

October 6, 2015

John M. Kennedy, Jr.
Comptroller
H. Lee Dennison Building
100 Veterans Memorial Highway
Hauppauge, NY 11788-0099

Re: SC-2 MRP (Rate 285) Transfer; Response to letter to Dave Daly dated 8/6/2015,
Response to letter to Dave Daly dated 10/5/2015

Dear Mr. Kennedy:

Thank you for your inquiry regarding Suffolk County's twelve accounts currently taking service on Service Classification No. 2 - MRP Large General and Industrial Service with Multiple Rate Periods (SC 2-MRP), along with your inquiry to the Department of Public Service. It's your contention that these rates qualify for Rate 281, and should not be on Rate 285. This letter will provide you with some background information about the various Service Classifications in dispute, along with the proposed next steps to take.

Service Classification No. 2 - MRP (284/285)

These rates have different prices for energy consumption (kWh) and electric demand (kW), depending on the time of day and time of year (summer/winter) in which the electricity is used. The cost of electricity is higher during "peak" hours to reflect the increased costs of providing electricity at those times and lower during system "off-peak" hours when the cost of providing electricity is less.

Service Classification No. 2-L (281)

This rate also has different prices for consumption and demand based on the time of year, but not the time of day. As proposed for 2016 (discussed below), this rate will be available to customers using electricity for any non-residential purpose when the amount consumed during the preceding 12 months has equaled or exceeded 2,000 kWh in each of two consecutive monthly billing periods (4,000 kWh in two consecutive bimonthly billing period) or whenever it is estimated that an applicant's demand is at least 7 kW, but not greater than 145 kW.

This rate also includes a Demand Ratchet, which sets a floor level of demand for billing purposes at the greater of:

1. The demand recorded on the meter, or
 - 2a. If billed for a summer month (June - September), 85 percent of the maximum recorded demand during the preceding 11 months, or
 - 2b. If billed for a non-summer month (October - May), 70 percent of the maximum demand recorded during the preceding 11 months.

LIPA Tariff

As with all utilities, LIPA has a tariff which outlines the rules and regulations that PSEG Long Island must follow. Under the present LIPA Tariff for Electric Service, there is no exit provision for the account numbers in question to be transferred to Rate 281. Therefore, until the current Rate 285 tariff language is modified, the twelve accounts identified in your letter do not qualify to be transferred.

Under the LIPA Tariff, non-residential customers (*i.e.*, the accounts you asked about), take service pursuant to Rate 285 in either one of two possible ways:

1. when the electric needs reached a certain threshold (when either the demand has exceeded 500 kW in any two of the previous 12 months or 145 kW in any summer month (June through September); or
2. when the accounts were originally established, the utility was provided information giving it a reasonable expectation that the accounts would reach a certain threshold.

Other customers, like you, have expressed concerns about this current policy. After receiving these complaints and reviewing the tariff language, PSEG Long Island proposed to change this policy in its 2016-2018 rate plan. If successful, which we believe is likely, there will be a rule change in the Tariff for Service Classification No. 2 - MRP Large General and Industrial Service with Multiple Rate Periods (SC 2-MRP) that will now introduce an "Exit Provision," that did not previously exist, which will allow customers to be voluntarily transferred to a more appropriate rate if a customer's metered demand has been less than 116 KW for the last 12 consecutive billing periods.

After reviewing the twelve accounts you provided, we have determined that, based upon this future tariff change, you will have the option to transfer ten of your SC 2-MRP accounts to a rate more appropriate to your usage. Also, as part of this review process, PSEG Long Island reviewed other Suffolk County electric accounts and identified four additional accounts that would qualify to transfer as well. All twelve accounts, plus the additional four (shown in blue), are listed in the table below, and indicate those accounts that qualify to be transferred as of January 1, 2016.

Acct. #	Turn on Date	Type of business	Max Load - 6 Year Available (kW)	Max Load - Last Twelve Months Below 116 kW	Building Type
654-04-7540-1	07/18/2011	CNG GAS FUELING STAT	114.0	109.0	Large Natural Gas Fuel Station
670-45-0310-1	04/11/1966	SUF-CTY DPW BLDG DIV	183.2	100.0	Large 2 Story Office Building
704-58-5900-2	07/01/2006	SUFF COUNTY DPW	80.3	69.1	Mid Size Office Building
807-90-6540-5	04/19/2002	Pumping Station	140.4		Fuel Dock, Sewage pump out station
819-05-6484-1	08/21/2003	Sewage	53.8	48.3	Sewage Plant or Part of one
821-16-4740-1	09/26/1999	BRNTWD HEATH	138.2	105.7	Mid Size Office Building
830-45-0898-3	01/12/2007	SUFFOLK COUNTY DPW	46.8	34.4	Mid Size Office Building
834-08-3020-3	09/11/1996	SUFF COUNTY DPW	80.6	67.2	Sewage Plant or Part of one
908-19-8750-2	11/24/1998	5TH DISTRICT COURT	121.2	101.8	Large 2 Story Office Building
912-19-0340-1	03/01/1989	S C POLICE GARAGE	35.2	31.2	Police Fleet Maintenance Garage
925-05-0096-1	07/21/1999	SUFF CO SMITH POINT	146.5	63.0	Smith Point County Park Large Bath House, Park
955-05-1440-1	07/16/2001	Business Co-op	142.8		Large 3 Story Office Building
608-16-2595-1	09/24/1970	VANDERBILT MUS COMM		113.5	Planetarium
608-16-2600-1	04/07/1997	SUFF CNTY VANDERBILT		66.0	Mansion
944-70-0015-1	03/30/1998	SC DPW-BLDGS DIV		89.4	Fire Station
973-06-2390-1	10/07/1999	SUFF COUNTY DPW		113.8	Sanitation Station

If, after reviewing the provided information along with considering expected usage, you would like the option of changing your rate classification, please complete and return the enclosed Rate Transfer Agreement. As identified above, if the proposed change is successful these changes will take effect January 1, 2016.

If you have any questions about these rates, please contact:
Karyn Kemp-Smith, External Affairs
District Manager - Western Suffolk,
Phone: (516) 434-9591

Sincerely,



Dan Eichhorn, PE
PSEG Long Island
Vice President - Customer Services
609-743-2278