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GENERAL INFORMATION

40. VALUE OF DISTRIBUTION ENERGY RESOURCES (VDER)

The VDER Phase One tariffs are comprised of two components: Phase One net energy metering (NEM) and the Value Stack tariff.

40.1 Phase One NEM

40.1.1 ~~New mass~~ Mass market on-site projects (as defined in Rule 36.1.9) with eligible generating equipment under PSL Section 66-j ~~interconnected before January 1, 2020~~ will be compensated under Phase One NEM. Newly Eligible Technologies, as defined in Rule ~~No.~~ 29, will not be eligible for compensation under Rule 40.1 – Phase One NEM.

~~40.1.1.1 Projects eligible under Rule 40.1.1 placed in service after January 1, 2020 will receive compensation under Rule 40.1 until such time as a new compensation methodology for these types of projects is directed by Commission order. Projects eligible under Rule 40.1.1 placed in service on or after such Commission order's effective date will begin to receive compensation under the new methodology and cease to be compensated under Rule 40.1.~~

40.1.2 ~~New mass~~ Mass market on-site projects (as defined ~~as those Customer-Generators served under a residential or small commercial service class that are not billed for demand~~in Rule 36.1.9) with eligible generating equipment under PSL Section 66-l that are not used to offset consumption at any other site and are interconnected after the 0.3% cap (as defined in Rule 37.3) is reached ~~and before January 1, 2020~~ will be compensated under Phase One NEM.

~~40.1.2.1 Projects eligible under Rule 40.1.2 placed in service after January 1, 2020 will receive compensation under Rule 40.1 until such time as a new compensation methodology for these types of projects is directed by Commission order. Projects eligible under Rule 40.1.2 placed in service on or after such Commission order's effective date will begin to receive compensation under the new methodology and cease to be compensated under Rule 40.1.~~

~~40.1.3 Projects with eligible generating equipment under PSL Section 66-j that have not met the deadlines established in Rule 36.1.8 will be compensated under Phase One NEM.~~

40.1.3~~.1~~ ~~Projects, excluding RNM and CDG~~On-site projects serving demand-metered non-residential customers~~,~~ with a rated capacity of 750 kW AC or lower that are: i) at the same location and behind the same meter as the electric customer whose usage they are designed to off-set, and ii) have an estimated annual output less than or equal to 110% of the customer's historical annual usage in kWh, will be eligible for compensation under Phase One NEM.~~, for a twenty (20) year term from the project's in-service date.~~

40.1.4 RNM projects (as defined in Rule 36.7), large on-site projects (defined as Customer-Generators served under a non-residential demand or mandatory hourly pricing (MHP) service classification), and CDG projects with eligible generating equipment under PSL Section 66-j for which, by July 17, 2017, 25% of the interconnection costs have been paid or a Standard Interconnection Contract has been executed if no such payment is required, will be compensated based on Phase One NEM subject to the following additional limitation:

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40.1.4.1 CDG projects will be subject to market capacity limitations which the Commission has established as 100 MW for the Company.

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

~~40.1.3.1.2 Project eligible under Rule 40.1.3.1 where 25% of interconnection costs have been paid, or an SIR contract has been executed if no such payment is required, on or after January 1, 2020 will receive compensation under Rule 40.1 until such time as a new compensation methodology for these types of projects is directed by Commission order. Projects eligible under Rule 40.1.3.1 that become eligible on or after such Commission order's effective date will begin to receive compensation under the new methodology and cease to be compensated under Rule 40.1.~~

~~40.1.4 RNM projects (as defined in Rule 36.7), large on-site projects (defined as Customer-Generators served under a non-residential demand or mandatory hourly pricing (MHP) service classification), and CDG projects with eligible generating equipment under PSL Section 66-j for which, by July 17, 2017, 25% of the interconnection costs have been paid or a Standard Interconnection Contract has been executed if no such payment is required, will be compensated based on Phase One NEM subject to the following additional limitation:~~

~~40.1.4.1 CDG projects will be subject to market capacity limitations which the Commission has established as 100 MW for the Company.~~

40.1.5 RNM projects, large on-site projects, and CDG projects with eligible generating equipment under PSL Section 66-j that do not qualify for Phase One NEM will be compensated under the Value Stack tariff.

40.1.6 Phase One NEM is identical to net metering in Rule 36.1 except that projects eligible for Phase One NEM will be subject to a compensation term length of 20 years from the date of interconnection and will have the ability to carryover excess credits to subsequent billing periods and annual periods as follows:

a. Excluding credits held by CDG project sponsors, unused credits may be carried over to the next monthly billing period, including to the next annual period.

b. At the end of a project's compensation term, any unused credits will be forfeited.

c. CDG Host will be given a two-year grace period beyond the end of the annual period to distribute any credits retained by the CDG Host at the end of the annual period. The two-year grace period begins at the end of the annual period when the credits are reallocated to the CDG Host. The CDG Host may furnish to the Company, up to once per CDG Host billing cycle and with no less than 30 days' notice, written instructions for allocating any excess credits banked to the CDG Host's account.

d. If at any time during the grace period the CDG Host has credits in its account throughout the grace period, then at the end of the grace period the CDG Host will be required to forfeit a number of credits equal to the smallest number of credits that were in its account at any point during the grace period, since that represents the number of credits that were held over from the previous period.

e. CDG Host will only be permitted to retain credits for distribution during the two-

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year grace period if those credits remain after the CDG Host has distributed as many credits as practicable to members, such that each CDG Satellite's consumption in the final month of the annual period is fully offset by the credits provided.

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40. VALUE OF DISTRIBUTION ENERGY RESOURCES (VDER) (Continued)

40.1.7 Excluding mass market on-site projects, all other projects compensated under Phase One NEM must be equipped with interval meters in accordance with Rule No. 25 – Meter, capable of recording net hourly consumption and injection. The Customer-Generator will be responsible for the cost of such interval meters. For RNM and CDG projects, interval meters must be installed by the time of interconnection. For large on-site projects, where an insufficient meter may already be present, the required metering should be installed by a date mutually agreed upon by the customer and the Company.

~~40.1.8 Mass market customers served under Phase One NEM that opt in to the VDER Value Stack tariff must have an interval meter installed before the VDER Value Stack compensation can be received. Such mass market customers will be responsible for the cost of such interval meters in accordance with Rule No. 25 - Meters.~~
40.1.8 Customer-Generators that qualify for Phase One NEM, interconnected on or after January 1, 2022, shall be:

40.1.8.1 Subject to the Customer Benefit Contribution (CBC) Charge for the duration of when the Customer-Generator is in service, with the exception of i) commercial demand Customer-Generators with a rated capacity of 750 kW AC or lower, as described in Rule 40.1.3, ii) CDG projects, iii) Remote Crediting projects, or iv) large on-site projects compensated under the Value Stack Rule 40.2.

The CBC Charge will recover certain public benefit program costs including costs associated with the Company's Commission-approved Low Income and Energy Efficiency programs, as well as the Company's Clean Energy Fund assessment, and will be calculated in accordance with the Commission's Order in Case 15-E-0751 issued August 13, 2021.

The Customer-Generator's CBC Charge will be determined annually by multiplying the CBC rate in effect at the time of billing by the kW DC nameplate capacity rating of the Customer-Generator's electric generating equipment. The CBC Charge cannot be offset by any monetary credits on the Customer-Generator's account. The CBC Charge will be calculated separately for each CBC-eligible electric generating equipment located on-site.

The applicable CBC Charge for customers with eligible generation paired with energy storage will be established based solely on the nameplate capacity of the applicable generation resource and will not include the nameplate capacity of the energy storage system.

On an annual basis, the CBC Charge will be provided on the Statement of Customer Benefit Contribution as filed with the Commission on not less than fifteen (15) days' notice to become effective January 1 of each year.

~~40.1.9 Mass market on-site projects subject to Phase One NEM compensation will be permitted to pair on-site energy storage with the eligible generating equipment under PSL Sections 66-j and 66-l and remain eligible under Phase One NEM. However, customers that wish to pair energy storage with a RNM, large on-site, or CDG project will be required to receive compensation based on the VDER Value Stack tariff.~~

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~~40.1.10 The compensation methodology should be determined at the time that a project pays 25% of its interconnection costs or at the time the Standard Interconnection Contract is executed if no such payment is required. However, projects electing compensation under Phase One NEM will be provided a one-time, irrevocable opt in to the VDER Value Stack tariff. Changes in project ownership, as well as subscription changes for CDG projects, are not a basis for seeking a change in a project's compensation methodology.~~

~~40.1.11 Once the compensation term under Phase One NEM ends, projects still in operation and interjecting energy onto the Company's electric system will be compensated under the tariff then in effect.~~

~~40.1.12 Projects compensated under Phase One NEM are ineligible to participate in the Company's Term-DLM Program or Auto-DLM Program.~~

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GENERAL INFORMATION

40. VALUE OF DISTRIBUTION ENERGY RESOURCES (VDER) (Continued)

40.1.8.2 Permitted to elect service under SC1 VTOU rate option once per year on the selected anniversary date. Customer-Generators that elect this option will be subject to the following: Net energy provided to the Company will be applied in proportion to the usage in each time period and converted to the equivalent monetary value at the per-kWh rate applicable to the corresponding time period of the Customer-Generator's Service Classification. The monetary credit will be applied towards any outstanding electric charges, excluding the Customer Benefit Contribution Surcharge, in the billing period and any excess monetary credit will carry forward to the next billing period in the appropriate time period.

40.1.8.3 Permitted to elect service under Service Classification No. 7 ("SC-7") as a one-time, irrevocable election, when such opt-in is available to the Customer-Generator's otherwise applicable parent service class under SC-7, but the Customer-Generator will no longer be eligible for Phase One NEM thereafter. At the time of such election, the Customer-Generator will receive compensation under Rule 40.2 – Value Stack.

40.1.8.4 Permitted to opt-into the Value Stack compensation under Rule 40.2. Customer-Generators classified as mass-market, as defined in Rule 36.1.9, that opt-into the Value Stack will continue to be subject to the CBC Charge. The CBC Charge cannot be offset by any monetary Value Stack credits on the Customer-Generator's account.

40.1.9 Mass market on-site projects subject to Phase One NEM compensation will be permitted to pair on-site energy storage with the eligible generating equipment under PSL Sections 66-j and 66-l and remain eligible under Phase One NEM. However, customers that pair energy storage with a RNM, large on-site, or CDG project will be required to receive compensation based on the VDER Value Stack tariff.

40.1.10 The compensation methodology should be determined at the time that a project pays 25% of its interconnection costs or at the time the Standard Interconnection Contract is executed if no such payment is required. However, projects electing compensation under Phase One NEM will be provided a one-time, irrevocable opt in to the VDER Value Stack tariff. Changes in project ownership, as well as subscription changes for CDG projects, are not a basis for seeking a change in a project's compensation methodology.

40.1.11 Once the compensation term under Phase One NEM ends, projects still in operation and injecting energy into the Company's electric system will be compensated under the tariff then in effect.

40.1.12 Projects compensated under Phase One NEM are ineligible to participate in the Company's Term-DLM Program or Auto-DLM Program.

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GENERAL INFORMATION

40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER)

40.2.1.2 A mass market customer (as defined ~~as a customer served under a residential or small commercial service class that is not billed for demand~~in Rule 36.1.9) that ~~is not eligible for~~otherwise opts out of Phase One NEM as set forth in Rule 40.1, ~~and~~ is subject to the following: ~~;~~

40.2.1.2.1 Residential customers or non-demand small commercial customers that qualify for Phase One NEM that: (a) opt into the Value Stack or (b) elect to take service under SC-7 on or after January 1, 2022, if eligible, will be subject to the CBC Charge described in Rule 40.1.8.

40.2.1.3 A large on-site customer (non-residential, demand-billed customer) that installs on-site generation that is not used to offset consumption at any other site, for which the Eligibility Date is after July 17, 2017. The Eligibility Date is defined herein as the date at which 25% of the interconnection costs have been paid or a Standard Interconnection Contract has been executed if no such payment is required;

40.2.1.4 A project eligible for RNM, pursuant to Rules 36.7 and 37.10, for which the Eligibility Date is after July 17, 2017, will be compensated under the Remote Crediting methodology, as specified in Rule 66, beginning September 1, 2021. The requirement that satellite accounts must be in the same load zone as the host account Customer-Generator specified in Rule 36.7.2 and 37.10.2 shall not apply to Remote Crediting projects compensated under this Rule 40.2;

40.2.1.5 A project eligible for CDG, pursuant to Rule 29, for which the Eligibility Date is after July 17, 2017. The requirement that CDG Hosts and associated CDG Satellites must be in the same load zone as specified in Rule 29.1.2 shall not apply to CDG projects compensated under this Rule 40.2;

40.2.1.6 A CDG customer, Remote Crediting customer as specified in Rule 66, or large on-site customer as specified in Rule 40.2.1.1 with a Facility paired with energy storage ("Hybrid Facility"), subject to the additional requirements in Rule 40.2.3.2;

40.2.1.7 A CDG customer, Remote Crediting customer as specified in Rule 66, or large on-site customer who has not met the requirements in Rule No. 40.1.3 to qualify for Phase One NEM; or

40.2.1.8 A customer with a Facility compensated pursuant to Rule No. 36 or 40.1 may opt to take service under this Rule. Such election shall be a one-time election and shall be irrevocable.

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GENERAL INFORMATION

40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

Carryover of VDER Value Stack Credits:

40.2.5 Projects eligible for the VDER Value Stack will receive compensation for a term of 25 years from the project's interconnection date and will have the ability to carryover excess credits to subsequent billing periods and annual periods as follows:

i. Excluding credits held by CDG Hosts~~project sponsors~~, unused credits may be carried over to the next monthly billing period, including to the next annual period.

ii. At the end of a project's compensation term, any unused credits will be forfeited.

iii. CDG Hosts~~project sponsors~~ will be given a two-year grace period beyond the end of each annual period to distribute any credits they retain at the end of that annual period. The two-year grace period begins at the end of the annual period when the credits are reallocated to the CDG Host. CDG Hosts~~sponsors~~ are not required to allocate excess or banked credits to all satellites or to allocate these credits in the same proportion as monthly generation is allocated. However, CDG Hosts~~sponsors~~ must ensure that their allocation of banked credits is consistent with the requirements that 60% of a CDG project's credits be allocated to mass market customers. CDG Hosts~~sponsors~~ will notify the Company of which CDG S~~s~~atellites will receive the retained credits and by what percentages using a form provided by the Company. The CDG Host may furnish to the Company, up to once per CDG Host billing cycle and with no less than 30 days' notice, written instructions for allocating any excess credits banked to the CDG Host's account.

iv. For Remote Crediting projects, the allocated monetary credit shall be applied to electric charges on the Remote Crediting Host and Satellite Account(s) bills in accordance with Rule 66.

v. If the CDG Hosts~~project sponsor~~ has credits in its account throughout the grace period, then at the end of the grace period the CDG Hosts~~project sponsor~~ will be required to forfeit a number of credits equal to the smallest number of credits that were in its account at any point during the grace period, since that represents the number of credits that were held over from the previous period.

vi. CDG Hosts~~project sponsors~~ will only be permitted to retain credits for distribution during the two-year grace period if those credits remain after the CDG Hosts~~project sponsor~~ has distributed as many credits as practicable to CDG S~~s~~atellites, such that each CDG S~~s~~atellite's consumption in the final month of the annual period is fully offset by the credits provided.

40.2.6 The VDER Value Stack Components will be shown on a statement filed with the PSC apart from this rate schedule not less than three days before its effective date.

40.2.7 The VDER Value Stack compensation shall begin with the eligible project's first full billing cycle after November 1, 2017.

40.2.8 Projects that qualified for VDER Value Stack compensation on or before July 26, 2018, excluding CDG projects and any projects receiving the MTC Component, are allowed a one-time, irrevocable election to receive compensation for the Capacity Component, DRV Component, and

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LSRV Component (if applicable), that is applicable to projects that qualified after July 26, 2018. This election must be for all Components applicable to the CDG project.

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GENERAL INFORMATION

41. SYSTEM BENEFITS CHARGE ("SBC")

41.1 The System Benefits Charge ("SBC") is a mechanism which permits the Company to recover from customers the costs associated with clean energy activities conducted by the New York State Energy Research and Development Authority ("NYSERDA") and the Phase 1 development costs of the IEDR Program that are not otherwise paid for by NYPA and/or LIPA.

41.2 –Service bills rendered to customers taking service under P.S.C. Nos. 220 and 214 Electricity are subject to the SBC regardless of supplier, except:

(i) load served by NYPA except as provided in Rule 31 and 41.2.1, or

(ii) load served under the Empire Zone Rider as described in Rule 34.3.2.2 and Rule 34.3.3.2, or

(iii) load served under the Recharge New York Program as provided in Rule 31 and 34.6, or

(iv) as established by contract under the or SC-12 tariff as described in SC No. 12 – Sections 5.4.3 and 6.2.3.

41.2.1 Certain NYPA allocations are subject to the SBC. Deliveries of High Load Factor Fitzpatrick Power not specifically enumerated on Schedule A to the Agreement Among Niagara Mohawk Power Corporation, the New York Power Authority, and the Department of Public Service Resolving and Settling Certain Disputes dated May 22, 1997 or otherwise authorized by that Settlement Agreement.

41.2.2 Customers who have load served by NYPA are exempt from the SBC on the NYPA portion of their load, except as provided in Rule 41.2.1. Customers will be assessed the SBC on any non-NYPA portion of their load and would thus qualify to participate in the energy efficiency programs mentioned in Rule 41.1.

41.2.3 Effective January 21, 2016, customers will no longer have the option to elect to pay SBC on any exempt load. Customers who previously elected to become subject to the SBC under this option shall be grandfathered under this opt-in provision and continue to pay the SBC.

41.3 Clean Energy Fund (CEF) Surcharge Rate:

Beginning on March 1, 2016, the CEF surcharge rate will collect funds associated with NYSERDA administered clean energy activities, including RPS, EEPS, SBC IV, and CEF, as well as over- or under-collections associated with Company-administered EEPS programs for the period prior to 2016. The surcharge rate will be calculated by dividing the necessary collections by the projected annual kWh sales. Necessary collections will include: ~~annual authorized collections for NYSERDA administered programs, plus or minus any under- or over-collections for prior years.~~

41.3.1 Annual authorized collections for NYSERDA-administered programs, plus or minus any under- or over-collections for prior years.

41.3.2 Less the portion of the Phase One NEM and Value Stack CBC Charge revenue associated with the Clean Energy Fund collected during the prior year.

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GENERAL INFORMATION

57. REVENUE DECOUPLING MECHANISM ("RDM")

57.1 The Revenue Decoupling Mechanism reconciles actual billed delivery service revenues for the RDM reconciliation period to annual target revenues ("ATR") for delivery service as approved in the Company's most recent rate case for each Reconciliation Group subject to the RDM defined in Rule 57.1.1 and as adjusted by the delivery service revenue associated with exempt customers identified in Rule 57.1.2. RDM targets will be adjusted, as applicable, to exclude credits applied to customer accounts pursuant to Rule 26.14. The RDM reconciliation shall determine the difference between actual billed delivery service revenues and the ATR for any Reconciliation Group listed in Rule 57.1.1 in each annual RDM reconciliation period and forms the basis of the RDM adjustment for that Reconciliation Group.

57.1.1 Delivery service revenue shall be defined as charges associated with distribution and transmission rates (customer, demand, reactive, and energy charges) applicable to retail delivery service customers subject to this RDM, subject to the following:~~.~~

57.1.1.1 For the Street Lighting Reconciliation Group, delivery service revenues will also include facility charges. In the event that the Company transfers street lighting assets to one or more municipalities, the targets will be reduced to reflect changes in facilities charge revenues resulting from such sales.

57.1.1.2 The portion of the Phase One NEM and Value Stack CBC Charge revenue associated with the Home Energy Assistance Program (HEAP) grant and System Energy Efficiency Plan (SEEP) shall be included as delivery service revenue.

For the first month after a delivery service rate change, the "billed delivery service revenues" will be defined as the product of actual sales and rate year rates.

The RDM reconciliation shall be performed for the following Reconciliation Groups:

1. SC-1, SC1-C
2. SC-2 Non Demand
3. SC-2 Demand
4. SC-3
5. SC-3A
6. Street Lighting (PSC 214)

* Customers served under SC4, SC7, and SC12 customers whose contracts provide exclusively for an alternative billing methodology, will be included in the RDM of their parent service classification.

57.1.2 Exempt/excluded from the RDM are the following:

57.1.2.1 SC-12 customers whose contracts do not provide exclusively for an alternative billing methodology for a NYPA allocation; therefore the ATR and billed delivery service revenue shall be excluded from the RDM, subject to the provisions of this rule below;

~~57.1.2.2 NYPA customers, including Recharge New York ("RNY") customers, but not including load served under Rule 31, will not be subject to the RDM on the NYPA/RNY portion of their load. However, ATR and billed delivery service revenue associated with the~~

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~~NYPA load of customers who receive NYPA/RNY power will be included in the RDM. RNY customers that receive credits under the provisions of Rule Nos. 29, 36, 37 and 40 are excluded from this exemption and will be subject to the RDM surcharge; and~~

~~57.1.2.3 Empire Zone Rider ("EZR") and Excelsior Jobs Program ("EJP") customers shall not be subject to an RDM charge or credit on the EZR/EJP portion of their loads.~~

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GENERAL INFORMATION

57. REVENUE DECOUPLING MECHANISM ("RDM") (Continued)

57.1.2 (Continued)

57.1.2.2 NYPA customers, including Recharge New York ("RNY") customers, will not be subject to the RDM on the NYPA/RNY portion of their load, however, ATR and billed delivery service revenue associated with the NYPA load of customers who receive NYPA/RNY power will be included in the RDM. RNY customers that receive credits under the provisions of Rule Nos. 29, 36, 37 and 40 are excluded from this exemption and will be subject to the RDM surcharge; and

57.1.2.3 Empire Zone Rider ("EZR") and Excelsior Jobs Program ("EJP") customers shall not be subject to an RDM charge or credit on the EZR/EJP portion of their loads.

Customers identified in Rule 57.1.2.1 who also receive NYPA Expansion and Replacement power under Rule 57.1.2.2 have the option to participate in the RDM for delivery service revenue associated with their non-NYPA load to the extent they are also subject to the System Benefits Charge ("SBC") under Rule 41 or opt to become subject to the SBC.

57.1.3 The RDM reconciliation period reflects a twelve month period for which actual billed delivery service revenues will be reconciled to the ATR for each Reconciliation Group in Rule 57.2. Annually, the Company shall calculate a credit or surcharge to be assessed to customers included in the RDM as follows:

57.1.3.1 If the RDM reconciliation has a positive balance, then the RDM adjustment will be a credit to customer's bills. If the RDM reconciliation has a negative balance, then the RDM adjustment will be a surcharge on customer's bills.

57.1.3.2 The RDM adjustment will be calculated by dividing the resulting difference for each Reconciliation Group by each Reconciliation Group's forecasted sales and applied on a volumetric basis, per kWh for Reconciliation Groups 1, 2, and 6, and per kW for Reconciliation Groups 3, 4, and 5.

57.1.3.3 The RDM adjustment will be effective over a twelve month period, April 1 through March 31, ("RDM adjustment period") commencing with the May billing month in the year following the RDM reconciliation period.

57.1.3.4 Interest shall accrue on each Reconciliation Group's balance at the applicable other customer deposit rate commencing at the end of the RDM reconciliation period and ending at the end of the RDM adjustment period. Interest shall be estimated for the purpose of calculating the RDM adjustment.

57.1.3.5 The amount to be credited or surcharged to customers, plus interest through the refund/recovery period, shall be subject to reconciliation against actual amounts credited or surcharged and interest.

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~~57.2~~ ~~If in any month, the total of the cumulative monthly reconciliation balance, based on monthly actual billed delivery service revenue and an allocation of the ATR for the applicable RDM reconciliation period to the months in that period, for any of the Reconciliation Groups in Rule 57.1.2 above, is greater than 1.5% of the Company's ATR for that Reconciliation Group for that year, the Company will file an interim RDM adjustment for each affected Reconciliation Group for the remainder of the calendar year.~~

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GENERAL INFORMATION

57. REVENUE DECOUPLING MECHANISM ("RDM") (Continued)

57.2 If, in any month, the total of the cumulative monthly reconciliation balance, based on monthly actual billed delivery service revenue and an allocation of the ATR for the applicable RDM reconciliation period to the months in that period, for any of the Reconciliation Groups in Rule 57.1.2 above, is greater than 1.5% of the Company's ATR for that Reconciliation Group for that year, the Company will file an interim RDM adjustment for each affected Reconciliation Group for the remainder of the calendar year.

57.2.1 The interim RDM adjustment shall be calculated as follows:

57.2.1.1 Based upon forecasted sales and applied on a volumetric basis, per kWh for Reconciliation Groups 1, 2, and 6 and per kW for Reconciliation Groups 3, 4, and 5.

57.2.1.2 For balances to be addressed by an interim RDM adjustment to be in effect when there are five or more months remaining in the RDM reconciliation period, then the forecast upon which the interim RDM adjustment is to be based shall be for the period beginning with the effective date of the interim RDM adjustment and ending with the end of the RDM reconciliation period.

57.2.1.3 For balances to be addressed by an interim RDM adjustment to be in effect when there are four or fewer months remaining in the RDM reconciliation period, then the forecast upon which the interim RDM adjustment is to be based shall be for the period beginning with the effective date of the interim RDM adjustment and ending with the effective date of the annual RDM adjustment pursuant to Rule 57.1.3.3.

57.2.2 The interim RDM adjustment shall be assessed to eligible customers only through the end of the RDM reconciliation period. Any remaining balance shall be reflected in the annual RDM adjustment under Rule 57.1.3.

57.2.3 The interim RDM adjustment will be effective on ten days' notice and set forth on a statement filed with the Public Service Commission.

57.3 The RDM adjustment will be effective on three days' notice and set forth on a statement filed with the Public Service Commission. The RDM reconciliation for the prior RDM reconciliation period shall accompany the statement.

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SERVICE CLASSIFICATION NO. 1 (Continued)

ADJUSTMENTS TO STANDARD TARIFF RATES AND CHARGES:
Customers served under this service classification may be subject to adjustments and applied in the manner described in each respective Rule.

Rule 32.2 - Municipal Undergrounding Surcharge
<u>Rule 40.1.8 –- Value of Distributed Energy Resources' Customer Benefit Contribution Charge</u>
Rule 41 - System Benefits Charge
Rule 42 - Merchant Function Charge
Rule 43 - Transmission Revenue Adjustment
Rule 45 - Non-Wires Alternative Surcharge
Rule 46 - Supply Service Charges
Rule 49 - Earnings Adjustment Mechanism
Rule 50 - Reliability Support Services Surcharge
Rule 52 - Electric Vehicle Make-Ready Surcharge
Rule 57 - Revenue Decoupling Mechanism
Rule 58 - Service Class Deferral Credit/Surcharge
Rule 64 - Dynamic Load Management (DLM) Surcharge

INCREASE IN RATE AND CHARGES:
The charges under this Service Classification, including minimum charge, will be increased by a tax factor pursuant to Rule 32.

TERMS OF PAYMENT:
Bills are due and payable when rendered. Full payment must be received on or before the date shown on the bill to avoid a late payment charge pursuant to Rule 26.4.

TERM:
One month and continuously from month to month thereafter until permanently terminated on three days' notice to Company, or one year, and thereafter until terminated as provided in the written application for service.

SPECIAL PROVISIONS:
A. Service under this Service Classification is primarily intended for residential customers residing in individual dwelling units.

1. When minor professional or commercial operations are conducted within the individual dwelling unit, service under this Service Classification will be permitted providing all of the following three qualifications are met:

a. The minor professional or commercial operations must be exclusively by the residential customer residing at the individual dwelling unit served. Use of the professional or commercial area by another professional person or persons in addition to the resident disqualifies the customer to receive Electric Service or Electricity Supply Service under this Service Classification.
b. The area used by the minor professional or commercial operations does not exceed 50 percent of the total cubical content of the individual dwelling unit.
c. Not more than two (2) rooms of any size are contained within the 50 percent cubical content of the area used for professional or commercial operations.

Residential customers having professional or commercial operations within an individual dwelling unit that do not meet all of the three qualifications must take service under the General Service Classification. Such customers, however, can elect to separate the electrical use between the residential area and the area used for professional or

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commercial operations and to have the Company set an additional meter. The meter used to measure the electrical use in the professional or commercial operations area will be billed under the General Service Classification.

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SERVICE CLASSIFICATION NO. 1-C (Continued)

STANDARD TARIFF CHARGES:
Distribution Delivery Charges for all Load Zones:

Basic Service Charge, for all Load Zones:	$30.00
Per kWh:	$0.03494

(the per kWh charge above is inclusive of the SERVICE CLASS DEFERRAL CREDIT contained in Rule 58)

Company Supplied Electricity Supply Service Charges, per kWh:

Company supplied Electricity Supply Service ("ESS") charges shall be set according to the market price of electricity determined in accordance with Rule 46.1, Electricity Supply Service. Effective September 1, 2006, ESS charges shall be calculated as the daily class load shaped thirty-day weighted average market price for each Rate Period defined above, except that the Summer Off-Peak, Winter Off-Peak and/or Off-Season Rate Periods shall be considered one Rate Period for this purpose.

MONTHLY MINIMUM CHARGE: $30.00

In accordance with Special Provision M of this service classification, customers participating in the Company's Energy Affordability Program will be eligible for a credit as stated in the Statement of Energy Affordability Credit ("EAC").

ADJUSTMENTS TO STANDARD CHARGES:
Customers served under this service classification may be subject to adjustments and applied in the manners described in each respective Rule.

Rule 32.2 - Municipal Undergrounding Surcharge
Rule 40.1.8 - Value of Distributed Energy Resources' Customer Benefit Contribution Charge
Rule 41 - System Benefits Charge
Rule 42 - Merchant Function Charge
Rule 43 - Transmission Revenue Adjustment
Rule 45 - Non-Wire Alternative Surcharge
Rule 46 - Supply Service Charges
Rule 49 - Earnings Adjustment Mechanism
Rule 50 - Reliability Support Services Surcharge
Rule 52 - Electric Vehicle Make-Ready Surcharge
Rule 57 - Revenue Decoupling Mechanism
Rule 58 - Service Class Deferral Credit/Surcharge
Rule 64 - Dynamic Load Management (DLM) Surcharge

INCREASE IN CHARGES:
The charges under this Service Classification, including the minimum charge, will be increased by a tax factor pursuant to Rule 32.

TERM:
One year from commencement of service under Service Classification No. 1-C and continuously from month to month thereafter until canceled upon written notice to the Company.

TERMS OF PAYMENT:

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Bills are due and payable when rendered. Full payment must be received on or before the date shown on the bill to avoid a late payment charge pursuant to Rule 26.4.

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SERVICE CLASSIFICATION NO. 2 (Continued)

STANDARD TARIFF CHARGES FOR METERED DEMAND SERVICE**:**

Distribution Delivery Rates and Charges for all Load Zones:

Basic Service Charge	$52.52
Basic Service Charge Special Provision P	$95.98
Distribution Delivery Charges, per kW:	$12.44

(the per kW charge above is inclusive of the SERVICE CLASS DEFERRAL CREDIT contained in Rule 58)

Company supplied Electricity Supply Service Charges, per kWh:
Company supplied Electricity Supply Service charges shall be set according to the market price of electricity determined in accordance with Rule 46.1, Electricity Supply Cost. Electricity Supply Cost Customers subject to Special Provision P will be billed for Electricity Supply Service in accordance with Rule 46.1.3.

MONTHLY MINIMUM CHARGE: $64.96

MONTHLY MINIMUM CHARGE:
Special Provision P $108.42

ADJUSTMENTS TO STANDARD TARIFF CHARGES:

Customers served under this service classification may be subject to adjustments and applied in the manner described in each respective Rule.

Rule 32.2 - Municipal Undergrounding Surcharge
Rule 40.1.8 - Value of Distributed Energy Resources' Customer Benefit Contribution Charge~~Rule 40 - Energy Efficiency Surcharge~~
Rule 41 - System Benefits Charge
Rule 42 - Merchant Function Charge
Rule 43 -Transmission Revenue Adjustment
Rule 45 - Non-Wires Alternative Surcharge
Rule 46 - Supply Service Charges
Rule 49 - Earnings Adjustment Mechanism
Rule 50 - Reliability Support Services Surcharge
Rule 52 - Electric Vehicle Make-Ready Surcharge
Rule 57 - Revenue Decoupling Mechanism
Rule 58 - Service Class Deferral Credit/Surcharge
Rule 64 - Dynamic Load Management (DLM) Surcharge

INCREASE IN RATES AND CHARGES:
The rates and charges under this Service Classification, including minimum charge, will be increased by a tax factor pursuant to Rule 32.

DETERMINATION OF DEMAND:
A. A demand meter shall be installed whenever the monthly energy consumption for any four consecutive months of a customer exceeds 2000 kWh per month or whenever the connected load of customer indicates

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that the energy consumption will exceed 2000 kWh per month. A demand meter, once installed, shall not be removed until after the energy consumption has been less than 2000 kWh per month for twelve consecutive months, which requirement may not be avoided by temporarily terminating service.

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SERVICE CLASSIFICATION NO. 7 (Continued)

All SERVICE CLASSIFICATION NUMBERS:

Electricity Supply Service:
Company Supplied Electricity Supply Service Charges, per kWh:
All SC-7 parent class SC-3A and SC-7 parent class SC-3 (otherwise subject to SC-3, Special Provision L) demand metered customers who are required to install an interval-meter will be billed for commodity service based on their actual hourly usage and the hourly day-ahead market prices as described in Rule 46.1.3 herein. All SC-7 parent class SC-2D and SC-3 (otherwise not subject to SC-3, Special Provision L) customers may elect to be billed for commodity service based on their actual hourly usage and the hourly day-ahead market prices as described in Rule 46.1.3 herein. Such election shall be made by the customer in the Form G Application for Electric Standby Service. All other SC-7 customers will be billed for commodity services based on Rule 46.1.1 or Rule 46.1.2.

Company supplied Electricity Supply Service charges shall be set according to the market price of electricity determined in accordance with Rule 46.1, Electricity Supply Cost.

Customers served under this Service Classification No. 7 are also eligible to participate in Rule 39 - Retail Access Program.

Wholesale Generators receiving Station Power service from the NYISO in accordance with Special Provision J shall receive Electricity Supply Service from the NYISO and shall be exempt from Electricity Supply Service charges under Rule 46.1.
SURCHARGES AND ADJUSTMENTS

Customers served under this Service Classification No. 7 may be subject to the following surcharges and adjustments:

Rule 32.2 - Municipal Undergrounding Surcharge
Rule 40 - Value of Distributed Energy Resources’ Customer Benefit Contribution Charge
Rule 41 - System Benefits Charges
Rule 42 - Merchant Function Charge
Rule 43 - Transmission Revenue Adjustment
Rule 45 - Non-Wires Alternative Surcharge
Rule 46 - Supply Service Charges
Rule 49 - Earnings Adjustment Mechanism
Rule 50 - Reliability Support Services Surcharge
Rule 52 - Electric Vehicle Make-Ready Surcharge
Rule 57 - Revenue Decoupling Mechanism
Rule 58 - Service Class Deferral Credit/Surcharge
Rule 64 - Dynamic Load Management (DLM) Surcharge

MINIMUM CHARGE:
Customers served under this Service Classification No. 7 shall be subject to a minimum Charge which shall be the Customer Charge, the Incremental Customer Charge (where applicable), and the Standby Contract Demand Charge.