

PSC No: 120 - Electricity  
New York State Electric & Gas Corporation  
Initial Effective Date: January 1, 2007

Leaf No. 24  
Revision: 2  
Superseding Revision: 0

#### GENERAL INFORMATION

8. Economic Development Incentive: (Cont'd)

Eligibility for Rate Options

Customers receiving an Economic Development Incentive (EDI) for load qualified on or after July 1, 2003 may select one of the following rate options as specified in General Information Section 25, Pricing Options Effective January 1, 2007, for such qualified incented load: 1) NYSEG Fixed Price Option (FPO), 2) NYSEG Variable Price Option (VPO), or 3) ESCO Price Option (EPO). The incentive rate reduction applicable to the qualified incented load under each rate option is set forth in the applicable Special Provision for Economic Incentives of the respective service classifications.

An existing customer applying for this incentive will have 30 days from the date of application to select such rate option for the qualified incented load. Prospective customers applying for service and also applying for this incentive will have 60 days to elect such rate option.

If the customer has not elected a rate option by the time of billing, NYSEG will bill the customer on the NYSEG Variable Price (VPO) rate.

A customer electing FPO or VPO must contact NYSEG to convey its selection. A customer electing EPO must adhere to the process set forth in Section 25.J.2, Process for Changing to a Retail Access Rate Option. The Energy Services Company ("ESCO") will contact NYSEG directly to convey the customer's EPO rate selection and Retail Access enrollment.

9. Economic Development Zone Incentive:

Upon application, a prospective or existing non-residential customer located in an approved Economic Development Zone ("Empire Zone"), that is eligible for service under Service Classification Nos. 2, 3, 6, 7 or 9, may qualify for the Economic Development Zone Incentive ("EDZI"), as stated in the applicable Special Provision for Economic Incentives of the respective service classifications for qualified electric use. Such eligible customer may qualify for the EDZI by operating or adding equipment at the premises with a nameplate rating equal to the lesser of: (a) 25 percent of the existing Contract Demand (or "Connected Load" for a non-Demand Charge service classification customer), or (b) 25 kilowatts (kW).

An eligible "prospective customer" is hereby defined as a business entity which demonstrates that: a) its activities are largely or entirely different in nature from that of the previous customer or b) if the activities are not different, the owner(s) is different; or c) business has not been conducted at the premises for at least 6 months prior to the application for EDZI benefits; or (d) the predecessor customer is in bankruptcy and the applicant has obtained the business in a liquidation sale.

An eligible "existing customer" is hereby defined as a business entity that does not qualify as a prospective customer and is presently taking electric service from the Corporation's system, thus establishing a base load. Such customer, upon application and qualification, must add equipment to increase its facility's existing load, as stated above, to qualify for this incentive, which is solely applicable to such increased load.

Issued in compliance with order in Case No. 05-E-1222 dated 08/23/06.

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Binghamton, New York