

Proposal Concerning Modifications to LIPA’s Tariff for Electric Service

Requested Action:

The Long Island Power Authority (“LIPA” or the “Authority”) Staff (“Staff”) proposes to modify LIPA’s Tariff for Electric Service (the “Tariff”) effective January 1, 2023, to enhance LIPA’s Long Island Choice Program (“Long Island Choice”). This proposal will create a Merchant Function Charge, applicable to all customers receiving supply from LIPA—and not applicable to retail choice customers—and establish the purchase of receivables rate for energy service companies (“ESCOs”) that participate in Long Island Choice and utilize the Consolidated Bill Option with Purchase of Receivables.

By increasing the portion of the customer bill that is subject to competition and allowing ESCOs to utilize the utility’s existing billing and collection services (resulting in lower ESCO costs), the Merchant Function Charge and the Consolidated Bill Option with Purchase of Receivables advance LIPA’s efforts to eliminate barriers in the retail choice market, while maintaining fairness for all customers.

Background:

The LIPA Board of Trustees originally approved Long Island Choice in May of 1998 to offer electric customers the opportunity to choose their supplier of electricity. Long Island Choice is a voluntary program designed to give consumers greater choice in selecting their energy supplier. The program allows electric customers to choose an alternative supplier for the commodity portion of their electric service.

The New York Department of Public Service (“DPS”) initiated its Long Island Choice proceeding in December 2015 (“Long Island Choice Proceeding”).¹ DPS’s objective was to investigate potential benefits to Long Island consumers and examine what reforms, if any, were needed to achieve them.

On October 16, 2020, DPS issued a notice soliciting comments in the Long Island Choice Proceeding (the “Notice”) to address the potential benefits of retail competition for the LIPA service territory. Many parties, including PSEG Long Island on behalf of LIPA, participated in stakeholder technical conferences and submitted comments. In its comments, PSEG Long Island included proposed enhancements to the Long Island Choice program and Power Supply Charge, featuring a disaggregation of the Power Supply Charge into a bypassable Market Supply Charge and a non-bypassable Local Supply Charge. Other parties commented on the proposal and participated in technical conferences held on March 4, 2021, March 23, 2021, April 13, 2021, and May 5, 2021 to refine the proposal. The conferences facilitated a healthy conversation among stakeholders on the future of Long Island Choice, including improvements to the way LIPA’s power supply charges are calculated and presented to Long Island Choice customers. DPS filed a whitepaper in October 2021 summarizing and discussing the issues addressed in the technical conferences.

¹ See Matter No. 15-02754, In the Matter of Examining the Potential Benefits of Retail Competition for Long Island Electric Customers, Notice Requesting Comments and Establishing Participatory Process (December 31, 2015).

LIPA staff proposed, and the LIPA Board of Trustees approved, modifications to Long Island Choice in December 2021 that addressed most of the issues raised by stakeholders in the technical conferences. This proposal addresses the remaining issues not already addressed, bringing Long Island Choice into further alignment with retail choice programs of other New York utilities. Specifically, this proposal creates a new bypassable Merchant Function Charge, which recovers from LIPA's full requirements customers certain administrative costs of power supply procurement, collections, and debt service. The proposal also establishes the purchase of receivables rate for ESCOs choosing the Consolidated Bill Option with Purchase of Receivables, which allows ESCOs to utilize the utility's billing and collection processes for recovery of ESCO charges from customers.

Proposal:

The proposed amendments to Long Island Choice will:

- (1) enhance Long Island Choice by implementing a Merchant Function Charge generally consistent with the programs of other electric utilities in New York State; and
- (2) establish the purchase of receivables rate for ESCOs that elect to take part in the Consolidated Bill Option with Purchase of Receivables.

Merchant Function Charge

Staff proposes to implement a Merchant Function Charge for all customers receiving supply from LIPA. The Merchant Function Charge will be bypassable (i.e. waived) for customers who participate in Long Island Choice. This proposal provides greater transparency for LIPA customers.

The Merchant Function Charge is a mechanism that recovers the following costs associated with providing full requirements service:

- (1) Electricity Supply Procurement: These costs are based on LIPA's budgeted amount for electric supply procurement.
- (2) Electricity Supply Credit and Collection: These costs are based on LIPA's budgeted amount for electric supply credit and collection.
- (3) Electricity Supply Uncollectible Expenses: These costs are based on LIPA's budgeted amount of electric supply uncollectible costs.
- (4) Debt Service on Purchased Power Costs: These costs are based on the budgeted amount of debt service on electric supply.

Currently, these costs are included in LIPA's rates for Delivery Service applicable to all Delivery Service customers, including LI Choice participants. The Merchant Function Charge will be calculated based on the costs identified above divided by the budgeted annual (kWh) sales and presented on a Statement that LIPA staff will update annually or as needed due to changes in the underlying budgeted expenses.

Consolidated Bill Option with Purchase of Receivables

In 2021, the LIPA Board approved a Consolidated Bill Option with Purchase of Receivables, making the Long Island Choice program more consistent with the rest of the State's retail choice programs and providing greater convenience for participating customers. This proposal supplements the 2021 proposal by establishing the formula and components to be used in setting the purchase of receivables rate.

The purchase of receivables rate recovers the utility's cost of performing collection services on behalf of ESCOs that elect the Consolidated Bill Option with Purchase of Receivables. This practice is standard among the State's investor-owned utilities and has been approved by the Commission for the regulated utilities. Staff proposes to follow the same procedures governing purchase of receivables already in place at New York's investor-owned utilities. The purchase of receivables rate consists of a percentage factor that reflects the likely amount of uncollectible ESCO charges billed by LIPA and the administrative cost for performing the collection services, which is estimated to be approximately 1%.² PSEG Long Island, as LIPA's service provider, will enter a contract with each ESCO that enrolls in the Consolidated Bill Option with Purchase of Receivables. Under said contract, PSEG Long Island will remit the ESCO charges (less the purchase of receivables factor) to the ESCO and assume full responsibility to recover the revenue from participating customers. As with all collection activity, residential customers will be entitled to the full protections of the Home Energy Fair Practices Act ("HEFPA"). LIPA will adjust the factor annually going forward, based on actual experience, so that the amount remitted to ESCOs tracks LIPA's actual recovery of those charges on an accurate and up-to-date basis.

The purchase of receivables rate is equal to Electricity Supply Credit and Collection costs, plus the Electricity Supply Uncollectible Expense costs and Debt Service on Purchased Power Costs derived for the Merchant Function Charge, calculated as a percentage of budgeted market supply revenues.

Financial Impacts:

Because the purchase of receivables rate is designed to recover the costs associated with offering this option, the proposal will have no financial impact on LIPA and its customers.

Affected Tariff Leaves and Addenda:

Revised Leaves: 6, 6B, 15, 100, 169, 181, 182L, 186, 192, 195, 196E, 198, 201, 206, 213, 227, 238, 241, 245, 248, 265, 272, 279I, and 324

Original Leaves: 182T, 182U

Addenda: Statement of Merchant Function Charge and Purchase of Receivables Rate

Summary of Proposed Changes:

Staff is proposing to create a Merchant Function Charge, applicable to all customers receiving electric commodity service from LIPA, and to establish the purchase of receivables rate for ESCOs that participate in Long Island Choice and utilize the Consolidated Bill Option with Purchase of Receivables.

² The percentage amount will be determined based on actual 2023 budget costs for the items identified the proposal section.

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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, [the Merchant Function Charge](#) and the Customer Benefit Contribution Charge 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, the Revenue Decoupling Mechanism, and the Undergrounding 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*)

J. Coincidental Demand

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

2. **Noncoincidental Demand**

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

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

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

2. Adjustments to Rates

The Authority may adjust rates or bills periodically for:

- a) Changes in the Power Supply Charge, payments in lieu of revenue taxes, Visual Benefits Assessment, Undergrounding Charge, New York State Assessment or to recover other costs as approved by the Authority, including changes to the Delivery Service Adjustment, Distributed Energy Resources Cost Recovery Rate, Merchant Function Charge, and the Customer Benefit Contribution 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.

VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS (continued):**A. Power Supply Charge (continued):**

- g) The Statement will be revised each time the Power Supply Charge is revised and will contain:
 - (1) The identification of the Service Classifications affected, and
 - (2) The date the Power Supply Charge becomes effective, and
 - (3) The month used to obtain the average cost of the Power Supply Charge, and
 - (4) The Market Supply Charge, the Local Supply Charge, and the Power Supply Charge (Market Supply plus Local Supply) in cents per kWh. ~~On the recommendation of The Department of Public Service, the Statement will also identify the value of the Merchant Function Charge which is included in the Market Supply Charge and subject to update from time to time.~~

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):**a) 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, the Merchant Function 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.

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: 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 PILOT Payments, the Revenue Decoupling Mechanism, the Delivery Service Adjustment, and the Undergrounding Charge.

- 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), Energy Charge for delivery (per kWh), Merchant Function Charge and the Customer Benefit Contribution Charge.

**VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS:
(continued):****M. Merchant Function Charge (“MFC”) and Purchase of Receivables from ESCOs**1. Purpose

The Merchant Function Charge is a mechanism that recovers from Full Requirements customers the following costs associated with providing the service:

- a) Electricity Supply Procurement
- b) Electricity Supply Credit and Collection
- c) Electricity Supply Uncollectible Expenses
- d) Debt Service on Purchased Power Costs

2. Definitions

The Merchant Function Charge will apply to Full Requirements Customers receiving service under the following Service Classifications.

a) Residential

- (1) Service Classification No. 1 (Rate Codes: 180, 480, 481, 580)
- (2) Service Classification No. 1-VMRP (Rate Codes: 181, 182, 184, 188)
- (3) Service Classification No. 1-VTOU (Rate Codes: 190, 191, 192, 193)

b) Small Commercial

- (1) Service Classification No. 2 (Rate Code 280)
- (2) Service Classification No. 2-VMRP (Rate Code 288, 292)

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

- (1) Service Classification No. 2-L (Rate Codes 281, 283, 291)
- (2) Service Classification No. 2L-VMRP (Rate Codes 282)

d) Other Service Classification

- (1) Service Classification No. 2-MRP (Rate Codes 284, 285, M284, M285)
- (2) Service Classification No. 5, No. 7, No.7A, and No. 10 (Rate Codes 980, 780, 781, 782, 1580, 1581)

3. Calculation of MFC

- a) Electricity Supply Procurement: The Electricity Supply Procurement Rate will be calculated based on the budgeted amount of Electric Supply Procurement costs divided by all budgeted bundled sales of the applicable Service Classification Group.
- b) Electricity Supply Credit and Collection: The Electricity Supply Credit and Collection Rate will be calculated based on the budgeted amount of Electric Supply Credit and Collection costs divided by all budgeted bundled sales of the applicable Service Classification Group.
- c) Electricity Supply Uncollectible Expenses: The Electricity Supply Uncollectible Rate will be calculated based on the budgeted amount of Electric Supply Uncollectible Expenses divided by all budgeted bundled sales of the applicable Service Classification Group.
- d) Debt Service on Purchased Power Costs: The Electricity Supply Debt Service Rate will be calculated based on the budgeted amount of Electric Supply Debt Service costs divided by all budgeted bundled sales of the applicable Service Classification Group.

**VII. ADJUSTMENTS TO RATES AND CHARGES OF SERVICE CLASSIFICATIONS:
(continued):****M. Merchant Function Charge and Purchase of Receivables from ESCOs
(continued):**Calculation of MFC (continued)

The MFC rates will be calculated as a kWh rate. The costs are the sum of cost components above allocated on total service class revenues to the four class groups identified in VII.M.2. The billing determinants are the total budgeted sales for the four class groups identified in VII.M.2.

4. Billing the MFC

For each eligible customer, the MFC will be calculated by multiplying the MFC rate by the kWh on the customer's bill.

5. Purchase of Receivables

ESCOs participating in the Long Island Choice Program that choose the Consolidated Bill Option with Purchase of Receivables will be subject to a purchase of receivables rate equal to Electricity Supply Credit and Collection costs, plus the Electricity Supply Uncollectible Expenses and the Debt Service on Purchased Power Costs calculated as a percentage of budgeted Market Supply Revenues.

6. Statement of Merchant Function Charge

The Merchant Function Charge applicable to each Service Classification Group will be provided annually on the Statement of Merchant Function Charge and Purchase of Receivables Rate, with an effective date of January 1. The annual purchase of receivables rate will also be presented on the Statement of Merchant Function Charge and Purchase of Receivables Rate. The Statement will be available at the Authority's business offices.

VIII. SERVICE CLASSIFICATIONS: (continued):**A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 480, 481, 580)****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 Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

Each Customer's bill may be adjusted for the following additional charges:

- i) Customer Benefit Contribution Charge as identified in Section VII.L
- ii) Visual Benefit Assessment as identified in Section VII.G
- iii) Undergrounding Charge as identified in Section III.D

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.

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

Each Customer's bill may be adjusted for the following additional charges:

- i) Customer Benefit Contribution Charge as identified in Section VII.L
- ii) Visual Benefit Assessment as identified in Section VII.G
- iii) Undergrounding Charge as identified in Section III.D

4. Minimum Charge - All Rate Codes

The minimum charge is the applicable Service Charge for each meter, 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.

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) Space Heating

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

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

VIII. SERVICE CLASSIFICATIONS (continued):

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

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

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	\$.4600	\$.4600
Meter Charge per day	\$.1400	\$.1400
<u>Rate Codes 188</u>	<u>June to September Inclusive</u>	<u>October to May Inclusive</u>
Energy Charge per kWh		
Daylight Savings Time* 8 p.m. to 10 a.m., and Saturday and Sunday	<u>Period 1</u> \$.0582	<u>Period 2</u> \$.0378
Daylight Savings Time* 10 a.m. to 8 p.m. Weekdays	<u>Period 3</u> \$.3685	<u>Period 4</u> \$.1025

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

Each Customer's bill may be adjusted for the following additional charges:

- i) Customer Benefit Contribution Charge as identified in Section VII.L
- ii) Visual Benefit Assessment as identified in Section VII.G
- iii) Undergrounding Charge as identified in Section III.D

2. Minimum Charge

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

VIII. SERVICE CLASSIFICATIONS (continued):**C.1 SERVICE CLASSIFICATION NO. 1-VTOU****Voluntary Residential Service with Time of Use Rates (continued):****(Rate Code: 190, 191, 192, 193)****Rates & Charges per Meter (continued):**b) 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 Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

Each Customer's bill may be adjusted for the following additional charges:

- i) Customer Benefit Contribution Charge as identified in Section VII.L
- ii) Visual Benefit Assessment as identified in Section VII.G
- iii) Undergrounding Charge as identified in Section III.D

7. Minimum Charge

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

8. 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.

9. 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 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.

10. Special Provisionsa) Service for Religious Purposes, 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 A.1.a. above, may apply for a suitable non-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 the transfer will take place at the time of the Customer's next meter reading.

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

Each Customer's bill may be adjusted for the following additional charges:

- i) Customer Benefit Contribution Charge as identified in Section VII.L
- ii) Visual Benefit Assessment as identified in Section VII.G
- iii) Undergrounding Charge as identified in Section III.D

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, 292)

6. 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	\$.1400	\$.1400
Service Charge per day	\$.4600	\$.4600
Energy Charge per kWh		
Daylight Savings Time 8 p.m. to 10 a.m., and Saturday and Sunday	<u>Period 1</u> \$.0582	<u>Period 2</u> \$.0378
Daylight Savings Time 10 a.m. to 8 p.m. Weekdays	<u>Period 3</u> \$.3685	<u>Period 4</u> \$.1025

Rate Code 292

Service Charge per day \$.4600

<u>Energy Charge per kWh</u>	<u>Summer Season</u>	<u>Winter Season</u>	<u>Shoulder Season</u>
Peak	\$ 0.2168	\$ 0.1750	\$ 0.1231
Off-Peak	\$ 0.1096	\$ 0.1096	\$ 0.1096
Super Off-Peak	\$ 0.0658	\$ 0.0658	\$ 0.0658

Periods:

Peak: 3:00 PM – 7:00 PM Monday through Friday excluding Federal Holidays
 Off-Peak: 6:00 AM – 3:00 PM and 7:00 PM – 11:00 PM Monday through Friday,
 and 6:00 AM – 11:00 PM on Saturday, Sunday and Federal Holidays
 Super Off-Peak: 11:00 PM – 6:00 AM all days

b) 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 Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

Each Customer's bill may be adjusted for the following additional charges:

- i) Customer Benefit Contribution Charge as identified in Section VII.L
- ii) Visual Benefit Assessment as identified in Section VII.G
- iii) Undergrounding Charge as identified in Section III.D

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

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.

1. Minimum Charge - All Rate Codes

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

2. 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 may 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):

<u>Rate Code 282-(Primary)</u>			
Service Charge per day			\$2.02
Meter Charge per day			\$.9600
	<u>Rate Periods**</u>		
	1	2	3
	<u>Off-Peak</u> all year 11 p.m. to 7 a.m.	<u>On-Peak*</u> June - Sept. weekdays 12 noon to 8 p.m.	<u>Intermediate</u> all other hours
Demand Charge per kW Total of 3 Rate Periods	none	\$60.11	\$5.19
Energy Charge per kWh Total of 3 Rate Periods	\$.0036	\$.0249	\$.0209
Demand Charge per kvar of Reactive Demand Total of 3 Rate Periods	none	\$.270	\$.270
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, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

2. 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	\$10.45	\$10.97	\$10.97
Meter Charge per day	\$3.05	\$7.95	\$7.95
	<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	\$60.82	\$6.09
Primary	none	\$54.44	\$5.44
Transmission	none	\$40.69	\$4.06
<u>Energy Charge per kWh</u>			
Secondary	\$.0001	\$.0353	\$.0228
Primary	\$.0001	\$.0253	\$.0046
Transmission	\$.0001	\$.0238	\$.0238
<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, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

VIII. SERVICE CLASSIFICATIONS (continued):**K. SERVICE CLASSIFICATION NO. 5**
Traffic Signal Lighting (continued):
(Rate Code: 980)1. 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.

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

\$8.91 per control mechanism per month.
\$2.64 per incandescent signal face per month.
\$3.63 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, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, the Securitization Offset Charge, and the Delivery Service Adjustment.

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 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):**J. 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	\$16.45
Area Light*	21,000	455	\$23.34
Flood Light*	21,000	455	\$25.47
Flood Light*	52,000	1,100	\$53.44

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	\$6.73
Flood Light*	250 c.p.	189	\$11.48

* These luminaires are no longer available for new installations or unit replacements.

c) 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 Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, the Securitization Offset Charge, and the Delivery Service Adjustment.

VIII. SERVICE CLASSIFICATIONS (continued):**M. SERVICE CLASSIFICATION NO. 7A****Outdoor Area Lighting - HPS (High Pressure Sodium), MH (Metal Halide), and LED (Lighting Emitting Diode) (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>
HPS**	Full Cut-off	028,500	305	\$37.07
HPS**	Full Cut-off	050,000	455	\$47.76
MH**	Full Cut-off	020,500	288	\$37.26
MH**	Full Cut-off	036,000	455	\$47.76
LED	Full Cut-off	19,270	150	\$37.07
LED	Full Cut-off	29,100	250	\$47.76

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

** Effective January 1, 2019 these luminaires are no longer available for new installations or unit replacements. Effective January 1, 2022, bulbs and photocells replacements for these luminaires will also no longer be available.

a) The charge for Additional Overhead Secondary Cable and Poles dedicated to the Customer is \$18.65 per span per month.

b) 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 Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, the Securitization Offset Charge, and the Delivery Service Adjustment.

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.

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

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

3. Rates and Charges

- a) The Energy Charge per Lighting Facility per Month is \$.0533 per kWh, for the monthly kWhs of unmetered lighting service specified in this Tariff.
- b) The Underground Connection Charge per Month is \$4.00 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, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, Delivery Service Adjustment, and the Securitization Offset Charge.

4. Minimum Charge

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

5. Terms of Payment

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

VIII. SERVICE CLASSIFICATIONS (continued):**P. SERVICE CLASSIFICATION NO. 12****Back-Up and Supplemental Service (continued):****(Rate Codes: 680, 681)****Rates and Charges for Backup and Supplemental Service (continued):**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 Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor, Delivery Service Adjustment and the Securitization Offset Charge. The Revenue Decoupling Mechanism does not apply.

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

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

6. Interconnection Charges

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

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

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

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

6. Adjustments to Rates and Charges

Except as stated in 5.c) above, each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the Merchant Function Charge, the New York State Assessment Factor and the Securitization Offset 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)~~(1) 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	\$.4600	\$.4600
	<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	\$.0601	\$.0601
	<u>Period 3</u>	<u>Period 4</u>
2 p.m. to 7 p.m. Weekdays	\$.4277	\$.1520

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

Each Customer's bill may be adjusted for the following additional charges:

- i) Customer Benefit Contribution Charge as identified in Section VII.L
- ii) Visual Benefit Assessment as identified in Section VII.G
- iii) Undergrounding Charge as identified in Section III.D

b) Minimum Charge

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

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

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

LIPA Statement No. 1- MFC

Long Island Power Authority

Statement Of Merchant Function Charge and Purchase of Receivables Rate

Applicable to Full Requirements Customers of the Authority
As set forth in the Tariff for Electric Service

Merchant Function Charge

<u>Service Classification Groups</u>	<u>(in \$/kWh)</u>
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<u>Residential</u>	<u>0.00086</u>
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<u>Small Commercial</u>	<u>0.00086</u>
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<u>Large Commercial</u>	<u>0.00086</u>
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<u>All Other Rate Classes</u>	<u>0.00086</u>
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<u>Purchase of Receivables Rate*:</u>	<u>1.11%</u>
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* Applicable to Energy Service Companies (ESCOs) utilizing the Consolidated Bill Option with Purchase of Receivables