

Proposal Concerning Modifications to LIPA’s Tariff for Electric Service

Requested Action:

LIPA Staff proposes to modify the Tariff For Electric Service to provide assurance that customers pay only the actual amount of payments-in-lieu-of-taxes (PILOTs) on LIPA’s transmission and distribution properties and to provide additional transparency as to the portion of local-based property taxes on LIPA’s transmission and distribution system that are assessed on our customers by the numerous and distinct taxing jurisdictions on Long Island. The cost of these transmission and distribution property tax PILOTs are included as part of existing charges for Delivery Service. Staff is proposing to create a new Statement to the tariff to track and recover these local-based property charges which are included in existing charges for delivery service. The proposed change would not include: (1) the revenue-based PILOTs paid to the State and certain villages and cities; nor (2) the New York State Assessments which are paid to the State. Both of these taxes and assessments are currently recovered through existing riders in the Tariff for Electric Service.

Background

LIPA is a not-for-profit entity. Electric service provided by LIPA is subject to Payments in Lieu of Taxes (“PILOTs”) on property owned by LIPA, property taxes on generating facilities under contract to LIPA, and potentially other assessments that taxing jurisdictions might impose on LIPA or its service providers. These payments are costs of providing service and are paid by LIPA’s customer-owners through the rates charged for electric service.

LIPA’s customers are budgeted to contribute \$497 million to support Long Island’s governments in 2018. That contribution is projected to increase to \$507 million in 2019. This money is used to fund schools, police and fire services, roads and other governmental services, and without this support, County, Town and local governments on Long Island would have to increase property and other local taxes to fund such services.

PILOTs and property taxes have grown to represent approximately 15% of the typical bill for residential and commercial customers throughout the Island and 19% of the delivery bill. LIPA reports this statistic annually in its budget presentations and has shown that the burden of property taxes on the electric customer is higher on Long Island than most places in New York State and much higher than the burden typically imposed on public power authorities in the United States. The chart below, taken from data compiled by LIPA and Department of Public Service, demonstrates this situation.

2017 Taxes Excluding Income Taxes

<u>Utility</u>	<u>% of Total Revenue</u>	<u>\$ millions</u>
Long Island Power Authority (2018 budget)	15.5%	545
Consolidated Edison	15.4%	1,624
Rochester Gas and Electric	10.4%	90
New York State Electric and Gas	7.1%	122
Orange and Rockland	10.5%	51
Central Hudson Gas & Electric	7.9%	42
National Grid	6.3%	218

Staff’s Proposal

Staff proposes to track property-based PILOTS that are currently recovered through Delivery Charges and create a separate property tax recovery mechanism. As shown in the table below, \$295 million in T&D property tax PILOTS are included in Delivery Charges. The proposal would create a separate Statement of Local Property Tax Charge to indicate the amount that is collected in Delivery Service charges.

Calculation of Local		
<u>Property Tax Factors (\$ millions)</u>	<u>2018</u>	<u>2019</u>
Delivery Charge Revenue	\$1,516	\$1,557
T&D Property Tax PILOTS	<u>289</u>	<u>295</u>
Net Delivery Charge Revenue	\$1,226	\$1,262
<i>Percent of Revenue</i>	<i>19.1%</i>	<i>19.0%</i>
<hr/>		
<u>Local Property Tax Charge</u>	<u>23.6%</u>	<u>23.4%</u>

Staff recommends that the Board approve the implementation of Staff’s proposal to be effective on January 1, 2019. This change will more clearly identify and track the charges included in rates that are attributed to local-based property taxes that LIPA pays to local governments.

Financial Impacts: This proposal by Staff will have no financial impact on the Authority. Staff proposes to track the local property-based PILOTS included in Delivery Charges (as is done today through a Staged Update to Delivery Charges each year) and collect them through the Local Property Tax Charge in proportion to Delivery Charges.

The proposal incorporates an annual true-up on local property-based PILOT revenues collected and expenses incurred. The property tax revenues are currently true-up in the Revenue Decoupling Mechanism (RDM) provision that is currently authorized for LIPA’s rates.

Currently, all of LIPA’s PILOTS, taxes and assessments are eligible for true-up either through the power supply charge, the NYSA and PILOTS adjustments or the staged update for Delivery Charges. Staff’s proposal retains these features (albeit they will appear in different places within the Tariff) and creates no new true-ups or adjustments than were recommended by the Department of Public Service and approved by the Trustees as part of the Three Year Rate Plan.

Proposed Tariff Changes:

Update the Tariff for Electric Service to identify the local property-based PILOTS imposed on LIPA that are recovered from customers through their electric bills.

Affected Tariff Leaves:

6, 6B, 11, 15, 19, 53,100, 106, 170, 181, 182E, 182G, 182I, 182J,182L, 182R (new), 186, 192, 195, 198, 201, 206, 213, 227, 238, 241, 245, 248, 258, 265, 272, 279I, 306, 313 and 324.

Affected Statements:

Create a new “Statement of Local Property Tax Charge”. Rename the existing “Statement Of Increases In Rates And Charges To Recover PILOT Payments” to “Statement of Revenue Tax Charge”

Summary of Proposed Changes:

In summary, the proposed changes to LIPA’s Tariff for Electric Service will meet the Board’s policy to promote tax equity and inform customers of the burden of taxes, PILOTs and assessments in their electric rates.

Table of Contents (continued):

VII. ADJUSTMENT TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS 166

- A. Power Supply Charge 166
- B. ~~Increases in Rates and Charges to Recover PILOT Payments~~ Revenue Tax Charge 170
- C. Reserved for Future Use..... 171
- D. Shoreham Property Tax Settlement Rider 172
- E. Adjustments to Rates to Encourage Business Development 173
- F. Distributed Energy Resources Cost Recovery Rate 182A
- G. Visual Benefits Assessment 182D
- H. New York State Assessment Factor 182H
- I. Securitization Offset Charge..... 182J
- J. Revenue Decoupling Mechanism 182K
- K. Delivery Service Adjustment 182O
- L. Local Property Tax Charge..... 182R

VIII. SERVICE CLASSIFICATIONS 183

- A. Residential Service 183
- B. Voluntary Large Residential Service with Multiple Rate Periods 189
- C. Voluntary Small Residential Service with Multiple Rate Periods 194
- D. General Service—Small..... 197
- E. Voluntary Small General Service with Multiple Rate Periods 200
- F. General Service—Large..... 204
- G. Voluntary Large Demand Metered Service with Multiple Rate Periods..... 211
- H. Cancelled 218
- I. Large General and Industrial Service with Multiple Rate Periods 225
- J. Reserved for Future Use 232
- K. Traffic Signal Lighting..... 237
- L. Outdoor Area Lighting 241
- M. Outdoor Area Lighting - HPS/MH 244
- N. Public Street and Highway Lighting Energy and Connections 248
- O. Buy Back Service..... 251
- P. Back-Up and Supplemental Service 261
- Q. Negotiated Rate Service for Large Commercial Customers 270
- R. Cancelled 279A
- S. Advanced Metering Initiative Pilot Service..... 279G

Table of Contents (continued):**ADDENDA**

<u>Statement of:</u>	<u>See Leaf No.</u>
Bill Credit Adjustment for the Long Island Choice Program	299
Distribution Facility Charges	107
Energy and Peak Demand Losses	181
Distributed Energy Resources Cost Recovery Rate	182C
Feed-in Tariff Rates	255B
Power Supply Charge	168
Increases in Rates and Charges to Recover Pilot Payments Revenue Tax Charge	170
Installed Capacity and Local ICAP for the Long Island Choice Program	286
Interest on Customer Deposits	106
Market Energy Prices	253
New York State Assessment (NYSA) Factor	182H
Shoreham Property Tax (SPT) Settlement Factors (Surcharge Factors)	172
Visual Benefits Assessment Rate	182F
Securitization Offset Charge	182J
Revenue Decoupling Mechanism	182K
Delivery Service Adjustment	182O
Local Property Tax Charge	182R
Commercial System Relief Program Payments	326
Direct Load Control Program Payments	328
Distribution Load Relief Program Payments	348

I. General Information (continued):**B. Abbreviations and Definitions (continued):****DEFINITIONS:****A**

Access Controller: A Customer who controls access to the metering equipment of another Customer.

Actual Reading: A reading of a meter obtained either by a Customer and submitted to the Authority, or by an Authority employee. Actual readings can also be made remotely from a transmission device attached to the meter.

Adjusted Electric Revenues: Revenues remaining after the removal of ~~payments in lieu of revenue-based PILOTS, taxes~~ and the cost of fuel from total revenues.

Advanced Metering Infrastructure (AMI): A system that provides two way communications with electric meters.

Aggregate Allowance: The allowance granted by the Authority to each Applicant and Customer on an extension line, within the first ten (10) years of that line's use, times the number of Applicants and/or Customers.

Allowance: That part of the distribution lines, including service lines and accessory equipment that the Authority will provide and install without direct cost to the Customer.

Alternating Current: Current that increases to a positive peak value and then decreases to a negative peak value sixty (60) times every second.

Alternating Voltage: Voltage that increases to a positive peak value and then decreases to a negative peak value sixty (60) times every second.

Ampere = Amp: The unit of measure of electric current flowing through a conductor, similar to water flowing past a given point in a pipe for a specific period of time.

Anniversary Date: The date of the monthly billing cycle occurring closest to the annual date the Customer began service under a specific rate classification.

Apparent Power: (See *Power*)

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 or Residential Farm or Non-residential 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, Wind Electric Generating Equipment, Micro-Hydroelectric Generating Equipment, Micro-Combined Heat and Power (CHP) Generating Equipment, Fuel Cell Electric Generating Equipment, and Farm Waste 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 Power Supply Charge, Distributed Energy Resources 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, ~~Local Property Tax Charge, and Revenue Tax Charge.~~

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.

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

Net Financing Cost: The weighted average cost of debt for the Authority, including all costs of issuance of the debt.

New York Independent System Operator (NYISO): A not-for-profit corporation established to provide and maintain open access transmission to the power system in New York State, provide for centralized commitment and dispatch of the generation system in New York State, and provide other services.

New York Power Authority (NYPA): a New York State Authority responsible for the generation, transmission and sale of electricity to wholesale customers pursuant to the Public Authorities Law.

Noncoincidental Demand: (See Demand)

Non-Core Customer: (See *Customer - Non-Core Customer*)

Non-Core Service: Service to Non-Core Customers.

Non-Residential Applicant: (See *Customer - Non-Residential Customer*)

Non-Residing Applicant: (See *Customer - Non-Residing Customer*)

O

Ohm: The unit of measurement of electrical resistance.

Operations Services Agreement: A contractual agreement (as may be amended, modified, or supplemented from time to time) between PSEG Long Island and the Authority, under which PSEG Long Island operates, maintains, and manages the Authority's transmission and distribution system.

P

Payment Date: The Authority considers a payment to be made on the date the Authority or one of its authorized agents receives the payment.

Payments In Lieu of Taxes (PILOTS): Payments that the Authority makes to other governmental authorities in replacement of the taxes which were previously collected on utility revenues, assets or operations. **There are two forms of PILOTS; (1) revenue-based PILOTS ("Revenue Tax Charge") are calculated as a percentage of a customer's charges and (2) local property-based PILOTS ("Local Property Tax Charge") imposed on property owned by the Authority and recovered through base rates.**

Performance Payment: An advance payment made by a Non-Residing Applicant for service construction for multiple occupancy buildings in an underground-designated area. The payment guarantees the Applicant's performance for five (5) years.

Peak Power or Peak Demand: See *Power*.

Power (Electric): Amount of electrical energy produced or consumed, measured over a specific time period in kilowatts (KW).

1. Apparent Power includes both Real and Reactive Power and is the product of Volts and Amperes in a circuit. Apparent power is expressed in kilovoltamperes (kVA).
2. Instantaneous Power is power at an instant in time.

II. How to Obtain Service (continued):**D. General Obligations of the Authority and Applicants (continued):****8. Construction Loan Agreements - Special Payment Conditions or Unusual Construction**

a) The Authority will extend its facilities only if satisfactory arrangements have been made under a Construction Loan Agreement to reimburse the Authority for the investment and expense involved. Under the Agreement:

- (1) The line extension is on private property with the potential to feed multiple Customers, and
- (2) Payment is up front, and
- (3) For up to a period of ten (10) years, the Authority will annually refund to the Customer one-half (1/2) of the Net Electric Revenue derived from the extension. All refunds will stop after ten years. The refunds may end in less than ten (10) years if the Customer recovers the up front payment sooner, and
- (4) Net Electric Revenue is found by subtracting the following items from the total revenue:
 - (a) Tariff-published Power Supply Charge to the Authority
 - (b) Annual charge for electric service including ~~payments in lieu of property tax~~ ~~on the Revenue Tax Charge and Local Property Tax Charge~~ on the allowance portion of the Authority's total construction costs
 - (c) ~~Payments in lieu of property tax~~ ~~Revenue Tax Charge and Local Property Tax Charge~~ on the Construction Loan amount

b) The Applicant may file a complaint in accordance with the provisions of this Tariff regarding the fairness of the arrangement.

9. Payment for Temporary Service

a) Customers requiring temporary service or service for construction purposes shall pay in advance for the cost of constructing and removing temporary facilities, and

b) Customers will pay for service under the suitable service classification, but they do not have to meet the time requirements of the service classification.

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 Power Supply Charge, ~~the Revenue Tax Charge, payments in lieu of revenue taxes,~~ Visual Benefits Assessment, New York State Assessment or to recover other costs as approved by the Authority, including changes to the Delivery Service Adjustment and Distributed Energy Resources Cost Recovery Rate, and ~~Local Property Tax Charge 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 the Authority Green Choice Customers for environmental attributes, and
- e) NYSERDA Loan Installment Charges, and
- f) 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. Backbillinga) 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.

IV. Billing Process and Payment of Bills (continued):**C. Charges for Miscellaneous Services:**1. Pole Attachment

The annual charge for pole attachments to utility poles by cable television systems and other wire line communications system that occupy the same space on the pole is \$11.98 per pole per year, plus the applicable amounts for ~~the Revenue Tax Charge~~ ~~payments in lieu of revenue taxes~~. The charges for attachments of wireless communications facilities to utility poles and towers are subject to negotiation on a case-by-case basis of a written agreement between the party seeking the attachment(s) and the Authority. The annual charge for attachments other than wire line communications system attachments or wireless communications facilities is \$6.19 per pole per year, plus the applicable amounts for payments in lieu of revenue taxes, which may be prorated on a daily basis for attachments that are seasonal or temporary. The Authority may require that attachments be made pursuant to the terms of a written agreement with the Authority which permits attachment to utility poles and towers. Consistent with the Authority's written policy, the Authority may waive the pole attachment fee for temporary or seasonal attachments that support a patriotic, civic, or ceremonial purpose, or where the tangible value of the attachment is nominal to both parties.

2. Interest on Customer Deposits

The Authority will pay interest on Customer Deposits at the applicable annual rate specified on a Statement of Interest on Customer Deposits to be prepared and maintained on file by the Authority. The rate will be derived by subtracting a 1.75% administrative cost allowance from the current yield on "A" rated intermediate term municipal debt. The rate will be updated on January 1 of each year to reflect current market conditions.

3. No-Access Charge

The Authority's charge when it cannot gain access to the Customer's meter after attempts to do so will be:

- (a) \$25 per month for Residential accounts
- (b) \$100 per month for Nonresidential accounts

4. Uncollectible Payment Handling Charge

The Authority will charge the Customer a twenty dollar (\$20.00) handling charge plus applicable taxes and assessments. This handling charge includes any amount the Authority paid to its bank for handling the instrument if it receives a check or other negotiable financial instrument in payment for any bill, charge, or deposit that is not collectible, for any reason.

5. Late Payment Charge

The Authority's charge for late payment of bills for the accounts of all customers as specified in Section IV. D. 4 will be one and one-half percent (1.5%) for each monthly billing period to all amounts billed, but for which the Authority has not received payment by the "Pay by" date on the bill, which will be not less than twenty (20) days after the date payment is due. Residential customers are not responsible for late payment charges on amounts billed, if the bill is subject to a pending complaint with the Department of Public Service or the Manager pursuant to Section VI. of the Tariff, except that any such late payment charge may be imposed retroactively if the complaint is finally resolved in favor of the Authority.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**B. ~~Increases In Rates and Charges To Recover PILOT Payments~~ Revenue Tax Charge:**

1. Gross Receipts Tax (including the Temporary Metropolitan Transportation Business Tax Surcharge) PILOT Payments to a Governmental Authority

To recover gross receipts ~~PILOT tax~~ payments ~~in lieu of taxes~~ (“PILOT”) to a governmental authority, the Authority will:

- a) Increase the rates and charges in the affected municipalities under all Service Classifications and rental charges, when they apply, by a percentage rate equal in amount to the PILOT Payments, and
- b) Prepare and retain on file a Statement of ~~Revenue Tax Charge Adjustment in Rates and Charges~~ summarizing the ~~revenue-based~~ PILOT percentage rates. Statements will be available for review at the Authority’s business offices.
- c) Calculation of the Gross Receipts Tax amount to be billed to Customers:
 - (1) Calculate the Customer’s total bill including the Power Supply Charge component using the current tariff rates.
 - (2) Calculate the commodity portion of the Customer’s bill by multiplying the Customer’s energy usage (kWh) by the sum of the commodity rate, the Municipal Distribution Agency (MDA) rate for residential customers, if any, and the Power Supply Charge (see Statement of Power Supply Charge) minus \$0.0392 per kWh. The commodity rate is the Long Island Choice bill credit (see Leaf Nos. 310-312) and is determined by the Customer’s rate code.
 - (3) Calculate the Customer’s transportation component by subtracting the Customer’s commodity portion (see c)(2) above) from the Customer’s bill.
 - (4) Adjust the commodity and transportation components (See paragraphs 2 and 3, above) by the Shoreham Property Tax Settlement Factor.
 - (5) Apply the appropriate ~~revenue-based~~ PILOT percentage rate for residential or non-residential as shown on the Statement of ~~Increase in Rates and Charges to Recover PILOT Payments~~ Revenue Tax Charge to the commodity (see c)(2) above) and to the transportation components (See Paragraph 4).
 - (6) Exceptions:

In those instances where a Customer’s commodity rate has not been classified under a rate code (see Leaf Nos. 310-312), the commodity rate will be based on the Customer’s alternate rate and the appropriate Service Classification the commodity rate it is listed under.

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 the Authority.
- (2) In the event that NYPA is unable to deliver in any billing period any portion or all of the Recharge NY power to the Authority 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 the Authority shall be billed according to the rates and provisions of the Service Classification applicable to the customer's load served by the Authority 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 Power Supply Charge, Revenue Decoupling Mechanism, Delivery Service Adjustment and the Distributed Energy Resources Cost Recovery Rate.
 - (c) The ~~increase in Rates and Charges to Recover PILOT Payments~~ **Revenue Tax Charge, the Local Property Tax Charge**, 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.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**G. Visual Benefits Assessment (continued):**1. Costs to be Recovered

The VBA Rate will be calculated to recover the Authority's incremental revenue requirements resulting from burying approximately 45% of the Southampton to Bridgehampton transmission line that was originally planned as overhead facilities. The incremental costs shall be recovered from those accounts within the boundaries of the Township that are designated to the Authority by the Town of Southampton to be subject to the VBA. The components of the incremental annual revenue requirements include:

- a) The incremental cost of the underground facilities, beyond what the Authority would have spent to construct the equivalent overhead facilities. The recovery of the incremental costs will be amortized over 20 years with interest; plus
- b) Other incremental expenses associated with the implementation, or construction of the stipulated underground facilities, the notification, billing, collection or administration of the VBA, or incremental ~~revenue-based or property-based payments in lieu of taxes (PILOTs)~~. Such other incremental costs will be amortized (with the appropriate recovery of interest charges on the unamortized balance over the remaining life of the recovery period) from the point in time where the incremental expenses can be estimated or become known.

2. Cost Recovery Period and Method

- a) The Authority's incremental costs for the underground facilities are planned to be recovered over a period of twenty (20) years or less.
- b) Any incremental costs or associated interest expenses that are unrecovered by the end of 20 years will be charged directly to the Town of Southampton for reimbursement.

To the extent that the Authority recovers all of its incremental costs (including interest) over a shorter time period, the VBA Rate may be set to zero.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**G. Visual Benefits Assessment (continued):**

- a) Other Incremental Costs: Other incremental costs include, but are not limited to, the costs incurred to notify affected customers of the VBA, the incremental costs to administer and render the VBA in the Authority's billing and accounting systems, the legal and administrative costs to collect the VBA from customers, and any incremental Revenue Tax Charge payments in lieu of taxes (PILOTs).
- b) Annualized Cost with Interest: the Authority will calculate the annualized payments over the recovery period to satisfy the Incremental Capital Costs and Other Incremental Costs. The Authority may choose to assume that the incremental costs were financed at a fixed interest rate over the recovery period, or at the prevailing interest rates that may be determined from time to time. The annualized payments may be adjusted from time to time, to ensure that the Authority recovers its incremental capital costs and related interest expense by the end of the recovery period.

7. Billing of the VBA

- a) Charges for the VBA will be included on each applicable customer's bill.
- b) Payments received from customers will be allocated first to all other charges on the bill. Any remaining payments will be credited against the VBA.
- c) The VBA is not subject to Late Payment Charges, if any, as that term is defined within this Tariff for Electric Service.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**H. New York State Assessment:**2. Application of the NYS Assessment Factora) 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) Power Supply Charge; and
- (4) Visual Benefits Assessment (VBA), if applicable; and
- (5) Distributed Energy Resources Cost Recovery Rate; and
- (6) Shoreham Property Tax (SPT) Settlement factor if applicable; and
- (7) Revenue Decoupling Mechanism; and
- (8) Delivery Service Adjustment; and
- (9) Securitization Offset Charge; and
- (10) Securitization Charge; and
- ~~(10)~~(11) Local Property Tax Charge; and
- ~~(11)~~(12) 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 the Authority'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 Power Supply Charge.

d) The NYS Assessment factor does not apply to ~~the Revenue Tax Charge~~**Increase in Rates and Charges to Recover PILOT Payments.**3. 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.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**I. Securitization Offset Charge****1. Description**

The Securitization Offset Charge reduces the revenues due to the Long Island Power Authority by the amount that is collected on behalf of the Utility Debt Securitization Authority, adjusted for ~~Increase in Rates and Charges to Recover PILOT Payments and the Revenue Tax Charge~~ and the New York State Assessment Factor.

The LIPA Reform Act of 2013, Part B, established the creation of the Utility Debt Securitization Authority for the sole purpose of securing a portion of the Authority's debt. The LIPA Board of Trustees adopted a Restructuring Cost Financing Order on October 3, 2013 that calls for recovery of the Initial and Ongoing Financing Costs of the Utility Debt Securitization Authority from Customers through a Securitization Charge. The Securitization Charges imposed on Customers will be determined by, and owed to, the Utility Debt Securitization Authority, with LIPA serving the role as Servicing Agent on its behalf. Imposition of the Securitization Charges will continue until all Initial and Ongoing Financing Costs of the Utility Debt Securitization Authority have been recovered.

2. Determination of the Securitization Charge and Securitization Offset Charge

The Utility Debt Securitization Authority will determine the appropriate level of the Securitization Charge, which will change from time to time at their discretion, sufficient to meet the objectives and obligations of the Utility Debt Securitization Authority. Each time that the Securitization Charge is changed, the Securitization Offset Charge will be changed to a corresponding amount, expressed as a credit adjusted for Increases in Rates and Charges to Recover PILOT Payments and the New York State Assessment Factor. The Securitization Offset Charge shall be expressed in dollars per kWh of Delivery Service received, to the nearest \$0.000001 per kWh.

The Authority will prepare and retain on file a Statement of Securitization Charges, containing both the Securitization Charge and the Securitization Offset Charge. The Statement will be available at the Authority's business offices.

3. Application of the Securitization Offset Charge

The Securitization Offset Charge applies to all Customers receiving Delivery Service under all Service Classifications specified in Section VIII of the Tariff for Electric Service. Energy Service Companies ("ESCOs") participating in the Long Island Choice program (Section IX) and Green Marketers participating in the Green Choice Program (Section X) are not subject to the Securitization Offset Charge.

The Securitization Offset Charge will be applied to all kWhs of Delivery Service based on the date on which that usage was billed, regardless of the date on which the energy was delivered or consumed.

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

- a) 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.
- b) 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 Attraction/Expansion Program, Business Incubation, and Recharge New York Programs.
- c) 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, starting on April 1st 2015. Delivery Service Revenues exclude adjustments to rates and charges which include: the Power Supply Charge, Distributed Energy Resources Cost Recovery Rate, New York State Assessment Factor, Shoreham Property Tax Settlement Factor, Visual Benefits Assessment Rate, ~~Charges to Recover the Revenue Tax Charge, Local Property Tax Charge PILOT Payments,~~ the Revenue Decoupling Mechanism, and the Delivery Service Adjustment.

- d) Revenues for the calendar year are set forth in the approved LIPA budget, and are revised each December for the upcoming calendar year.
- e) Actual booked Delivery Service Revenues 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).

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS:**L. Local Property Tax Charge:**

1. Long Island Property Tax (PILOT) Payments to be Recovered
 - a) The total actual cost of property-based PILOT assessments on real or personal property owned by the Authority within the Service Area and other charges or assessments as may be imposed from time-to-time on the Authority, as identified in the Authority's annual budget approved by the Trustees.
2. Calculation of Local Property Tax Charge
 - a) The annual cost of PILOTs on property owned by the Authority within the Service Area that is approved by the Trustees in the Annual Budget will be recovered through the Local Property Tax Charge, plus unrecovered amounts from prior periods, minus over-recovered amounts from prior period.
 - b) The aggregate dollar amount of the property-based PILOTs to be recovered from customers will be divided by the expected Delivery Service Revenues to be charged in the corresponding year to determine the Local Property Tax Charge. The Local Property Tax Charge will be imposed at this rate on all Delivery Service Revenues charged to all customers and customer classes for that year.
3. Statement of Local Property Tax Charge
 - a) The Authority will prepare and retain on file a Statement of Local Property Tax Charge. The Statement will be available at the Authority's business offices. The Statement will be revised for the beginning of each calendar year, or at any time during the year, to ensure that the Local Property Tax Charge is accurately and adequately recovering the total actual cost of local property-based PILOTs assessed on the Authority's customers by the taxing jurisdictions on Long Island in that year or required for reconciliation from previous year.

VIII. SERVICE CLASSIFICATIONS: (continued):**A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):****(Rate Codes: 180, 380, 480, 481, 580, 880)****Rates and Charges per Meter (continued):**a) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, ~~Increases in Rates and Charges to Recover PILOT Payments~~ the Revenue Tax Charge, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, ~~and~~ the Delivery Service Adjustment, ~~and the Local Property Tax 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 Provisionsa) 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)****Rates and Charges per Meter (continued):**b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, the Revenue Tax Charge, ~~Increases in Rates and Charges to Recover PILOT Payments~~, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment and the Local Property Tax 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):

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

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

(Rate Code: 188)

1. 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
<u>Rate Codes 188</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
<u>Energy Charge per kWh</u>		
<u>Daylight Savings Time*</u> 8 p.m. to 10 a.m., and Saturday and Sunday	<u>Period 1</u> \$.0455	<u>Period 2</u> \$.0296
<u>Daylight Savings Time*</u> 10 a.m. to 8 p.m. Weekdays	<u>Period 3</u> \$.2880	<u>Period 4</u> \$.0801

* 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 Power Supply Charge, ~~the Revenue Tax Charge, Increases in Rates and Charges to Recover PILOT Payments,~~ the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment, ~~and the Local Property Tax Charge.~~

2. 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 (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 Power Supply Charge, ~~the Revenue Tax Charge~~~~Increases in Rates and Charges to Recover PILOT Payments~~, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, Delivery Service Adjustment, ~~and~~ the Securitization Offset Charge ~~and the Local Property Tax Charge~~.

1. Minimum Charge

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

2. 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.

3. 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.

4. 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> \$.0455	<u>Period 2</u> \$.0296
Daylight Savings Time 10 a.m. to 8 p.m. Weekdays	<u>Period 3</u> \$.2880	<u>Period 4</u> \$.0801

b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, ~~the Revenue Tax Charge~~ ~~Increases in Rates and Charges to Recover PILOT Payments~~, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment, ~~and the Local Property Tax 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, 291)**

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

b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, ~~the Revenue Tax Charge~~~~Increases in Rates and Charges to Recover PILOT Payments~~, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment, ~~and the Local Property Tax Charge~~.

c) 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 281 and whose accounts are under the school's name and, as such, are tax exempt, would also qualify for Rate 291.

3. Minimum Charge - All Rate Codes

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

4. 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):

F. 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):

Rate Code 282-(Primary)

Service Charge per day	\$1.57
Meter Charge per day	\$.7500

Rate Periods**

	1	2	3
	<u>Off-Peak</u>	<u>On-Peak*</u>	<u>Intermediate</u>
	all year	June - Sept.	all
	11 p.m.	12 noon	other
	to 7 a.m.	to 8 p.m.	hours
Demand Charge per kW			
Total of 3 Rate Periods	none	\$46.98	\$4.06
Energy Charge per kWh			
Total of 3 Rate Periods	\$.0027	\$.0194	\$.0164
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.

a) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, the Revenue Tax Charge, ~~Increases in Rates and Charges to Recover PILOT Payments~~, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment, and the Local Property Tax 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):

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	\$8.54	\$8.96	\$8.96
Meter Charge per day	\$2.50	\$6.50	\$6.50
	<u>Rate Periods**</u>		
	1	2	3
	Off-Peak all year	On-Peak * June - Sept weekdays	Intermediate all other hours
	11 p.m. to 7 a.m.	12 noon to 8 p.m.	
 <u>Demand Charge per kW</u>			
Secondary	none	\$47.27	\$4.73
Primary	none	\$42.44	\$4.24
Transmission	none	\$31.72	\$3.16
 <u>Energy Charge per kWh</u>			
Secondary	\$.0001	\$.0276	\$.0178
Primary	\$.0001	\$.0198	\$.0036
Transmission	\$.0001	\$.0187	\$.0034
 <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.

a) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, ~~the Revenue Tax Charge~~~~Increases in Rates and Charges to Recover PILOT Payments,~~, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, ~~and~~ the Delivery Service Adjustment ~~and the Local Property Tax 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 control mechanism is a device that controls the signal lights and other traffic/pedestrian equipment at an intersection.

5. Rates and Chargesa) Rates per Signal Face of Light per Month

\$6.96 per control mechanism per month.
\$2.06 per incandescent signal face per month.
\$2.84 per LED signal face per month

b) Adjustment to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, ~~Increases in Rates and Charges to Recover PILOT Payments~~ **Increases in Rates and Charges to Recover PILOT Payments**, the Revenue Tax Charge, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, the Securitization Offset Charge, ~~and~~ the Delivery Service Adjustment **and the Local Property Tax 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 Chargesa) Rates per Mercury Vapor Facility per Month

Type <u>Luminaire</u>	Approximate <u>Lumens</u>	Total <u>Watts</u>	Monthly <u>Rates</u>
Area Light	7,000	200	\$12.86
Area Light	21,000	455	\$18.24
Flood Light	21,000	455	\$19.90
Flood Light	52,000	1,100	\$41.76

b) Rates per Incandescent Facility per Month

Type <u>Luminaire</u>	Approximate <u>Lumens</u>	Total <u>Watts</u>	Monthly <u>Rates</u>
Flood Light	100 c.p.	92	\$5.26
Flood Light	250 c.p.	189	\$8.97

c) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, the Revenue Tax Charge, ~~Increases in Rates and Charges to Recover PILOT Payments~~, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, the Securitization Offset Charge, ~~and~~ the Delivery Service Adjustment ~~and the Local Property Tax Charge~~.

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):**

<u>Lamp Type</u>	<u>Type Luminaire</u>	<u>Approximate Lumens</u>	<u>Total Watts</u>	<u>Monthly Rates</u>
High Pressure Sodium	Full Cut-off	28,500	305	\$28.97
High Pressure Sodium	Full Cut-off	50,000	455	\$37.32
Metal Halide	Full Cut-off	20,500	288	\$29.12
Metal Halide	Full Cut-off	36,000	455	\$37.32

a) The charge for Additional Overhead Secondary Cable and Poles dedicated to the Customer is \$14.57 per span per month.

b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, ~~the Revenue Tax Charge~~~~Increases in Rates and Charges to Recover PILOT Payments~~, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, the Securitization Offset Charge, ~~and~~ the Delivery Service Adjustment, ~~and the Local Property Tax Charge~~.

2. 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.

3. 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.

4. 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):**M. 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

- e) 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
- f) Provided at suitable voltages chosen by the Authority.

3. Rates and Charges

- a) The Energy Charge per Lighting Facility per Month is \$.0417 per kWh, for the monthly kWhs of unmetered lighting service specified in this Tariff.
- b) The Underground Connection Charge per Month is \$3.13 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 Power Supply Charge, ~~the Revenue Tax Charge~~~~Increases in Rates and Charges to Recover PILOT Payments~~, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Delivery Service Adjustment, ~~and~~ the Securitization Offset Charge ~~and the Local Property Tax 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):**O. SERVICE CLASSIFICATION NO. 11 - Buy-Back Service (continued):
(Rate Code: 289)****Rates and Charges (continued):**(1) Adjustments to Rates and Charges

Each Customer's bill will be increased by ~~the Increases in Rates and Charges to Recover PILOT Payments~~ Revenue Tax Charge, and the Local Property Tax Charge.

(2) Interconnection Charges

Interconnection Charges are for costs, not recovered elsewhere, that are more than the Authority's ordinary costs would have been to supply the Customer's electrical needs under a suitable Service Classification. The Customer shall reimburse the Authority the full cost, including overheads, of installing interconnection equipment when the equipment is originally installed. 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.

(3) Maintenance Charges for Interconnection Equipment

The Maintenance Charges for Interconnection Equipment will be as follows:

- (a) The Authority will maintain interconnection equipment installed on its Property. A Customer with more than 5,000 kW of generating capacity will pay an annual charge of 8.1% based on the total investment in the interconnection equipment.
- (b) If the interconnection equipment is located on the Customer's property, the Customer has the option to:
 - (1) Have the Authority furnish and maintain the interconnection equipment, and the Customer or its successor on the site will pay an annual maintenance charge of 8.1% of the total investment in the interconnection equipment, or
 - (2) Furnish, own, operate, and maintain all the interconnection equipment, provided that the interconnection equipment and maintenance are suitable for interconnection operations, and the equipment meets Authority specifications and is reasonably available for the Authority's inspection.
- (c) Interconnection equipment installed by the Customer and in accordance with the Authority's specifications shall be maintained by the Customer at the Customer's cost.

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) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, the Revenue Tax Charge, ~~Increases in Rates and Charges to Recover PILOT Payments~~, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Delivery Service Adjustment ~~and~~ the Securitization Offset Charge ~~and the Local Property Tax Charge~~. The Revenue Decoupling Mechanism does not apply.

e) 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).

1. 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 Power Supply Charge, ~~the Revenue Tax Charge Increases in Rates and Charges to Recover PILOT Payments~~, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor and the Securitization Offset Charge ~~and the Local Property Tax Charge~~. However, the bill will not be adjusted for the Delivery Service Adjustment or 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.

8. 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)

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)

	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Service Charge per day	\$.3600	\$.3600
	<u>June to September Inclusive</u>	<u>October to May 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	\$.0469	\$.0469
	<u>Period 3</u>	<u>Period 4</u>
2 p.m. to 7 p.m. Weekdays	\$.3342	\$.1188

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

a) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, ~~the Revenue Tax Charge~~~~Increases in Rates and Charges to Recover PILOT Payments~~, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge ~~and~~ the Delivery Service Adjustment ~~and the Local Property Tax Charge~~.

b) Minimum Charge

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

IX. Long Island Choice Program (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):****(Rate Codes: 390)****Rates, Charges and Credits per Month (continued):**

- (5) Meter Reading Historical Information: After obtaining appropriate authorization from the Customer, and subject to the availability of such data from the Authority, ESCOs or DRCs may request up to twenty-four (24) months of monthly or bi-monthly historical meter reading information without charge. Information for historical periods beyond the twenty-four (24) months, and for fifteen (15) minute interval data covering any historical period, will be provided, if available, at a charge of ten dollars (\$10.00) for each meter reading period's data request. (See Leaf No. 107B, C.10.a)

Meter Reading Historical Information available to ESCOs and DRCs will be made available directly to Customers upon their request on the same terms.

d) Adjustment to Rates and Charges

- (1) Each ESCO's or DRC's bill from the Authority will be adjusted by: (1) the result of the Power Supply Charge, minus \$0.0392 per kWh, multiplied by the Customer's metered consumption, ~~and (2) the Increase in Rates and Charges to Recover PILOT payments~~ (2) the Revenue Tax Charge, and (3) the Local Property Tax Charge.
- (2) Miscellaneous Charges on each ESCO's or DRC's bill from the Authority will also be adjusted for the NYS Assessment, except that the NYS Assessment does not apply to the Power Supply Charge or the Bill Credit Adjustment billed to ESCOs or DRCs.
- (3) The Distributed Energy Resources Cost Recovery Rate, and the Shoreham Property Tax Settlement Rider do not apply to the rates, charges or credits in this Service Classification.

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

1. The ~~Increases in Rates and Charges to Recover PILOT Payments~~ Revenue Tax Charge and the Local Property Tax Charge will be applied to all of the charges on the Participating Customer's bill.
2. \$0.0392 per kWh of the Power Supply Charge will apply to the Participating Customers.
3. 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.
4. 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.
5. Long Island Choice Customers are subject to the Delivery Service Adjustment and the Revenue Decoupling Mechanism according to their base rate Service Classification.
6. 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~~ Revenue Tax Charge to all of the actual or estimated charges on the Participating Customer's bill.
7. The Rates and Charges for Participating Customers will be increased by the Distributed Energy Resources Cost Recovery Rate to recover Distributed Energy Resource program costs, pursuant to their prevailing Rate Code for Bundled Service.
8. Each Customer's bill will be adjusted for the Securitization Offset Charge.
9. Each Customer's bill will be adjusted for the Securitization Charge.
10. 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 the Authority's Bundled Service on the first day of any month, after providing the Authority 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.

Customers who return to the Authority'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**

5. 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.
6. 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
7. The Late Payment Charge will not apply to any unpaid NYSERDA Loan Installment Charges.
8. 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~~ Revenue Tax Charge
 - b) Shoreham Property Tax Settlement Rider
 - c) New York State Assessment Factor
 - d) Revenue Decoupling Mechanism
 - e) Delivery Service Adjustment
 - f) Local Property Tax Charge

Long Island Power Authority

**STATEMENT OF INCREASES IN RATES AND CHARGES TO RECOVER PILOT PAYMENTS
REVENUE TAX CHARGE**

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

Rates and charges for service under all Service Classifications and the CATV Pole Attachment Charge, as applicable, shall be increased by the following Effective Aggregate and Surcharge PILOT Percentages.

<u>Municipality</u>	<u>Aggregate PILOT</u>		<u>Effective Aggregate Percentage*</u>	
	Transportation	Commodity	Transportation	Commodity
5 th Ward Queens County, NYC				
Residential	4.8175%	2.4775%	5.0613%	2.5404%
Non-Residential	2.4775%	2.4775%	2.5404%	2.5404%
All Other Cities and Incorporated Villages not listed below				
Residential	3.4675%	1.1275%	3.5921%	1.1404%
Non-Residential	1.1275%	1.1275%	1.1404%	1.1404%
Unincorporated municipalities and the following incorporated Villages below				
Residential	2.4675%	0.1275%	2.5299%	0.1277%
Non-Residential	0.1275%	0.1275%	0.1277%	0.1277%
Baxter Estates				
Centre Island				
Dering Harbor				
Head-of-the-Harbor				
Mill Neck				
Nissequoque				
Plandome Manor				
Poquott				
Shoreham				
**Effective Aggregate Percentage = $\frac{\text{Aggregate PILOT} * 100}{100 - \text{Aggregate PILOT}}$				

Effective: ~~April 1, 2014~~ January 1, 2019

Long Island Power Authority

STATEMENT OF LOCAL PROPERTY TAX CHARGE

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

Rates and charges for service under all Service Classifications recovered through Base Rate charges.

Calculation of Local Property Tax Charge (\$ millions)	2019
Delivery Service Revenue	\$1,557
T&D Property Tax PILOTs	<u>295</u>
Net Delivery Service Revenue	\$1,262
Percent of Delivery Service Revenue	19.0%
Percent of Net Delivery Service Revenue	23.4%

All values are based on the Authority's Approved 2019 Budget