

PSC NO: 220 ELECTRICITY  
NIAGARA MOHAWK POWER CORPORATION  
INITIAL EFFECTIVE DATE: MARCH 19, 2012

LEAF: 164  
REVISION: 2  
SUPERSEDING REVISION: 1

## GENERAL INFORMATION

### 34. ECONOMIC DEVELOPMENT PROGRAMS: (Continued)

#### 34.1 Introduction (Continued)

##### 34.1.4 Provisions for Metering and Billing Economic Development Usage - (Continued)

###### 34.1.4.2 Program 3 - EDPR

34.1.4.2.1 All load eligible under the EDPR Rider shall be metered and billed using the Billing Methodology described below under Rule Nos. 34.4.3 and 34.4.4 as applicable.

###### 34.1.4.3 Program 4 - PFJR

34.1.4.3.1 All load eligible under the PFJR Rider shall be metered and billed using the Billing Methodology described below under Rule Nos. 34.5.3 and 34.5.4 as applicable.

###### 34.1.4.4 Program 5 – RNY Power Program

34.1.4.4.1 All load eligible under the RNY Power Program shall be metered and billed using the Billing Methodology described below under Rule No. 34.6.3.

34.1.4.4 All metered quantities shall be converted to billing quantities according to Rule 25.4 prior to determining the customer's bill.

34.1.4.5 Customers served under these Programs are subject to the customer charge of the parent service classification.

#### 34.1.5 Definition of Existing Allocations and New Allocations

~~34.1.6.1~~ For the purpose of this Rule 34, the term "New Allocations" shall mean allocations of power approved by NYPA's Trustees after February 1, 2002, the effective date of the Rate Plan associated with the Joint Proposal in Case 01-M-0075, transfers and assignments of allocations from a customer premise/location on Niagara Mohawk's system (i.e., a change in ownership/occupancy of a premise/location will not be deemed "new"). A customer with an "Existing Allocation" (i.e., any allocation not within the definition of the term "New Allocations" under this Rule) may receive "New Allocations" without causing its "Existing Allocations" to be classified as "New Allocations".

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34. ECONOMIC DEVELOPMENT PROGRAMS: (Continued)  
 34.4 Program 3 - Economic Development Power Rider (EDPR)

#### 34.4.5 EDPR RATES (Continued)

##### Incremental Customer Charge:

Parent Service Classification No. 3, except Special Provision L:	\$19.41/mo.
Parent Services Classification No. 3, Special Provision L only:	\$ 6.69/mo.
Parent Service Classification No. 3-A:	\$ 6.69 /mo.

##### Charges applicable to Existing Allocations as defined in Rule 34.1.65:

###### Company Charges, per kW\*

	<u>Transmission/kW</u>	<u>Distribution Delivery/ kW</u>
Secondary	\$1.89	\$4.96
Primary	\$1.89	\$3.06
Subtransmission	\$1.89	\$1.10
Transmission	\$1.89	\$0.00

\* In addition to the above charges, the Company will charge the customer a NYPA Capacity and Energy Charge, in effect at that time, for EDP. In any month, the NYPA Capacity Charge and the NYPA Energy Charge shall be equal to the Capacity and Energy charges which the Company is required to pay to the NYPA for EDP purchased from NYPA in that month, as adjusted by the Company for applicable losses.

##### Company Charge applicable to New Allocations as defined in Rule 34.1.65:

###### Charges, per kW and per kWh\*

###### For Parent Service Class SC-3:

	<u>Distribution Delivery/kW</u>
Secondary	\$ 9.16
Primary	\$ 7.44
Subtransmission	\$ 2.44
Transmission	\$ 2.44

###### For Parent Service Class SC-3A

	<u>Distribution Delivery/kW</u>
Secondary	\$ 8.38
Primary	\$ 8.38
Subtransmission	\$ 3.20
Transmission	\$ 2.59

\* In addition to the above charges, the Company will charge the customer a NYPA Capacity and Energy Charge, in effect at that time, for EDP. In any month, the NYPA Capacity Charge and the NYPA Energy Charge shall be equal to the Capacity and Energy charges which the Company is required to pay to NYPA for EDP purchased from NYPA in that month, as adjusted by the Company for applicable losses.

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### 34. ECONOMIC DEVELOPMENT PROGRAMS: (Continued)

#### 34.5 Program 4 - Power For Jobs Rider (Continued)

##### 34.5.6 PFJR RATES

34.5.6.1 Program 4 - PFJR participants are subject to the Incremental Customer Charge as specified in 34.1.3.3. The Incremental Customer Charges and the respective parent service classifications for which they apply are as follows:

Parent Rate SC-2D and SC-3 (except Special Provision L):	\$19.41 /mo.
Parent Rate SC-3, Special Provision L only:	\$ 6.69 /mo
Parent Rate SC-3A or SC-4	\$ 6.69 / mo.

Company Demand and Energy Charges (for PFJR power delivered to customers)

| Charges applicable to Existing Allocations as defined in Rule 34.1.65:

#### Company Charges, per kW and per kWh:

	<u>Transmission/kW</u>	<u>Distribution Delivery</u>	
		<u>Per kW</u>	<u>Per kWh</u>
Secondary	\$1.89	\$4.96	\$0.000000
Primary	\$1.89	\$3.06	\$0.000000
Subtransmission	\$1.89	\$1.10	\$0.000000
Transmission	\$1.89	\$0.00	\$0.000000

| Charges Applicable to New Allocations as defined in Rule 34.1.65:

#### Company Charges, per kW and per kWh:

	<u>Distribution Delivery</u>	
	<u>Per kW</u>	
SC-2D	\$ 9.31	
SC-3 Secondary	\$ 9.16	
SC-3 Primary	\$ 7.44	
SC-3 Subtransmission	\$ 2.44	
SC-3 Transmission	\$ 2.44	
SC-3A Secondary	\$ 8.38	
SC-3A Primary	\$ 8.38	
SC-3A Subtransmission	\$ 3.20	
SC-3A Transmission	\$ 2.59	

RkVA: Applicable to Existing Allocations and New Allocations. All reactive demand is billed at the parent service classification's reactive demand rate.

In addition to the above charges, the Company will charge the customer a NYPA Capacity and Energy charge, in effect at that time, for PFJR Service. In any month, the NYPA Capacity Charge and the NYPA energy charge shall be equal to the capacity and energy charges which the Company is required to pay to NYPA for PFJR power purchased from NYPA in that month, as adjusted by the Company for applicable losses.

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## GENERAL INFORMATION

### 41. ADJUSTMENT OF CHARGES PURSUANT TO THE SYSTEM BENEFITS CHARGE

41.1 The System Benefits Charge (SBC) is a mechanism which permits the Company to recover from customers costs associated with public policy programs including Demand-Side Management, Research and Development, and low income energy efficiency.

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

(i) ~~load served by NYPA except as provided in Rules 41.2.1~~

(i) ~~load served by NYPA as provided in~~

~~a. Rule 34.5.3.5.1,~~

~~b. Rule 34.6 RNY Power Program,~~

~~c. SC No 4 Special Provision H,~~

~~d. SC No 3 Special Provision G, or~~

(ii) load served under the Empire Zone Rider as described in

a. Rule 34.3.2.2 and

b. Rule 34.3.3.2, or

(iii) as established by contract under the SC-11 or SC-12 tariff as described- in

a. SC No. 11 - Adjustments and Surcharges and

b. SC No. 12 – Sections ~~5.24.3~~ and ~~6.2.3~~.

41.2.1 Certain NYPA allocations are subject to the System Benefits Charge. These allocations include Economic Development Power (EDP) above the allocated 46 MW, and all 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 may elect to pay SBC on any exempt load as described in Rule 41.3 below.

41.2.3 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 No. 41.1.

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## GENERAL INFORMATION

### 42. MERCHANT FUNCTION CHARGE

42.1 The Merchant Function Charge ("MFC") is a mechanism that permits the Company to recover from customers receiving electric commodity service from the Company ("full service customers") the following costs associated with the providing the service:

- (a) Electricity Supply Procurement
- (b) Electricity Supply Credit and Collection
- (c) Electricity Supply Uncollectible Expenses
- (d) Working Capital on Purchased Power Costs

42.2 Full service customers receiving service under PSC Nos. 220 and 214 Electricity are subject to the MFC, except:

- (i) ~~customers with~~ load served by NYPA
- (ii) customers served under SC-11 and SC-12 in accordance with the terms of their individual contracts.

42.3 Calculation of the Merchant Function Charge per kWh:

#### 42.3.1 Electricity Supply Procurement

42.3.1.1 The Electricity Supply Procurement rate per kWh shall initially become effective February 1, 2011 and shall be adjusted pursuant to Rules 42.3.1.2 and 42.3.1.3.1 below.

42.3.1.2 The Electricity Supply Procurement Rate will be reset January 1, 2012 and each January 1 thereafter by dividing the revenue requirement of \$2,142,747 by the forecasted sales of full service customers for that period.

42.3.1.3 As a result of the MFC's February 1, 2011 effective date, for the period February 1, 2011 through December 31, 2011, the billed revenue generated from the Electric Supply Procurement rate will be reconciled to \$1,964,185 (11/12 of the annual amount).

42.3.1.3.1 Any over/under collection related to Electricity Supply Procurement for a calendar year shall be divided by the forecast sales of full service customers for the following calendar year and added to the Electricity Supply Procurement rate effective January 1 of that following calendar year.

42.3.1.4 The total Electricity Supply Procurement rate, which equals the over/under collection related to Electricity Supply Procurement for the previous calendar year added to the current year Electricity Supply Procurement rate, shall be filed on the Statement of Merchant Function Charge not less than three (3) days prior to its effective date.

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### GENERAL INFORMATION (CONTINUED)

#### 49. RENEWABLE PORTFOLIO SURCHARGE ("RPS")

49.1 The Renewable Portfolio Surcharge ("RPS") is a mechanism which permits the Company to recover from customers costs associated with providing financial incentives for the development of renewable resources in New York State per Order issued and effective September 24, 2004 in Case No.03-E-0188 – Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard.

49.2 Service bills rendered to customers taking service under P.S.C. No. 220 and 214 Electricity, are subject to the Renewable Portfolio Surcharge, regardless of supplier, except

- ~~(i) load served by NYPA except as provided in Rules 49.2.1,~~
- ~~(i) customers served under the Empire Zone Rider,~~
- ~~(ii) as established by contract under the SC-11 or SC-12 tariff,~~
- ~~(iii) S.C. No. 3 – Special Provision G, and~~
- ~~(iv) SC No 4 – Special Provision H,~~
- ~~(v) customers served under the Recharge New York ("RNY") Power Program~~
- ~~(ii) load served under the Empire Zone Rider, as described in~~
  - ~~a. Rule 34.3.2.2 and~~
  - ~~b. Rule 34.3.3.2, or~~
- ~~(iii) as established by contract under the SC-11 or SC-12 tariff as described in~~
  - ~~a. SC No. 11 - Adjustments and Surcharges and~~
  - ~~b. SC No. 12 – Sections 5.4.3 and 6.2.3.~~

49.2.1 Certain NYPA allocations are subject to the Renewable Portfolio Surcharge. These allocations include Economic Development Power (EDP) above the allocated 46 MW, and all 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.

49.2.2 Customers who have load served by NYPA are exempt from the RPS on the NYPA portion of their load, except as provided in Rule 49.2.1. Customers will be assessed the RPS on any non-NYPA portion of their load.

49.3 The Renewable Portfolio Surcharge rates will be stated in cents per kWh.

49.4 The RPS rate shall be shown on statements filed with the Public Service Commission apart from this rate schedule not less than three (3) days before its effective date. Such statements will be available to the public by contacting the Company's Customer Service Center where applications for service may be made.

49.5 Customers subject to or who elect to pay Rule 41-System Benefits Charge (SBC) are also subject to Rule No. 49-Renewable Portfolio Surcharge (RPS).

#### 50. CANCELED

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**FORM I  
 CUSTOMER SERVICE AGREEMENT  
 FOR SERVICE CLASSIFICATION NO. 12**

**FOR CUSTOMERS RECEIVING A STANDARDIZED DISCOUNT PURSUANT TO SECTION 5 OF SERVICE  
 CLASSIFICATION NO. 12**

**This Customer Service Agreement** (this "Agreement") effective as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Effective Date") witnesseth that:

**WHEREAS**, \_\_\_\_\_ (the "Customer") operates a facility located on the premises at \_\_\_\_\_ (the "Premises"); and

**WHEREAS**, Niagara Mohawk Power Corporation d/b/a National Grid (hereinafter called the "Company") presently operates a transmission and distribution system for electric power and is authorized to provide retail electric sales service to the Premises; and

**WHEREAS**, the Customer received, or is eligible to receive, ~~E~~electric ~~S~~service for use at the Premises from the Company under the Company's Electricity Tariff P.S.C. 220 (the "Tariff") - Service Classification No. \_\_\_\_; and

**WHEREAS**, the Customer desires to purchase ~~E~~electric ~~S~~service for use at the Premises from the Company if the Company will provide such service at a price that is competitive with the Customer's competitive alternative; and

**WHEREAS**, the Company has determined to its satisfaction that the Customer is eligible to receive service under the S.C. No. 12 \_\_\_\_\_ ("Program"); and

**NOW, THEREFORE**, in consideration of the commitments made herein and intending to be legally bound thereby, the Company and the Customer agree as follows:

**1. OBLIGATIONS TO PURCHASE AND SELL**

The Customer agrees to purchase up to its full requirements for electricity supply and delivery services at the Premises from the Company, and the Company agrees to supply and deliver up to the Customer's full requirements for electricity at the Premises for a \_\_\_\_\_ year period beginning with the first full Billing Period following the execution of this Agreement (hereinafter referred to as "the Contract Start Date") through \_\_\_\_\_, \_\_ 20\_\_.

**2. INCORPORATION OF CERTAIN TARIFF PROVISIONS**

The Company is providing discounted electric service under this Agreement pursuant to the terms of the Tariff. Except as expressly provided herein, the rights and obligations of the Company and the Customer under this Agreement shall be governed by the provisions of Service Classification No. 12 of the Tariff (Parent Service Classification No. \_\_\_\_). Nothing in this Agreement shall be interpreted as restricting the Company's right to propose any change to the Tariff which the Company may deem necessary or appropriate, nor shall anything herein be interpreted as restricting Customer's right to oppose such changes to the Tariff which the Customer may deem necessary or appropriate.

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**FORM I**  
**CUSTOMER SERVICE AGREEMENT**  
**FOR SERVICE CLASSIFICATION NO. 12 (Continued)**

**3. TERMINATION**

Except as otherwise expressly provided in this Section, the Customer may terminate this Agreement at any time by providing the Company with thirty (30) days written notice.

Customer agrees that in the event it fails to make payment for ~~E~~lectric ~~S~~ervice when due, and thereafter fails to make payment by the due date specified in a written notice of arrears issued by Company, which due date shall be at least ten (10) days after the date of the written notice, Company has the right, at its sole option, upon written notice to Customer:

To terminate this Agreement effective retroactive to the first date of the Billing Period covered by the unpaid Company invoice. Upon Company's termination of this Agreement, Customer shall pay for ~~E~~lectric ~~S~~ervice at the applicable Parent Service Classification rates, as of the effective retroactive date of termination;

OR

To suspend the pricing provisions of this Agreement, effective retroactive to the first date of the Billing Period covered by the unpaid Company invoice, until the Customer's account is made current. Upon Company's suspension of the pricing provisions of this Agreement, Customer shall continue to receive and accept ~~E~~lectric ~~S~~ervice in accordance with this Section 7, but shall pay for ~~E~~lectric ~~S~~ervice at the applicable Parent Service Classification rates and not at the rates specified in Attachment A to this Agreement, as of the effective retroactive date of suspension. Once the Customer's account is made current, the pricing provisions of this Agreement will again be made applicable to the Customer's purchase of ~~E~~lectric ~~S~~ervice, as of the first date of the Billing Period in which the Customer's account is made current. During the period of Company's suspension of the pricing provisions of this Agreement, Customer shall not have the right to terminate this Agreement, notwithstanding any other provisions to the contrary set forth in this Agreement.

Notwithstanding the foregoing, where the Customer's failure to pay all or part of its bill for ~~E~~lectric ~~S~~ervice relates to the ~~E~~lectric ~~S~~ervice rendered, Company shall not have the right to terminate this Agreement, or to suspend the pricing provisions of this Agreement, so long as Customer (1) pays any undisputed portion of the bill when due and in no event later than the late charge date indicated on the bill; (2) advises Company in writing, on or before the late charge date specified on the bill, of the specific grounds for withholding payment; and (3) places in escrow the disputed portion of the bill on or before the late charge date specified on the bill. If (1), (2) and (3) are not accomplished by the late charge date specified on the bill, Company has the right, at its sole option, either to terminate this Agreement, or to suspend the pricing and provisions of this Agreement, as provided above. If (1), (2) and (3) are accomplished on or before the late charge date specified on the bill, and the disputed portion of the bill is thereafter determined by Company to have been owed to Company, the escrowed sums shall be immediately released to Company and Customer shall promptly pay Company any late payment charges thereon. In the event the escrowed sums are not immediately released to Company, or in the event Customer fails to pay any late payment charges when due, Company has the right, at its sole option, to the extent allowed by law, to terminate this Agreement or suspend the pricing provisions of this Agreement, as provided above.



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**FORM I**  
**CUSTOMER SERVICE AGREEMENT**  
**FOR SERVICE CLASSIFICATION NO. 12 (Continued)**

**7. TERMINATION (Continued)**

Notwithstanding the foregoing, Customer further agrees that, in the event it fails to make payment for ~~E~~lectric ~~S~~ervice when due, except for those disputed sums as discussed above, by the due date specified in a written notice of arrears, Company, in addition to any other rights it may have in ~~L~~aw or in ~~E~~quity, also has the right to terminate all ~~E~~lectric ~~S~~ervice to Customer in accordance with 16 N.Y.C.R.R. §13.3, other applicable New York laws, and the Tariff.

**4. BILLING PERIOD**

The Billing Period will be set at the discretion of the Company.

**5. TRANSFERABILITY**

Neither party may assign its rights or obligations under this Agreement without the prior written consent of the non-assigning party, which consent shall not unreasonably be withheld. In no event shall any such assignment entitle the purchaser or its assignee to receive service under this Agreement at any location other than the Premises.

**6. ENTIRE AGREEMENT**

This Agreement, which consists of this "Customer Service Agreement for Service Classification No. 12", Attachment A, "Pricing Parameters", as may be amended, constitutes and expresses the entire understanding between the Company and the Customer with respect to the subject written hereof and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, whether express or implied, oral or written. This Agreement may only be amended by a written instrument signed by the Company and the Customer.

**7. WAIVER**

No waiver shall be deemed to be made by either party to this Agreement or any of its rights under this Agreement unless such waiver shall be in writing signed by the party to be bound thereby. Each waiver, if any, shall be a waiver only with respect to the specific instance or instances involved and shall in no way impair the rights of the party bound thereby in any other respect at any other time.

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**8. NOTICES**

Any notice or other communication in connection with this Agreement shall be in writing and shall be deemed to have been duly given or mailed when personally delivered, or mailed by registered or certified mail, return receipt requested, postage prepaid, or to such other address as the party to whom the same is intended shall have specified in conformity with the following:

If to the Company,

Manager, ~~Electric Pricing~~ Policy, Rates and Training, Niagara Mohawk Power Corporation,  
300 Erie Blvd. West Syracuse, New York 13202

If to the Customer,

\_\_\_\_\_  
Title, Company Name

\_\_\_\_\_  
Address City, State, Zip

**9. RESALES PROHIBITED**

All services furnished under this Agreement are furnished for the sole use of the Customer at the Premises and not for resale or for furnishing to others. This requirement applies to all resales and furnishing of ~~E~~lectric ~~S~~ervice to others, regardless of whether such resales or furnishing would be authorized under Rule 8 or any other provision of the Tariff in the absence of this requirement.

**10. MISCELLANEOUS**

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without consideration of the conflict of laws and principles thereof. The parties hereto expressly consent to the jurisdiction of the courts of the State of New York as to any issues related to this Agreement, including the validity, enforceability or interpretation hereof. The headings in this Agreement are for the convenience of reference only and shall not alter or otherwise effect the meaning hereof.

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**FORM I**  
**CUSTOMER SERVICE AGREEMENT**  
**FOR SERVICE CLASSIFICATION NO. 12 (Continued)**

**Attachment A**  
**Pricing Parameters**

For the term of this Agreement, with the exception of ~~the Contestable Load Competitive Transition Charge and the~~ the distribution delivery demand charge as detailed below, the rates and charges for each Billing Period shall be set according to the then effective Parent Service Classification specific to the Customer's voltage delivery level applicable to the Customer in effect at the time and as may be amended from time to time.

**1. THE CONTESTABLE LOAD COMPETITIVE TRANSITION CHARGE**

~~For each Billing Period commencing with a Contract Start Date that precedes December 31, 2011 and continues through December 31, 2011, the Contestable Load Competitive Transition Charge for Electricity Supply Service furnished by the Company to the Customer shall be determined by the then effective parent Service Classification specific to the Customer's voltage delivery level applicable to the Customer in effect at the time and as may be amended from time to time reduced by the appropriate discount percentage as specified in Service Classification No. 12~~

**2.1 THE DISTRIBUTION DELIVERY DEMAND CHARGE**

For each Billing Period during the term of this Agreement, ~~that concludes after January 1, 2012,~~ the distribution delivery demand charge shall be determined by reducing the standard tariff distribution delivery demand charge per kW rate (per kW) as provided below by the appropriate discount percentage as specified in Service Classification No. 12 for the Program. The discount percentage shall not apply to adjustments and surcharges as provided in Section 5.4.3 of Service Classification No. 12 of this tariff. ~~Theis~~ resulting billed distribution delivery demand charge per kW rate will then be multiplied by the billed kW demand to determine the distribution delivery demand charge.

For the term of this Agreement, the billed distribution delivery demand charge rate per kW rate for each Billing Period shall be set according to the then effective applicable standard tariff distribution delivery demand charge per kW rate ~~charges established~~ rate established in the Tariff specific to the Customer's voltage delivery level as specified in Service Classification No. \_\_\_\_\_.

As of the effective date, the standard tariff distribution delivery demand charges per kW rate applicable to service furnished to the Customer is \$\_\_\_\_\_ per kW.

In the event that the Billing Period is less than twenty-five days or greater than thirty-five days, the distribution delivery demand charge will be pro-rated to the actual number of days in the Billing Period.

**32. MINIMUM BILL PROVISIONS**

The minimum bill to be rendered under this Agreement shall be priced no lower than the Company's EZR rate applicable ~~to~~ the then effective Parent Service Classification specific to the Customer's voltage delivery level applicable to the Customer in effect at the time and as may be amended from time to time.

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### SERVICE CLASSIFICATION NO. 3 (Continued)

#### SPECIAL PROVISIONS: (continued)

- K. In accordance with Case No. 01-M-0075 – Opinion No. 01-6, issued December 3, 2001 and Order Adopting Economic Development Plan, issued and effective October 24, 2002, as corrected in an Errata Notice issued November 13, 2002, qualifying Business Expansion and Business Attraction Customers and qualifying SC12 customers previously receiving Optional Service shall be entitled to a demand charge reduction at the end of their discount term under the following conditions:

SC-12 Business Expansion and Business Attraction Customers who are required to be reclassified in accordance with the provision of this Tariff from SC-2D to SC-3 at the end of the standard 5-year discount term, shall be subject to an additional two (2) years of demand charges at the prevailing SC-2D rate before becoming subject to the SC-3 voltage level specific ~~D~~distribution ~~D~~delivery ~~D~~demand ~~C~~charge ~~and Competitive Transition Demand Charge~~ associated with its parent SC-3 Standard Tariff rates and charges. At the end of the two (2) year -period the customer will no longer be subject to the prevailing SC-2 demand charge and will be subject to the applicable SC-3 demand charges.

SC-12 Customers previously receiving Optional Service who are required to be reclassified in accordance with the provision of this Tariff from SC-2D to SC-3 at the end of the discount term, shall be subject to an additional two (2) years of demand charges at the prevailing SC-2D rate before becoming subject to the SC-3 voltage level specific ~~D~~distribution ~~D~~delivery ~~D~~demand ~~C~~charge ~~and Competitive Transition Demand Charge~~ associated with its parent SC-3 Standard Tariff rates and charges. At the end of the two year (2) year period the customer will no longer be subject to the prevailing SC-2 demand charge and will be subject to the applicable SC-3 demand charges.

Customers must obtain, at their expense, a comprehensive energy audit before qualifying for this demand charge reduction and will have up to two years to implement any identified energy efficiency measures that have a payback of two years or less. Customers shall also pursue currently available NYSERDA programs to aid in these identified energy efficiency measures. Customers who fail to meet these conditions will, as applicable, be ineligible for the demand charge reduction or forfeit any demand charge reduction described in this Special Provision.

The Company has the right to withhold or terminate funding if customer is in arrears on their current account.

This Special Provision is applicable for the term of the Joint Proposal as approved by the Commission in Case No. 01-M-0075. Accordingly, this Special Provision expires December 31, 2013.

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### SERVICE CLASSIFICATION NO. 7 (Continued)

#### DETERMINATION OF DEMAND and CONTRACT ENERGY: (Continued)

~~During the first three years of this SC 7, commencing July 1, 2002, for a customer whose parent service classification is either SC 1, SC 2, or SC 3, during the initial 365 days under this SC 7, the penalty described above shall be waived for a new standby customer's first assessment of penalty charges for excessive demand within 10% of the corresponding Standby Contract Demand level. Prospective Standby Contract Demand billings shall be adjusted to the higher level, however, such penalty shall be waived for the first occurrence. Customers with demands of more than 10% above elected Standby Contract Demand levels or subsequent Standby Contract Demand overruns by customers previously qualifying for this waiver shall be expected to pay full penalty charges. Seasonal or other temporary fluctuations in load of the customer's existing facilities such as heating and air conditioning, and temporary reductions in manufacturing shall not qualify for reductions in the Standby Contract Demand.~~

The effective date of the revised Standby Contract Demand shall be the next billing cycle following the Company's receipt of the customer's written notice provided such notice is received 10 business days prior to the first day of the next billing cycle.

(2) As-Used Daily Demand

The As-Used Daily Demand shall be the aggregate of the highest daily 15-minute integrated demand (measured in kW) occurring during the on-peak hours of each day during the billing period.

On-Peak hours are defined as the hours between 8:00 a.m. and 10:00 p.m., Mondays through Fridays, except for the following holidays when such holidays fall on other than a Saturday or Sunday: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. All other hours are defined as Off-Peak.

(3) As-Used Daily Energy

The As-Used Daily Energy shall be determined as the sum of the billed kWh in the billing period.

(4) The Reactive Demand

The Reactive Power Demand Charge shall be the highest average kilovolt-ampere of lagging reactive demand measured in a fifteen minute interval during the month less one-third of the highest kilowatt demand measured during the month.

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**SERVICE CLASSIFICATION NO. 7 (Continued)**

**SPECIAL PROVISIONS:**

G. (Continued)

**(ii) The Otherwise Applicable Billing Determinants:**

The customer charge of the otherwise applicable service classification shall be reduced by the portion of the SC-7 Customer Charge determined in section (i) above.

The billing determinants of the otherwise applicable service classification shall be determined in accordance with the provisions of that otherwise applicable tariff and adjusted as follows:

Demand charges assessed on a maximum demand shall be reduced by the nameplate generating capacity of the OSG. In the case of customers that would otherwise receive service under SC-3A, the maximum demand ~~(used for distribution delivery) and the maximum on peak demand (used for the assessment of competitive transition charges)~~ shall be reduced by the nameplate capacity of the OSG.

All energy under this Special Provisions shall be served under Rule No. 46.1 – Electricity Supply Cost.

H. **Waiver of Reactive Demand Charges for -Wholesale Generators Larger Than 25 MVA and With Automatic Voltage Control:** For customers who operate a Wholesale Generator in larger than 25 MVA and install automatic voltage control (AVC) at their facilities, reactive demand charges shall be waived, within the parameters defined by the Company during the period in which such AVC is operating and maintained in good working order. The Company shall not waive start-up reactive demand charges. The initial parameters will be determined by the Company and may be changed subject to system conditions and location of the generating unit. The waiver is subject to the Company's rights to periodically review and approve the customer's AVC system and review its operation and performance for compliance with the system requirements.

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**SERVICE CLASSIFICATION NO. 12  
SPECIAL CONTRACT RATES**

**PURPOSE:**

Pursuant to the Settlement Agreement approved by the Commission in its Opinion and Order issued March 20, 1998 in Case Nos. 94-E-0098 and 94-E-0099, the Company is offering ~~E~~lectric ~~S~~ervice under this Service Classification No. 12. The intent of this Service Classification No. 12 is to provide the Company with the ability to address and respond to a broad range of competitive challenges within its service territory using, to the maximum extent practicable, standardized eligibility criteria and pricing. This Service Classification No. 12 shall be used by the Company as the exclusive vehicle for responding to the following competitive categories:

<b>Retention:</b>	On-site Generation, Fuel Switching, Revitalization, and Relocation.
<b>Growth:</b>	Business Attraction and Business Expansion.

Customers applying for service under this Service Classification No. 12 that satisfy the requirements of Section 4 of this Service Classification No. 12 are Qualifying Customers as provided in Section 3.6 herein. Qualifying Customers shall receive the applicable standardized discount as provided in Section 5 of this Service Classification No. 12. Where the Company determines at its sole discretion that the eligibility criteria in Section 4 have been satisfied and the standardized discount provided in Section 5 is insufficient to address the Qualifying Customer's economic threat, a Qualifying Customer shall individually negotiate its rates and Customer Service Agreement with the Company under Section 6 of this Service Classification No. 12, provided that the requirements of Section 6 are satisfied.

Customers receiving service under this Service Classification No. 12 shall be subject to a Minimum Bill provision.

**1. APPLICABILITY**

Service under this Service Classification No. 12 is available to Non-Residential Customers receiving or eligible to receive service under rate schedule SC Nos. 2D, 3, 3A, 4 and 7 provided that those customers, in the sole discretion of the Company, meet the eligibility requirements established herein.

The Company will consider requests for service under this Service Classification No. 12 provided that customer has submitted written application consistent with the requirements of this Service Classification No. 12. Execution by duly authorized representatives of the customer and Company on the Company's proscribed Customer Service Agreement is a prerequisite to service hereunder. The proscribed Customer Service Agreement for customers receiving standardized discounts under Section 5 of this Service Classification No. 12 is the Company's Form I.

Customers may only receive service under one of the programs provided in this Service Classification No. 12 at any one time, provided, however, that Customers with different accounts at different Premises may be eligible to receive discounted service provided that each Premise qualifies independently for a single specific program. Customers with multiple meters at the same facility on one Premise shall complete a single application hereunder. A customer seeking to participate under the revitalization program for more than one facility may aggregate those facilities in the application process provided that the customer provides supporting data for each facility. Each facility must qualify independently to be eligible to participate in the revitalization program.

Customers taking service under this Service Classification No. 12 are not eligible for Rule 34.2 Economic Development Rider. Customers may, however, receive service under this Service Classification No. 12 while receiving a portion of their requirements under either Rule 34.4 (EDP) or Rule 34.5 (PFJR) or successor economic development programs.

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## SERVICE CLASSIFICATION NO. 12 (Continued)

### 2. CHARACTER OF SERVICE

Service shall be continuous and available throughout the Company's service area subject to the availability of adequate metering and in appropriate cases communication equipment. Service is for all purposes for which electricity is required by the customer on the customer's Premises where such requirements are delivered at one point and are metered with a single meter (with exceptions as noted in Rule 25.1.4.3 of the Tariff). The Company shall determine the appropriate voltage delivery level at the customer's Premises. Such delivery may occur at secondary (<2.2 kV), primary (2.2 -15 kV), subtransmission (22-50 kV), or transmission (>60 kV). All service is at 60 Hertz nominal.

### 3. DEFINITIONS

The following definitions shall apply to service provided under this Service Classification No. 12:

- 3.1 Affiliated Customer: A customer that either directly or indirectly owns, is owned by, or is under common ownership with other customers receiving ~~E~~lectric ~~S~~ervice from the Company.
- 3.2 Contestable Customer: A customer that:
- (a) has a financially viable competitive alternative for all or part of its present or future loads supplied by the Company at Standard Tariff Rates, including the option to forego the construction or installation of new facilities or equipment; and
  - (b) is reasonably expected by the Company, in its sole judgment, to select this alternative if the Company does not provide an economically attractive contract offer; and
  - (c) is reasonably expected by the Company to provide greater net revenues to the Company pursuant to a Customer Service Agreement authorized by this Service Classification No. 12, than it would in the absence of this Service Classification No. 12.
- 3.3 Manufacturing Customer: A customer with a North American Industry Classification System ("NAICS") code of 31, 32 or 33. NAICS codes will be assigned according to the activity at the facility in the Company's service territory.
- 3.4 Energy Intensive Manufacturing Customer: A customer with an NAICS code of 311 (food manufacturing), 326 (rubber and plastics), 332 (metal fabrication), 334 or 335 (electronics) or 336 (transportation equipment). NAICS codes will be assigned according to the activity at the facility in the Company's service territory.
- 3.5 Service Sector Customer: A customer that has an NAICS code of 42 (wholesale trade), 493 (regional warehousing or storage), 541 (professional, scientific or technical services) or 561 (administrative or support services) or 812921 (Photofinishing Laboratories, except one hour). NAICS codes will be assigned according to the activity at the facility in the Company's service territory.
- 3.6 Qualifying Customer: A customer qualifying for service under this Service Classification No.12 by meeting the requirements of Section 4 of this Service Classification No. 12.



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## SERVICE CLASSIFICATION NO. 12 (Continued)

### 4. PROGRAM ELIGIBILITY (Continued)

#### 4.3.2 Demonstration of Financial Distress

##### 4.3.2.1 Applicable to Customers Facing Business Reductions

In order to qualify for a revitalization discount, a customer facing business reductions must provide the Company with persuasive documentary evidence that it is experiencing financial distress for the facility or product line that is affecting its competitive position. The information required to make this showing shall include:

- 4.3.2.1.1 ~~Statements of sources and uses of funds~~ Statements of cash flows (sources and uses of funds) for the customer's most recent fiscal year for the facility or product line in question; and
- 4.3.2.1.2 Such other information as the customer may wish to provide to the Company to support its claims of financial distress.

##### 4.3.2.2 Applicable to Customers Facing Business Closure

In order to qualify for a revitalization discount, a customer facing business closure must provide the Company with persuasive documentary evidence that it is experiencing financial distress that is affecting its competitive position. The information required to make this showing shall include:

- 4.3.2.2.1 Audited financial statements (balance sheet, income statement and notes to the financial statements) for the specific facility, and for the company (if different), for the latest complete fiscal year subject to the provisions in this Section No. 4.3.2.2. If customer does not have audited financial statements for the specific facility because such audited financials are not prepared in the customer's normal course of business, then unaudited financial statements will be prepared for the specific facility. Where the financial distress experienced by customer impacts more than one facility in the Company's service territory, customer may submit financial information concerning such facilities on either an individual or consolidated basis, depending on how such information is compiled in the normal course of business. All financial statements delivered to the Company shall be accompanied by a certification of the Chief Financial Officer of the parent company or the appropriate company division, as applicable, to the effect that the financial statements comply with generally accepted accounting principles, consistently applied; and
- 4.3.2.2.2 ~~Statements of sources and uses of funds~~ Statement of cash flows (sources and uses of funds) for the customer's most recent fiscal year for the facility in question; and
- 4.3.2.2.3 Such other information as the customer may wish to provide to the Company to support its claims of financial distress.

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## SERVICE CLASSIFICATION NO. 12 (Continued)

### 4. PROGRAM ELIGIBILITY (Continued)

#### 4.3.3 Revitalization Plan Applicable to Customers Facing Business Reductions and Business Closure (Continued)

##### 4.3.3.2 (Continued)

- (d) Potential reductions in business costs and potential increases in operating efficiencies, examples of which for illustrative purposes include the following items:
- (i) renegotiations with raw material, subcomponent and/or service suppliers;
  - (ii) a plan developed jointly by labor and management that addresses the issues of unit product cost reductions and productivity;
  - (iii) local and/or state concessions on taxes;
  - (iv) discontinuance of non-profitable products and development of new products;
  - (v) cash flow improvement;
  - (vi) restructuring of short and long term debt;
  - (vii) capital savings through low cost loans;
  - (viii) increased operating efficiencies through:
    - 1. improved process technologies;
    - 2. an employee retraining plan; and
    - 3. reduced energy usage; and
  - (ix) marketing-related initiatives.

4.3.3.3 The customer shall demonstrate that it has the support and the participation of other key stakeholders in its business survival, such as the labor force and state/local government.

4.3.3.4 Customer shall perform an energy audit of the facility to identify possible energy efficiency measures and explore participation in energy efficiency programs. Customer shall submit a copy of the audit report to the Company.

4.3.3.5 The information presented in the applicant's revitalization plan must be detailed in writing, in form and content satisfactory to the Company. The Company reserves the right to request additional information from the applicant concerning the revitalization plan. The plan should be certified to the Company by the applicant's operational and financial management.

4.3.3.6 A copy of the revitalization plan will be made available to the New York State Empire State Development Corporation upon request.

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## SERVICE CLASSIFICATION NO. 12 (Continued)

### 4. PROGRAM ELIGIBILITY (Continued)

#### 4.4 Retention: Relocation

**4.4.1 Eligibility Criteria:** Customers meeting the following eligibility requirements shall be eligible for discounted rates for all or part of their loads designed to respond to the competitive challenge of potential relocation of economic activity to other facilities not served by the Company.

- 4.4.1.1 The customer must be a Manufacturing Customer or a Service Sector Customer as defined in Sections 3.3 and 3.5; and
- 4.4.1.2 The customer must be eligible to receive electric service from the Company under rate schedules SC-3, SC-3A, SC-4 or SC-7; and
- 4.4.1.3 The customer must have an average monthly metered Company electric demand exceeding 500 kW in the preceding twelve months; and
- 4.4.1.4 The customer must demonstrate to the Company's satisfaction that the customer's relocation alternatives make it a Contestable Customer as provided in Section 4.4.2 of this Service Classification No. 12; and
- 4.4.1.5 The customer must demonstrate public sector involvement as part of its evaluation of relocation alternatives as provided in Section 4.4.3 of this Service Classification No. 12. Customer may submit an application under this section prior to confirmation of public sector involvement, but any discount is contingent upon confirmation of public sector involvement prior to the commencement of any discount contract under this Service Classification No. 12.

**4.4.2 Demonstration of Relocation Challenge:** In order to receive a reduced rate under this Service Classification No. 12, the customer must demonstrate that relocation of part or all of its activities from the facility served by the Company to other facilities not served by the Company is economically viable. Examples of the type of written documentation that may be used to make such a demonstration may include, but need not be limited to the following:

- 4.4.2.1 Audited financial statements (balance sheet, income statement and notes to the financial statements) for the specific facility, and for the company (if different), for the most recent complete fiscal year, subject to the provisions in this Section No. 4.4.2. If customer does not have audited financial statements for the specific facility because such audited financials are not prepared in the customer's normal course of business, then unaudited financial statements will be prepared for the specific facility. All financial statements delivered to the Company shall be accompanied by a certification of the Chief Financial Officer of the parent company or the appropriate company division, as applicable, to the effect that the financial statements comply with generally accepted accounting principles, consistently applied; and
- 4.4.2.2 ~~Statements of sources and uses of funds~~ Statements of cash flows (sources and uses of funds) for the customer's most recent complete fiscal year for the facility evaluating relocation; and
- 4.4.2.3 Estimates of the potential savings associated with relocation to the targeted location.

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## SERVICE CLASSIFICATION NO. 12 (Continued)

### 4. PROGRAM ELIGIBILITY (Continued)

**4.6.2 SC-12 Contract Load Quantities:** Customer must commit to an overall increase in the historic SC-12 Contract Load Quantities, as defined in Section 3.16, which represents an overall increase in the production capability or economic activity of the facility. Any discount under Section 4.6 of this Service Classification No. 12 shall be calculated on the incremental load that exceeds the SC-12 Contract Load Quantities as established in either 4.6.2.1 or 4.6.2.2 below.

**4.6.2.1 Expansion at Existing Facilities:** Customers who are expanding existing facilities shall establish SC-12 Contract Load Quantities, as defined in Section 3.16. The SC-12 Contract Load Quantities (expressed in kW and kWh) shall be specified in the Customer Service Agreement.

**4.6.2.2 Expansion at New Facilities:** Business expansions occurring at new facilities by existing customers will be assigned SC-12 Contract Load Quantities (expressed in kW and kWh) equal to zero (0). The Company reserves the right to adjust the SC-12 Contract Load Quantities at any time, when, in the Company's opinion, the customer is shifting load from existing locations to the new location.

**4.6.2.3** Although customers served under the business expansion program will not be penalized if the SC-12 Contract Load Quantities calculated above and memorialized in their respective Customer Service Agreements are not met, benefits under the business expansion program will only be realized when a customer's actual consumption (in kW and kWh) is in excess of the SC-12 Contract Load Quantities set forth in the Customer Service Agreement in each billing period.

### 5. STANDARDIZED DISCOUNT RATES

Qualifying Customers as defined in Section 3.6 of this Service Classification No. 12 shall receive the applicable standardized discount percentages established in Section 5.3 of this Service Classification No.12 applied to their charges for electric service.

**5.1 Application of Discounts:** Customers served under Section 5 of this Service Classification No. 12 shall pay the Customer, Demand, and Reactive Power Demand charges, ~~in addition to any applicable C.T.C. charges,~~ set according to the otherwise applicable Standard Tariff Rate Schedule. Customers served under Section 5 of this Service Classification No. 12 shall also pay, if applicable, the Electricity Supply Cost as specified in accordance with Rule 46 - Electricity Supply Cost. The discounts provided under Section 5 of this Service Classification No. 12 shall be administered on a targeted basis, applied to the ~~C.T.C. per kWh charge through December 31, 2011. Effective January 1, 2012, the discounts provided under Section 5 of this Service Classification No. 12 shall be applied to the~~ otherwise applicable standard tariff distribution delivery demand charge per kW rate ~~demand charge per kW.~~

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## SERVICE CLASSIFICATION NO. 12 (Continued)

### 5. STANDARDIZED DISCOUNT RATES (Continued)

#### 5.1.1 Determination of C.T.C. per kWh

~~The C.T.C. per kWh shall be determined according to the qualifying SC 12 customer's otherwise applicable Standard Tariff C.T.C. per kWh charge. In cases where the SC 12 customer's otherwise applicable Standard Tariff rate includes blocked rate structures, the discount shall be calculated using the first block's C.T.C. per kWh charge and administered according to the provisions specified in Form I.~~

#### 5.1.2 Qualifying Customers Receiving a Portion of their Requirements from NYPA

The Company may, at its option, agree to permit Qualifying Customers receiving a portion of their requirements from NYPA to receive any electricity supplied to it by NYPA on a "first through the meter" basis, provided that the Company shall consider the benefit conferred on the customer by such an option in determining the discount it is willing to offer to the customer.

### 5.2 Determination of Loads Eligible to Receive Discount

**5.2.1 Determination of Contestable Load:** For each Qualifying Customer, the Company shall determine the customer's Contestable Load as defined in Section 3.10 of this Service Classification No.12.

**5.2.2 Application of Discounts:** The discount percentages specified in Section 5.3 of this Service Classification No.12 shall apply only to the Qualifying Customer's Contestable Load.

**5.2.3 Administration of Discounts:** Qualifying Customers shall have the option of separately metering their Contestable Load as provided in Section 5.2.3.1 or agreeing to the alternate billing methodology specified in Section 5.2.3.2.

**5.2.3.1 Option 1: Separate Meters:** If the customer elects to separately meter its Contestable Load, the Company shall install the required metering facilities at the customer's expense, and discounted service shall only commence once the required metering facilities are in place and shall apply only to such Contestable Loads. The Company shall have the right to terminate discounted service under this Section 5.2.3.1 and to require the customer to receive its discounted service under Section 5.2.3.2 if the Company determines that any part of the customer's Non-Contestable Load is receiving service through the meter assigned to the customer's Contestable Load.

**5.2.3.2 Option 2: Billing Based on Contract Loads:** In the event that the customer does not elect to separately meter its Contestable Load, the Company shall estimate the customer's Non-Contestable Load in each billing period for twelve consecutive months. The customer's Contestable Load shall be deemed to be all usage in excess of the Non-Contestable Load (in kW and kWh) in any billing period, and the customer's discount percentage specified in Section 5.3 shall apply only to such Contestable Loads.

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## SERVICE CLASSIFICATION NO. 12 (Continued)

### 5. STANDARDIZED DISCOUNT RATES (Continued)

**5.3 Discount Percentages:** The following discount percentages are applicable to Qualifying Customers depending on the customer's competitive alternative:

**5.3.1 Retention: Revitalization:** Where the Company determines that customer has satisfied the requirements of this Service Classification No. 12, the customer will be eligible for 3 years of discounts as provided below.

Effective January 1, 2012, ~~t~~he discount percentage applied to the otherwise applicable standard tariff distribution delivery demand charge per kW rate shall be as follows:

<u>Year</u>	<u>SC-3A</u>	<u>SC-3</u>
1	15%	15%
2	15%	15%
3	15%	15%

The discount percentage shall not apply to adjustments and surcharges as provided in Section 5.4.3 of this Service Classification No. 12.

~~For customers receiving discounts under this section 5.3.1 as of the effective date of this Tariff Leaf, the following discount percentage shall be applied to customer's C.T.C per kWh through December 31, 2011:~~

<u>Year</u>	<u>SC-3A</u>	<u>SC-3</u>
2011	30%	15%

**5.3.2 Retention: Relocation:** Where the Company determines that customer has satisfied the requirements of this Service Classification No. 12, the customer will be eligible for 5 years of discounts as applied to its Contestable Loads as provided below:

Effective January 1, 2012, ~~t~~he discount percentage applied to the otherwise applicable standard tariff distribution delivery demand charge per kW rate is as follows:

<u>Year</u>	<u>SC-3A</u>	<u>SC-3</u>
1	15%	15%
2	15%	15%
3	15%	15%
4	15%	15%
5	15%	15%

The discount percentage shall not apply to adjustments and surcharges as provided in Section 5.4.3 of this Service Classification No. 12.

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### SERVICE CLASSIFICATION NO. 12 (Continued)

#### 5. STANDARDIZED DISCOUNT RATES (Continued)

##### 5.3.3 Growth: Business Attraction

- 5.3.3.1 **Program 1:** Where the Company determines that customer has satisfied the requirements of this Service Classification No. 12, a Qualifying Customer that is also a Manufacturing Customer or Service Sector Customer as defined in Sections 3.3 and 3.5 respectively, other than those Energy Intensive Manufacturing Customers identified in Program 2 below, will be eligible for 5 years of discounts as applied to its Contestable Loads as provided below:

Effective January 1, 2012, the discount percentage applied to the otherwise applicable standard tariff distribution delivery demand charge per kW rate is as follows:

<u>Year</u>	<u>All Eligible Classes</u>
1	20%
2	20%
3	15%
4	15%
5	10%

The discount percentage shall not apply to adjustments and surcharges as provided in Section 5.4.3 of this Service Classification No. 12.

~~For customers receiving discounts under this section 5.3.3.1 as of the effective date of this Tariff Leaf, the following discount percentage shall be applied to customer's C.T.C per kWh through December 31, 2011:~~

<u>Year</u>	<u>All Eligible Classes</u>
2011	5%

- 5.3.3.2 **Program 2:** Where the Company determines that customer has satisfied the requirements of this Service Classification No. 12, qualifying Energy Intensive Manufacturing Customers will be eligible for 5 years of discounts as applied to its Contestable Loads as provided below:

Effective January 1, 2012, the discount percentage applied to the otherwise applicable standard tariff distribution delivery demand charge per kW rate is as follows:

<u>Year</u>	<u>All Eligible Classes</u>
1	25%
2	25%
3	20%
4	20%
5	15%

The discount percentage shall not apply to adjustments and surcharges as provided in Section 5.4.3 of this Service Classification No. 12.

~~For customers receiving discounts under this section 5.3.3.2 as of the effective date of this Tariff Leaf, the following discount percentage shall be applied to customer's C.T.C per kWh through December 31, 2011:~~

<u>Year</u>	<u>All Eligible Classes</u>
2011	20%

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## SERVICE CLASSIFICATION NO. 12 (Continued)

### 5. STANDARDIZED DISCOUNT RATES (Continued)

- 5.3.4 Growth: Business Expansion:** Where the Company determines that customer has satisfied the requirements of this Service Classification No. 12, a Qualifying Customer who is also a Manufacturing Customer or Service Sector Customer as defined in Sections 3.3 and 3.5, respectively, will be eligible for 5 years of discounts as applied to its Contestable Loads as provided below:

Effective January 1, 2012, the discount percentage applied to the otherwise applicable standard tariff distribution delivery demand charge per kW rate is as follows:

<u>Year</u>	<u>All Eligible Classes</u>
1	20%
2	20%
3	20%
4	20%
5	20%

The discount percentage shall not apply to adjustments and surcharges as provided in Section 5.4.3 of this Service Classification No. 12.

For customers receiving discounts under this section 5.3.4 as of the effective date of this Tariff Leaf, the following discount percentage shall be applied to customer's C.T.C per kWh through December 31, 2011:

<u>Year</u>	<u>All Eligible Classes</u>
2011	75%

### 5.4 Other Provisions:

- 5.4.1 Term: The term of any discounted Customer Service Agreement under Section 5.3.1 of this Service Classification No. 12 shall not exceed 3 years, except as otherwise approved by the New York State Public Service Commission. All other Customer Service Agreements under this Section 5 of Service Classification No.12 shall not exceed 5 years, except as otherwise approved by the New York State Public Service Commission.
- 5.4.2 Commencement of Service: Service under any discounted Customer Service Agreement under this Section 5 shall commence on the first day of the billing period immediately following execution and delivery of the discounted Customer Service Agreement by both parties, subject to appropriate metering as specified in 5.2.3.
- 5.4.3 Adjustments to Standard Rates and Charges: Customers receiving Customer Service Agreements reflecting standardized discount rates pursuant to this Section 5 of this Service Classification No.12 shall be subject to all adjustments and surcharges as required by the New York Public Service Commission that would have applied to the customer if it had received non-discounted service under the service classification otherwise applicable to the customer's usage. All such adjustments and surcharges shall be determined in accordance with the corresponding rules of the standard tariffs and shall be increased by a tax factor in accordance with Rule 32. Nothing contained in this section shall be construed as limiting Customers' rights to petition the New York State Public Service Commission for a waiver of the application of such surcharges and adjustments.