

GENERAL INFORMATION

6. ADJUSTMENT OF RATES ACCORDING TO CHANGES IN THE COST OF FUEL AND PURCHASED POWER (cont.)

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b) Definition of Terms (cont.)

MAY 29 2001

1) Cost of Fuel and Purchased Power (cont.)

TARIFF FILES
ALBANY, NY

ii) The Cost of Fossil Fuel shall further be determined by dividing the sum of the Cost of Fossil Fuel on hand at the beginning of the month and the Cost of Fossil Fuel received during the month minus the Cost of Fossil Fuel on hand at the end of the month by the sum of the quantity of fossil fuel on hand at the beginning of the month and the quantity of fossil fuel received during the month minus the quantity of fossil fuel on hand at the end of the month. The weighted average cost, so determined, shall be applied to the fossil fuel used by the Utility in generation for its customers.

iii) The Cost of Coal Generation shall be determined as the cost of coal, oil and natural gas consumed in the production of steam in boilers 9-12, which is in turn primarily used for the generation of electrical energy in turbo-generators 5 and/or 6 over the Specified Time Period.

iv) The Cost of Gas Generation shall be determined in two separate components: a) the Cost of Gas for Simple Cycle Generation, the cost of oil and natural gas consumed in the combustion turbine over the Specified Time Period; and b) the Cost of Gas for Combined Cycle Generation, the cost of oil and natural gas consumed in the production of steam in the HRSG which is in turn primarily used for the generation of electrical power in turbo-generators #5 and/or #6 over the Specified Time Period.

v) The adjustment for the sale of heat to Jamestown's District Heating System shall be to the Cost of Coal Generation and to the Cost of Gas for Combined Cycle Generators in proportion to the amount of steam produced by the HRSG and boilers 9-12, for use in generators #5 and #6 over the Specified Time Period.

Date of Issue May 29, 2001

Date Effective May 30, 2001

Issued by Walter W. Haase, General Manager, Jamestown, New York
Issued under authority of the Public Service Commission
Issued April 26, 2001 in Case 01-E-0221

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MAY 29 2001
TARIFF FILES
ALBANY, N.Y

b) Definition of Terms (cont.)

1) Cost of Fuel and Purchased Power (cont.)

vi) The Specified Time Period shall be the calendar month unless the Utility elects to use hourly periods for the current month's determination of the Average Cost of Fuel and Purchased Power.

2) Economy Energy is that energy purchased at a total charge equal to or less than the Utility's fuel cost.

3) Base Cost of Fuel and Purchased Power is \$0.01137 for Service Classification No. 1, and \$0.00498 for Service Classification Nos. 2, 3, 4, and 5. It is defined as the cost of Fuel and Purchased Power per KWH which is included in the energy rates and which is the basis for computing the Fuel Cost Adjustment.

4) Average Cost of Fuel and Purchased Power is the total Cost of Fuel and Purchased Power, as defined in 1) less Cost of Generation for Off-System Sales as defined in vi) below, all divided by the total Kilowatt-hours Generated for Tariff Customers (excluding station use) and kilowatt-hours purchased (excluding losses).

i) The amount of Kilowatt-hours from Coal Generation shall be determined by multiplying the total number of kilowatt-hours produced by generators #5 and #6 by the ratio of the amount of steam produced in boilers 9-12 to the sum of the amount of steam produced in boilers 9-12 and the amount of steam produced from the HRSG, over the Specified Time Period.

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b) Definition of Terms (cont.)

MAY 29 2001

4) Average Cost of Fuel and Purchased Power (cont.)

TARIFF FILES
ALBANY, N.Y

ii) The amount of Kilowatt-hours from Gas Generation shall be determined by adding the total number of kilowatt-hours produced by generator #7 to the total number of kilowatt-hours produced by generators #5 and #6, less the amount of Kilowatt-hours from Coal Generation, over the Specified Time Period.

iii) The amount of Kilowatt-hours Generated for Tariff Customers shall be determined by subtracting from the total amount of kilowatt-hours generated the total amount of Off-System kilowatt-hour sales, as adjusted, over the Specified Time Period.

iv) The Average Cost of Coal Generation shall be determined by dividing the Cost of Coal Generation by the amount of Kilowatt-hours from Coal Generation over the Specified Time Period.

v) The Average Cost of Gas Generation shall be determined by dividing the Cost of Gas Generation by the amount of Kilowatt-hours from Gas Generation over the Specified Time Period.

vi) The Cost of Generation for Off-System Sales shall be determined by multiplying the total amount of Off-System kilowatt-hour sales, as adjusted, times the higher of the Average Cost of Coal Generation or the Average Cost of Gas Generation for the Specified Time Period. If the total amount of Off-System kilowatt-hour sales, as adjusted, for the Specified Time Period is greater than the total amount of kilowatt-hours used in determining the higher of the Average Cost of Coal Generation or the Average Cost of Gas Generation, for the Specified Time Period, then those kilowatt-hours in excess of the total amount of kilowatt-hours used in determining the higher of the Average Cost of Coal Generation or the Average Cost of

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b) Definition of Terms (cont.)

TARIFF FILES
ALBANY, N.Y

4) Average Cost of Fuel and Purchased Power (cont.)

Gas Generation shall be costed at the lower of Average Cost of Coal Generation or the Average Cost of Gas Generation.

5) Factor of Adjustment is 1.0506 as established in Case No. 28357.

6) Fuel Adjustment Rate per KWH for monthly billings shall be derived by subtracting the Base Cost of Fuel and Purchased Power from the Average Cost of Fuel and Purchased Power, as defined in 4) multiplied by the Factor of Adjustment as defined in 5).

c) Statement of Fuel Cost Adjustment

A statement will be filed with the Public Service Commission apart from this rate schedule on not less than three business days' notice prior to any change in the Fuel Adjustment Rate per KWH. This statement will also be available at Utility's office and will indicate the Base Cost of Fuel and Purchased Power, the Off-System Sales Adjustment, the Average Cost of Fuel and Purchased Power, and the Fuel Adjustment Rate per KWH resulting from the changes in the Average Cost of Fuel and Purchased Power.

d) Off-System Adjustment

The Board will continue to credit to its monthly Fuel Adjustment Rate charge the Off-System Sales Adjustment of (\$0.00152), as determined in the 11th Reconciliation Period, through the end of 2001 (Statement No. 359).

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d) Off-System Adjustment (cont.)

MAY 29 2001
TARIFF FILES
ALBANY, N.Y.

The Board, as a part of its monthly Fuel Adjustment Rate determination for the bills rendered during the month of October 2001 (Statement No. 357), will determine an Off-System Sales Adjustment, for sales made during the period January 1, 2001 through April 30, 2001, the 12th and final Reconciliation Period. The Off-System Sales Adjustment for the 11th Reconciliation Period and for the 12th Reconciliation Period shall both be charged/credite to the Fuel Adjustment Rate during the period October 1, 2001 through December 31, 2001. (Statement Nos. 357-359)

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