

Superseding _____

RIDER No. 3
Economic Development Under PASNY Requirements
Large Customers

1. Availability:

Service under this rider is available to existing or new General Service Customers served under Service Classification No. 3 that meet all of the criteria contained in this Section.

- (A) Added or incremental load must be at least 1.0 MW of monthly peak demand. The Incremental Billing Demand for an existing customer is defined as the load in excess of the Base Billing Demand. The Base Billing Demand is defined as the peak demand in the Base Period. The Base Period for determining Base Billing Demand and Incremental Billing Demand for existing Customers should be the 12 month period immediately preceding the date that the Customer applies for service under this Rider. The Base Billing Demand for a new Customer served hereunder will be 0 kW.
- (B) Service under this Rider is available through December 31, 2009. No new applications will be accepted after October 31, 2006, for service to begin January 1, 2007.
- (C) Customer shall meet the PASNY's requirements listed in Attachment A of the 1991 Amendment, entitled Municipal and Rural Cooperative Industrial Economic Development Program Guidelines, and shall work with the Utility to receive an allocation of additional firm demand and energy from PASNY. When such allocation is received from PASNY, Utility will purchase the allocated demand and energy from PASNY for subsequent sale to the Customer.

The cost of the PASNY demand and energy will be adjusted to include the cost of transmission and related ancillary services. Demand and energy provided by PASNY will be adjusted for losses from the point of Utility purchase to the point of sale to Customer. The sale price of the demand and energy will be adjusted annually by Utility as described in Paragraph 2(B) of the Rate Reduction Section of this Rider.

- (D) The discount to normal electric service provided under this Rider is dependent upon the purchase of additional firm demand and energy from PASNY. If such service from PASNY ceases to be available, in whole or in part, or PASNY increases the price, then the rates charged for electric service under this Rider will either be increased or discontinued.

Date of Issue October 25, 2002 Date Effective January 24, 2003
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1. **Availability: (cont.)**

(E) The Commission may review the eligibility of any customer under this tariff.

2. **Rate Reduction:**

(A) Existing and new Customers qualifying for this rate will receive PASNY firm demand for up to one-half of Incremental Billing Demand. Monthly billing demand in excess of one-half of the Incremental Billing Demand will be supplied by the Utility. Energy billing will be at the same monthly load factor for PASNY supply and for Utility supply under Service Classification No. 3. The reactive power charge of Service Classification No. 3 shall be applied to the total peak demand.

(B) The rate for PASNY demand and energy, including all delivery costs, will incorporate 100 percent of the savings of \$0.01683/kWh available therefrom relative to charges under Service Classification No. 3 for the same demand and energy. The rate for the PASNY demand and energy components in the succeeding years of the contract will incorporate the percent of savings shown in the following table for the respective years.

<u>Year</u>	<u>Percent of Savings</u>	<u>Savings per kWh</u>
2	80	\$0.01346
3	60	\$0.01010
4	40	\$0.00673
5	20	\$0.00337

(C) In the event that PASNY is unable to supply any portion of the Utility's allocation of demand and/or energy under Paragraph 3, "Industrial Economic Development", of the 1991 Amendment, in any month, the deficiency will be supplied by Utility under Service Classification No. 3.

(D) The Rate Reduction granted under this rate shall be completely eliminated five years after the date of initiation of service by the Customer under this Rider.

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3. Definition of Customer:

(A) For the purpose of this Rider only, the determination of whether a Customer is "new" or "existing" shall be made by Utility. Factors considered in this determination shall include, but not be limited to:

- (1) Whether or not the Customer has previously received service from Utility.
- (2) The time frame of the service previously rendered to the Customer.
- (3) The class of service previously rendered to the Customer.
- (4) Whether or not there is a change of directors or ownership of the Customer.
- (5) Whether a predecessor in interest of the Customer previously received service from Utility.
- (6) Whether or not facilities must be constructed to operate the business.

(B) The Utility may take other relevant factors into consideration in this determination.

4. Terms and Conditions:

Service under this Rider is subject to the Utility's General Rules and Regulations and the following special conditions:

- (A) Customer must present a signed application for service under this Rider.
- (B) Demand and energy in the applicable Base Period may be normalized by the Utility to take into account force majeure events or other abnormalities, which may have occurred.

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4. Terms and Conditions: (cont.)

- (C) The rate reduction available under this Rider will be applicable to the Customer's base bill before the application of any taxes.
- (D) The Utility and Customer shall enter into a written agreement specifying the monthly base demand and the incremental increase in load and in the event usage falls below the specified level, absent special conditions, then the Utility, in its sole discretion, may eliminate the Rate Reduction.
- (E) A Customer who no longer qualifies for the PASNY program will be terminated from service under this Rider.

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