

**CITY OF VERNON**  
**LIGHT AND POWER DEPARTMENT**  
**SCHEDULE ED**  
**ECONOMIC DEVELOPMENT RATE**

**APPLICABILITY**

Applicable to qualified customers locating or expanding load on the City of Vernon's transmission and/or distribution system. Customers taking service on Schedule ED must sign an Agreement for Economic Development Incentive on Electric Service (Form No. ED).

**TERRITORY**

Within the city limits of the City of Vernon.

**RATES**

The ED rate provides an incentive of up to a twenty (20) percent reduction off the customers' otherwise applicable tariff (OAT) for five years, excluding taxes. This reduction shall be calculated on the rate components of the customer's bill that correlate to services the City of Vernon provides the customer.

**Incentive Limiter:**

The average rate after application of the incentive under this schedule cannot be less than the Floor Price described below.

**FLOOR PRICE:**

The sum of revenues collected by the City of Vernon from the customer, exclusive of any additional applicable taxes, shall not fall below a Floor Price equal to marginal generation charges, embedded distribution charges, CAISO and other transmission charges, public benefits charges (PBC), and the green-energy surcharges that are allocated to the customer.

The revenues will be reviewed annually to ensure that they equal or exceed the Floor Price, up to the OAT revenues the customer would have paid if it had not received the incentive. Additional lump-sum charges may be due to the City of Vernon or credits due to the customer after each annual review. The charges will be designed to ensure that revenues do not fall below the annual Floor Price. Credits, if available after the annual review, will be provided if the customer's incentive rate had been previously reduced from the maximum incentive level, due to the Floor Price.

**PROGRAM EXPIRATION:**

This schedule will remain open to new participants until December 31, 2017. This schedule will also remain in effect until such time the last agreement expires or terminates.

**SPECIAL CONDITIONS:**

**1. Eligible Customers:**

Eligible customers are those on or electing existing schedule: TOU-G, or TOU-V, or their successor rate schedule. New customers with maximum billing demands greater than 100 kW, or existing customers who add at least 100 kW of demand may qualify.

For existing customers, only the additional demand may qualify for service under Schedule ED. New or additional billing demand does not include billing demand that exists within the City of Vernon at the time eligibility is determined.

Residential customers and state or local government agencies are not qualified customers under this rate schedule.

**2. Contract:**

Service under this schedule is provided under a five-year agreement.

**3. Start Date:**

The start date of the incentive rate period shall commence within 24 months from the date of execution for service and shall be designated by the customer within the agreement.

**4. Metering:**

Separate electric metering for new or additional load may be required if, in the City of Vernon's sole opinion, it is necessary to provide service under this schedule. The customer will be responsible for any costs associated with providing separate electric metering.

**5. "But For" Test**

In order to be eligible for this schedule, the customer must sign an affidavit, attesting to the fact that "but for" this incentive rate, either on its own or in combination with a package of incentives made available to the customer from other sources, the customer would not have located operations or added load within the City of Vernon.

AGREEMENT FOR ECONOMIC DEVELOPMENT INCENTIVE ON ELECTRIC SERVICE

This agreement is made between

\_\_\_\_\_ a(n) \_\_\_\_\_ ("Applicant"), and the City of  
Vernon.

**RECITALS:** The Economic Development rate was established and is made available at the City of Vernon's sole discretion. The Economic Development Rate is a five-year incentive rate, as set forth in Schedule ED.

**AGREEMENT:** Applicant and the City of Vernon agree to the following terms and conditions:

**1. QUALIFICATION CRITERIA.**

Applicant is or will be a customer, eligible for receiving service under Schedule TOU-G, TOU-V or its successor rate schedule.

The electric load subject to his agreement is a maximum billing demand of at least 100 kW of net new load to the City of Vernon. The minimum 100 kW of net new load must be maintained for at least three consecutive months during the initial 12 months of this agreement. Only new load that will be regularly served by the City of Vernon will be eligible for this incentive.

**2. BILL INCENTIVE.**

Electric service to Applicant's premises shall be delivered under Applicant's otherwise applicable tariff (OAT), which is \_\_\_\_\_. A five-year rate incentive up to an twenty (20) percent reduction will be applied to the customer's OAT (excluding taxes). This reduction shall be calculated on the rate components of the customer's bill that correlate to service that the City of Vernon provides the customer. If needed the City of Vernon may reduce the incentive percentage to ensure that revenues exceed the Floor Price.

This incentive under this schedule will be limited by the Floor Price, as defined in Schedule ED. In calculating the Floor Price, the City of Vernon will make use of its best estimate of the marginal cost to serve the customer. The revenues from each participant will be reviewed annually and/or at the end of the agreement to ensure that they equal or exceed the Floor price for each year of the agreement, up to the OAT revenue that the customer would have paid if it had not received the incentive.

Applicant's rate under this schedule will be subject to an annual review, with potential additional lump-sum charges due to the City of Vernon or credits due to Applicant. The charges shall ensure that the rate does not fall below the Floor Price each year. Credits, if available after the annual review, will be provided if the customer's incentive rate had been previously reduced from the maximum incentive above.

**3. INCENTIVE CALCULATION.**

Terms and conditions necessary for the incentive calculation are defined and agreed to as follows:

Billing determinants used for calculating the first year incentives will be the City of Vernon's best estimate of expected usages and demand for customer expansion and attraction cases. For expansion cases, the previous 12- months of historical metered data, if available, will be used to determine current usage levels, and the incentive will be calculated only on that portion of demand and usage that is added. During the annual and contract term review, the City of Vernon will compare the revenues received to the Floor Price to ensure that the revenues received remain at least equal to the Floor Price throughout the duration of the contract.

The City of Vernon reserves the right to reduce the contracted demands stated by the Applicant below if it is determined that the Applicant's actual load at full operation of the facility after the Commencement Date of this Agreement is more than 25% less than the contracted maximum demands stated below.

*[Please mark the appropriate space below, indicating whether this is an agreement for the Applicant's entire load or only a portion of the Applicant's load.]*

- a.     \_\_\_ New customer Locating in the City of Vernon.
- b.     \_\_\_ Expansion of the existing customer's load.
- c.     The contracted demand of the new or expanded load is estimated to be \_\_\_\_\_ kW.

The excluded Demands, if applicable, are determined by averaging the Applicants four highest measured demands during each seasonal period during the 12-mont period preceding the execution date of this agreement, if available. If Applicant separately meters the Reserved Demand, Applicants Excluded Demand will be zero (0) kW for each season. The City of Vernon and the Applicant agree that the excluded demand is:

July to September: \_\_\_\_\_ kW

May, June, October: \_\_\_\_\_ kW

November to April: \_\_\_\_\_ kW

The Incentive Ratio for each month is defined as the difference between the Applicant's maximum demand for that month and the excluded Demand divided by that same month's maximum demand. The Incentive Ratio will be a fraction from zero (0) to one (1).

**4. COMMENCEMENT DATE.**

The incentive shall commence on the Applicants regularly scheduled meter read day in the month of \_\_\_\_\_, 20\_\_\_\_, which is within a 24-month period of the date of execution of this agreement, as required by rate Schedule ED.

**5. METERING.**

Applicant agrees to be responsible for all costs associated with providing separate electric metering if the City of Vernon, at its sole discretion, deems such metering a necessary condition to implement this rate. If Applicant is deemed to require separately metered reserved demand, Applicant must have metering in place before the incentive rate will apply. Applicant's ability to have required metering in place shall not delay the commencement date provided in Section 4 by which the Applicant would have otherwise received the incentive.

**6. TERM OF AGREEMENT.**

This agreement shall take effect immediately and remain in effect for a term of five years following the commencement date of the rate incentive.

**7. TERMINATION AGREEMENT**

Applicant may terminate this agreement upon 30 days written notice. The City of Vernon may also terminate this agreement upon 30 days written notice in the event Applicant no longer meets the qualifications described elsewhere in the Agreement and in Rate Schedule ED. Notwithstanding these rights of termination, the Applicant shall be subject to Liquidated Damages as provided in Section 9 of this agreement.

**8. "BUT FOR" TEST**

Applicant attests that "but for" the terms of this agreement, either on its own or in combination with a package of incentives made available to the Applicant from other sources, the Applicant would not have located, or increased its operations within the City of Vernon. Applicant shall sign the attached affidavit to that effect.

**9. LIQUIDATED DAMAGES**

If this agreement is terminated due to Applicant's misrepresentation or fraud, Applicant shall be liable for liquidated damages that equal 200% of the cumulative difference between (i) bills calculated under the Schedule ED rate to the date of termination and (ii) bills that would have been calculated under the OAT.

**10. ASSIGNMENT.**

Applicant may assign this agreement only if the City of Vernon consents in writing and the party to whom the agreement is assigned agrees in writing to be bound by this agreement in all respects.

IN WITNESS THEREOF, the Parties have executed this Agreement in multiple originals of equal dignity by their respective duly authorized representatives.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_ The City of Vernon \_\_\_\_\_

(customer)

\_\_\_\_\_ (signature) \_\_\_\_\_ (signature)

\_\_\_\_\_ (Print Name) \_\_\_\_\_ (Print Name)

\_\_\_\_\_ (Title) \_\_\_\_\_ (Title)

**AFFADAVIT FOR ECONOMIC DEVELOPMENT RATE**

By signing this affidavit, an Applicant who locates or adds load in the City of Vernon hereby certifies and declares under penalty of perjury under the laws of the State of California that the statements in the following paragraphs are true and correct.

1. But for the receipt of the discounted economic development rate and the terms of the Agreement, either on its own or in combination with an economic development incentive package, the Applicant's load would not have been located, or added within the City of Vernon.
2. The load to which the Agreement applies represents kilowatt-hours (kWh) and kilowatts (kW) that either (i) does not already exist in the City of Vernon, or (ii) the Applicant considered expanding to a location outside of the City of Vernon.
3. Applicant has discussed with the City of Vernon the cost-effective conservation and load management measures the applicant may take to reduce their electric bills and the load they place on the City of Vernon's utility system.
4. On an annual basis, the cost of electricity for a new or expanding customer is at least five (5) percent of its actual operating costs, less the cost of raw materials.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
(Applicant)

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

TITLE: \_\_\_\_\_