

RIDER 677
ECONOMIC DEVELOPMENT RIDER

No. 1 of 3 Sheets

TO WHOM AVAILABLE

This Rider shall be applicable to the Rate Schedules as defined in Appendix A.

This Economic Development Rider is available to Industrial and Commercial Customers for new or increased service requirements that result in increased employment opportunities, which are new to the State of Indiana and whose plants are located adjacent to existing electric facilities having capacity sufficient to meet the Customer's requirements. Applicants must demonstrate that, absent the availability of this Rider, this new service requirement and any related employment opportunities would be located outside the Company's electric service territory. Increased service requirements which displace or duplicate existing load in the Company's service territory or are brought about by the shutdown of cogeneration facilities will not qualify under this Rider.

For Customers that were taking service from the Company under Economic Development Rider 848.2 prior to the effective date of this Rider 677, service under this Rider 677 shall terminate upon the expiration of the contract existing between the Customer and the Company.

For new Customers, service under this Rider shall commence upon the effective date of a contract between the Company and the Customer providing for service under the appropriate Rate Schedule between the Customer and the Company and shall terminate upon the earliest of: (1) the contract term; or (2) upon the effective date of new base rates resulting from a Commission Order in a base rate case.

CONTRACT

Service under this Rider requires a contract between the Customer and the Company. The contract shall set forth monthly base period kilowatts and kilowatt hours, which shall be deemed those actually used during the preceding twelve (12) months. If new or increased Company facilities are required, the Customer shall be responsible for same in compliance with the Company's General Rules and Regulations applicable to electric service in effect at the time of the contract execution.

RATE

For qualifying existing Customers with electric service and Energy supplied by the Company, other than that accounted for in a completed contract under the terms and conditions of this Economic Development Rider (where applicable), the existing Energy requirements shall be deemed the Customer's base load and will be billed on the appropriate Rate Schedule. For the Energy requirements of qualifying new Customers, and for the non-base load service and Energy requirements of existing Customers, a discount on monthly billings for all applicable purchases shall be applied in accordance with the following criteria for bills issued during the respective months starting from contract commencement date:

Issued Date
12/21/2011

Effective Date
12/27/2011

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RATE (continued)

Year 1 Contract	Up to 50% of the increased base rate charges
Year 2 Contract	Up to 40% of the increased base rate charges
Year 3 Contract	Up to 30% of the increased base rate charges
Year 4 Contract	Up to 20% of the increased base rate charges
Year 5 Contract	Up to 10% of the increased base rate charges

As an alternative to the above discount tiers and at the Company's sole discretion, the Company may elect to offer up to 30% per year over the 5-year contract period.

In no event, however, shall the incremental revenues derived from the discounted base rate charges, as stated above for serving the new or increased load, be allowed by the Company to be less than the Company's marginal Energy costs, plus the marginal capacity costs, to serve said load or the minimum billing provisions of the base rate.

At the completion of the Rider contract term, the Energy supplied in accordance with this Rider will be furnished under the appropriate Rate Schedule in accordance with the contract between the Company and the Customer.

The size and duration of discounts on monthly bills will be determined on an individual Customer basis given the degree of fulfillment of the following criteria. The determination of monthly discounts to be applied will be at the sole discretion of the Company, but such discounts will vary with the number and extent to which the listed criteria are met by Customer's proposed new or expanded load. The Company will monitor the awarding of all contracts to insure the fulfillment by the Customer of all terms and conditions of the contract associated with the award. Nonfulfillment of contract terms and conditions is grounds for reopening and reevaluation of all contract terms and conditions. Confidentiality shall be maintained regarding the terms and conditions of any completed contract as well as all Customer negotiations, successful or otherwise.

ELIGIBILITY THRESHOLDS

Unless otherwise noted, the criteria listed as follows will be used in determining the eligibility for the awarding of incentives under the terms and conditions of this Rider. Flexibility in the use of these criteria is at the sole discretion of the Company.

1. Full-time equivalent job creation per project: minimum 10.
2. New electrical Demand: minimum 100 kW.
3. Customer documentation/certification to be provided noting "Customer is considering other specific electric service territories as alternate locations for their planned new facility or expansion."

Issued Date
9/17/2014

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9/17/2014

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QUALIFYING CRITERIA

Incentives awarded under the terms and conditions of this Rider to eligible Customers as determined by the Company using the guidelines as listed above in Eligibility Thresholds shall be dependent upon the number and degree of fulfillment attained of the following criteria. The Company shall have the final determination of all incentives based on the determination of issues deemed most beneficial to all stakeholders.

Economic and/or Environmental Distress

- a. Brown field site development. For purposes of this Rider, a brownfield shall be areas of NIPSCO's territory where existing transmission and distribution facilities are not at capacity and limited new facilities would be required for new business.
- b. Above-county-average wage to be paid by prospect.
- c. Other Indiana "Accelerating Growth" Guidelines, or Future State of Indiana Economic Development Goals.
- d. Any federal, state or local incentives and the degree thereof.

Power Use Characteristics

- a. High-efficiency, end-use equipment and construction technologies.
- b. "Clean Power" usage considerations.
- c. High load-factor operations

Site Specific Discounts

- a. Community master plan compliance.
- b. Industrial park location where municipal utilities, zoning and streets already exist.
- c. Utilization of existing industrial sites.
- d. Proximity to existing Company facilities.
- e. Loading of existing Company facilities.

Number of Jobs Created

Full-time equivalent job creation per project.

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1. Effective In

The Economic Development Program Rider ("Rider") is available in all territory served by Wisconsin Power and Light Company ("the Company").

2. Availability

This Rider is available to all customers served, or to be served, under Rate Schedules CP-1, or CP-2, that meet all of the following additional conditions:

- This Rider is applicable to New or Incremental Load Customers:
 - The incremental load added by new customers, or
 - The incremental load added by existing customers relative to prior calendar year load levels for that customer.
- With the prior approval of the Public Service Commission of Wisconsin ("the Commission" or "the PSCW") this Rider may be applicable to existing customers in economic distress that have legitimate opportunities to move operations out of Wisconsin ("Load Retention Customers"). Applicability of the Rider to Load Retention Customers will be based upon the Commission's review of the customer's financial status and the customer's opportunities to move operations out of Wisconsin and any other factors as determined by Commission.
- The customer must have qualified to receive, and have received local, county, State of Wisconsin or federal financial assistance for economic development or economic stimulus. The minimum value of the economic development assistance from a local, county, State of Wisconsin, or federal entity that the customer has received must be no less than \$ 500,000. The last page of this Rider provides a listing of qualifying economic development programs
 - For New or Incremental Load Customers, the customer must have received the assistance for the specific project that adds incremental load before it first accepts service under this Rider.
 - For Load Retention Customers, the customer must have received economic development assistance from a local, county, State of Wisconsin, or federal entity within the 24 months prior to the customer qualifying for this Rider.

This Rider is not available to customers or potential customers transferring load from a different electricity provider in Wisconsin to Wisconsin Power and Light Company.

This is an experimental pilot tariff rider program. The terms and conditions of this tariff may be modified outside of a rate proceeding, subject to approval by the PSCW.

3. Load Applicable to the Rider

- Incremental Load Customers
 - i. The base level of load for an Incremental Load Customer is the customer's energy consumption for each month of the prior calendar year.
 - ii. If the customer's energy consumption for a month in the current year exceeds

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the customer's energy consumption for the same month of the base year, the additional kilowatt-hours are incremental load that qualifies for the Rider.

- iii. The customer need not have incremental load every month of the year, but at the end of each 12-month period that the customer has been on the Rider, the Company shall determine whether the customer's total incremental load for the entire twelve months exceeds the annual base level. If not, the customer is disqualified from the Rider.

- New Customers
 - i. All electric load from the customer's new facilities in Wisconsin qualifies as incremental.
- Load Retention Customers
 - i. The Commission reserves the right to decide how much load qualifies for the Rider when it reviews the customer's application and approves the customer's qualification for the Rider.

4. Rate

The rates established for each customer's incremental load will be based upon the applicable Cp-1, Cp-1A, Cp-1B, Cp-2, Cp-2A or Cp-2B rate schedules. The rates will be discounted such that the individual customer's rates for the first year of eligibility cover a floor price that reflects 105% of the marginal cost of serving the customer's incremental load, as determined on an individual customer basis.

The level of discount initially available under this Rider shall decline by an equivalent prorated reduction over each year of the contract term such that at the end of the contract the customer's rates shall be the tariff rates in force at such time.

Customer rates for incremental load under this Rider shall be updated for all changes to tariff rates, including fuel cost surcharges or fuel cost credits.

The calculation of the floor price shall consider any other discounts applicable to the customer and shall consider expected load curves and on-peak / off-peak energy usage projections.

Marginal costs consists of the following cost components:

- energy at marginal rate levels equal to the projected Locational Marginal Price (LMP) forecasts underlying in the approved fuel cost projections from the most recent WPL base rate case, or base rate case re-opener proceeding
- marginal transmission and distribution losses
- transmission charges
- applicable distribution charges
- energy efficiency charges under Act 141
- gross receipts taxes.

5. Overall Subscription Limitations (\$5,000,000)

This pilot program is intended to be limited to a total annual level of discounts totaling no more than five million dollars on a cumulative annual basis during the pilot program period unless

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specifically authorized by the Commission to exceed that amount.

The Company may offer this pilot program until December 31st, 2014. Contracts entered into during this pilot program shall be effective until their termination.

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6. Contract & Enrollment Period

Agreement to subscribe to this tariff will be established under a written contract between the customer and the Company. Customers with a signed contract may remain on the tariff for a term of up-to 5 years from the date of full commercial operation. Full commercial operation must be achieved within 12 months from the date of the signed contract, unless both parties mutually agree to extend that time period. Accommodations can be made for phased projects, additions, rehabilitation, and upgrading as mutually agreed between the customer and the Company.

7. Affidavit Requirement

To be eligible for this Rider a New or Incremental Load Customer shall sign an affidavit, attesting to the fact that "but for" the rate discounts available under this Rider, either on its own or in combination with a package of economic development or job creation incentives from local, county, State of Wisconsin, or federal programs the customer would not have located operations or added load within Wisconsin Power and Light Company's service territory.

In order to be eligible for this Rider, a customer in economic distress (Load Retention Customer) that is seeking to retain its existing load shall sign an affidavit, attesting to the fact that "but for" the rate discounts available under this Rider, either on its own or in combination with a package of economic development or job creation incentives from local, county, State of Wisconsin, or federal programs, the customer would be reducing its energy consumption, shutting facilities in Wisconsin Power and Light Company's service territory in Wisconsin, or leaving Wisconsin.

8. Sustained Operation Provision

Customer shall be required to enter into an agreement with the Company that in the event that a Customer receiving discounted rates for incremental load under this Rider fails to sustain its operations and reduces its load below the base level established when it first qualified for this Rider (see paragraph 3) during the term of the contract, the Customer will be disqualified from receipt of discounted rates under this rider for the remainder of the contract term, and the contract shall be terminated. In addition, the customer shall be required to reimburse to the Company an amount equivalent to the discounts received in the most recent two years that the customer was on the Rider.

9. Energy Efficiency and Demand Side Management Requirements

In order to be eligible for this Rider the Customer shall be required to meet with Focus on Energy, and the Company's Shared Savings representatives to identify economically viable energy efficiency and demand side management opportunities. The Customer shall participate in or implement all economically viable programs or projects that have a projected pay-back period of five years or less. The Customer shall implement all such programs or projects within the contract term for service under this Rider. The Customer may request an independent economic analysis of the economic viability of such programs or projects, at the Customer's

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contract term for service under this Rider. The Customer may request an independent economic analysis of the economic viability of such programs or projects, at the Customer's cost.

10. Miscellaneous

- The customer must follow and meet all other conditions applicable to receipt of service under tariffed rate schedules as applicable
- Discount percentages calculated prior to the provision of service based on load forecasts from the customer shall be reviewed each calendar year and the floor rate shall be revised as necessary to reflect current load expectations.
- The customer shall notify the Company of any material changes in operations that could impact the calculation of the customer's floor rate, e.g.
 - If the customer's operations change energy or demand usage by more than ten percent on a sustained basis for 6 months the customer shall notify the Company. The Company and the customer will then evaluate whether the changes in the Customer's energy and demand are expected to continue and whether such changes merit a reevaluation of the floor rate.
 - If the customer changes base rate schedules after the original evaluation of the floor rate, the floor rate and associated discount will be reevaluated.
- During the contract period the Company will review and adjust the customer's floor rate and discount, as needed, to account for changes, including but not limited to, rate designation, load forecasts, and applicable state and federal laws and regulations.
- All service rules and extension rules that apply to Schedule Cp-1, Cp-1A, Cp-1B, Cp-2, Cp-2A, or Cp-2B will apply to customer taking service under this rider.

11. Qualifying Economic Development Programs:

State of Wisconsin Programs

CAPITAL FINANCING PROGRAMS

Wisconsin Development Fund (WDF)
Rural Economic Development Program (RED3)
Minority Business Development Fund (MBD)
Technology Development Fund (TDF)
Technology Venture Fund Loan Program (TVF)
Technology Bridge Grant and Loan Program (TBG)
Technology Matching Grant and Loan Program (TMG)
Community Development Block Grant Program (CDBG-ED)
Industrial Revenue Bond Program (IRB)

EMPLOYEE TRAINING PROGRAMS

Customized Labor Training Program (CLT)
Best Employees' Skills Training (BEST)

COMMUNITY DEVELOPMENT PROGRAMS

Brownfield Grant Program (BF)
Community Development Block Grant Program – Blight Elimination &
Brownfield Redevelopment (CDBG-BEBR)

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Community Development Block Grant Program – Public Facilities (CDBG-PF)
Community Based Economic Development Program (CBED)

TAX BENEFIT PROGRAMS

Agriculture Development Zone (ADZ)
Community Development Zone (CDZ)
Enterprise Development Zone (EDZ)
Development Opportunity Zone Program (DOZ)
Technology Zone Program (TZ)
Enterprise Zone Program ((EZ 10)

Local or County Programs

Financial assistance from a local Revolving Loan Fund
Establishment of or location in a Tax Increment Financing District
Direct loan from a unit of local government
Construction of public facilities – roads, sewer, water – to serve a project
Site acquisition and clearance
Building renovation assistance

Federal Programs

Loan Guarantees
Grants
Investment Tax Credits
Income Tax Credits tied to New Hiring
Low-Interest Loans

Other, subject to Commission Approval

12. The Company's Reporting Requirements

The Company shall notify the Commission when it adds or removes customers from the Rider.

By March 31, of each year the Company will file a report with the Commission providing the following information.

- Unemployment rates by county in the Company's service territory and the statewide unemployment rate, compared to a baseline period (years 2005, 2006, and 2007).
- The most recent three-year average industrial sales volume, compared to the baseline period.
- The number of customers enrolled in the Rider during the year.

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- The number of customers that completed the Rider during the year and are taking service at non-discounted rates.
- The number of customers that dropped out of the program during the year.
- The total number of customers enrolled in the program, stratified according to the years in the program and the corresponding prorated level of discount.
- The incremental revenues that the Company received during the calendar year under the program.
- The incremental energy that customers in the program consumed during the calendar year.