

SCHEDULE 3

BILLING AND COLLECTION SERVICE REQUIREMENTS

3.1 BILLING AND COLLECTIONS

On and after the Commencement Date, the Operator, as agent for the City, shall be responsible for the preparation, maintenance and collection of all bills and invoices to the users of the Systems as more fully described in this Schedule 3 and all costs and expenses associated therewith are incorporated into the Operator's Fixed Management Fee; provided however, that it is recognized that the City has power to enforce collection of bills and invoices to users of the System through liens and other remedies. The City shall cooperate in good faith with Operator with respect to such enforcement activities. The Operator shall design the format and content (which shall be reasonably acceptable to the City) of the bills for the Water and Wastewater Collection Services. In addition, the Operator shall maintain a computerized billing and collections system and customer information system (CIS) which provides, at a minimum, data on accounts such as meter size, lists fire lines, overdue accounts, monthly billing cycles.

The Operator shall prepare, print, and deliver utility bills to the post office for mailing within five (5) working days of the meter read out. The Operator shall also coordinate the preparation of bills and include public service messages, when directed by the City, on bills.

The Operator shall be responsible for implementing its terminating water provision to any customer of the System not in compliance with their obligation to pay the established rates in conformance with the policy and reestablishing services when appropriate in conformance with the policy. The practice regarding shut-offs is that the City sends letters twice per year to the delinquent customer requesting payment and advising of the water shut-off alternative. For accounts serviced by New Jersey-American, enforcement is based upon foreclosure.

3.2 ALLOCATION OF REVENUES

The Operator shall deposit on a daily basis all funds collected from the users into a City controlled account (**the "City-Controlled Account"**) from which a Trustee (selected by the City) (or City, if no Trustee is appointed) will disburse funds to the Operator and the City pursuant to the terms of this Schedule 3. The Operator shall provide daily reconciliation of receipts and evidence of deposits and maintenance of related accounts and databases. The Operator shall supply a detailed transaction report for the entire year to support a year end audit performed by the City.

The Trustee (subject to the requirements of any financing documents related to the System(s)) of the City-Controlled Account shall pay to the Operator on a monthly basis 1/12 of the Annual Service Fee on the first day of the month following Commencement Date and the first day of each month thereafter, for services provided in the prior month.

3.3 CUSTOMER SERVICE

The Operator shall respond, within 24 hours or the next business day following a holiday or weekend, to all customer billing and collection questions, problems, and inquiries and shall maintain a toll free telephone number for customers of the Systems to handle such questions, problems and inquiries, as well as any emergencies, as may arise. Customer shall be served in a prompt and courteous manner. A computer log of all customer inquiries shall be maintained indicating at a minimum time and date of caller, type of caller (water or wastewater customer), reason for call and how the call was addressed. Seasonal (1st Q, 2nd Q, 3rd Q, 4th Q) and annual summaries shall be prepared and maintained and copies available to the City and included in the monthly and annual reports. The Operator shall prepare and maintain, and provide the City, upon request, a copy of the Operator's written policy in dealing with customer service and complaints relating to billing and collection matters.

3.4 COLLECTION OFFICE

The Operator shall provide, within the downtown Camden City business district, a centrally located collection office (such as a bank) where customers of the Systems may pay their bills during normal business hours Monday through Friday. The Operator shall also provide a "drop box" for customer use.

3.5 MUNICIPAL WATER SERVICE CHARGES

Although no billings shall be presented to or collected for water service, the Operator shall, at no cost or expense to the City, other than payment of the Annual Service Fee, provide during the term of the Management Services Agreement, water service in accordance with this Agreement to the Municipal Building and all other City offices and public and quasi-public facilities, including but not limited to, the City police and fire departments, and those facilities identified in Schedule 1, Table 1-16. The Operator shall also provide water service to the City Fire Department, as well as provide water service for all fire department related activities without any billings to or collections from the City Fire Department.

3.6 MUNICIPAL WASTEWATER SERVICE CHARGES

The Operator shall, at no cost or expense to the City, provide during the term of the Management Services Agreement, wastewater service in accordance with this Agreement to the Municipal Building and all other City offices and public and quasi-public facilities, including but not limited to, the City police and fire departments, and those facilities identified in Schedule 1, Table 1-16.

3.7 PERFORMANCE STANDARDS

The Operator shall operate the Billing and Collection Service to be in compliance with the specific performance standards outlined in the Management Services Agreement and Schedules to the Agreement, including the performance standards and guarantees set forth

within this Schedule. These include, but are not limited to, the performance standards stipulated in Table S3-1, the billing and collection monitoring requirements stipulated in Table S3-2 and the reporting requirements stipulated in Table S3-3. In the event Operator fails to achieve these performance standards through no negligence or willful misconduct, then the parties recognize that the Operator shall not be responsible to pay the costs of any shortfall in collection of water and sewer receivables.

3.8 CITY CONTACT

The Operator shall designate a Billings and Collection contact person who shall be readily accessible to the City to respond to any City billings and collection and customer service inquiries.

**Table S3-1
Billing and Collection Performance Standards**

Parameter	Requirement	Comments
Customer Meter Readings	Quarterly	Meters read and billed quarterly
Water and Sewer Billing	Within five (5) days of meter readout	
Water and Sewer Bill Collection Rate	> 80% in the first year; 85% in the second year and 90% each year thereafter.	

- (1) Should any services be unmetered on the Contract Operations Date, The Contract Partner shall have meters installed as soon as practicable and in no case later than December 31, 1998.

**Table S3-2
Billing and Collection Monitoring Requirements**

Type	Location/Frequency	Other Requirements
Water usage (billings) as compared to water production	Quarterly	Ongoing program of water reconciliation
Customer historical water usage to identify malfunctioning meters	Quarterly	
Meter Testing		
Customer Inquiries/Complaints		

**Table S3-3
Billing and Collection Reporting Requirements**

Item/Parameter	Reporting Requirement
Billing delinquency - 30 days	Notify City within seven (7) calendar days from delinquency.
Billing delinquency - 90 days	Immediate notification required. Water to be shut off.
Billing delinquency - 120 days	Immediate notification required. Lien to be placed on property.

SCHEDULE 4

COMPUTER INFORMATION SYSTEMS

4.1 COMPUTER INFORMATION SYSTEMS PLAN

As part of its Fixed Management Fee, the Operator shall develop a comprehensive Information Technology Strategic Plan (ITSP) to identify a vision and an action plan for current and future information management initiatives for the water, wastewater and billings and collections services. The ITSP should encompass applications initiatives (programs and software) to meet the financial management system, customer information system, laboratory information system, GIS, SCADA system, inventory management system, human resource system needs, etc. and should be updated at least once every three years. All applications shall be capable of interfacing with other City functions, as required.

A copy of the plan shall be submitted to the City for approval within 60 days after the Commencement Date.

4.2 COMPUTER INFORMATION SYSTEM PLAN REQUIREMENTS

The City's Wastewater Collection System mapping has recently been incorporated into a GIS system. The Operator's ITSP shall specifically include provisions for updating and maintaining this GIS system and incorporating the City's Water Systems into this GIS system.

The ITSP shall also address, at a minimum, the implementation of a comprehensive microcomputer-based maintenance management program which develops readily available historical data including an inventory of spare parts and provisions for enforcing existing equipment warranties and guarantees and maintaining all warranties on new equipment purchased after effective date of the Management Services Agreement, and of providing documentation of same to the City for all facilities. The program shall also be capable of generating work orders, service orders, and requisition forms.

The Operator shall be required to implement and maintain this comprehensive microcomputer-based maintenance management program for the term of the Management Services Agreement for all functions of the Systems which include preventative, predictive and corrective maintenance in accordance with the requirements set forth in Schedule 2. The program and all information contained within the program shall become the property of the City.

The Operator is encouraged to provide computerized program and software packages for all functions of the Systems including, but not limited to:

- Process control and data management
- Water storage facilities level monitoring
- Telemetry for pumping stations
- Laboratory data management and quality control
- Industrial pretreatment and monitoring
- Administration

- Electrical power management
- Fixed asset inventory and operating inventory management
- Records and regulatory reports in a format acceptable to the City and the NJDEP

The level of computerization of the Facilities shall be at the option of the Operator but in accordance with their approved ITSP.

SCHEDULE 5
RATES, FEES AND CHARGES

5.1 INITIAL CONCESSION FEE

The Operator shall pay to the City, an initial concession fee of \$20,000,000 on the Commencement Date or at such time as agreed to between the parties

5.2 ANNUAL CONCESSION FEES

The Operator shall pay to the City an Annual Concession Fee of \$500,000.00 on each anniversary date of the Commencement Date, which shall escalate at a rate of three percent (3%) annually (or such greater rate under Section 5.6 of Schedule 5). The first annual payment shall be paid to the City on the first day of the second Contract Year of the Agreement.

5.3 PROCUREMENT COSTS

On the Commencement Date, the Operator shall reimburse the City \$600,000 for the City's costs related to the procurement of the Services.

5.4 EMPLOYEE TRANSITION PAYMENT

On the Commencement Date, the Operator shall pay to the City the Employee Transition Payment in the amount of \$1,200,000

5.5 ANNUAL SERVICE FEE

The Trustee, on behalf of the City, shall pay to the Operator one twelfth of the Annual Service Fee on the first day of each month following the Commencement Date throughout the term of the Management Services Agreement for services performed in the preceding month. The Annual Service Fee is composed of the sum of the Fixed Management Fee and Pass-Through Charges or Pass-Through Credit, as the case may be. The Operator shall be paid a Fixed Management Fee for the services that will be performed by the Operator as contemplated herein. In addition, the yearly Fixed Management Fee as set forth in Schedule 14 shall not be subject to adjustment unless otherwise agreed to by the parties and/or as provided herein. (To the extent Rev. Proc. 97-13 imposes limits on the Operator's ability to perform the Services and/or receive compensation for such Services, the City and Operator shall make the appropriate adjustments in the method of compensation so that the City will receive such Services and Operator shall receive its corresponding compensation. In no event shall any adjustment be made until the parties agree that such adjustment is warranted and until such time the parties agree on the actual adjustment).

Annual Service Fee	=	Fixed Management Fee	+	Pass Through Charges/Credits
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5.6 INFLATION ADJUSTMENT

The Annual Concession Fee and the Fixed Management Fee, excluding (i) the amount of the Fixed Management Fee which is applied annually by the Operator to pay the principal of or interest on indebtedness of the Operator incurred in order to finance the payment to the City of all or a portion of the Initial Concession Fee, Procurement Costs and Employee Transition Payment and (ii) the amount of the Fixed Management Fee each year which represents return on equity for that portion of the Initial Concession Fee, Procurement Costs and Employee Transition Payment which was funded by equity of the Operator, shall be adjusted each year for inflation as provided in this section. The Fixed Management Fee excluding items (i) and (ii) above shall be referred to as the "Adjusted Portion of the Management Fee "

For the first Contract Year there shall be no adjustment for inflation of the Adjusted Portion of the Management Fee. For the second Contract Year and for each succeeding Contract Year, the Adjusted Portion of the Management Fee shall be adjusted for inflation as follows: on that date which is 30 days prior to the beginning of a Contract Year (an "Adjustment Date"), the Adjusted Portion of the Management Fee applicable to the Contract Year in which the Adjustment Date occurs shall be multiplied by the Index Factor applicable to such Adjustment Date. The difference between (i) the amount resulting from such calculation, and (ii) the Adjusted Portion of the Management Fee applicable to the Contract Year in which the Adjustment Date occurs shall be added to the Fixed Management Fee beginning in the Contract Year immediately succeeding such Adjustment Date and shall constitute a part of the Fixed Management Fee payable by the City beginning in the Contract Year immediately succeeding such Adjustment Date and in each Contract Year thereafter.

The Index Factor applicable to an Adjustment Date shall be the change in the Consumer Price Index, as reflected in the Consumer Price Index most recently reported prior to such Adjustment Date, for the 12 month period ending on such date on which the Consumer Price Index is reported; provided, however, that (i) the Index Factor shall be expressed as a decimal number equal to or greater than 1, (ii) if the Consumer Price Index for any 12 month period prior to an Adjustment Date increases by less than seven percent (7%), the Index Factor shall be one (1), and (iii) the Consumer Price Index, when expressed as a decimal number, shall be reduced by .07 in order to calculate the Index Factor. The Consumer Price Index shall be the Consumer Price Index for the Philadelphia Standard Metropolitan Statistical Area, All-Items for Urban Wage Earners and Clerical Workers, seasonally adjusted, as published by the U.S. Department of Labor or a mutually agreeable similar index if it is no longer published or the method of computation thereof is substantially modified

An example of the inflation adjustment to the Adjusted Portion of the Management Fee is as follows: if during the first Contract Year the Adjusted Portion of the Management Fee is \$10,000,000, and the Consumer Price Index most recently reported prior to the Adjustment Date (which is 30 days before the end of the first Contract Year) increased for the applicable 12-month period by 4.5%, then the Index Factor would be one (1), which when multiplied by the Adjusted Portion of the Management Fee results in no increase to the Fixed Management Fee. Continuing this example, if in that same 12-month period, the Consumer Price Index increased 7.8%, then the Index Factor would be 1.008 (to reflect the 7.8%

increase in the Consumer Price Index) minus .07. The applicable Adjusted Portion of the Management Fee (\$10,000,000) would be multiplied by the Index Factor (1.008). The difference between the amount resulting from this calculation and the applicable Adjusted Portion of the Management Fee is \$80,000, which would be added to the Fixed Management Fee beginning in the immediately succeeding Contract Year.

5.7 USER CHARGES

The City retains responsibility for setting water collection rates and charges. The Operator agrees to implement revised rates and charges on a date specified by the City within thirty (30) days after notification from the City.

Effective on the Commencement Date and as of each annual anniversary thereafter throughout the term of the Management Services Agreement, the City agrees, to the extent permitted by law, to increase its rates for the supply of water services and wastewater services, as applicable, to customers of the Systems to at least the rates required to cover the Annual Service Fee to be paid to the Operator for services provided. Nothing herein shall be construed to restrict the City from establishing rates for the supply of water service or wastewater service to the customers of the Facilities which are in excess of the rates required to cover the Annual Service Fee. Tapping fees shall, to the extent permitted by law, be reimbursed by the customers directly to the Operator.

5.8 CONNECTION FEES

The Operator shall be responsible for the collection of all connection fees and tapping fees. The City shall be the sole authority in determining and establishing the connection fees to be charged to new customers of both the water and wastewater elements of the Systems connecting with the Systems.

All such connection fees shall be paid to, and shall remain the property of, the City including those connection fees paid after the commencement date of the Management Services Agreement.

5.9 REV. PROC. 97-13 REQUIREMENTS

Rev. Proc. 97-13 limits the amount of any variable fee payable to Contractor to 20% of the Annual Service Fee. For purposes of applying this limitation, the following items shall be subtracted from the Annual Service Fee:

- (i) Concession Fee Amortization Amount [(including Operator's Debt and Equity Components)]
- (ii) Annual Concession Fee.
- (iii) Pass Through Charges/Credits

- (iv) Amounts remaining in Below Ground Account established under Schedule 22 and the Above Ground Capital Item Account established under Schedule 22 at year end that City can retain
- (v) Amounts paid out of M&R Fund established under Schedule 22 as actual and direct expenses to a third party.
- (vi) Allocable portion of Cost of Capital Improvements under Schedule 15 payable to third parties, amortized in equal amounts over the term of the Agreement.
- (vii) Operator labor associated with Capital Improvements under Schedule 15 or otherwise contemplated at the time of execution of this Agreement, amortized in equal amounts over the term of the Agreement

5.10 VARIABLE COMPONENTS OF FEE

The following items shall be considered variable components of the Operator's fee for purposes of Rev Proc. 97-13:

- (i) Adjustments in fee attributable to changes in water usage under Schedule 2, Sec 2.2.2.
- (ii) Additional payments to Operator under Schedule 22 for amounts that exceed the M&R Fund deposits, unless such amounts are an actual and direct expense to an unrelated third party.
- (iii) Payments to Operator from M&R Fund under Schedule 22, unless it is an actual and direct expense to an unrelated third party.
- (iv) Labor element related to Capital Item Costs from Schedule 22.
- (v) Allocable portion of cost of Capital Improvements including internal labor costs under Schedule 15 retained by Operator and not payable to third parties, amortized in equal amounts over a 5-year period.
- (vi) Revenue sharing relating to bulk sale of water under Section 10.14 of Schedule ____.
- (vii) Tapping fees under Section ____ of Schedule ____.

SCHEDULE 6 STAFFING

6.1 GENERAL

The Operator shall provide staff qualified and experienced in the operation, maintenance, management and repair of Water System, Wastewater Collection System, and Billings and Collection Service similar in nature and character to the Systems. The Operator shall also provide additional third-party support, on an as needed basis, to perform its duties and obligations of the Management Services Agreement. Such third parties shall be equally qualified for the specific services to be performed. The Operator is responsible for maintaining the required number of staff and third-party contractors as deemed appropriate to operate, maintain, repair and manage the Systems in accordance with the provisions and terms of the Management Services Agreement. The Operator shall:

- Provide qualified management, supervisory, technical, laboratory, operations and maintenance personnel with licenses as required by the State of New Jersey.
- In addition, the Operator shall provide a minimum of two certified operators, one certified for operation of the Water System and one certified for operation of the Wastewater Collection System. It is acceptable for a single person to be the certified operator for both the Water System and the Wastewater Collection System. The legally designated Certified Operator of the Water System shall be dedicated to the operation of and be on-site a minimum of eight hours per day, five days per week. The legally designated Certified Operator for the Wastewater Collection System shall be on-site a minimum of three days per week, eight hours per day. Both a certified operator of the Water System and a certified operator of the Wastewater Collection System shall be on-call at all times and able to be on-site within two hours.
- Staff the Water and Wastewater Collection System facilities with sufficient personnel that are qualified, experienced and have the proper certification to satisfy all regulatory requirements. The staff should be thoroughly trained in modern process control, equipment operation and maintenance, emergency repair, normal repair and replacement, sampling and analysis procedures, energy efficient operation, regulatory compliance requirements, and occupational health and safety procedures.
- Provide duly licensed and certified personnel hired or contracted by the Operator to perform the services defined in the O&M Plan as required by the State and any other applicable regulatory agencies.
- Provide specialists, as necessary, for process control, instrumentation, troubleshooting, emergency management, and repair, and other similar activities.
- Provide office and clerical support staff as necessary.
- Provide a Professional Engineer registered in the State of New Jersey in responsible charge of all tasks which include the practice of engineering and consistent with the laws of the State of New Jersey.

- Provide sufficient personnel that are experienced in the repair and operation management of an aging water and wastewater collection system.
- Provide technical support to provide on-call backup and process expertise for process control, management, maintenance and repair, as necessary, to support operations and maintenance staff in performing the services of the Management Services Agreement
- Recognize existing unions or other body(ies) selected by the City employees as of the effective date of the Management Services Agreement
- Provide a dedicated, on-site Project Manager to oversee and manage performance of Services including coordination with other Operator contractors
- Provide on at least an annual basis, and more frequently when appropriate or required, training programs for all personnel, including operations, maintenance, health and safety, management skills, laboratory, and energy management. Such training shall include both system-specific and general water treatment, distribution and wastewater collection subjects.

6.2 STAFFING PLAN

The Operator shall submit 30 days after Commencement Date to the City a staffing plan for the personnel requirements during both the transition phase and the long-term operations. The Operator shall include, at a minimum, in this staffing plan the following in accordance with the provisions of the Management Services Agreement:

- Organization chart
- List of all personnel required
- Job classifications and wage rates
- Number of staff required for the transition phase and long-term operations
- Resumes and qualifications of personnel assigned to perform Services

The Operator shall notify the City of any change in personnel within 10 days effective of such personnel change which is subject to review and approval of the City.

6.3 TRAINING PROGRAMS

The Operator shall provide training programs on at least an annual basis and more frequently as required for all personnel employed for performance of Services related to the Water and Wastewater Collection Systems for the Management Services Agreement. Such training shall include, but not limited to, modern process control, equipment operation, repair, and maintenance, sampling and analytical procedures, regulatory requirements, supervisory skills, and safety and occupational health procedures. The Operator shall maintain records of the training programs.

Within 30 days of the Commencement Date, the Operator shall submit five copies of a draft Partner Training Plan (Training Plan) for review and comment by City. The Training Plan shall clearly define the classroom and hands-on training curriculum for each operator position and classification. Calendar dates and milestones shall be assigned to each portion of the training and a training schedule shall be submitted in the Training Plan. The date and duration of on-site training by each of the equipment manufacturer's technical representatives will be shown in the schedule.

City will review the draft Training Plan and return one marked up copy with comments and required corrections within 30 days of the initial submittal. The Operator shall submit five copies of a final version of the Training Plan incorporating City requested changes and comments 30 days following the return of the draft version.

6.4 STAFF TRANSITION

There are a number of employees of the City whose positions will be affected by the Management Services Agreement. The majority of these employees are currently Civil Service employees (governed by N.J.S.A. 11A:2-1 et seq.) and subject to the terms of collective bargaining agreements. See RFP Exhibit 5.

The Operator shall recognize the existing unions and shall offer all existing (as of the Contract Date) Department of Utilities staff employment at equivalent salary and benefit packages to what is currently offered (including any increase to such salaries and benefits currently applicable to all City employees). Such employees who accept such offers of employment shall become employees of Operator. In addition, Operator shall carry forward any accumulated sick and vacation time that has accrued to the benefit of any employee who accepts such offer of employment unless otherwise compensated upon termination of City employment. The Department of Utilities staff shall be defined in writing by the City and agreed by the Operator on or before the Commencement Date. Any former City employees who are hired by the Operator shall work under the direct management and supervision of the Operator, and the Operator may only terminate its utilization of any such employees' for cause. There shall be no economic layoffs or reduction of hours, pay or benefits of these employees for the term of the Management Services Agreement. For the purpose of this Schedule, cause shall include drug use, criminal activity and poor work habits. Voluntary attrition shall not constitute termination or layoff. The use of any former City employees hired by the Operator in the performance of the services shall in no way relieve or excuse the Operator from performing the Services in accordance with the terms of the Management Services Agreement or from any liability resulting from its failure to so perform as provided hereunder.

In addition, those employees identified in writing by the City and agreed by the Operator on a list to be submitted on or before the Commencement Date who are close to vesting of their pensions shall be leased to the Operator until such time as their pensions have vested, at which time they shall cease to be City employees and they shall become employees of the Operator.

SCHEDULE 7

PERMITS

7.1 RESPONSIBILITIES

The Operator shall be responsible for renewing and/or obtaining and maintaining all applicable federal, State and local approvals and/or permits required for the Water System and the Wastewater Collection System. The Operator shall obtain all appropriate licenses and certifications required for performance of the Services. All such licenses, permits, and certificates will be kept current by the Operator. Any penalties associated with failure to obtain or keep current any required licenses, permit and certificates will be borne by the Operator, without reimbursement from the City. The Operator shall be responsible for filing all applicable reports, including compliance reports, in compliance with federal, State and local requirements with a copy submitted to the City. The City shall cooperate with the Operator in good faith

The Operator shall comply with, satisfy, and pay all costs and/or fees associated with all regulatory requirements pertaining to the permits, but not limited to, public notification in the event of non-compliance with any water treatment standards

All additional or renewed permits and approvals shall be in the name of the City as the permittee; however, the Operator shall comply with all requirements pertaining thereto in accordance with the below. All permit renewal applications shall be submitted three (3) months prior to the permit expiration date or at such earlier date as required to meet regulatory timeframes. The Operator shall obtain all City-required approvals including City Council action prior to submission of any permit application or permit renewal application.

The Operator shall not be required to obtain permits related to construction activities undertaken by the City. Costs associated with obtaining or complying with new permits (permits not required as of Commencement Date), except those permits for the Capital Improvements identified in Schedule 15, shall constitute a Pass-through Charge

7.2 COMPLIANCE WITH LAWS AND REGULATIONS

The Operator shall comply with the Safe Drinking Water Act, the Water Pollution Control Act, the Resource Conservation Recovery Act, as amended, Water Supply Management Rules (N.J.A.C. 7:19-6 et. seq.) the Comprehensive Environmental Response, Compensation and Liability Act as amended, Occupational Safety and Health Act and any other applicable local, State and federal laws, codes, ordinances and regulations as they pertain to the Systems. The Operator shall pay all regulatory fines and penalties, without limitations, assessed against the City and/or the Operator for non-compliance resulting from the actions, or lack of action required to be taken pursuant to the Management Services Agreement, of the Operator, throughout the duration of the term of the Management Services Agreement.

SCHEDULE 8 INSURANCE

I. Insurance Requirements

(a) The Operator shall not commence performance of the Services under this Agreement until it has provided evidence of insurance of the types and in such amounts as is satisfactory to the City and as set forth herein, and such insurance has been approved by the City, nor shall the Operator allow any subcontractor to work on its subcontract until all similar insurance required of the subcontractor has been so obtained and approved. The Operator shall maintain such insurance in full force and effect for the duration of this Agreement.

(b) The insurance policies provided by the Operator at its sole expense and more particularly described hereafter shall specifically designate the City as an additional insured (except for Workers' Compensation) with respect to the operation and management of the System.

(c) The Operator shall be solely responsible for all injuries to persons or for damages to property of third parties occurring on account of and during performance of the Services hereunder, regardless of who is performing the Services, attributable to the negligence of the Operator, its employees, subcontractors, or others acting on behalf of the Operator, and shall defend, indemnify and save harmless the City, its elected and appointed officials, officers, members, employees, consultants, attorneys and agents from liability as provided in this Agreement

(d) The Operator shall note the insurance requirements set forth below and shall ascertain the cost to it of all the required insurance policies

(e) Certificates, in triplicate, from the insurance carrier, stating the limits of liability and the expiration date for each policy and type of coverage shall be filed with the City before the Commencement Date, and, annually, thereafter. The certificates shall contain the following express endorsement:

"This is to certify that the policies of insurance described herein have been issued to the insured for whom this certificate is executed and are in force at this time. In the event of cancellation or material change in a policy affecting the certificate holder, sixty (60) days prior written notice will be given the certificate holder."

(f) Such certificates shall specifically refer to this Agreement and this Section 10.1, and the following paragraphs in accordance with which the insurance is being furnished, and state that such insurance is as required by such paragraphs of this Agreement

(g) Certificates of the required insurance as listed above shall be submitted to the City as evidence covering Comprehensive General Liability, Comprehensive Automobile Liability and where applicable, necessary Workmen's Compensation and Employer's Liability Insurance. Such coverage shall be with insurance companies acceptable to the City which possess an A M Best Company rating of at least A+.

(h) All insurance policies herein required of the Operator shall be written by a company duly authorized and licensed to do business in the State and be executed by some agent therein duly licensed as an agent in the State.

(i) Insurance shall include the type of insurance specified below in not less than the amounts stated and whatever other insurance may be necessary to provide complete protection to the City and the Operator against liability, damage and accident of every kind. Neither approval by the City nor a failure to disapprove insurance furnished by a Operator shall release the Operator from full responsibility for liability, damages, and accidents as set forth herein.

(j) Except as otherwise agreed to in writing by the City, the Operator shall take out and maintain during the life of this Agreement the following types of insurance in an amount, for each policy, not less than the amounts stated:

- (i) Workers' Compensation and Employer's Liability Insurance in accordance with the requirements of the General Laws of the State and all other applicable laws and regulations

The Operator shall take out and maintain during the life of this Agreement the applicable statutory Workers Compensation Insurance with an insurance company authorized to write such insurance in the applicable state covering all of its employees, and in the case of any work sublet, the Operator shall require the Subcontractor similarly to provide statutory Workers' Compensation Insurance for the latter's employees. The Operator shall take out and maintain during the life of this Agreement, Employer's Liability Insurance with a limit of \$1,000,000 with an insurance company authorized to write such insurance in all states where the Operator will have employees located in the performance of this Agreement and the Operator shall require each of its Subcontractors similarly to maintain Employer's Liability Insurance on its employees. The Employer's Liability Insurance limit should be split as: bodily injury by accident - \$1,000,000 each accident; bodily injury by disease - \$1,000,000 each Employee; and bodily injury by disease - \$1,000,000 policy limit

- (ii) Public Liability Insurance

The Operator shall maintain during the life of this Agreement such Public Liability Insurance (subject to the exclusions currently in the City's policy) as shall protect it against claims for damages resulting from (a) bodily injury, including wrongful death, and (b) property damage, with respect to property damage to third parties and with respect to claims brought by the City with respect to property damage to City property caused by the Operator's negligence or neglect which may arise from operations under this Agreement whether such operations be by itself or by any Subcontractor or anyone directly or

indirectly employed by either of them. The minimum acceptable limits of liability to be provided by such Public Liability Insurance shall be as follows:

Bodily Injury Limits and Property Damage - \$5,000,000 each occurrence/annual aggregate

The Public Liability Insurance required by the preceding subparagraph shall include the following extensions of coverage:

- (a) The coverage shall be provided under a Comprehensive General Liability form of policy or similar thereto.
 - (b) XCU Coverage - If the contract requires any work procedures involving blasting, excavating, tunneling or other underground work, the liability coverage shall include Standard Blasting or Explosion Coverage, Standard Collapse Coverage and Standard Underground Coverage, commonly referred to as XCU property damage liability coverage with limits of at least \$1,000,000 CSL.
 - (c) The property damage coverage shall include a Broad Form Property Damage Endorsement.
 - (d) Contractual Liability coverage shall be included.
 - (e) Protective Liability coverage shall be included to protect the Operator against claims arising out of operations performed by its Subcontractors
 - (f) Products Liability and/or Completed Operations coverage shall be included
- (iii) Automobile Liability and Property Damage Insurance

The Operator shall take out and maintain during the life of this Agreement such Automobile Liability Insurance as shall protect it against claims for damages resulting from 1) bodily injury, including wrongful death, and 2) property damage, which may arise from the operations of any owned, hired or non-owned automobiles used by or for it in any capacity in connection with the carrying out of this Agreement (including theft and collision) If the Operator is unable to obtain such coverage with respect to vehicles owned by the City, the City shall take out such coverage and the Operator shall reimburse the City with respect to the cost of such coverage The minimum acceptable limits of liability to be provided by such Automobile Liability Insurance shall be as follows:

Bodily Injury Limits and Property Damage - \$5,000,000 each occurrence/annual aggregate.

This limit can also be provided by an umbrella policy provided that policy has coverages no more restrictive than the primary general liability and automobile policies.

(iv) City Coverage

The Operator shall assist the City with the provision of underwriting information for purposes of obtaining their insurance. The City will rely on its first party insurance coverage to pay for any loss or damage and the Operator shall reimburse the City for the deductible amount (\$10,000 per occurrence) in the event such loss or damage is the result of Operator's negligence.

The City shall obtain an insurers' waiver of subrogation in favor of the Operator

(v) Excess Umbrella Liability in an Amount Not Less Than \$10,000,000

(vi) Subcontractor

The Operator shall require each of its Subcontractors to take out and maintain during the life of its subcontract the same insurance coverage required of the Operator under Paragraphs 1, 2, and 3 above, including the extensions of coverage required under Paragraph 2, subparagraph b above reflecting the City as a third party insured. The Operator may obtain a waiver, in writing, from the City, at the City's sole discretion, for this requirement after consultation with the City. Each Subcontractor shall furnish to the Operator four (4) copies of each certificate of insurance and such certificates shall contain the same information required hereinabove. The Operator shall furnish three (3) copies of the certificates to the City.

(k) If at any time the Operator fails to maintain any of the foregoing policies, or if a company issuing any such policy shall become unsatisfactory to the City, the Operator shall, upon notice to that effect from the City, promptly obtain a new policy, submit the same to the City for its approval and submit a certificate thereof as hereinabove provided. Upon failure of the Operator to furnish, deliver and maintain such insurance as above provided, this Agreement, provided that such insurance is commercially available, (if unavailable, Operator must provide the City with a reasonable substitute subject to City approval) at the election of the City, may be forthwith declared suspended, discontinued or terminated. Failure of the Operator to take out and/or maintain or the taking out and/or maintenance of any required insurance, shall not relieve the Operator of any liability under this Agreement.

SCHEDULE 9
ELECTRICITY RATES IN EFFECT
AS OF COMMENCEMENT DATE

Rate Schedule
Effective: January 1, 1998
Attached Hereto

RATE SCHEDULE GLP

GENERAL LIGHTING AND POWER SERVICE

APPLICABLE TO USE OF SERVICE FOR:

General purposes at secondary distribution voltages:

CHARACTER OF SERVICE:

Continuous.

RATE:

Service Charge:

\$3.81 in each month [\$4.04 including New Jersey Sales and Use Tax (SUT)]

Kilowatt Charge - in the months of June through September:

	Charges	Charges including SUT
Per kilowatt. . .		
For the first 1 kilowatt of monthly maximum demand	\$4.61	\$4.89
In excess of 1 kilowatt of monthly maximum demand	\$9.05	\$9.59

Kilowatt Charge - in the months of October through May:

Per kilowatt.		
For the first 1 kilowatt of monthly maximum demand	\$4.61	\$4.89
In excess of 1 kilowatt of monthly maximum demand	\$7.98	\$8.46

Kilowatthour Charge:

Per kilowatthour	8.728¢	9.252¢
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Energy Adjustment:

A charge or credit will be made when the estimated July through June twelve-month average cost kilowatthour to Public Service of energy produced, purchased and interchanged is 0.001 mills kilowatthour above or below 35.000 mills per kilowatthour. Immediately prior to July of each year estimated average cost will be determined for the succeeding twelve-month period. This estimated average cost will be adjusted for any under- or over-recovery together with applicable interest thereon which may have occurred during the operation of the Company's previously approved clause. Interest shall be determined monthly on the cumulative under- or over-recovery average balance for the month utilizing the Company's allowed overall rate of return. The net charge or net credit will be the adjusted differential cost above or below 35.000 mills per kilowatthour multiplied by factors to reflect applicable losses, and taxes related to revenue from the sales of electricity. Any net charge or net credit will be applied to all kilowatthours billed each month of the succeeding twelve-month period. In the event that a change in the average cost occurs during the twelve-month period, a revised estimated average cost will be calculated and applied for the remainder of the period in accordance with the above.

The Demand Side Adjustment Factor (DSAF) and the Gas Plant Remediation Adjustment Charge (GPRAC) shall be combined with the Energy Adjustment Charge for Billing.

In accordance with P.L. 1997, c. 162, the energy adjustment charges include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax, as set forth within this rate schedule, shall be reduced by the amount of such tax included therein.

Date of Issue: January 7, 1998

Effective: January 1, 1998

Issued by FREDERICK W. LARK, Vice President - Marketing

80 Park Plaza, Newark, New Jersey 07101

Filed pursuant to Order of Board of Public Utilities, dated December 17, 1997
in Docket No. ER97090661

**RATE SCHEDULE GLP
GENERAL LIGHTING AND POWER SERVICE**

State of New Jersey Authorized Taxes

The following taxes are authorized by the State of New Jersey and are applied in accordance with P.L. 1997, c. 162 and are included in the appropriate charges applicable under this rate schedule.

New Jersey Corporation Business Tax

In accordance with P.L. 1997, c. 162 (the "energy tax reform statute"), provision for the New Jersey Corporation Business Tax (CBT) has been included in all charges applicable under this rate schedule except those applicable under the aforementioned Energy Adjustment section by multiplying the Base Tariff Rates in effect immediately prior to January 1, 1998 by the factor 1.017667.

New Jersey Sales and Use Tax

In accordance with P.L. 1997, c. 162 (the "energy tax reform statute"), provision for the New Jersey Sales and Use Tax (SUT) has been included in all charges applicable under this rate schedule by multiplying the charges that would apply before application of the SUT by the factor 1.06.

Transitional Energy Facility Assessment (Expires on January 1, 2003)

In accordance with P.L. 1997, c. 162 (the "energy tax reform statute"), a temporary Transitional Energy Facilities Assessment (TEFA) as shown on Sheet No. 34 has been included in the per kWhr energy charges applicable under this rate schedule.

Other Charges:

See SPECIAL PROVISIONS (b) Standby Service, (c) Building Heating Service, (d) Police Recall or Fire Alarm System Service, (e) Religious Houses of Worship Service, (f) Traffic and Signal Service, (g) Agricultural Development Service, (h) Night Use, (i) Curtailable Electric Service, (j) Corporation Business Tax, New Jersey Sales and Use Tax and (l) Transitional Energy Facility Assessment.

MINIMUM CHARGE:

The monthly minimum charge shall be \$3.81 (\$4.04 including SUT) where customer's monthly maximum demand is determined by estimate, and \$13.03 (\$13.81 including SUT) where customer's monthly maximum demand is determined by measurement.

A Special Annual Minimum charge of \$21.37 (\$22.65 including SUT) per kilowatt of connected load shall be applied where the capacity required to serve customer's equipment is out of proportion to the usual electric service for occasional, intermittent, momentary, or low load factor purposes, or is for special durations. Revenue to satisfy the Special Annual Minimum requirement shall be derived solely from kilowatt charges.

Date of Issue: January 7, 1998

Effective: January 1, 1998

Issued by FREDERICK W. LARK, Vice President - Marketing
80 Park Plaza, Newark, New Jersey 07101

Filed pursuant to Order of Board of Public Utilities, dated December 17, 1997
in Docket No. ER97090661

RATE SCHEDULE GLP
GENERAL LIGHTING AND POWER SERVICE
 (Continued)

DETERMINATION OF DEMANDS:

The customer's monthly maximum demand shall be determined either by measurement or by estimate.

By Measurement: The customer's monthly maximum demand in any month shall be the greatest average number of kilowatts supplied by Public Service during any thirty-minute interval as determined by the registration of a demand meter furnished by Public Service.

By Estimate: Where no demand meter is installed, the customer's monthly maximum demand in any month shall be determined by dividing the kilowatt-hour use in such month by 100.

New Customer: Where a new customer applying for service on or after January 1, 1993 has an anticipated maximum monthly billed demand of 10 kilowatts or more, that customer's monthly maximum demand shall be determined by measurement. If the anticipated maximum monthly billed demand is less than 10 kilowatts, the demand may be determined by estimate or measurement.

Existing Customer: Where an existing customer's monthly maximum demand is determined, for billing, by measurement and their billing demand is 10 kilowatts or greater in any of the preceding 12 months, the customer will continue to have their monthly maximum demand determined by measurement and are not eligible for determination by estimate.

Where an existing customer's monthly maximum demand is determined, for billing, by estimate and the monthly billed kilowatt-hours in any of the preceding 12 months exceeds 1,000 kilowatt-hours, or the monthly maximum demand exceeds 10 kilowatts by actual measurement, the customer will be converted to have their monthly maximum demand, for billing, determined by measurement. The conversion will be phased in over a four year period commencing January 1, 1993. If customer's usage is always less than 1,000 kilowatt-hours per month, the customer may be billed under estimated measured demand.

TERMS OF PAYMENT:

Bills are due on presentation subject to a late payment charge at the rate 1.416% per monthly billing period in accordance with Section 9.12 of the Standard Terms and Conditions. Service to a body pole will not be subject to a late payment charge.

TERM:

One year and thereafter until terminated by five days' notice.

SPECIAL PROVISIONS:

- (a) **Limitations on Service:** Service under this rate schedule will not be supplied where the capacity exceeds 400 kilowatt for any installation or where the customer's monthly billing demand exceeds 150 kilowatts for any installation, except that when Special Provision (c) is applied, in any of the months of October through May the capacity required may exceed 400 kilowatts and the monthly billing demand may exceed 150 kilowatts.

All Rate Schedule LPL secondary customers as of January 1, 1993, with billing demands of at least 150 kilowatts in any month are not eligible for service under this rate schedule.

- (b) **Standby Service:** When Standby Service, as defined in Section 10.2 of the Standard Terms and Conditions, is supplied, the following charges and provisions shall apply:

(b-1) **Standby Service Charge:** Where Public Service must provide reserve capacity and stand ready at all times to supply electricity, a standby charge of \$3.64 (\$3.86 including SUT) per kilowatt of Standby Capacity shall be applied.

Date of Issue: January 7, 1998

Effective: January 1, 1998

Issued by FREDERICK W. LARK, Vice President - Marketing

80 Park Plaza, Newark, New Jersey 07101

Filed pursuant to Order of Board of Public Utilities, dated December 17, 1997
 in Docket No. ER97090661

RATE SCHEDULE GLP
GENERAL LIGHTING AND POWER SERVICE
 (Continued)

- (b-2) **Determination of Standby Capacity:** The standby kilowatt capacity shall be equivalent to the difference between the customer's firm capacity and the total load the customer would require in the event of a failure as determined by Public Service. The total load shall be equivalent to 85% of the customer's kilovoltampere requirement, as rated by Public Service. The customer may be required to furnish and install, at his own expense, a load-limiting device, approved by Public Service, which shall be maintained by Public Service at customer's expense. The maximum kilovoltampere demand setting of the load-limiting device shall be under the sole control of and be adjusted only by Public Service, and shall not be tampered or interfered with in any way by the customer. At any time that there is an increase in the standby kilowatt capacity, a new term shall commence; the standby kilowatt capacity may not be revised downward during any term.
- (b-3) **Minimum Charge:** In lieu of the minimum charge hereinbefore set forth, the minimum charge in any month shall be the Standby Service Charge. The waiver of minimum charge is not applicable.
- (b-4) **Parallel Operation:** Customer shall not, at any time, operate private plant service in parallel with the service furnished by Public Service except with the written consent of Public Service.
- (b-5) **Maintenance Power:** When a Qualifying Facility schedules maintenance with prior notification to and approval from Public Service for maintenance power or in the event of failure of customer's cogeneration or small power production Qualifying Facility, that portion of the customer's monthly maximum demand related to this service will not be subject to the Kilowatt Charges hereinbefore set forth.
- (c) **Building Heating Service:** (1) Where an existing customer served under this rate schedule prior to January 1, 1993 or who will initially occupy the premises for which an application for electric service has been received prior to January 1, 1993, requires and has permanently installed comfort building heating equipment with a total rated capacity of not less than 25 kilowatts, the customer's monthly maximum measured demand shall be reduced for billing purposes during the months of October through May by an amount equal to 45 percent of the rated capacity in kilowatts of such building heating equipment, provided:
- (c-1a) The rated capacity used for determining such decrease in billing demand shall not exceed the kilowatt equivalent of the Btu heat loss, as determined by Public Service, of the area to be heated, which area shall not be heated in whole or in part by systems or equipment utilizing the process of combustion. Comfort building heating equipment shall also include lighting where the Btu equivalent of the connected lighting equipment is 60% or more of the heat loss as determined by Public Service of the area in which it is installed.
- (c-1b) The billing demand in the months of October through May shall be not less than the high of (1) 25 kilowatts, or, (2) 55% of the monthly maximum demand.
- (2) Where a customer served under this rate schedule subsequent to January 1, 1993 requires and has permanently installed comfort building heating equipment with a total rated capacity of not less than 25 kilowatts, the customer's monthly maximum measured demand shall be reduced for billing purposes during the months of October through May by an amount equal to 35 percent of the rated capacity in kilowatts of such building heating equipment, provided:
- (c-2a) The rated capacity used for determining such decrease in billing demand shall not exceed the kilowatt equivalent of the Btu heat loss, as determined by Public Service, of the area to be heated, which area shall not be heated in whole or in part by systems or equipment utilizing the process of combustion. Comfort building heating equipment shall not include lighting.
- (c-2b) The billing demand in the months of October through May shall be not less than the high of (1) 25 kilowatts, or, (2) 65% of the monthly maximum demand.

Date of Issue: January 7, 1993

Effective: January 1, 1993

Issued by THOMAS M. CRIMMINS, JR., Senior Vice President—Customer Operations
 80 Park Plaza, Newark, New Jersey 07101

Filed pursuant to Order of Board of Regulatory Commissioners, dated December 31, 1992
 in Docket No. ER91111698J

RATE SCHEDULE GLP

GENERAL LIGHTING AND POWER SERVICE

(Continued)

- (d) **Police Recall or Fire Alarm System Service:** Unmetered police recall or fire alarm system service will be furnished for signaling lamps, bells, or horns with an individual rating not greater than 100 watts or 1/8-horsepower as rated by Public Service, at a charge of 18¢ (19¢ including SUT) per month for each signaling lamp, bell, or horn connected, but the total charge shall in no case be less than \$1.81 (\$1.92 including SUT) per month. No other energy-using devices shall be connected to the police recall or fire alarm system. The customer shall provide, at his own expense, all necessary equipment and wiring, including the service connection.
- (e) **Religious Houses of Worship Service:** Where electric service is supplied to a customer where the primary use of service is for public religious services and customer applies for is eligible for such service, the customer's monthly bill will be subject to the following credits:

Kilowatt-hour Credit - in the months of June through September

	<u>Credits</u>	<u>Credits including SUT</u>
Per kilowatt-hour.		
For the first 1 kilowatt-hour used in each month	\$1.55366	\$1.64688
For the next 99 kilowatt-hours used in each month	1.366¢	1.448¢
For the next 500 kilowatt-hours used in each month	5.806¢	6.154¢
For the next 400 kilowatt-hours used in each month	4.426¢	4.692¢

Kilowatt-hour Credit - in the months of October through May

Per kilowatt-hour		
For the first 1 kilowatt-hour used in each month	\$1.55366	\$1.64688
For the next 99 kilowatt-hours used in each month	1.366¢	1.448¢
For the next 500 kilowatt-hours used in each month	4.736¢	5.020¢
For the next 400 kilowatt-hours used in each month	5.282¢	5.599¢

The customer will be required to sign an Application for Religious Houses of Worship Service certifying eligibility. Upon request by Public Service, the customer shall furnish satisfactory proof of eligibility for service under this Special Provision.

In lieu of the Minimum Charge hereinbefore set forth, the Minimum Charge in any month shall be \$3.8 (\$4.04 including SUT).

- (f) **Traffic and Signal Service:** Service under this rate schedule will be furnished to a body politic for the operation of traffic signals and other traffic control devices which are located within public roadways and owned, operated, and maintained by the body politic requesting such service.

Where customer requests, in writing, unmetered service for any such installation in operation as of February 14, 1982, and, in addition, provides Public Service with the location and identification of such existing installation, customer's monthly bill, except any facilities charge, will be subject to a discount of 3%. In consideration thereof, customer shall agree that, upon removal of existing metering, when applicable, billing of such installation will be based upon an estimate of kilowatts and kilowatt-hours determined by Public Service.

For installations placed in operation subsequent to February 14, 1982, unmetered service will be supplied, and estimates of kilowatts and kilowatt-hours shall be based upon information supplied by the customer and agreed to by Public Service. Such estimates shall be constant on a monthly basis. Upon request by the customer as aforementioned, the Traffic and Signal Service discount shall apply.

Date of Issue: January 7 1998

Effective: January 1 1998

Issued by FREDERICK W. LARK, Vice President - Marketing

30 Park Plaza, Newark, New Jersey 07101

Filed pursuant to Order of Board of Public Utilities, dated December 17 1997
in Docket No. ER97090661

RATE SCHEDULE GLP
GENERAL LIGHTING AND POWER SERVICE
(Continued)

Customer shall notify Public Service in writing at any time as to changes in conditions or operation of any traffic or signal system, subject to discount, which may affect estimates of use. Public Service reserves the right to meter any and all such installations where customer does not comply (See Section 7.1 of the Standard Terms and Conditions.) The customer may be required to furnish and install at his own expense, a load-limiting device approved by Public Service which shall be maintained by Public Service at customer's expense.

- (g) **Area Development Service:** Where a new or existing customer takes service under this rate schedule at a single service connection located within the municipal boundaries of the cities of Newark, Jersey City, Paterson, Elizabeth, Camden, Trenton, East Orange, Hoboken, Union City, Plainfield, Gloucester City, Passaic City, Weehawken, Kearny, or Orange, service will be supplied under this provision subject to the following conditions:

(g-1) Each customer will be required to sign an application for Area Development Service under this rate schedule. Public Service shall define a customer as new or existing for purposes of this application. In the case of existing customers, the base year period twelve-month maximum demands in kilowatts shall be specified by Public Service and agreed to by the customer prior to institution of any credits.

(g-2) Customers shall be eligible for credits under this Special Provision only to the extent that they have signed an Application for Area Development Service and meet the minimum load conditions. For new customers, the minimum load must be no less than 25 kilowatts of the applicable monthly maximum demand. For existing customers, the average twelve-month minimum load must be no less than 50 kilowatts of applicable monthly maximum demand during the previous twelve months. In addition, during any three consecutive months subsequent to an acceptance of the application by Public Service, existing customer applicable monthly maximum demands must be at least 125%, or for customers under the minimum load an addition of at least 50 kilowatts, of applicable monthly maximum demands in comparable months of the previous 36 months to qualify for credits. Credits for new and existing customers shall commence in the first month subsequent to such qualification.

In no case shall any customer receive credits under this Special Provision who has previously applied for electric service at the same or new location in excess of 300 kilowatts which has been approved for service by Public Service 90 days from the effective date of this Special Provision for the original nine cities, and 90 days from the effective date of the modified Special Provision for any additional cities.

(g-3) A credit of \$2.69 (\$2.85 including SUT) per kilowatt of monthly maximum billing demand monthly maximum "day period" billing demand shall apply to all kilowatts so measured for new customers. A new customer, for purposes of this Special Provision shall be defined either as a customer taking service in a new or renovated building or premise, or a customer taking service in an existing building or premise whose activities or use of electric service is substantially different from that of the previous customer. Where no business has been conducted at building or premise for at least three months, any customer shall be considered a new customer for purposes of this Special Provision.

Date of Issue: January 7 1998

Effective: January 1 1998

Issued by FREDERICK W. LARK, Vice President - Marketing

80 Park Plaza Newark, New Jersey 07101

Filed pursuant to Order of Board of Public Utilities, dated December 17 1997

in Docket No. ER97090661

RATE SCHEDULE GLP

GENERAL LIGHTING AND POWER SERVICE

(Continued)

(g-4) A credit of \$2.69 (\$2.85 including SUT) per kilowatt of monthly maximum billing demand (monthly maximum "day period" billing demand shall apply only to those kilowatts so measured for existing customers which are in excess of comparable demands in the same month established in a base year period, which period shall be defined as the twelve calendar month immediately preceding the first month of qualification. An existing customer, for purposes of this Special Provision, shall be defined as a customer whose activities or use of electric service substantially the same as that of the previous customer, except that such customer shall be eligible for this Special Provision to the extent that the previous customer was so eligible, and for the remainder of the previous customer's term.

(g-5) Where a customer signs an Application for Area Development Service and elects to be billed under this Special Provision, the term of service shall be seven years in lieu of the term stated in this rate schedule. For new customers, the term shall commence with the first month following qualification and, for existing customers, beginning with the first month following the three-month qualification period.

Credits under (g-3) or (g-4) will be available to qualifying customers during the first five years of the term. Subsequently, such credits will be reduced by 50% during the final two years of the term.

(g-6) Public Service reserves the right to reject Applications for Area Development Service where the cost of facilities to supply new or existing customers is, in its judgment, excessive and might affect the supply of service to other customers.

(h) **Night Use:** When the kilowatthours used by a customer during the "night periods" in any month are determined by the registration of a meter furnished by Public Service, are not less than 30% of the total kilowatthours used in such month and are not less than 19,000 kilowatthours, or when the kilowatthours used during the "night periods" in the twelve months ended with such month are not less than 30% of the total kilowatthours used in such twelve months and are not less than 19,000 kilowatthours, customer shall have the option in such month of being billed for the kilowatthours used during the "night periods" at 7.662¢ (8.122¢ including SUT) per kilowatthour and for the kilowatthours used during the "day periods" at the Kilowatthour Charge hereinbefore set forth, in lieu of being billed for the total kilowatthours used at the Kilowatthour Charge hereinbefore set forth. If in any such month customer's monthly maximum "day period" demand is less than customer's monthly maximum demand, the difference in kilowatts shall be billed at one-quarter the charges per kilowatt specified in the above Kilowatt Charge. The customer's monthly maximum "day period" demand in any month shall be the greatest average number of kilowatts supplied by Public Service during any thirty-minute interval in the "day period" as determined by the registration of a demand meter furnished by Public Service. The "day period" and the "night period" shall be designated by Public Service from time to time, but until further notice are hereby defined as being the periods from 8 A.M. to 8 P.M., and from 8 P.M. to 8 A.M. respectively. All customers taking service under this Special Provision shall be subject to a monthly Service Charge of \$346.30 (\$367.08 including SUT) in lieu of the Service Charge hereinbefore set forth. Customers being served under Rate Schedule LPL Special Provision (a-1) prior to February 16, 1998 will not be subject to the 19,000 kilowatthour monthly night use minimum.

(i) **Curtailable Electric Service:** Curtailable Electric Service will be furnished when and where available under the following conditions:

(i-1) A customer agrees to take service under this rate schedule at a single service connection and agrees to curtail his load during times of curtailment by the amount stated in the Application/Agreement. A credit of \$6.11 (\$6.48 including SUT) per kilowatt of average actual curtailed demand for each curtailment period will be applied to the customer's bill in the succeeding month. The curtailed demands will be measured as the difference, for each hour between a customer-specific hourly load curve developed by Public Service for customer's normal business operation and the actual recorded hourly load during the curtailment period. The curtailment period will commence a minimum of one hour from the time of notification.

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Effective: January 1, 1998

Issued by FREDERICK W. LARK, Vice President - Marketing

80 Park Plaza Newark, New Jersey 07101

Filed pursuant to Order of Board of Public Utilities, dated December 17, 1997

in Docket No. ER97090661

RATE SCHEDULE GLP
GENERAL LIGHTING AND POWER SERVICE
(Continued)

- (j) **Corporation Business Tax:** The energy tax reform statute exempts the following customers from the Corporation Business Tax (CBT) provision and when billed to such customers the Base Tariff Rates otherwise applicable under this rate schedule shall be reduced by the provision for the CBT (and related New Jersey Sales and Use Tax) included therein:
- (j-1) Franchised providers of utility services (gas, electricity, water, waste water and telecommunications services provided by local exchange carriers) within the State of New Jersey.
 - (j-2) Special contract customers for which a customer-specific tax classification was approved by a written Order of the New Jersey Board of Public Utilities prior to January 1, 1998.
 - (j-3) Additional customers as authorized by the State of New Jersey Department of Treasury in accordance with the provisions of P.L. 1997, c. 162 (the "energy tax reform statute")
- (k) **New Jersey Sales and Use Tax:** The energy tax reform statute exempts the following customers from the New Jersey Sales and Use Tax (SUT) provision and when billed to such customers, the charges otherwise applicable under this rate schedule shall be reduced by the provision for the SUT included therein:
- (k-1) Franchised providers of utility services (gas, electricity, water, waste water and telecommunications services provided by local exchange carriers) within the State of New Jersey.
 - (k-2) Special contract customers for which a customer-specific tax classification was approved by a written Order of the New Jersey Board of Public Utilities prior to January 1, 1998.
 - (k-3) Agencies or instrumentalities of the federal government.
 - (k-4) International organizations of which the United States of America is a member.
 - (k-5) Additional customers as authorized by the State of New Jersey Department of Treasury in accordance with the provisions of P.L. 1997, c. 162 (the "energy tax reform statute")
- (l) **Transitional Energy Facility Assessment:** The energy tax reform statute exempts the following customers from the Transitional Energy Facility Assessment (TEFA), and when billed to such customers the charges otherwise applicable under this rate schedule shall be reduced by the amount of the TEFA included therein:
- (l-1) Franchised providers of utility services (gas, electricity, water, waste water and telecommunications services provided by local exchange carriers) within the State of New Jersey.
 - (l-2) Special contract customers for which a customer-specific tax classification was approved by a written Order of the New Jersey Board of Public Utilities prior to January 1, 1998.
 - (l-3) Additional customers as authorized by the State of New Jersey Department of Treasury in accordance with the provisions of P.L. 1997, c. 162 (the "energy tax reform statute")

STANDARD TERMS AND CONDITIONS:

This rate schedule is subject to the Standard Terms and Conditions on Sheet Nos 6 to 27 inclusive of this Tariff

Date of Issue: January 7, 1998

Effective: January 1, 1998

Issued by FREDERICK W. LARK, Vice President - Marketing

80 Park Plaza, Newark, New Jersey 07101

Filed pursuant to Order of Board of Public Utilities, dated December 17, 1997

in Docket No. ER97090661

RATE SCHEDULE LPL
LARGE POWER AND LIGHTING SERVICE

APPLICABLE TO USE OF SERVICE FOR:

General purposes at secondary distribution voltages where the customer's billing demand exceeds 150 kilowatts in any one month and also at primary distribution voltages.

CHARACTER OF SERVICE:

Continuous.

RATE:

Secondary Distribution Service:

Service Charge:

\$347.77 in each month [\$368.64 including New Jersey Sales and Use Tax (SUT)]

Kilowatt Charge - in the months of June through September:

Per kilowatt.	<u>Charges</u>	<u>Charges including SUT.</u>
Monthly maximum demand On-Peak	\$8.26	\$8.76
Monthly maximum demand Intermediate	\$1.10	\$1.17
Monthly maximum demand Off-Peak	\$1.10	\$1.17

Kilowatt Charge - in the months of October through May:

Per kilowatt.		
Monthly maximum demand On-Peak	\$7.18	\$7.61
Monthly maximum demand Intermediate	\$1.10	\$1.17
Monthly maximum demand Off-Peak	\$1.10	\$1.17

Kilowatthour Charge:

Per kilowatthour.		
On-Peak	8.796¢	9.324¢
Intermediate	7.826¢	8.296¢
Off-Peak	6.287¢	6.664¢

Date of Issue: January 7 1998

Effective: January 1, 1998

Issued by FREDERICK W. LARK, Vice President - Marketing
80 Park Plaza, Newark, New Jersey 07101
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in Docket No. ER97090681

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

B.R.C.N.J. No. 12 ELECTRIC

Original Sheet No. 47A

RATE SCHEDULE LPL
LARGE POWER AND LIGHTING SERVICE

(Continued)

Primary Distribution Service:

Service Charge:

\$347.77 in each month [\$368.64 including New Jersey Sales and Use Tax (SUT)]

Kilowatt Charge - in the months of June through September:

	<u>Charges</u>	<u>Charges including SUT</u>
Per kilowatt.		
Monthly maximum demand, On-Peak	\$8.08	\$8.56
Monthly maximum demand, Intermediate	\$0.99	\$1.05
Monthly maximum demand, Off-Peak	\$0.99	\$1.05

Kilowatt Charge - in the months of October through May:

Per kilowatt.		
Monthly maximum demand, On-Peak	\$7.01	\$7.43
Monthly maximum demand, Intermediate	\$0.99	\$1.05
Monthly maximum demand, Off-Peak	\$0.99	\$1.05

Kilowatthour Charge:

Per kilowatthour.		
On-Peak	8.049¢	8.532¢
Intermediate	7.128¢	7.556¢
Off-Peak	6.223¢	6.596¢

Energy Adjustment:

A charge or credit will be made when the estimated July through June twelve-month average cost per kilowatthour to Public Service of energy produced, purchased and interchanged is 0.001 mills per kilowatthour above or below 35.000 mills per kilowatthour. Immediately prior to July of each year, the estimated average cost will be determined for the succeeding twelve-month period. This estimated average cost will be adjusted for any under- or over-recovery together with applicable interest thereon, which may have occurred during the operation of the Company's previously approved clause. Interest shall be determined monthly on the cumulative under- or over-recovery average balance for the month utilizing the Company's allowed overall rate of return. The net charge or net credit will be the adjusted differential costs above or below 35.000 mills per kilowatthour multiplied by factors

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RATE SCHEDULE LPL

LARGE POWER AND LIGHTING SERVICE

(Continued)

to reflect applicable losses, and taxes related to revenue from the sales of electricity. Any net charge or net credit will apply to all kilowatthours billed each month of the succeeding twelve-month period. In the event that a major change in the average cost occurs during the twelve-month period, a revised estimated average cost will be calculated and applied for the remainder of the period in accordance with the above.

The Demand Side Adjustment Factor (DSAF) and the Gas Plant Remediation Adjustment Charge (RAC) shall be combined with the Energy Adjustment Charge for Billing.

In accordance with P.L. 1997, c. 162, the energy adjustment charges include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax, as set forth within this rate schedule, shall be reduced by the amount of such tax included therein.

State of New Jersey Authorized Taxes

The following taxes are authorized by the State of New Jersey and are applied in accordance with P.L. 1997, c. 162 and are included in the appropriate charges applicable under this rate schedule.

New Jersey Corporation Business Tax

In accordance with P.L. 1997, c. 162 (the "energy tax reform statute"), provision for the New Jersey Corporation Business Tax (CBT) has been included in all charges applicable under this rate schedule except those applicable under the aforementioned Energy Adjustment section by multiplying the Base Tariff Rates in effect immediately prior to January 1, 1998 by the factor 1.017667.

New Jersey Sales and Use Tax

In accordance with P.L. 1997, c. 162 (the "energy tax reform statute"), provision for the New Jersey Sales and Use Tax (SUT) has been included in all charges applicable under this rate schedule by multiplying the charges that would apply before application of the SUT by the factor 1.06.

Transitional Energy Facility Assessment (Expires on January 1, 2003)

In accordance with P.L. 1997, c. 162 (the "energy tax reform statute"), a temporary Transitional Energy Facilities Assessment (TEFA) as shown on Sheet No. 34 has been included in the per kWhr energy charges applicable under this rate schedule.

Other Charges:

See Special Provisions (b) Primary Distribution Service, (c) Substation Service-Individual Customer, (d) Standby Service, (e) Interruptible Service, (f) Building Heating Service, (h) Area Development Service, (i) Curtailable Electric Service, (j) Corporation Business Tax, (h) New Jersey Sales and Use Tax; and (l) Transitional Energy Facility Assessment.

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**RATE SCHEDULE LPL
LARGE POWER AND LIGHTING SERVICE**

(Continued)

MINIMUM CHARGE:

In any month the minimum charge shall be the Service Charge plus the Kilowatt Charge.

Waiver of minimum charge: When customer is temporarily prevented from receiving service during any month by reason of any act of God, accident, strike or work stoppage, legal process, governmental interference, or compliance with any governmental order, Public Service at its discretion may waive the minimum charge applicable in such month upon due receipt from customer of written request for such waiver.

A Special Annual Minimum charge of \$21.37 (\$22.65 including SUT) per kilowatt of connected load for Secondary and Primary, may be applied where the capacity required to serve customer's equipment is out of proportion to the use of electric service for occasional, intermittent, momentary, or low load factor purposes, or is for short duration. Revenue to satisfy the Special Annual Minimum requirement shall be derived solely from kilowatt charges.

DETERMINATION OF DEMANDS:

The customer's maximum demand in any month for each time period shall be the greatest average number of kilowatts supplied by Public Service during any thirty-minute interval for secondary distribution customers and during any fifteen-minute interval for primary distribution customers.

The maximum demands for each time period shall be determined by the registration of a demand meter furnished by Public Service. Where the use of electric service is intermittent or subject to violent fluctuations, Public Service may base the customer's maximum demands for each time period upon five-minute intervals in lieu of intervals hereinbefore set forth.

TIME PERIODS:

The On-Peak time period shall be considered as the hours from 8 A.M. to 10 P.M. Monday through Friday, or as otherwise designated by Public Service. The Intermediate time period shall be considered as the hours from 8 A.M. to 10 P.M. Saturday, or as otherwise designated by Public Service. All other hours shall be considered the Off-Peak time period.

TERMS OF PAYMENT:

Bills are due on presentation subject to a late payment charge at the rate 1.416% per monthly billing period in accordance with Section 9.12 of the Standard Terms and Conditions. Service to a body politic will not be subject to a late payment charge.

TERM:

One year and thereafter until terminated by five days' notice.

SPECIAL PROVISIONS:

- (a) **Secondary Distribution Service:** Where customer takes service at secondary distribution voltage the customer's monthly bill will be determined by the charges listed under Rate: Secondary Distribution Service. Public Service will supply the metering equipment to measure service at the service entrance voltage either directly or by means of compensated metering on the secondary side of the transforming devices.
- (b) **Primary Distribution Service:** Where special conditions such as location, size, or type of load require that customer take service at a primary distribution voltage, customer shall furnish, install, and maintain a service entrance interrupting device acceptable to Public Service and, where necessary, transformers and appurtenances. (See also Section 6.4 of the Standard Terms and Conditions.) The customer's monthly bill will be determined by the charges listed under Rate: Primary Distribution Service. Where it is determined by Public Service that maximum demand incurred by a customer in the subsequent twelve-month period will not be in excess of 100 kilowatts, the customer shall be subject to a monthly Service Charge of \$8.94 (\$9.48 including SUT) for such twelve-month period in lieu of the Service Charge hereinbefore set forth. Public Service will supply the metering equipment to measure service at the service entrance voltage either directly or by means of compensated metering on the secondary side of the transforming devices.

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RATE SCHEDULE LPL

LARGE POWER AND LIGHTING SERVICE

(Continued)

- (c) **Substation Service-Individual Customer:** Where special conditions such as location, size or type of load require that customer be supplied at a subtransmission or transmission voltage, and customer and Public Service agree that Public Service will furnish, install, and maintain a substation solely to serve customer from the secondary side of the transformers at nominal voltages of 4,150 volts, 13,200 volts, or 26,400 volts, such service shall be considered as secondary distribution service. Customer may be required to sell or lease a site for the location of the substation. Public Service may require a guaranteed annual payment and a termination agreement.
- (d) **Standby Service:** When Standby Service, as defined in Section 10.2 of the Standard Terms and Conditions, is supplied, the following charges and provisions shall apply:
- (d-1) **Standby Service Charge:** Where Public Service must provide reserve capacity and stand ready at all times to supply electricity, a standby charge of \$3.64 (\$3.86 including SUT) per kilowatt of Standby Capacity for Secondary Distribution Service or \$2.58 (\$2.73 including SUT) per kilowatt of Standby Capacity for Primary Distribution Service shall be applied.
- (d-2) **Determination of Standby Capacity:** The standby kilowatt capacity shall be equivalent to the difference between the customer's firm capacity and the total load the customer would require in the event of a failure as determined by Public Service. The total load shall be equivalent to 85% of the customer's kilovoltampere requirement, as rated by Public Service. The customer may be required to furnish and install, at his own expense, a load-limiting device approved by Public Service, which shall be maintained by Public Service at customer's expense. The maximum kilovoltampere demand setting of the load-limiting device shall be under the sole control of and be adjusted only by Public Service, and shall not be tampered with or interfered with in any way by the customer. At any time that there is an increase in the standby kilowatt capacity, a new term shall commence; the standby kilowatt capacity may not be revised downward during any term.
- (d-3) **Minimum Charge:** In lieu of the minimum charge hereinbefore set forth, the minimum charge in any month shall be the Standby Service Charge less any Interruptible Service Credit, if applicable. The waiver of minimum charge is not applicable.
- (d-4) **Parallel Operation:** Customer shall not, at any time, operate private plant service in parallel with the service furnished by Public Service except with the written consent of Public Service.
- (d-5) **Maintenance Power:** When a Qualifying Facility schedules maintenance with prior notification to and approval from Public Service for maintenance power or in the event of failure of customer's cogeneration or small power production Qualifying Facility, that portion of the customer's monthly maximum demand related to this service will not be subject to the Kilowatt Charges hereinbefore set forth.
- (e) **Interruptible Service:** Interruptible Service will be furnished when and where available under the following conditions:
- (e-1) Where a customer agrees to take service under this rate schedule at a single service connection and agrees to reduce his maximum peak demand during times of interruption, a monthly deduction shall be made of \$3.10 (\$3.29 including SUT) per kilowatt of interruptible capacity.
- (e-2) Customer will be required to sign an Application for Interruptible Electric Service under this rate schedule, specifying the amount of firm capacity required during interruptions and the amount of interruptible capacity, which capacity shall not be less than 500 kilowatts. The customer interruptible capacity shall be the difference between the average of the customer's On-Peak billing demands during the months of June through September and the amount of firm capacity required during interruptions.
- (e-3) Upon advance notice of two hours, from any hour of any day given to customer by Public Service by telephone or otherwise, customer shall reduce his load to the amount of firm capacity specified in the Application for interruptible Electric Service until further notice. Customer shall

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**RATE SCHEDULE LPL
LARGE POWER AND LIGHTING SERVICE
(Continued)**

designate personnel who will accept notification of interruption at any hour of any day. Where necessary, Public Service will install and maintain suitable metering at its meter location for verification of customer compliance with the interruption notice.

(e-4) Firm capacity shall be reflected in the measurement by a recording demand meter of customer's maximum demand during the period of interruption called for. If it is determined by Public Service that customer did not reduce his load to the amount specified in the application in (e-2) above, the excess over that amount shall be billed at a Kilowatt Charge of \$75.31 (\$79.80 including SUT) per kilowatt for two-hour advanced notice and \$102.78 (\$108.95 including SUT) per kilowatt for thirty-minute notice.

(e-5) Where customer agrees to an advance notice of thirty minutes, instead of the two hours specified in (e-3) above, a monthly deduction shall be made of \$4.27 (\$4.53 including SUT) per kilowatt of interruptible capacity in lieu of that specified in (e-1) above. All other Special Provisions will similarly be applicable.

(e-6) Public Service agrees to limit the total hours of interruption as described in this rate schedule to the customer during an annual period to a maximum of 150 hours, which hours of interruption can occur consecutively or at any time - the total occurrences not to exceed 15 times during the calendar year.

(e-7) Where customer signs an Application for Interruptible Electric Service and elects to be billed under this Special Provision, the term of service shall be three years in lieu of term stated in this rate schedule with a periodic review of interruptible and firm capacity not to exceed twelve months. This review may necessitate the issuance of a new application. Any significant change in interruptible and/or firm capacities occurring at any time shall result in the issuance of a new application. Public Service reserves the right to determine whether successive terms may be negotiated and under what conditions interruptible capacity may be transferred to firm service.

(f) **Building Heating Service:** (1) Where an existing customer served under this rate schedule prior to January 1, 1993 or who will initially occupy the premises for which an application for electric service has been received prior to January 1, 1993, requires and has permanently installed comfort building heating equipment with a total rated capacity of not less than 50 kilowatts, the customer's monthly maximum measured demands in each time period shall be reduced for billing purposes during the month of October through May by an amount equal to 45 percent of the rated capacity in kilowatts of such building heating equipment, provided:

(f-1a) The rated capacity used for determining such decrease in billing demand shall not exceed the kilowatt equivalent of the Btu heat loss as determined by Public Service, of the area to be heated, which area shall not be heated in whole or in part by systems or equipment utilizing the process of combustion. Comfort building heating equipment shall also include lighting where the Btu equivalent of the connected lighting equipment is 60% or more of the heat loss as determined by Public Service of the area in which it is installed.

(f-1b) The billing demand in each time period in the months of October through May shall be not less than the higher of (1) 50 kilowatts or, (2) 55% of the monthly maximum demand.

(2) Where a customer served under this rate schedule subsequent to January 1, 1993 requires and has permanently installed comfort building heating equipment with a total rated capacity of not less than 50 kilowatts, the customer's monthly maximum measured demands in each time period shall be reduced for billing purposes during the months of October through May by an amount equal to 35 percent of the rated capacity in kilowatts of such building heating equipment, provided:

(f-2a) The rated capacity used for determining such decrease in billing demand shall not exceed the kilowatt equivalent of the Btu heat loss, as determined by Public Service, of the area to be heated, which area shall not be heated in whole or in part by systems or equipment utilizing the process of combustion. Comfort building heating equipment shall not include lighting.

(f-2b) The billing demand in each time period in the months of October through May shall be not less than the higher of (1) 50 kilowatts or, (2) 65% of the monthly maximum demand.

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RATE SCHEDULE GLP

GENERAL LIGHTING AND POWER SERVICE

(Continued)

end at the time indicated in the restoration call but not later than 8:00 P.M. as indicated (i-3) below. For each applicable calendar month, the customer's individual curtailment period results will be summed to determine the appropriate credit. There will be no penalty for failure to curtail load or meet the agreed upon load reduction when notified. Continued failure by a customer to meet agreed upon load reduction, however, will result in customer's disqualification for this Special Provision.

(i-1a) In the event that a customer-specific hourly load curve for customer's normal business operation cannot be developed by Public Service, the curtailed demands will be measured as the difference between the actual hourly load at the time of notification and the actual recorded hourly load for each hour during the curtailment period. Payment will be subject to a maximum equal to the estimated amount of load customer will curtail during curtailments in (i-2).

(i-2) A customer will be required to sign an Application/Agreement for Curtailable Electric Service under this rate schedule. The Application/Agreement will specify the estimated amount of load customer will curtail during curtailment. Curtailment payments will be subject to a maximum of 150% of the estimated amount of load customer will curtail during curtailments. The maximum shall apply subsequent to the customer's first curtailment after election to take service under this Special Provision. The minimum curtailable load is 100 kilowatts. The advanced notification period is a minimum of one hour.

(i-3) This Special Provision will be in effect for the four summer months June through September and apply on weekdays only, excluding holidays, and the potential daily curtailment period shall be the hours between 12:00 Noon and 8:00 P.M. Public Service agrees to limit curtailments, as described in this Special Provision, to a maximum of 120 total hours and a maximum of 15 curtailments during the calendar year.

(i-4) Public Service will contact the customer by telephone or otherwise of the need to curtail load. The customer shall designate personnel who will accept notification of curtailment on summer weekdays from 9:00 A.M. to 8:00 P.M. Where necessary, Public Service will install and maintain suitable metering at its meter location for verification of customer compliance with the curtailment and notification agreement.

(i-5) When a customer signs an Application/Agreement for Curtailable Electric Service and elects to be billed under this Special Provision, the term of service will be for two years in lieu of the term stated in this rate schedule, with periodic review of curtailable demand not to exceed twelve months. Public Service reserves the right to determine whether successive terms may be negotiated and under what conditions curtailable demand may be changed.

(i-6) Service will not be supplied under this Special Provision and any other interruptible/curtailable Special Provision for the same process or operation at the same location.

(i-7) In the event of an emergency condition which occurs outside the period specified in (i-3) above and which threatens the integrity of the Public Service system or the systems to which Public Service is directly or indirectly connected, Public Service may contact customer of the need to curtail load. There will be no penalty for failure to curtail load or meet the agreed upon load reduction. Customers who are able to curtail load will have a credit applied to their bill.

(i-8) At the conclusion of each summer period, Public Service shall review the curtailment results. In the event that one of the recently concluded summer curtailments occurred on the day of system peak load, a credit of an additional \$14.25 (\$15.11 including SUT) per kilowatt of average actual curtailed demand for the curtailment shall be applied to the customer's bill in recognition of the additional value of that curtailment to Public Service.

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RATE SCHEDULE LPL

LARGE POWER AND LIGHTING SERVICE

(Continued)

- (g) Resale: Service under this rate schedule is not available for resale.
- (h) Area Development Service: Where a new or existing customer takes service under this rate schedule at a single service connection located within the municipal boundaries of the cities of Newark, Jersey City, Paterson, Elizabeth, Camden, Trenton, East Orange, Hoboken, Union City, Plainfield, Gloucester City, Passaic City, Weehawken, Kearny, or Orange, service will be supplied under this provision subject to the following conditions:
- (h-1) Each customer will be required to sign an Application for Area Development Service under this rate schedule. Public Service shall define a customer as new or existing for purposes of this application. In the case of existing customers, the base year period twelve monthly maximum demands in kilowatts shall be specified by Public Service and agreed to by the customer prior to institution of any credits.
- (h-2) Customers shall be eligible for credits under this Special Provision only to the extent that they have signed an Application for Area Development Service and meet the minimum load conditions. For new customers, the minimum load must be no less than 25 kilowatts of the applicable monthly maximum demand. For existing customers, the average twelve-month minimum load must be no less than 50 kilowatts of applicable monthly maximum demand during the previous twelve months. In addition during any three consecutive months subsequent to an acceptance of the application by Public Service, existing customer applicable monthly maximum demands must be at least 125% of for customers under the minimum load an addition of at least 50 kilowatts, of applicable monthly maximum demands in comparable months of the previous 36 months to qualify for credits. Credits for new and existing customers shall commence in the first month subsequent to such qualification.
- In no case shall any customer receive credits under this Special Provision who has previously applied for electric service at the same or new location in excess of 300 kilowatts which has been approved for service by Public Service 90 days from the effective date of this Special Provision for the original nine cities and 90 days from the effective date of the modified Special Provision for any additional cities.
- (h-3) A credit of \$2.69 (\$2.85 including SUT) per kilowatt of monthly maximum On-Peak billing demand, less any interruptible capacity if applicable, shall apply to all kilowatts so measured for new customers. A new customer, for purposes of this Special Provision, shall be defined either as a customer taking service in a new or renovated building or premises, or a customer taking service in an existing building or premise whose activities or use of electric service is substantially different from that of the previous customer. Where no business has been conducted at a building or premise for at least three months, any customer shall be considered a new customer for purposes of this Special Provision.
- (h-4) A credit of \$2.69 (\$2.85 including SUT) per kilowatt of monthly maximum On-Peak billing demand, less any interruptible capacity if applicable, shall apply only to those kilowatts so measured for existing customers which are in excess of comparable demands in the same month established in a base year period, which period shall be defined as the twelve calendar months immediately preceding the first month of qualification. An existing customer, for purposes of this Special Provision shall be defined as a customer whose activities or use of electric service is substantially the same as that of the previous customer, except that such customer shall be eligible for this Special Provision to the extent that the previous customer was so eligible, and for the remainder of the previous customer's term.
- (h-5) Where a customer signs an Application for Area Development Service and elects to be billed under this Special Provision, the term of service shall be seven years in lieu of the term stated in this rate schedule. For new customers, the term shall commence with the first month following qualification and, for existing customers, beginning with the first month following the three-month qualification period.
- Credits under (h-3) or (h-4) will be available to qualifying customers during the first five years of the term. Subsequently such credits will be reduced by 50% during the final two years of the term.

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**RATE SCHEDULE LPL
LARGE POWER AND LIGHTING SERVICE
(Continued)**

(h-6) Public Service reserves the right to reject Applications for Area Development Service where the cost of facilities to supply new or existing customers is, in its judgment, excessive or might affect the supply of service to other customers.

- (i) Curtailable Electric Service: Curtailable Electric Service will be furnished when and where available under the following conditions:

(i-1) A customer agrees to take service under this rate schedule at a single service connection and agrees to curtail his load during times of curtailment by the amount stated in his Application Agreement. A credit of \$6.11 (\$6.48 including SUT) per kilowatt of average actual curtailed demand for each curtailment period will be applied to the customer's bill in a succeeding month. The curtailed demands will be measured as the difference, for each hour, between a customer-specific hourly load curve developed by Public Service for customer's normal business operation and the actual recorded hourly load during the curtailment period. The curtailment period will commence a minimum of one hour from the time of notification and end at the time indicated in the restoration call but not later than 8:00 P.M. as indicated in (i-3) below. For each applicable calendar month, the customer's individual curtailment period results will be summed to determine the appropriate credit. There will be no penalty for failure to curtail load or meet the agreed upon load reduction when notified. Continued failure by a customer to meet the agreed upon load reduction, however, will result in customer's disqualification for this Special Provision.

(i-1a) In the event that a customer-specific hourly load curve for customer's normal business operation cannot be developed by Public Service, the curtailed demands will be measured as the difference between the actual hourly load at the time of notification and the actual recorded hourly load for each hour during the curtailment period. Payment will be subject to a maximum equal to the estimated amount of load customer will curtail during curtailments in (i-2).

(i-2) A customer will be required to sign an Application/Agreement for Curtailable Electric Service under this rate schedule. The Application/Agreement will specify the estimated amount of load customer will curtail during curtailments. Curtailment payments will be subject to a maximum of 150% of the estimated amount of load customer will curtail during curtailments. The maximum shall apply subsequent to the customer's first curtailment after election to take service under this Special Provision. The minimum curtailable load is 100 kilowatts. The advanced notification period is a minimum of one hour.

(i-3) This Special Provision will be in effect for the four summer months June through September and apply on weekdays only, excluding holidays, and the potential daily curtailment period shall be the hours between 12:00 Noon and 8:00 P.M. Public Service agrees to limit curtailments, as described in this Special Provision, to a maximum of 120 total hours and a maximum of 1 curtailments during the calendar year.

(i-4) Public Service will contact the customer by telephone or otherwise of the need to curtail load. The customer shall designate personnel who will accept notification of curtailment on summer weekdays from 9:00 A.M. to 8:00 P.M. Where necessary, Public Service will install and maintain suitable metering at its meter locations for verification of customer compliance with the curtailment and notification agreement.

(i-5) When a customer signs an Application/Agreement for Curtailable Electric Service and elects to be billed under this Special Provision, the term of service will be for two years in lieu of the term stated in this rate schedule, with periodic review of curtailable demand not to exceed twelve months. Public Service reserves the right to determine whether successive terms may be negotiated and under what conditions curtailable demand may be changed.

(i-6) Service will not be supplied under this Special Provision and any other interruptible/curtailable Special Provision for the same process or operation at the same location.

(i-7) In the event of an emergency condition which occurs outside the period specified in (i-1) above and which threatens the integrity of the Public Service system or the systems to which Public Service is directly or indirectly connected, Public Service may contact customer of the need to curtail load. There will be no penalty for failure to curtail load or meet the agreed upon load reduction. Customers who are able to curtail load will have a credit applied to their bill.

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RATE SCHEDULE LPL
LARGE POWER AND LIGHTING SERVICE
(Continued)

(i-8) At the conclusion of each summer period, Public Service shall review the curtailment results. In the event that one of the recently concluded summer curtailments occurred on the day of system peak load, a credit of an additional \$14.25 (\$15.11 including SUT) per kilowatt of average actual curtailed demand for that curtailment shall be applied to the customer's bill in recognition of the additional value of that curtailment to Public Service.

(j) **Corporation Business Tax:** The energy tax reform statute exempts the following customers from the Corporation Business Tax (CBT) provision, and when billed to such customers, the Base Tariff Rates otherwise applicable under this rate schedule shall be reduced by the provision for the CBT (and related New Jersey Sales and Use Tax) included therein:

(j-1) Franchised providers of utility services (gas, electricity, water, waste water and telecommunications services provided by local exchange carriers) within the State of New Jersey.

(j-2) Special contract customers for which a customer-specific tax classification was approved by a written Order of the New Jersey Board of Public Utilities prior to January 1, 1998.

(j-3) Additional customers as authorized by the State of New Jersey Department of Treasury in accordance with the provisions of P.L. 1997, c. 162 (the "energy tax reform statute").

(k) **New Jersey Sales and Use Tax:** The energy tax reform statute exempts the following customers from the New Jersey Sales and Use Tax (SUT) provision, and when billed to such customers, the charges otherwise applicable under this rate schedule shall be reduced by the provision for the SUT included therein:

(k-1) Franchised providers of utility services (gas, electricity, water, waste water and telecommunications services provided by local exchange carriers) within the State of New Jersey.

(k-2) Special contract customers for which a customer-specific tax classification was approved by a written Order of the New Jersey Board of Public Utilities prior to January 1, 1998.

(k-3) Agencies or instrumentalities of the federal government.

(k-4) International organizations of which the United States of America is a member.

(k-5) Additional customers as authorized by the State of New Jersey Department of Treasury in accordance with the provisions of P.L. 1997, c. 162 (the "energy tax reform statute").

(l) **Transitional Energy Facility Assessment:** The energy tax reform statute exempts the following customers from the Transitional Energy Facility Assessment (TEFA), and when billed to such customers, the charges otherwise applicable under this rate schedule shall be reduced by the amount of the TEFA included therein:

(l-1) Franchised providers of utility services (gas, electricity, water, waste water and telecommunications services provided by local exchange carriers) within the State of New Jersey.

(l-2) Special contract customers for which a customer-specific tax classification was approved by a written Order of the New Jersey Board of Public Utilities prior to January 1, 1998.

(l-3) Additional customers as authorized by the State of New Jersey Department of Treasury in accordance with the provisions of P.L. 1997, c. 162 (the "energy tax reform statute").

STANDARD TERMS AND CONDITIONS:

This rate schedule is subject to the Standard Terms and Conditions on Sheet Nos. 6 to 27, inclusive of this Tariff.

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ENERGY ADJUSTMENT

SUMMARY

SECONDARY SERVICE

	<u>Charges</u>	<u>Charges including NJ Sales & Use Tax</u>
Total amount of cost recovery per kilowatthour for :		
Cost of Energy Recovery	(1.4623) cents	(1.5500) cents
DSM Recovery	0.0787 cents	0.0834 cents
Remediation Adjustment	0.0056 cents	0.0059 cents
Nuclear Decommissioning	<u>0.0404</u> cents	<u>0.0428</u> cents
Total amount of cost recovery per kilowatthour recovered through the Energy Adjustment Charge	<u>(1.3376)</u> cents	<u>(1.4179)</u> cents

LPL PRIMARY SERVICE

Total amount of cost recovery per kilowatthour for :		
Cost of Energy Recovery	(1.3944) cents	(1.4780) cents
DSM Recovery	0.0751 cents	0.0796 cents
Remediation Adjustment	0.0053 cents	0.0056 cents
Nuclear Decommissioning	<u>0.0385</u> cents	<u>0.0408</u> cents
Total amount of cost recovery per kilowatthour recovered through the Energy Adjustment Charge	<u>(1.2755)</u> cents	<u>(1.3520)</u> cents

HTS SUBTRANSMISSION SERVICE

Total amount of cost recovery per kilowatthour for :		
Cost of Energy Recovery	(1.3742) cents	(1.4566) cents
DSM Recovery	0.0740 cents	0.0784 cents
Remediation Adjustment	0.0053 cents	0.0056 cents
Nuclear Decommissioning	<u>0.0380</u> cents	<u>0.0403</u> cents
Total amount of cost recovery per kilowatthour recovered through the Energy Adjustment Charge	<u>(1.2569)</u> cents	<u>(1.3323)</u> cents

HTS TRANSMISSION SERVICE

Total amount of cost recovery per kilowatthour for :		
Cost of Energy Recovery	(1.3415) cents	(1.4219) cents
DSM Recovery	0.0722 cents	0.0765 cents
Remediation Adjustment	0.0051 cents	0.0054 cents
Nuclear Decommissioning	<u>0.0371</u> cents	<u>0.0393</u> cents
Total amount of cost recovery per kilowatthour recovered through the Energy Adjustment Charge	<u>(1.2271)</u> cents	<u>(1.3007)</u> cents

Date of Issue: January 7, 1998

Effective: January 1, 1998

Issued by FREDERICK W. LARK, Vice President - Marketing

80 Park Plaza, Newark, New Jersey 07101

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