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Salamanca Board of Public Utilities
225 Wildwood Ave.
Salamanca, New York 14779

November 30, 1998

Hon. Debra Renner, Acting Secretary
New York State Public Service Commission
3 Empire State Plaza
Albany, New York 12207

Re: Salamanca Board of Public Utilities'
Service Classification #3-1

Dear Ms. Renner:

Please find enclosed proposed modifications to Salamanca BPU's existing Electric Tariff. We are filing to become effective February 12, 1999:

First Revised Leaves Nos. 1 through 14
Original Leaf No. 13.1

On leaf 12 the credit amount has been changed from \$9.25 per interrupted KW per month for primary metered customers to \$7.29 per interrupted KW per month. Also on leaf 12, the credit amount of \$9.40 per interrupted KW per month for secondary metered customers has been changed to \$7.42 per interrupted KW per month for secondary metered customers.

The previous section (5) on leaf 12 imposing a program participation fee of \$460 per month in each month that a request for load interruption is made has been deleted.

75% of the avoided Bulk Power Purchase Costs will be rebated to each participating Service Classification #3 Customer directly, in the form of a credit on their retail billing covering the consumption-period in which the load interruption occurred. The other 25% will be an "Indirect Benefit" to all Salamanca Board of Public Utilities' Customers via a reduced PPA. The resultant is no change in monthly revenues for the BPU at all.

The following is the New York Power Authority-generated fact sheet (from 1993) on this SC#3-1 Program, herein modified only to reflect "the new" credit calculation rates based on the incremental power costs that the Salamanca Board of Public Utilities presently experiences. These stated credit calculation rates were developed by PSC Staff earlier this year:

SALAMANCA BOARD OF PUBLIC UTILITIES: INTERRUPTIBLE SERVICE CREDIT PROGRAM

APPLICABILITY:

The Interruptible Service Credit Program will be available to demand billed customers of the Salamanca Board of Public Utilities currently served on Service Classification #3.

ENTRY CRITERIA:

The option to join this program is purely voluntary. However, a commitment for a minimum interruptible/curtailable load of 50 kw in each month is required (the 50 kw amount was based on a break-even analysis for the program credit and implementation costs). The Salamanca Board of Public Utilities will verify the accuracy of the load commitment.

CREDIT AND CHARGES:

For Primary Metered Customers: Credit = \$7.29/kw/month

For Secondary Metered Customers: Credit = \$7.42/kw/month

Explanatory Note for Credit/Charge Calculation:

To calculate the credit amount, the net avoided savings of incremental demand (as a result of load curtailment) was determined. Program participants receive 75% of this net avoided savings as the credit. The other 25% savings would show up as an indirect benefit to all Salamanca Board of Public Utilities' customers (via a reduced PPA).

IMPLEMENTATION OF THE PROGRAM:

The request to interrupt load will be made by the Salamanca Board of Public Utilities whenever, in the Salamanca Board of Public Utilities' judgement, a need for peak reduction is required.

The credit will only be given for load curtailed/interrupted consistently (every time the Salamanca Board of Public Utilities requests the customer to shed during a thirty day billing period) that results in an actual peak demand reduction for the system on what would have been the highest demand usage day during that billing period.

When the program is fully implemented, the Salamanca Board of Public Utilities will have a total interrupted load commitment from all program participants. In a billing period, it is quite likely that the actual peak demand reduction is lower than the total interruptible load commitment. In such a case, the credit due to each customer will be in proportion of the individual customers' interruptible load commitment to the total load commitment.

Other Modifications to Electric Tariff

The applicability clause of S.C. No. 1 has been revised to conform to Section 76 of the Public Service Law. This Section of the Law allows certain non-residential customers to take service under the residential rate. Additional clarifying/housekeeping charges are being proposed by this filing.

We request waiver of newspaper publication because we have contacted the customers affected.

If there are questions, concerns, or if further information is needed, please feel free to contact the undersigned.

Thank you.

Very truly yours,

James M. Brundage
General Manager

JMB/er