

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

Leaf No. 22  
Revision: 3  
Superseding Revision: 0

#### GENERAL INFORMATION

##### 7. Economic Revitalization Incentive: (Cont'd)

costs associated with the applicant's investments to implement the Productivity Program, equivalent to the annual interest cost savings due to the difference between the annual interest rate of any subsidized public agency loan to implement the Productivity Program and the prime rate as stated in The Wall Street Journal on the day such public agency loan is made. Certifiable employee incentives include the quantifiable net reduction, over the appropriate historical twelve-month base period, in the applicant's employee costs that is equitable to both management and labor, and acceptable to the majority of all such employees. Such certifiable employee incentives available for revitalization shall exclude savings from reductions in the total number of employees.

The nature and annual amount of any such net cost reductions must be detailed in writing, in form and content satisfactory to the Corporation, and certified to the Corporation by the appropriate representative of the government, and/or the applicant's management as well as any formal or informal employee organization, if applicable. The value of an incentive attributable to NYSEG estimated GRT credit from the PFJ program will be based on the net lost revenue from the delivery of power to the ERI applicant participating in the PFJ program, while such GRT credit exists. Such certification shall include a statement from applicant's management that such net cost reductions are a part of the required Productivity Program.

Upon qualification, the incentive rate reduction will apply to the customer's total monthly kilowatt-hour usage (excluding kWh associated with load supplied by the New York Power Authority). Finally, the customer's independent, certified public accountant shall certify annually to the Corporation that all such qualifying net cost reductions were realized by the customer, and if such reductions were not realized or if any such annual certification is not provided for the period of the incentive, the customer will be rebilled to recover the excess incentive rate reduction received.

The incentive rate per kWh in effect at the time of qualification as stated in the aforementioned special provision of the applicable service classification will be applied, without modification, to that customer's bill for a period of 36 months, plus the two-year phase out described above, at which time the customer will no longer be qualified for this incentive rate.

Customers previously receiving the Business Retention Incentive (BRI) may elect to transition to ERI as specified in General Information Section 17 of this Schedule.

##### Eligibility for Rate Options

Customers served under this provision shall take service under the applicable NYSEG Fixed Price Option (FPO), as specified in General Information Section 25, Pricing Options Effective January 1, 2007, and the applicable service classification of this Schedule, for the qualified incented 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