

GENERAL INFORMATION

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

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.

vii) The Cost of Environmental Allowances and Fees shall include the costs of acquiring environmental allowances and the costs of paying any fees to Federal, Regional, State of New York, or Local Agencies related to environmental fees to operate Jamestown=s plants, that are above the base calendar year 2003 level of \$204,913. The Cost of Environmental Allowances and Fees shall not include fines leveled against Jamestown for non-compliance with Federal, Regional, State of New York, or Local environmental regulations. The benefit of any Allowances issued to Jamestown shall accrue first to jurisdictional sales customers and second to off-system sales if there are surplus allowances for a calendar year

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 9B12 to the sum of the amount of steam produced in boilers 9B12 and the amount of steam produced from the HRSG, over the Specified Time Period.

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