STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on July 12, 2018

COMMISSIONERS PRESENT:

John B. Rhodes, Chair
Gregg C. Sayre
Diane X. Burman
James S. Alesi

CASE 18-E-0211 - Tariff filing by Massena Electric Department to Implement a High Density Load Customer Program Under Service Classification No. 8 - Individual Service Agreements in its Electric Tariff Schedule, P.S.C. No. 2. - Electricity.

ORDER APPROVING TARIFF AMENDMENTS WITH MODIFICATIONS

(Issued and Effective July 12, 2018)

BY THE COMMISSION:

INTRODUCTION

On April 6, 2018, Massena Electric Department (MED) filed proposed tariff amendments to allow high-density load (HDL) customers to qualify for service under Service Classification (S.C.) No. 8 – Individual Service Agreements, and to specify that HDL customers receiving service under MED’s High Density Load Customer Program may be subject to additional charges. The additional charges applicable to HDL customers in this program under S.C. No. 8 are intended to prevent increasing costs to other customers by allocating the appropriate costs to HDL customers.

On July 10, 2018, MED filed a letter providing a supplemental explanation in support of the tariff filing (July 10 letter). The July 10 letter states that MED has determined that it is in the best interest of the community to pursue this tariff amendment as the tariff develops a mechanism for Massena to increase revenues using an underutilized asset.

By this order, the Commission approves MED's proposed tariff amendments, subject to a modification, to go into effect on July 17, 2018.

BACKGROUND

MED is a member of the New York Municipal Power Agency (NYMPA). NYMPA's members are all municipal, not-for-profit, electric utilities formed under General Municipal Law §360. NYMPA members receive low-cost hydropower from the New York Power Authority (NYPA), and after their NYPA allocation is expended, NYMPA members procure supplemental power as needed through the open market. Historically, supplemental power has been more expensive than the NYPA hydropower allocation, but has only been procured intermittently under peak conditions or seasonal demand. The costs of the supplemental power and energy are recovered from all customers.

The Commission recently approved the NYMPA Generic Tariff Rider A – Rates and Charges for High Density Load Service, which includes a separate HDL Purchased Power Adjustment.[1] MED states the amendments proposed in the April 6, 2018 filing are in addition to those made pursuant to the Rider A Order. MED explains that providing service to HDL customers under an Individual Service Agreement allows MED to recognize that HDL customers may have operational characteristics that would benefit MED. The provisions of MED's Individual Service

[1] Case 18-E-0126, New York Municipal Power Agency - Tariff Filing to Implement a New Rider A – Rates and Charges for High Density Load Service, Order Approving Tariff Amendments with Modifications, (issued March 19, 2018) (Rider A Order).

Agreement tariff protect existing municipal electric utility customers from increased supply costs resulting from the new service.

TARIFF FILING

Consistent with the Rider A tariff amendments, MED's proposed High Density Load Customer Program, under S.C. No. 8, would apply to customers whose energy densities are greater than 250 kWh per square foot per year. However, MED proposes to establish a minimum load requirement of 300 kW, contrary to the Rider A tariff requirement of a maximum demand that is greater than 300 kW. Additionally, in order for HDL customers to qualify for service under S.C. No. 8, the customer must have operational characteristics that would benefit MED based on the location of the customer on MED's system, the customer's ability to curtail to respond to system requirements, and the customer's usage of underutilized electric facilities. Under the Individual Service Agreements, HDL customers may purchase market power, in whole or in part. Market power refers to electricity purchased in the open market, as opposed to the lower-cost hydro-power MED receives from the NYPA. For customers receiving service under the High Density Load Customer Program, and MED is supplying the customer, the NYMPA Generic Tariff Rider A will apply, whereby customers in the S.C. No. 8 High Density Load Customer Program will be subject to a separate purchased power adjustment. For customers purchasing power from the New York Independent System Operator or another source, the Individual Service Agreement will include charges for a pass-through of all appropriate supply-related costs to protect other MED customers. The Individual Service Agreement would be utilized under S.C. No. 8. Customers served under the High Density Load Customer

Program will be responsible for incremental supply related costs to protect other MED customers.

As stated in the July 10 letter, MED has recently been approached by several potential HDL customers. These customers if properly located, would use excess capacity associated with industrial demand that did not materialize on the MED system. Specifically, MED has excess capacity at its Engstrom Substation. Any HDL customers served under the program would be required to pay the full price for all construction costs for infrastructure required to serve the customer. The developer would also be responsible for all transformers as well as remotely controlled reclosers that would enable curtailment.

MED complied with the requirements of Public Service Law (PSL) §66(12)(b) and 16 NYCRR §720-8.1 regarding newspaper publication of the proposed tariff amendments.

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking was published in the State Register on April 25, 2018 [SAPA No. 18-E-0211SP1]. The time for submission of comments pursuant to the Notice expired on June 25, 2018. No comments were received.

LEGAL AUTHORITY

Pursuant to Public Service Law (PSL) §§ 5, 65(1) and (8), and 66 (1) and (12), the Commission has the legal authority to review proposed tariff leaves, as well as modify, reject or approve such filed tariffs. As such, the Commission has the legal authority to review the Company’s filing and approve and make effective tariff amendments, as prescribed in this Order.

DISCUSSION AND CONCLUSION

The Commission finds MED's proposed High Density Load Customer Program, as modified below, reasonable as it provides MED with the flexibility to serve HDL customers under an Individual Service Agreement if the customer provides benefits to MED. The proposed HDL tariff provides a mechanism for MED to utilize excess capacity on it system, protects existing customers, and potentially creates additional revenues that would benefit existing customers. Expanding eligibility of S.C. No. 8 – Individual Service Agreements to HDL customers creates the potential for MED to receive significant non-supply related revenues that were not included in the revenue forecast used to develop existing rates. Therefore, MED is required to defer any incremental non-supply related revenues received from customers served under the program for future disposition by the Commission for the benefit of ratepayers. If the incremental revenues are offset by incremental costs, MED can make a filing to the Commission requesting relief from this requirement.

In terms of applicability, the language proposed by MED indicates that the program applies to customers who have a minimum load of 300 kW. To maintain consistency with the NYMPA Generic Tariff Rider A, the language must apply to HDL customers or other customers who have a maximum demand exceeding 300 kW. Therefore, MED is directed to file further revisions to reflect this change.

The Commission orders:

1. The tariff amendments listed in the Appendix are authorized to become effective on July 17, 2018, provided that the Massena Electric Department files further revisions consistent with the discussion in the body of this order on not less than one day's notice to become effective on July 17, 2018.

2. The requirements of Public Service Law §66(12)(b) and 16 NYCRR §720-8.1 concerning newspaper publication of the tariff amendments directed in Clause No. 1 are waived.

3. Any incremental non-supply related revenues associated with customers served under the High Density Load Customer Program will be deferred for future disposition by the Commission for the benefit of ratepayers as described in the body of this Order. If the incremental revenues are offset by costs, MED can make a filing to the Commission requesting relief from this requirement.

4. In the Secretary's sole discretion, the deadlines set forth in this order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least one day prior to the affected deadline.

5. This proceeding is closed pending compliance with Clause No. 1.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS
Secretary

CASE 18-E-0211 APPENDIX

SUBJECT: Filing by MASSENA ELECTRIC DEPARTMENT

Amendments to Schedule P.S.C. No. 2 – Electricity

Original Leaf No. 34.1
Second Revised Leaf No. 34
Fourth Revised Leaf No. 35

Issued: April 6, 2018 Effective: July 17, 2018

SAPA: 18-E-0211SP1 – STATE REGISTER – April 25, 2018

NEWSPAPER PUBLICATION: May 30, June 6, June 13 and June 20, 2018