

Load Reduction Credit Rider
Rider LRC-1

GENERAL

Load Reduction Credit Rider (Rider LRC-1) is offered by the City of Lexington (City) to a qualifying non-residential customer (Customer) that can be called upon by the City to reduce Customer's electrical load during the On-Peak Period of certain Peak Management Days, defined below. Such load reduction will enable City to reduce its wholesale power costs from North Carolina Municipal Power Agency No. 1 (NCMPA1). This rider enables the City to share a portion of the wholesale power cost savings with Customer by applying a Monthly Load Reduction Credit to Customer's electric bill, under the terms and conditions described below.

AVAILABILITY

Rider LRC-1 is available only to a non-residential customer that meets all of the following criteria:

1. Customer is currently served under one of the following non-residential rate schedules with a non-coincident monthly billing demand: MC, MCA, MI, LC, LI, VLI
2. Customer has a monthly peak demand of at least 100 kW during at least three months of a twelve month period; and
3. Customer is able to reduce its electrical load during the On-Peak Periods when called upon by the City.

APPLICATION FOR RIDER

Customer must make an initial written application to City in order to begin receiving credits under Rider LRC-1. In determining whether to approve the application of Customer, City may consider the number of customers already being served under the rider, City's expected power cost savings under the NCMPA1 Wholesale Rate, changes in City loads, effects of other load management programs, and any other considerations deemed important by the City. City is under no obligation to approve applications for credits under Rider LRC-1.

TERM OF RIDER

The initial term of Rider LRC-1 shall begin July 1, 2005 and end on June 30, 2006. Commencing July 1, 2006, and annually thereafter, Rider LRC-1 shall automatically renew for one (1) year increments, provided, however, that either the Customer or the City may terminate Rider LRC-1 effective on or after July 1, 2006, by giving written notice to the other party at least sixty (60) days prior to any such termination date.

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REDUCTION OF CUSTOMER ELECTRICAL LOADS

During the term of this Rider, the Customer will reduce its electrical loads during the On-Peak Period on Peak Management Days, defined below through shift changes, powering down machinery, chillers and other motors or electrical loads.

Peak Management Days are defined as those non-holiday weekdays on which NCMPA1 notifies the City to activate their peak management programs. The following days of each calendar year are considered holidays: New Years Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the Friday following Thanksgiving Day, and Christmas Day. In the event that any of the foregoing Holidays falls on a Saturday, the preceding Friday shall be deemed to be the Holiday. In the event that any of the foregoing Holidays falls on a Sunday, the following Monday shall be deemed to be the Holiday.

The On-Peak Period is defined as a period during a Peak Management Day as follows:

June through September	2:00 PM to 6:00 PM
December through February	7:00 AM to 9:00 AM
Remaining months	either of preceding two periods

The Customer will determine the method of load reduction it desires to use: shift changes or equipment/operations management, and the City will determine the method of notification needed to adequately equip the Customer with the information needed to effect load reduction. If the Customer chooses to make seasonal shift changes that will be routinely followed five days a week, the definition of the On-Peak Period above will serve as notice of when to reduce load. Otherwise, the City will notify Customer through the process described below to reduce its electrical loads only on Peak Management Days. Upon notification by the City of a Peak Management Day, Customer will take steps to reduce its electrical loads during the On-Peak Period.

NOTIFICATION PROCESS

If the Customer requires notification of Peak Management Days, the City will provide it to the Customer by automatic signal or another method as mutually agreed. The City will use diligent efforts to provide notice to the Customer of Peak Management Days. However, the City does not guarantee that notice will be provided. The Customer will hold the City harmless in connection with its response to notification.

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DETERMINATION OF CUSTOMER PEAK DAY LOAD REDUCTION

For each month, City will analyze the Customer hourly metered kW loads to compute the Customer Peak Day Load Reduction as follows:

1. Determine the Customer Average Daily Non-Coincident Demand (kW) as the average of the Customer's highest integrated clock hour kW demands on each of the Peak Management Days in the month. This computation will be made for each Peak Management Day in the month, regardless of the Customer's action or inaction to reduce loads on those days.
2. Determine the Customer Peak Day On-Peak Demand (kW) as the average of the Customer's integrated clock hour kW demands during the On-Peak Period of the one Peak Management Day on which NCMPA1 experienced the highest average load during the On-Peak Period (i.e., the basis for demand charges to the City under the NCMPA1 Wholesale Rate Service Schedule). This computation will be made for that Peak Management Day, regardless of the Customer's action or inaction to reduce loads on that day.
3. Compute the Customer Peak Day Load Reduction (kW) as the difference between the Customer Average Daily Non-Coincident Demand and the Customer Peak Day On-Peak Demand. The computed Customer Peak Day Load Reduction shall never be less than zero.

DETERMINATION OF MONTHLY LOAD REDUCTION CREDIT

The Monthly Load Reduction Credit shall be computed and applied to the Customer's monthly electric bill as follows:

Monthly Load Reduction Credit (\$) = (a) * (b). Where,
(a) is the Customer Peak Day Load Reduction (kW) – as defined above; and,
(b) is the Load Reduction Credit Rate (\$/kW-month).

MONTHLY LOAD REDUCTION CREDIT RATE

June through September	\$7.75/kW-month
All other months	\$2.00/kW-month

City may revise the Load Reduction Credit Rate that will be applicable for any one-year term to reflect changes in City's demand charges under the NCMPA1 Wholesale Rate.

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RESPONSIBILITY FOR METERING OF CUSTOMER LOADS

City will install, or cause to be installed, and own the metering and associated metering equipment, communication equipment, and/or telemetry equipment required for measuring the hourly kW demands of the Customer. Customer will pay all costs related to the purchase, installation, ownership, operation, maintenance, or leasing of such equipment. The metering, communications, and telemetry equipment shall meet functional specifications required by City.

Where appropriate to obtain meter readings, Customer shall have the right to install, maintain, and use similar duplicative metering, communication, and telemetry as check meters.

Upon request of Customer, City shall provide Customer with copies of hourly data for the kW demands of the Customer and, upon reasonable prior notice of Customer, City shall provide Customer with copies of any other data, information or reports that City acquires from or produces by the metering equipment or check the metering equipment.

In the event the metering equipment is inoperative due to either equipment failure, the performance of necessary maintenance, or otherwise, readings from check metering equipment, if available, shall be used, provided such check metering is functioning properly. In the absence of meter data and data from station operating logs, City shall estimate the required data in the manner it deems practicable.

City and Customer shall coordinate the maintenance of metering, communication, and telemetry equipment and shall endeavor to minimize adverse effects of such maintenance on metering of the hourly demands of the Customer.

Adopted June 13, 2005.