

SERVICE CLASSIFICATION NO. 23

APPLICABLE TO USE OF SERVICE FOR:

Delivery of electric power supply provided by an Energy Services Company under the Company's Retail Access Program to customers that meet the eligibility requirements of this Service Classification. Service is provided hereunder in accordance with the Service Agreement entered into between the Company and the customer.

In accordance with the "Guidelines for Flexible Rate Electric Service" (the "Guidelines") adopted by the Commission in its "Order Approving Guidelines for Flexible Rate Service Contracts", issued April 14, 2005, in Case 03-E-1761, customers are encouraged to obtain their electric power supply from an Energy Services Company and should only look to obtain their electric power supply from the Company as a provider of last resort. Customers seeking to purchase their electric power supply from the Company must demonstrate that (1) they have made all reasonable efforts to purchase electric power supply from an Energy Services Company and (2) the electric power supply prices being offered by Energy Services Companies would prevent the customer from reaching its pricing objective. Electric power supply is available to customers under this Service Classification in accordance with the provisions of the Company's Market Supply Charge. In cases where the electric power supply available from Energy Services Companies and from the Company are not viable options for allowing the customer to meet its pricing objective, the customer may request that the Company seek to obtain electric power supply in accordance with the Guidelines.

PURPOSE:

This service is offered by the Company, at its sole discretion, to retain non-residential customers with viable competitive alternatives to the Company's service including, but not limited to, on-site generation, fuel switching, shifting of production to facilities outside the Company's service territory, facility relocation outside the Company's service territory and facility closing.

CHARACTER OF SERVICE:

Continuous, 60 cycles, A.C., three phase secondary, primary, substation or transmission service as defined in General Information Section No. 4.

ELIGIBILITY:

To receive service hereunder, the customer must be receiving or be eligible to receive service under Service Classification Nos. 3, 9, 21, or 22 of this Rate Schedule, provided that they meet the other eligibility requirements set forth below. This service is not available to customers taking service under Rider H of this Rate Schedule.

SERVICE CLASSIFICATION NO. 23 (Continued)

ELIGIBILITY: (Continued)

- (a) Customer must maintain a minimum demand of 200 kW during any two of the previous twelve months.
- (b) Customer must provide a completed energy efficiency audit to the Company for review prior to final execution of the Service Agreement. The purpose of the audit is to identify potential energy efficiency improvements at the customer's facility. The energy audit will be of sufficient detail to provide reliable cost and benefit information on all electric energy efficiency improvements with reasonable paybacks. The Company will take the results of the audit into consideration when establishing the terms of the Service Agreement.
- (c) Customer must submit an application for service under this Service Classification. The application must include documentation characterizing the nature of the competitive alternative available to the customer and the pricing objective required to retain or attract the customer. The pricing objective should specify the relief from the otherwise applicable service classification rate that is necessary to retain or attract the customer's load, taking into account the other economic development measures offered by municipal and state authorities for the purpose of retaining or attracting customers.
- (d) Customer's facility must be classified by the North American Industry Classification System (1997 edition or supplements thereto) as Manufacturing (Sector 31-33), Wholesale Trade (Sector 42), Transportation and Warehousing (Sector 48-49), Information (Sector 51), Finance and Insurance (Sector 52), Real Estate, Rental and Leasing (Sector 53), Professional, Scientific and Technical Services (Sector 54), Management of Companies and Enterprises (Sector 55), Administrative Support, Waste Management and Remediation Services (Sector 56).
- (e) If the customer's competitive alternative to the Company's service is shifting of production to facilities outside the Company's service territory, facility relocation outside the Company's service territory or facility closing, the customer must also qualify for and receive a comprehensive package of economic incentives for at least the duration of the Service Agreement. Such a comprehensive package must be conferred by the local municipality or state authorities and must include substantial financial assistance or a substantial tax incentive program designed to maintain or increase employment levels in the service area. The customer must provide the Company with suitable documentation of the receipt of the comprehensive package or that it has undertaken all reasonable efforts to participate or be involved in those economic programs for which the customer is eligible.

SERVICE CLASSIFICATION NO. 23 (Continued)

ELIGIBILITY: (Continued)

The Company will review the application and determine the viability of the customer's competitive alternative and pricing objective. The Company reserves the right to request additional reasonable information from the customer to further analyze the application. Failure to comply with the Company's request for additional information may result in rejection of the application.

The Company will determine eligibility on a case-by-case basis. The customer must clearly demonstrate that the price of electricity is a major factor in its decision to pursue a competitive alternative. The Company will consider the economics of the customer's competitive alternative as well as the practical aspects of securing that alternative (i.e. ability to secure environmental permits, building permits, required capital, etc.) before rendering a decision on the application.

SERVICE AGREEMENT:

The Company and the customer shall negotiate and execute a Service Agreement prior to the commencement of service hereunder. The Service Agreement shall contain all information necessary for the Company to supply service to the customer including, but not limited to:

- (a) the term of service, options for continuing service and options for canceling service;
- (b) the exact character of service including demand and energy requirements and customer's equipment to be served;
- (c) additional facilities to be constructed or installed; and
- (d) a listing of all charges to be made for services rendered.

Service under this Service Classification may be terminated at the Company's option for breach of the provisions of the customer's Service Agreement. Such customer shall be eligible for service under its otherwise applicable Service Classification.

RATE:

The specific charges for delivery service under this Service Classification, including the contribution towards fixed system costs stated on a cents per kWh basis, will be stated in the negotiated Service Agreement executed for each customer. The Service Agreement also shall include, where applicable, the specific charges and other terms and conditions for electric power supply.

SERVICE CLASSIFICATION NO. 23 (Continued)

INCREASE IN RATES AND CHARGES:

The rates and charges for service under this Service Classification will be increased pursuant to General Information Section No. 19.

TERMS OF PAYMENT:

Bills are due when rendered, subject to late payment charge in accordance with General Information Section No. 7.6. If a bill is not paid, service may be discontinued in accordance with provisions of General Information Section Nos. 11.1 and 11.2 of this Rate Schedule.

TERM:

The initial term and renewal options shall be provided for in the Service Agreement. The minimum term shall be one year and the maximum term shall be five years, unless the Commission specifically approves a longer term.

METERING:

The customer is responsible for all incremental metering costs incurred by the Company to provide service hereunder.

The Company may, at its sole discretion, permit metering at a voltage level other than that at which service is supplied hereunder if metering at the voltage level at which service is supplied is impractical due to cost or physical constraints.

The customer is responsible for all incremental costs incurred by the Company to accommodate transfers between secondary, primary, substation, or transmission service.

FILING AND REPORTING OF SERVICE AGREEMENTS:

All Service Agreements shall be filed with the Commission in accordance with the Guidelines. Such filings shall also include, where appropriate, a summary of the Company's most recent marginal cost-of-service study. The Company also shall file with the Commission quarterly reports summarizing contract activity in the format set forth in the Guidelines.