

PSC NO: 121 ELECTRICITY

Leaf: 61.1

NEW YORK STATE ELECTRIC & GAS CORPORATION

Revision: ~~34~~Initial Effective Date: ~~0711~~/01/16Superseding Revision: ~~03~~Issued in compliance with Order in Case 15-E-0~~283746~~, dated ~~June 15~~October 14, 2016**SERVICE CLASSIFICATION NO. 3 (Cont'd.)****SPECIAL PROVISIONS: (Cont'd.)****G. Purchase Option: (Cont'd.):**

The Customer may, at its option, elect to purchase the portion of the Company's street lighting system being used to serve the customer. The following guidelines shall apply to any sale of the Company's street lighting facilities: (Cont'd):

- ii) The customer must purchase a minimum of ~~25~~10% of the lights that were owned by the Company within the municipality prior to any purchase(s) made under this rule, and the facilities associated with those lights, or 100 lights and their associated facilities, whichever is greater. If the customer requests purchase of a geographic area which contains slightly less than the ~~25~~10% minimum, the Company shall consider such an offer, provided that there is some logical rationale for the area chosen. Notwithstanding the above, if a customer owns 70% or more of the lights originally owned by the Company prior to any purchase(s) made by the customer under this rule, any further purchase must encompass all remaining lights. If a proposed purchase of lights would reduce the amount of lights owned by the Company within the municipality to less than 15% of the lights originally owned by the Company prior to any purchase(s) made by the customer under this rule, or to less than 100 lights, completion of the proposed purchase shall be contingent upon written agreement by the customer to purchase all remaining lights within two years of the currently proposed purchase. Such written agreement shall include all terms and conditions of the sale of the remaining lights, including but not limited to the sale price and time frame of the sale. The Company may contract to sell the system in increments over an agreed upon time frame or to accept payments in installments, upon payment and other terms acceptable to the Company.
- iii) The Company shall develop an estimate of the costs that it shall incur to physically separate the system being sold from the rest of its distribution system in order for the Company to meet all applicable codes and regulations. This estimate shall not include costs that the customer may incur in order for the Customer to meet any codes and regulations that may apply to it.
- iv) The Company shall determine a proposed purchase price of the equipment, taking into account factors which may include, but are not limited to, the market value of the street lighting system to be sold, the remaining book value of the street lighting system to be sold, potential federal income tax implications resulting from accelerated depreciation of the equipment for tax purposes, and any other costs which the Company may incur in order to complete the sale.
- v) The customer shall have 180 days from the issuance of the initial proposed purchase price to commit to move forward in good faith with the purchase process.
- vi) Within ~~390~~ business days of a customer providing written notice to the Company of its desire to purchase its street lighting system, the Company shall respond, in writing, with the proposed purchase price. The actual purchase price of the street lighting system may be negotiated between the Company and the customer. The Company shall not be required to

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provide a purchase price for the same street lighting facilities more than once in any 12-month period.

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SERVICE CLASSIFICATION NO. 3 (Cont'd.)

SPECIAL PROVISIONS: (Cont'd.)

Field Code Changed

G. Purchase Option: (Cont'd):

- vii) The Company shall file a petition in conformance with the requirements of §70 of the Public Service Law within 60 days of an executed purchase agreement.
- viii) A customer that purchases any portion of the Company's street lighting system shall be required to install a Company-approved disconnect device on all purchased street lights. The installation of the disconnect devices must be completed by the time specified in the written agreement; however, the maximum time that shall be allowed in any written agreement for the customer to provide to the Company proof of the installation of the disconnect devices shall be within 24-months of the transfer of the street lighting system by the Company to the customer. On the date of such transfer, the customer shall provide the Company with an irrevocable letter of credit or other form of security acceptable to the Company in an amount adequate to cover the costs, as determined by the Company, of installing the disconnect devices. Should the customer not provide proof of the installation of the disconnect devices on all purchased street lights within the time specified in the written agreement, the Company shall notify the customer of its intention to perform such work on the customer's behalf. Upon completion of such work, the Company shall determine its actual costs of performing such work, inclusive of all applicable overheads and shall invoice the customer for such amount. If that invoice is not paid within 15 days, the Company may draw on the letter of credit or other form of security provided by the customer. Once the installation of the disconnect devices is completed, the Company shall either release any security amounts in excess of such costs or include any remaining costs of such work in its bill to the customer for street lighting service. Such letter of credit or security shall be required for all agreements entered into after April 1, 2016.
- ix) The owner(s) of street lighting systems must provide that any personnel that work on such street lighting systems will be qualified by complying with established regulations and standards associated with the work to be conducted. To identify requirements related to safety or the construction, repair, or maintenance of the street lighting system, the owner(s) should consult among other documentation, the Occupational Health and Safety Administration ("OSHA") requirements, including but not limited to OSHA 1910.269, "The Electric Power Generation, Transmission, and Distribution" standard, the National Electrical Code (NEC), the National Electric Safety Code (NESC), the New York State Labor Law governing how close workers (qualified) and non-workers (unqualified) can get to energized equipment at primary and/or secondary voltages, and requirements by the New York State Department of Transportation.
- x) The customer may file a petition with the Commission at any time to facilitate an ownership transfer agreement. Such petition must comply with the requirements of § 70-a of the Public Service Law, the requirements of the Commission's Rules of Procedure, 16 NYCRR Part 3, and any other applicable requirements.

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