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April 6, 2018

**VIA ELECTRONIC FILING**

The Honorable Kathleen H. Burgess  
Secretary  
State of New York Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223

RE: Massena Electric Department – Revised Tariff Leaves to Include High Density  
Load Customer Program Under Service Classification No. 8 – Individual Service  
Agreements

Dear Secretary Burgess,

Enclosed herewith are the following materials, issued and transmitted for filing on behalf of the Massena Electric Department (“MED” or “Department”), in accordance with the requirements of the Public Service Commission (“Commission”).

1. Revised Tariff leaves for P.S.C. No. 2, Electricity, containing provisions to govern the eligibility and terms for High Density Load Customers under Individual Service Agreements available under Service Classification No. 8:

Revised Leaf No. 34, Revision 2  
New Leaf No. 34.1, Revision Original  
Revised Leaf No. 35, Revision 4

These revisions are issued as of April 6, 2018 and are proposed to be effective July 17, 2018.

The proposed revisions to Service Classification No. 8 will allow high density load (“HDL”) customers to qualify for service under Individual Service Agreements with the MED and will clarify that HDL customers receiving service under MED’s new High Density Load Customer Program may be subject to additional charges. The pass-through of additional charges to high density load customers is vital to protect the rate interests of MED’s other customers. As the Commission noted in its recent decision in Case 18-E-0126, “HDL customers may use an exorbitant amount of resources, which harms the public welfare by shifting costs to municipal ratepayers while providing no general benefit.”<sup>1</sup> MED receives low-cost hydropower via allocations from the New York Power Authority (“NYPA”) and passes this low-cost power to its customers. Any additional power and energy needs for MED are purchased via the New York Municipal Power Agency (“NYMPA”) at market prices that are more expensive than the NYPA preference hydropower. The higher cost supplemental power, purchased through NYMPA, is procured only intermittently under peak conditions or seasonal demand. The costs of the supplemental power and energy are recovered from all customers on a total quantity basis. The proposed inclusion of high density load customers in MED’s Service Classification No. 8 and the proposed terms and conditions applicable to such customers will prevent increasing costs to other customers by allocating the appropriate cost of service charges to HDL customers, who do not qualify for any of the existing economic development programs while still recognizing potential benefits such as curtailability and other attributes which may, in fact, be beneficial to the Department.

Under the recently approved NYMPA Generic Tariff Rider A, the Commission has approved a separate HDL Purchased Power Adjustment (“HDL PPA”) charge in Case No. 18-E-1126.<sup>2</sup> At least one other municipality (the Village of Sherburne) that utilizes NYMPA’s Generic Tariff has subsequently filed tariff revisions as a supplement to the NYMPA order.<sup>3</sup> Due to the unique circumstances of municipal entities such as MED, tariff changes in addition to the NYMPA tariff are necessary to protect consumers. MED has recently received requests from at least a dozen HDL customers in the block chain/crypto currency industry. The revised terms and conditions to MED’s Individual Service Agreements are necessary to protect its existing municipal electric utility customers from increased supply costs resulting from providing service to HDL customers while recognizing some attributes when they occur.

In compliance with the newspaper publication requirements of PSL § 66(12)(b), the proposed tariff changes will be published in the local newspaper for four consecutive weeks following the date of issuance.

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<sup>1</sup> *Order Approving Tariff Amendments with Modifications*, Case No. 18-E-0126, Tariff Filing by the New York Municipal Power Agency to Implement a New Rider A – Rates and Charges for High Density Load Service at 5.

<sup>2</sup> *Id.*

<sup>3</sup> Case No. 18-E-0197, Tariff Filing by the Village of Sherburne to Revise its Demand and Energy Charges for Service Classification No. 3 - General Service-Demand Metered and Service Classification No. 4 - Large General Service in its Electric Tariff Schedule, P.S.C. No. 1 – Electricity.

We request that the following individuals be advised of any action taken in regard to this filing: a) the undersigned; b) Andrew McMahon, Superintendent, Massena Electric Department, 71 East Hatfield St. P.O. Box 209, Massena, New York 13662-0209, (315) 764-0253, [amcmahon@massenaelectric.com](mailto:amcmahon@massenaelectric.com); c) Jeffrey Dobbins, Treasurer, Massena Electric Department, 71 East Hatfield St. P.O. Box 209, Massena, New York 13662-0209, (315) 764-0253, [jdobbins@massenaelectric.com](mailto:jdobbins@massenaelectric.com); and d) Eric Gustafson, Pease and Gustafson, LLP, 40 Main St., Massena, NY 13662, (315) 769-3898, [ericj@pgnylaw.com](mailto:ericj@pgnylaw.com).

Respectfully submitted,

*/s/ Jeffrey C. Genzer*

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For the Massena Electric Department

cc: Andrew McMahon  
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