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SERVICE CLASSIFICATION NO. 10 (Cont'd)

PURCHASE OF ELECTRIC ENERGY AND CAPACITY FROM CUSTOMERS WITH QUALIFYING ON-SITE GENERATION FACILITIES (Cont'd)

SPECIAL PROVISIONS (Cont'd)

E. (Cont'd)

For electricity purchased by the Company from the Customer, the Company will make the following payments for demand and energy supplied, subject to adjustment as described in Cost of Fuel Adjustment above:

- (1) Contracts entered into prior to the February 25, 1991 issue of Opinion 91-2 shall be paid \$.03792 per Kwh. However, to the extent that a minimum unit rate applies under Section 66-c of the Public Service Law, the average annual rate to be paid to such facilities qualifying for such minimum unit rate shall be \$.06 per kilowatthour, trued up each month.
- (2) Energy and Capacity Contracts and Energy Only Contracts entered into subsequent to the February 25, 1991 issue of Opinion 91-2 shall be paid based on the following payments:

Energy and Capacity Contract \$.03792 per Kwh

Energy Only Contract \$.03505 per Kwh

- F. The Transmission rate also applies to energy received by the Company at primary distribution voltage at locations where such energy cannot be used without transformation to transmission voltage. Any determination by the utility that power cannot be used at the lower voltage may be reviewed by the Commission at the buyback Customer's request.
- G. A customer operating a qualifying facility, construction of which commenced prior to November 9, 1978, may negotiate a special contract with the Company, at the termination of any existing contract or when permitted by an express provision in the contract, to begin to receive a rate that would in 1986 be set at 50% of full avoided costs and in each succeeding year would increase by five percentage points such that by 1996 all such facilities would receive 100% of full avoided costs.

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York