, 178, 178A, 178B, 199, 203, 209, 209A, 217, 217A, 223, 223A, 230, 230A, and 231.

³Customers with peak demand in excess of 145 kW between June and September or greater the 500 kW in the non-summer months of October through May.

Reason for Tariff Change

To add the Excelsior Program to LIPA's Tariff for Electric Service.

- 2. Add tariff language authorizing retention customers to participate in modified rating periods only.**

Affected Tariff Leaves: 173 and 175

Reason for Tariff Change

These changes will create a retention program which offers modified rating periods only.

- 3. Update the discount available to new participants in the Business Attraction/Expansion program.**

Affected Tariff Leaves: 209, 210, 217, 223, 230 and 231.

Reason for Tariff Change

These changes will better align the discounted rates with LIPA's incremental costs.

Summary of Proposed Changes:

In summary, the proposed changes to LIPA's Tariff for Electric Service will add the Excelsior Jobs Program to Section VII.E - Adjustments to Rates to Encourage Business Development section, create a cost-based program to retain existing load including Retail Enterprises, and update the discounts available to new participants in the Business Attraction/Expansion Program. The proposed revised Tariff Leaf Nos. 173, 175, 177B, 178, 178A, 178B, 199, 203, 209, 210, 217, 217A, 217B, 223, 223A, 230, 230A, 231 and 231A are attached.

Attachment A

Example of Excluding the Base Cost of Fuel from the BDR Discounts Calculation

On 7/5/06, the "base cost of fuel" (3.92¢ per kWh) was removed from the base energy rate and added to the Power Supply Charge. However, it remained eligible for the discount provided to BDR Customers

<u>Typical Summer Bill for a Rate 285 Customer</u>			<u>First Year Discount Under Current Methodology</u>		<u>First Year Discount Under Proposed Methodology</u>		
	<u>Unit Rate</u>	<u>Billing Units</u>	<u>Standard Charge</u>	<u>Subject to Discount</u>	<u>50% Discount</u>	<u>Subject to Discount</u>	<u>100% Discount</u>
Daily Service Charge							
Service Charge	\$7.50	30	\$225.00	\$0.00	\$0.00	\$0.00	\$0.00
Meter Charge	\$2.50	30	\$75.00	\$0.00	\$0.00	\$0.00	\$0.00
Energy Charge							
Period 1	\$0.0237	14,616	\$346.40	\$346.40	\$173.20	\$346.40	\$346.40
Period 2	\$0.0485	31,248	\$1,515.53	\$1,515.53	\$757.76	\$1,515.53	\$1,515.53
Period 3	\$0.0378	17,136	\$647.74	\$647.74	\$323.87	\$647.74	\$647.74
Demand Charge							
Period 2	\$19.65	225	\$4,421.25	\$0.00	\$0.00	\$0.00	\$0.00
Period 3	\$4.68	250	\$1,170.00	\$0.00	\$0.00	\$0.00	\$0.00
Power Supply Charge							
Base Cost of Fuel	0.039200	63,000	\$2,469.60	\$2,469.60	\$1,234.80	\$0.00	\$0.00
Excess Cost of Fuel	0.053842	63,000	\$3,392.05	\$0.00	\$0.00	\$0.00	\$0.00
Total Charge	0.082954						
Subtotal before Other Charges			\$14,262.56	\$4,979.27	\$2,489.63	\$2,509.67	\$2,509.67
Discount from Standard Bill					17.5%		17.6%

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**E. Adjustments to Rates to Encourage Business Development:**1. Business Attraction/Expansion Programa) Objective

This program is intended to attract, expand, or retain new load in the Authority's Service Area by offering eligible Customers reduced electric rates for attraction or expansion and the ability to choose modified rating periods when committing to reduce their load beginning 3 p.m. on weekdays in the summer months (June – September) for attraction, expansion or retention. Refer to E.1.f.5 for exact hours. Participation in this program cannot occur concurrently with any other Business Development Program except the Power-for-Jobs Program.

Who is Eligible

(1) An Applicant who:

- (a) Moves a business into or starts a business in the Authority's Service Area, or
- (b) Takes control of an existing business in the Authority's Service Area. Applicant shall demonstrate and sign an affidavit of independence stating that the new business will be different than the existing business, or
- (c) Takes control of a failed business in the Authority's Service Area and can prove the bankruptcy of the failed business, and
- (d) Qualifies for Service Classification No. 2-MRP and whose load level is expected to exceed 145 kW in any summer month (June through September, inclusive), but not be greater than 1,000 kW, and
- (e) Takes its full load requirements under all accounts for the facility being served from the Authority or participates in the LI Choice Program or the Power for Jobs Program.

(2) An existing Customer who:

- (a) Expands its load by at least 100 kW in the Authority's Service Area up to at least 145 kW in any summer month (June through September, inclusive), but to no greater than 1.5 MW after expansion, or
- (b) Increases employment by at least the equivalent of 20 percent of full-time employees over a base complement of at least fifty (50) existing full-time employees, and/or
- (c) Retains load of at least 145 kW in the Authority's Service Area in any summer month (June through September, inclusive) that it would otherwise relocate or discontinue, and
- ~~(e)~~ (d) Takes its full load requirements under all accounts for the facility being served from the Authority or participates in the LI Choice Program or the Power for Jobs Program.

(3) Exception

Applicants or Customers engaged in Retail Enterprises are not eligible for this program.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**E. Adjustments to Rates to Encourage Business Development (continued):****Business Attraction/Expansion Program (continued):**f) Incentives

- (1) Discounts will apply to charges for additional electric use over the previous 12-month actual or estimated base levels at the time of participation. These base levels are adjusted for ~~achieved conservation~~ energy savings achieved from measures installed through the Authority's Commercial Efficiency or renewable programs. For new Customers, the base levels are zero (0). For retention customers, the base level is the entire load and no discounts will apply, but the retention customer may choose modified rating periods.
- (2) Discounts will be available to each qualifying Customer for a 5-year period. During the first year, the Customer will receive the entire discount as specified under Service Classification No. 2-MRP. After that, the discount will be decreased by one-fifth each year until the Customer is billed at regular rate levels at the end of the fifth year.
- (3) Long Island Choice Program Customers will receive both the discount and the Long Island Choice Program credits. The credits will not reduce the magnitude of the discount.
- (4) For Customers participating in the Power-for-Jobs Program, the discount will be limited to the portion of load provided by the Authority.
- (5) Modified rate periods will be available to each qualifying Customer that makes a commitment to reduce its load beginning 3 p.m. on weekdays in the summer months (June – September). For Qualifying Customers taking service under Service Classification 2-MRP that request this option, the modified peak Period 2 hours are June – September, Monday – Friday, from 3 p.m to 8 p.m., for Rate M284 and June – September, Monday – Friday, from 3 p.m. to 10 p.m., for Rate M285. The hours excluded from the standard peak Period 2 will be added to the Intermediate period.

2. Manufacturing Competitiveness Programa) Objective

This program is intended to provide support to certain manufacturing companies as certified by the New York State Department of Economic Development/Empire State Development Corporation for their Industrial Effectiveness Program. Support is provided by offering eligible Customers reduced electric rates and the ability to choose modified rating periods when committing to reduce their load beginning 3 p.m. on weekdays in the summer months (June – September). Refer to E.2.e.5 for exact hours. Participation in this program cannot occur concurrently with any other Business Development Program except the Power-for-Jobs Program.

b) Who is Eligible

- (1) Existing Customer accounts that take their full load requirements from the Authority or are enrolled in the LI Choice Program or the Power-for-Jobs Program, and
- (2) Take service under either Service Classification Nos. 2-L, 2L-VMRP, 2-H, or 2-MRP,

and

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**E. Adjustments to Rates to Encourage Business Development (continued):****Business Incubation Program (continued):**

- (4) Modified rate periods will be available to each qualifying Customer that makes a commitment to reduce its load beginning 3 p.m. on weekdays in the summer months (June – September). For Qualifying Customers taking service under Service Classification 2L-VMRP that request this option, the modified peak Period 2 hours are June – September, Monday – Friday, from 3 p.m. to 8 p.m. For Qualifying Customers taking service under Service Classification 2-MRP that request this option, the modified peak Period 2 hours are June – September, Monday – Friday, from 3 p.m. to 8 p.m., for Rate M284 and June – September, Monday – Friday, from 3 p.m. to 10 p.m., for Rate M285. The hours excluded from the standard peak Period 2 will be added to the Intermediate period.

4. Empire Zone Program~~— a) Objective~~

~~Empire Zones are established by municipalities for purposes of attracting businesses to contribute to the overall development of those economically challenged areas. All New York State approved Empire Zones expire July 31, 2004, but can be renewed. Qualifying Customers are eligible to receive rates equal to the Authority's cost to provide additional units of service (i.e., incremental cost). These rates will not be adjusted more than once every 12 months. Participation in this program cannot occur concurrently with any other Business Development Program except the Power for Jobs Program. The Empire Zone program expired on June 30, 2010. Customers on this program, prior to July 1, 2010, will continue to receive rate discounts until their previously agreed upon term has expired.~~

~~— b) Who is Eligible~~~~(1) A Customer who:~~

- ~~(a) Takes service under Service Classification Nos. 2-L, 2L-VMRP, 2-H, and 2-MRP, and~~

~~— (b) Locates in or moves to area designated by New York State as an Empire Zone, and~~

~~— (c) Is certified by the local Economic Development Administrator established under General Municipal Law, Section 963.~~

~~— (2) An existing Customer in an area designated by New York State as an Empire Zone who:~~

~~(a) Increases its load by 25 percent or 100 KW, whichever is less, or~~

~~(b) Increases its load by 25 percent to a minimum of 7 KW if served under Service Classification Nos. 2 and 2-VMRP.~~

a) Incentives

- (1) Discounts, specified under the applicable Service Classification, will be available to each qualifying Customer for no less than five (5) years and no longer than 10 years even if the life of the zone is extended.

- (2) Discounts will be adjusted periodically due to changes in the Authority's incremental costs and/or rates, and
- (3) Discounts will apply to the charges for additional energy and non-peak period demands over the previous 12-months' actual or estimated base levels at the time of participation.
- (4) Long Island Choice Program Customers will receive both the discount and the Long Island Choice Program credits. The credits will not reduce the magnitude of the discount.
- (5) For Customers participating in the Power-for-Jobs Program, the discount will be limited to the portion of load provided by the Authority.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**E. Adjustments to Rates to Encourage Business Development (continued):**~~— Empire Zone Program (continued):c) Participation Requirements~~

~~(1) All qualifying customers shall participate in appropriate conservation programs offered by the Authority.~~

~~(2) All qualifying customers shall maintain their accounts in good standing. An account in good standing will not have arrears in excess of thirty (30) days.d) Incentives~~

~~(1) Discounts, specified under the applicable Service Classification, will be available to each qualifying Customer for no less than five (5) years and no longer than 10 years even if the life of the zone is extended.~~

~~(2) Discounts will be adjusted periodically due to changes in the Authority's incremental costs and/or rates, and~~

~~(3) Discounts will apply to the charges for additional energy and non-peak period demands over the previous 12 months' actual or estimated base levels at the time of participation.~~

~~(a) For Applicants relocating from outside New York State, the base levels are zero (0).~~

~~(b) For Applicants relocating from within New York State but outside LIPA's service area, the base levels are zero (0).~~

~~(4) Long Island Choice Program Customers will receive both the discount and the Long Island Choice Program credits. The credits will not reduce the magnitude of the discount.~~

~~(5) For Customers participating in the Power-for-Jobs Program, the discount will be limited to the portion of load provided by the Authority.~~

5. Excelsior Jobs Program**a) Objective**

This program is intended to encourage businesses to expand or relocate to the Authority's service territory. The New York State approved program is for ten years and will expire June 30, 2021. Qualifying Customers that become certified through the New York State Empire State Development Corporation ("ESD") are eligible to receive rates equal to the Authority's cost to provide additional units of service (i.e., incremental cost), expressed as a percentage of the otherwise applicable rates. These rate discounts will not be adjusted more than once every 12 months. Participation in this program cannot occur concurrently with any other Business Development Program except the Power-for-Jobs Program.

b) Program Definitions

(1) **Approval Date** – Date on which Customer has been accepted into the Excelsior Jobs Program by ESD but has not achieved the job requirement threshold to become certified.

(2) **Certification Date** – Date on which Customer has achieved Excelsior certification as recorded on a document from ESD and is considered certified in the program.

c) Who is Eligible(1) A new Customer who:

- (a) Takes service under Service Classification Nos. 2-L, 2L-VMRP, 2-H, and 2-MRP, and
- (b) Locates in or moves to the Authority's service territory, and
- (c) Is Excelsior certified by the Empire State Development (ESD) of New York State, and
- (d) Applies to the Authority for discount within one year of NYS Excelsior program approval.

(2) An existing Customer who:

- (a) Increases its load by 25 percent or 50 kW, whichever is less; or
- (b) Increases its load by 25 percent to a minimum of 7 kW if served under Service Classification Nos. 2 and 2-VMRP;
- (c) Is Excelsior certified by the Empire State Development (ESD) of New York State; and
- (d) Applies to the Authority for discount within one year of NYS Excelsior program approval. Customers that were certified prior to [the effective date of this leaf] must apply to the Authority by [effective date plus one year].

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**E. Adjustments to Rates to Encourage Business Development (continued):****5. Excelsior Jobs Program (continued):**d) Participation Requirements

- (1) Customer must provide proof of ESD certification in the Excelsior Jobs Program. ESD Approval Date will be utilized to determine a customer's base load.
- (2) Customer must meet and maintain Excelsior Jobs Program certification for discount to continue. Discount will be terminated upon de-certification by ESD.
- (3) All qualifying customers must have an Authority-approved Energy Audit and shall participate in appropriate Energy Efficiency programs offered by the Authority within six (6) months of receiving rate discounts and implement measures with a three (3) year payback or less within two (2) years.
- (4) The Authority may require a follow-up audit or energy consultation on the fifth (5) year anniversary of receiving the rate discounts. The customer must implement measures with a three (3) year payback or less within twelve (12) months of their anniversary date or install Authority approved renewable technology for rate discounts to continue.
- (5) All qualifying customers shall maintain their accounts in good standing. An account in good standing will not have arrears in excess of thirty (30) days.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**E. Adjustments to Rates to Encourage Business Development (continued):****5. Excelsior Jobs Program (continued):****B. Incentives**

1. Discounts, specified under the applicable Service Classification, will be available to each qualifying Customer for up to ten (10) years upon proof of Excelsior Jobs program certification from ESD.
2. Discounts will be adjusted periodically due to changes in the Authority's costs and/or rates, and
3. Discounts will apply only to the delivery charges for additional energy over the previous 12-months' actual or estimated base levels at the time of participation.
 - (a) For Applicants relocating from outside New York State, the base levels are zero (0).
 - (b) For Applicants relocating from within New York State but outside the Authority's service area, the base levels are zero (0).
4. Long Island Choice Program Customers will receive both the discount and the Long Island Choice Program credits. The credits will not reduce the magnitude of the discount.
5. For Customers participating in the Power-for-Jobs Program, the discount will be limited to the portion of load provided by the Authority.
6. If a Customer loses ~~C~~certification at any point during participation or otherwise fails to meet the criteria that were established for eligibility in the Excelsior Jobs program, the discounts provided under this Program are revoked back to the date when the Customer ceased to ~~being~~ eligible. The Customer must refund all discounts received under this Program from that date forward.

VIII. SERVICE CLASSIFICATIONS (continued):**D. SERVICE CLASSIFICATION NO. 2 - General Service - Small (continued):
(Rate Code: 280)**c) Transfer to Service Classification Nos. 2-L, 2-H, or 2L-VMRP

Customers will be transferred to Service Classification Nos. 2-L, 2-H, or 2L-VMRP when:

- (1) For monthly-billed Customers, electric usage during the last twelve (12) months has equaled or been greater than 2000 KWH in each of two (2) consecutive monthly billing periods, or
- (2) For bimonthly-billed Customers, consumption during the last twelve (12) months has equaled or been greater than 4000 KWH in one (1) bimonthly billing period.

The transfer will take place as soon as possible after the Authority certifies that the Customer qualifies for the service, but no longer than sixty (60) days.

~~d) Empire Zone Program~~

~~Empire Zones are established by municipalities for purposes of attracting business to contribute to the overall development of those areas.~~

- ~~(1) The Program is available to Customers who increase their load by at least 25%, to a minimum of 7 KW within a designated zone, and~~
- ~~(2) Customers who qualify would be transferred to an appropriate demand-meter rate (Service Classifications 2-L, 2L-VMRP, 2-H, or 2-MRP) and receive rate discounts on charges for the additional energy used as stated under that Service Classification.~~

d) Excelsior Jobs Program

The Excelsior Program is intended to encourage businesses to expand or relocate to the Authority's service territory.

- (1) The Authority's discount is available to certified participants who increase their load by at least 25%, to a minimum of 7 KW within one year of Excelsior Jobs Program certification, and
- (2) Customers who qualify would be transferred to an appropriate demand-meter rate (Service Classifications 2-L, 2L-VMRP, 2-H, or 2-MRP) and receive rate discounts on charges for the additional energy used as stated under that Service Classification.

e) Service for Religious Purposes, or Community Residences, or Veterans' Organizations

Customers under this Service Classification who use electricity for religious purposes, for Community Residences, or Veterans' Organizations as specified in Section 76 of the Public Service Law, may apply for a suitable residential service after a minimum term of one (1) year.

- (1) The transferring Customer shall submit a new Application to the Authority before the transfer, and

(2) The transfer will take place at the time of the Customer's next meter reading.

VIII. SERVICE CLASSIFICATIONS (continued):**E. SERVICE CLASSIFICATION NO. 2-VMRP****Voluntary Small General Service With Multiple Rate Periods (continued):**
(Rate Code: 288)**Special Provisions (continued):**~~— c) Empire Zone Program~~~~— Empire Zones are established by municipalities for purposes of attracting business to contribute to the overall development of these areas.~~~~— (1) The Program is available to Customers who increase their load by at least 25%, to a minimum of 7 KW, and~~~~— (2) Customers who qualify would be transferred to an appropriate demand-meter rate (Service Classifications 2-L, 2L-VMRP, 2-H, or 2-MRP) and receive rate discounts on charges for the additional energy used as stated under that Service Classification.~~~~d) Excelsior Jobs Program~~~~The Excelsior Jobs Program is intended to encourage businesses to expand or relocate to the Authority's Service Area.~~~~(1) The Authority's discount is available to certified participants who increase their load by at least 25%, to a minimum of 7 KW within one year of Excelsior Jobs Program certification, and~~~~(2) Customers who qualify would be transferred to an appropriate demand-meter rate (Service Classifications 2-L, 2L-VMRP, 2-H, or 2-MRP) and receive rate discounts on charges for the additional energy used as stated under that Service Classification.~~~~d) Service for Religious Purposes, Supervised Community Residences or Veterans' Organizations~~~~(1) Customers under this Service Classification who use electricity for religious purposes, for Community Residences or Veterans' Organizations as specified in Section 76 of the Public Service Law, may apply for a suitable residential service after a minimum term of one (1) year.~~~~(2) The transferring Customer shall submit a new Application to the Authority before the transfer, and~~~~(3) The transfer will take place at the time of the Customer's next meter reading.~~

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

- (2) Customers will be transferred to Service Classification No. 2-MRP, Large General and Industrial Service with Multiple Rate Periods, when the monthly recorded demand:
- (a) Was greater than 500 kW in any two (2) of the last twelve (12) months, or
 - (b) Was greater than 145 kW in any month from June through September, in which case the transfer will take place within sixty (60) days after the summer billing period ends.
 - (c) The S.C. No. 2-MRP rate will go into effect on the day the meter is installed.

d) Business Development Programs**(1) ~~(1)~~ Empire Zone Program**

- ~~(a) Empire Zones are established by municipalities for purposes of attracting business to contribute to the overall development of these areas. The Empire Zone Program expired on June 30, 2010. Customers on this program, prior to July 1, 2010, will continue to receive authorized rate discounts until their previously agreed upon term has expired.~~
- ~~(b) The Program is available to Customers who increase their load by at least 25%, to a minimum of 7 kW within a designated zone.~~
- (b) With the exception of the Calverton portion of the Suffolk County Empire Zone, Customers who qualify receive a 50% discount on their Base Rate Energy Charge per kWh and Winter (October through May) Demand Charges, but only for the additional energy and demand. This discount for the additional energy also applies to \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate.
- ~~(c) Qualifying customers within the Calverton portion of the Suffolk County Empire Zone receive a 6% discount on their Base Rate Energy Charge per kWh and Winter (October through May) Demand Charges, but only for the additional energy and demand. This discount for the additional energy also applies to \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate.~~

(2) Excelsior Jobs Program

- (a) The Excelsior Jobs Program is intended to encourage business to expand or relocate to the Authority's Service Area.
- (b) The Authority's discount is available to certified participants who increase their load by at least 25%, to a minimum of 7 kW within one year of Excelsior Jobs Program certification.
- (c) Customers who qualify receive a 75% discount on their Base Rate Energy Charge per kWh, but only for the additional energy associated with the incremental load subsequent to the ESD Approval Date.

÷VIII. SERVICE CLASSIFICATIONS (continued):**F. SERVICE CLASSIFICATION NO. 2-L - General Service - Large (continued):
(Rate Codes: 281, 283)****(2) Manufacturing Competitiveness, and Business Incubation Programs**

(a) Customers who qualify after [the effective date of this leaf] receive a ~~100~~50% discount on their Base Rate Energy Charge per kWh. Participants that qualified before [the effective date of this leaf] will continue to receive a 50% discount on their Base Rate Energy Charge per kWhs plus the ~~This discount also applies to~~ \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate, subject to pro-ration as noted in the next paragraph.

(b) The discounts apply to the first year of their participation in the Program and will decrease by one-fifth (1/5) each year after the first year until the Customers are billed at the rate's regular levels at the end of the fifth year.

e) Service for Religious Purposes, Supervised Community Residences, or Veteran's Organizations

Customers under this Service Classification who use electricity for religious purposes or for community residences, Veteran's Organizations as specified in Section 76 of the Public Service Law, may apply for a suitable residential service after a minimum term of one (1) year.

(1) The transferring Customer shall submit a new Application to the Authority before the transfer, and

(2) The transfer will take place at the time of the Customer's next meter reading.

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)**Special Provisions (continued):**d) Business Development Programs(1) Empire Zone Program

- (a) ~~Empire Zones are established by municipalities for purposes of attracting business to contribute to the overall development of those areas. The Empire Zone Program expired on June 30, 2010. -Customers on this program, prior to July 1, 2010, will continue to receive rate discounts until their previously agreed upon term has expired.~~
- (b) With the exception of the Calverton portion of the Suffolk County Empire Zone customers who qualify receive a 50% discount on their Base Rate Energy Charge per kWh and Period 3 Demand Charges, but only for the additional energy and demand. This discount for the additional energy also applies to \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate.
- (c) Qualifying customers within the Calverton portion of the Suffolk County Empire Zone receive a 6% discount on their Base Rate Energy Charge per kWh and Period 3 Demand Charges, but only for the additional energy and demand. This discount for the additional energy also applies to \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate.

(2) Excelsior Jobs Program

- (a) The Excelsior Jobs Program is intended to encourage business to expand or relocate to the Authority's Service Area.
- (b) The Authority's discount is available to certified participants who increase their load by at least 25%, to a minimum of 7 kW within one year of Excelsior Jobs Program certification.
- (c) Customers who qualify receive a 75% discounts on their Base Rate Energy Charge per kWh, but only for the additional energy associated with the incremental load subsequent to the ESD Approval Date.

~~(2)~~(3) Manufacturing Competitiveness and Business Incubation Programs

- (a) Customers who qualify after [the effective date of the leaf] receive a ~~100~~50% discount on their Base Rate Energy Charges per kWh for Periods 1, 2, and 3 in the first year of their participation in the Program. Participants that qualified before [the effective date of this leaf] will continue to receive a 50% discount on their Base Rate Energy Charge plus This discount also applies to \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate, subject to pro-ration as noted in the next paragraph.
- (b) The discounts will decrease by one-fifth (1/5) each year after the first year until the Customers are billed at the rate's regular levels at the end of the fifth year.

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)**Special Provisions (continued):**

(c) Customers who qualify may apply for modified rate periods. The modified peak Period 2 hours are June through September, Monday through Friday, 3 p.m. to 8 p.m. -The hours June through September, Monday through Friday, 12 noon to 3 p.m., are included in the Intermediate period. These customers will be billed under Rate Code M282.

e) Service for Religious Purposes, Supervised Community Residences, or Veterans' Organizations

Customers under this Service Classification who use electricity for religious purposes, for Community Residences, or Veterans' Organizations as specified in Section 76 of the Public Service Law, may apply for a suitable residential service after a minimum term of one (1) year.

(1) The transferring Customer shall submit a new Application to the Authority before the transfer, and

VIII. SERVICE CLASSIFICATIONS (continued):**H. SERVICE CLASSIFICATION NO. 2 - H - Building Heating Service (continued):
(Rate Codes: 290, 291, 293)****Transfer to Other Service Classifications (continued):**

- b) At their option, Customers taking service at secondary voltages may transfer to Service Classification No. 2, General Service - Small or Service Classification No. 2-VMRP - Voluntary Small General Service With Multiple Rate Periods, when:
- (1) The metered demand of the Customers has been less than 7 kW, and
 - (2) The energy consumption has been less than 2,000 kWh per month for twelve (12) consecutive billing periods, and
 - (3) The transfer will take place as soon as possible after the Authority certifies that the Customer qualifies for the service, but no longer than sixty (60) days.

12. Business Development Programs**a) Empire Zone Program**

- (1) Empire Zones are established by municipalities for purposes of attracting business to contribute to the overall development of those areas. The Empire Zone Program expired on June 30, 2010. Customers on this program, prior to July 1, 2010, will continue to receive rate discounts until their previously agreed upon term has expired.
- (2) With the exception of the Calverton portion of the Suffolk County Empire Zone, Customers who qualify receive a 50% discount on their Base Rate Energy Charge per kWh and Winter (October through May) Demand Charges, but only for the additional energy and demand. This discount for the additional energy also applies to \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate.
- (3) Qualifying customers within the Calverton portion of the Suffolk County Empire Zone receive a 6% discount on their Base Rate Energy Charge per kWh and Winter (October through May) Demand Charges, but only for the additional energy and demand. This discount for the additional energy also applies to \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate.

b) Excelsior Jobs Program

- (1) The Excelsior Jobs Program is intended to encourage business to expand or relocate the Authority's Service Area.
- (2) The Authority's discount is available to certified participants who increase their load by at least 25%, to a minimum of 7 kW within one year of Excelsior Jobs Program certification.
- (3) Customers who qualify receive a 75% discounts on their Base Rate Energy Charge per kWh, but only for the additional energy associated with the incremental load subsequent to the ESD Approval Date.

VIII. SERVICE CLASSIFICATIONS (continued):**H. SERVICE CLASSIFICATION NO. 2 - H - Building Heating Service (continued):**
(Rate Codes: 290, 291, 293)**Transfer to Other Service Classifications (continued):**c) Manufacturing Competitiveness and Business Incubation Programs

- (1) Customers who qualify after [the effective date of this leaf] receive a 100% discount on their Base Rate Energy Charge per kWh in the first year of their participation in the Program. Participants that qualified before [the effective date of this leaf] will continue to receive a 50% discount on their Base Rate Energy Charge plus \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate, subject to pro-rata as noted in the paragraph below.
- (2) The discounts will decrease by one-fifth (1/5) each year after the first year until the Customers are billed at the rate's regular levels at the end of the fifth year.

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)10. 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) Requirements for Service at 69,000 Volts or Higher

The Applicant shall provide and maintain voltage regulating equipment and circuit breakers complete with accessory equipment, using the procedures and schedules specified by the Authority.

c) Changes in Eligibility of Existing Accounts

If there is an Applicant for an existing account, but the Authority believes the Applicant's business activity will change the characteristics of the account's loads, the account will be considered a new account for Service Classification purposes.

d) Business Development Programs(1) Empire Zone Program

(a) ~~Empire Zones are established by municipalities for purposes of attracting business to contribute to the overall development of those areas. The Empire Zone Program expired on June 30, 2010. Customers on this program, prior to July 1, 2010, will continue to receive rate discounts until their previously agreed upon term has expired.~~

(b) With the exception of the Calverton portion of the Suffolk County Empire Zone, Primary and Secondary Customers who qualify receive a 50% discount on their Base Rate Energy Charge per kWh and Period 3 Demand Charges, but only for the additional energy and demand. This discount for the additional energy also applies to \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate.

(c) With the exception of the Calverton portion of the Suffolk County Empire Zone, Transmission Customers who qualify receive a 55% discount on their Base Rate Energy Charge per kWh and Period 3 Demand Charges, but only for the additional energy and demand. This discount for the additional energy also applies to \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate.

(d) Qualifying Primary and Secondary customers within the Calverton portion of the Suffolk County Empire Zone receives a 6% discount on their Base Rate Energy Charge per kWh and Period 3 Demand Charges, but only for the additional energy and demand. This discount for the additional energy also applies to

\$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate.

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)

(e) Qualifying Transmission customers with the Calverton portion of the Suffolk County Empire Zone receive a 7% discount on their Energy Charges per kWh and Period 3 Demand Charges, but only for the additional energy and demand. This discount for the additional energy also applies to \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate

(2) Excelsior Jobs Program

- (a) The Excelsior Jobs Program is intended to encourage business to expand or relocate the Authority's Service Area.
- (b) The Authority's discount is available to certified participants who increase their load by at least 25%, to a minimum of 145 kW within one year of Excelsior program certification.
- (c) Customers who qualify receive a 75% discount on their Base Rate Energy Charge per kWh, but only for the additional energy associated with the incremental load subsequent to the ESD Approval Date.

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)****Special Provisions (continued):**

- (e) Qualifying Transmission customers with the Calverton portion of the Suffolk County Empire Zone receive a 7% discount on their Energy Charges per kWh and Period 3 Demand Charges, but only for the additional energy and demand. This discount for the additional energy also applies to \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate.
- (2) Business Attraction/Expansion, Manufacturing Competitiveness, and Business Incubation Programs
 - (a) Customers who qualify after [the effective date of this leaf] receive a ~~100~~50% discount on their Base Rate Energy Charge per kWh for Periods 1, 2, and 3, in the first year of their participation in the Program. Participants that qualified before [the effective date of this leaf] will continue to receive a 50% discount on their Base Rate Energy Charge per kWh plus, this discount also applies to \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate, subject to pro-ration as noted in the paragraph below.
 - (b) The discounts will decrease by one-fifth (1/5) each year after the first year until the Customers are billed at the rate's regular levels at the end of the fifth year.
 - (c) Customers who qualify may apply for modified rate periods. The modified peak Period 2 hours are June through September, Monday through Friday, from 3 p.m. to 8 p.m., for Rate M284 and June through– September, Monday through Friday, from 3 p.m. to 10 p.m., for Rate M285. The hours June through September, Monday through Friday from 12 noon to 3 p.m., are included in the Intermediate period for Rate M284. The hours June through September, Monday through Friday, from 10 a.m. to 3 p.m. and Saturday from 10 a.m. to 10 p.m., are included in the Intermediate period for Rate M285.
- e) Choosing Rate Code 284 or Rate Code 285

New Customers shall choose either Rate Code 284 or Rate Code 285 at the time of qualification of service.

 - (1) Rate 284 Customers may choose to receive service under Rate 285.
 - (2) Rate 285 Customers will have one opportunity to transfer to Rate 284.
 - (3) Customers must request transfers between Rates 284 and 285 in writing, thirty (30) days before their Anniversary Date.
 - (4) Customers eligible for modified rating periods under Rate Code M284 and Rate Code M285 must follow the same rules as for Rate Code 284 and Rate Code 285 respectively.
- ~~f) Service for Religious Purposes, Supervised Community Residences, or Veterans' Organizations~~

~~Customers under this Service Classification who use electricity for religious purposes, for Community Residences, or Veterans' Organizations as specified in Section 76 of the~~

Public Service Law, may apply for a suitable residential service after a minimum term of one (1) year.

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)****Special Provisions (continued):**f) Service for Religious Purposes, Supervised Community Residences, or Veterans' Organizations

Customers under this Service Classification who use electricity for religious purposes, for Community Residences, or Veterans' Organizations as specified in Section 76 of the Public Service Law, may apply for a suitable residential service after a minimum term of one (1) year.

(1) The transferring Customer shall submit a new Application to the Authority before the transfer, and

(2) The transfer will take place at the time of the Customer's next meter reading.