

SERVICE CLASSIFICATION No. 6

**ECONOMIC DEVELOPMENT SERVICE
INDIVIDUAL NEGOTIATED CONTRACT**

PURPOSE:

The Utility will add to its portfolio of economic and business development tools and retain contested customers. Under this Flex Rate tariff framework, the Utility will be able to provide competitive and low-priced energy rates to those Rate 3 commercial and industrial customers who retain and/or add traded goods and services jobs. The Utility will encourage economic development and commerce through business relocation of potential Rate 3 commercial and industrial traded goods and services industry employers to Utility's service territory.

CHARACTER OF SERVICE:

Continuous alternating current, 60 cycles, at any standard voltage and phase arrangement as specified in Section 2 (a) of the Rules and Regulations.

Customers taking service hereunder must contract for the location, quantity and character of service required. On Customer's application, Utility will specify the type or types of service available and appropriate for Customer's requirements.

RATES:

Rates will be paid as negotiated and as specified in each Individual Negotiated Contract. The Flex Rate itself will represent a floor of not less than the Utility's delivered cost of NYPA capacity and energy plus not less than a margin towards the payment of local transmission, distribution and delivery costs as well as back-office expenses. The Flex Rate will include the following:

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RATES: (cont.)

CUSTOMER CHARGE	\$600.00
DEMAND	As specified in customer's Individual Negotiated Contract
For qualifying load	
ENERGY	As specified in customer's Individual Negotiated Contract
For qualifying load	
REACTIVE POWER	\$0.28
For each KVA of reactive demand in excess of 1/3 KVA per kW of measured demand, per R-KVA	

FUEL ADJUSTMENT:

The charges set forth in this Service Classification shall not be subject to a fuel adjustment as explained in Leaf Nos. 17 and 17A.

APPLICABLE TO USE OF SERVICE FOR:

- (a) Service under this Service Classification No. 6 is available to non-residential customers receiving or eligible to receive service under S.C. 3 provided that those customers meet the eligibility requirements established herein and have properly executed an Individual Negotiated Contract ("contract").
- (b) Utility will pass through all savings realized via any county, state or other grant monies received in support of its economic development efforts to its Flex Rate customers. If any new or existing commercial or industrial customer applicant already receives a portion of their energy requirements from NYPA, the Utility's Flex Rates will work in conjunction with all such awarded NYPA contractual rates. All such previously realized customer applicant NYPA savings will flow back to that Flex Rate customer.

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ELIGIBILITY:

For existing and potential new Rate 3 customers, the offering of competitive flex rates will be contingent upon a showing of all five of the following criteria which, when taken individually, are necessary but not sufficient qualifiers. The Utility will recognize such a showing if:

1. An eligible customer applicant's business is: (a) a traded goods and services enterprise where over half of the value of the customer's output is exported outside of Chautauqua County, or (b) a traded goods and services enterprise, where its output is an intermediary component of an end-user product, and it is shown that over half of the value of the end-user output is exported outside of Chautauqua Country.

Eligibility is generally limited to manufacturing and certain service sector businesses such as wholesale trade, warehousing and storage, professional-scientific-technical services and administrative support services. Thus, eligibility as a traded goods and services enterprise will be driven by the North American Industrial Classification System (NAICS) classification, or a future equivalent classification system. As such, qualifying customers must be classified as:

- Manufacturing (Sector 31-33)
- Wholesale Trade (Sector 42)
- Regional Warehousing or Storage (Sector 493)
- Information (Sector 51)
- Finance and Insurance (Sector 52)
- Real Estate, Rental and Leasing (Sector 53)
- Professional, Scientific or Technical Services (Sector 541)
- Management of Companies and Enterprises (Sector 55)
- Administrative or Support Services (Sector 561)

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ELIGIBILITY: (cont.)

- 2.a. An eligible customer applicant demonstrates a product line expansion or an additional new product line or business and brings in 25 new local jobs per 1000 kW of demand, or lesser amount of jobs on a pro-rata basis down to a minimum of 500 kW of demand, to the Board's system over the life of the Contract. The Utility also may require that certain Mid-Contract milestones be met (such requirements will be dealt with on a case by case basis). This expansion or addition will be realized by the customer applicant: (a) constructing a new facility; (b) expanding an existing facility; (c) adding facilities (equipment) to an existing site; (d) refurbishing a facility that has been inactive/vacant for six months; or (e) purchasing or leasing an existing facility that has been vacant for at least six months, or

- 2.b. An eligible customer applicant demonstrates its business retains 25 local jobs per 1000 kW of demand, or lesser amount of jobs on a pro-rata basis down to a minimum of 500 kW of demand, to the Board's system over the life of the Contract. The BPU also may require that certain Mid-Contract milestones be met (such requirements will be dealt with on a case-by-case basis.) Retention of such local jobs will be documented by fulfilling the requirement of an "Engineering Facility Study" ("study") detailing the customer applicant's energy requirements including the customer applicant's ability to separately meter its affected product line(s) within the existing facility. Further, the Study needs to account for the level of personnel required to manage and operate the customer applicant's facility, or

- 2.c. An eligible customer applicant achieves a total of 25 newly created or retained local jobs per 1000 kW of demand, or lesser amount of jobs on a pro-rata basis down to a minimum of 500 kW of demand, to the Board's system through any combination of jobs newly created, as set forth above in (2.a.), or jobs retained, as set forth above in (2.b.) over the life of the Contract. The Utility also may require that certain Mid-Contract milestones be met (such requirements will be dealt with on a case-by-case basis), or

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ELIGIBILITY: (cont.)

- 2.d. An eligible customer applicant can earn a credit towards job creation by making a single firm capital commitment of at least \$250,000 within their own facility. Such capital investment may encompass: (a) facility refurbishment, (b) facility expansion, (c) technological advances in system processes, (d) expansion of product or production lines, or (e) other capital investments deemed significant and appropriate by the Utility. This commitment must be evidenced by documentation of the planned capital investment; documentation must be reviewed prior to the Utility's granting approval of such Flex Rate. Each \$250,000 increment of investment committed during the term of the flex rate contract will be credited towards the creation of one job.

- 3. An eligible customer applicant shows that energy costs represent a significant factor of its cost structure and that the customer applicant's business is considered "energy- intensive" based on meeting the following two tests:
 - i. Customer applicant shall impose or is likely to impose monthly electric metered peak demands in excess of 500 kW, and
 - ii. Customer applicant's projected average monthly load factor, over the contracted term, is at least 50%.

- 4.a. Eligible customer applicant supplies documentation of a viable, alternative, competitive energy supplier outside of Jamestown (either domestically or internationally), or

- 4.b. Eligible customer applicant exhibits that its product offerings would be less competitive within their relevant geographic market (local, national, international) but for the existence of the Flex Rate.

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ELIGIBILITY: (cont.)

5. Existing customer applicants receiving Flex Rates will need to maintain a separate meter so that the Utility can track the incremental load or new service consumption. New entrant applicants will need to meter any back-office consumption separately from the industrial demand qualifying for the flex rate.

DEFINITIONS:

Contested Customer - A customer that:

- (a) Supplies documentation of a viable, alternative, competitive energy supplier outside of Jamestown (either domestically or internationally), or
- (b) Exhibits that its product offerings would be less competitive within their relevant geographic market (local, national, international) but for the existence of the Flex Rate

Flex Rate - An individually negotiated and competitively priced service contract.

Local Jobs - Jobs within Jamestown service territory

Traded Goods and Services Job - A job in an industry that drives local economies. These industries are able to export their products and bring in revenues from outside the region. Eligibility as a traded goods and services enterprise will be driven by the North American Industrial Classification System (NAICS) classification. As such, qualifying customers must be classified as:

- Manufacturing (Sector 31-33)
- Wholesale Trade (Sector 42)
- Regional Warehousing or Storage (Sector 493)
- Information (Sector 51)
- Finance and Insurance (Sector 52)
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TERMS OF PAYMENT:

Bills are rendered as negotiated and specified in each Contract. As such, they are subject to a late payment charge as specified in Item 4 (b) (2) of the Rules and Regulations.

CONTRACT TERM AND REQUIREMENTS:

Contract Term

The term of any initial offering of a Individual Negotiated Contract shall be at least twelve months and shall be limited to a term of eight years, unless a longer term is approved by the New York State Public Service Commission. If a customer desires a fixed price contract with a term in excess of eight years and the Utility is willing to agree to this arrangement, the Utility will request authorization from the New York State Public Service Commission to enter into that arrangement. If the Commission grants the Utility the authority it requests on terms acceptable to the Utility, the Utility will then enter into the agreement.

Utility Requirements

- (a) The Utility shall file information concerning each individually negotiated customer service contract within 30 days of the execution of that act.
- (b) The Utility will file quarterly reports to the Commission detailing the following data:
 - (1) number of Flex Rate Contracts,
 - (2) amount of capacity included in and covered by each Flex Rate Contract, and
 - (3) the surcharge collected through the FAC.

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