

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

Leaf No. 137
Revision: 2
Superseding Revision: 0

SERVICE CLASSIFICATION NO. 2 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

- (f) Economic Incentives: (Cont'd.)
(2) Economic Development Incentive: (Cont'd.)

Customers who qualify, under the Economic Development Incentive (EDI) in Section 8 of the General Information section of this Schedule, to receive an incentive for load qualified on or after July 1, 2003 may select one of the following rate options, as specified in this Service Classification and 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).

Such customers will have their service bills reduced, for a term of 60 months, by an incentive rate per kilowatt-hour for all qualified kilowatt-hours used thereunder. The incentive rate will be the lesser of: a) \$.015 or b) the equivalent of the applicable Transition Charge (NBC), less the ancillary service costs and NYPA Transmission Access Charges (NTAC) components of the Transition Charge.

The incentive rate for such qualified load billed at FPO will be calculated using the Transition Charge established on November 1 for the sole purpose of setting the FPO rates. The incentive rate for such qualified load billed at EPO or VPO may change monthly due to the fluctuating Transition Charge. An Economic Incentive Rate (EIR) Statement setting forth the monthly incentive rates for each rate option will be filed with the Public Service Commission on not less than three (3) days' notice prior to the first day of each month. Such statement can be found at the end of this Schedule (PSC 120 - Electricity).

(3) Economic Development Zone Incentive:

Customers who qualify, under the Economic Development Zone Incentive (EDZI) in Section 9 of the General Information section of this Schedule, to receive an incentive for load qualified prior to July 1, 2003 shall take service under the applicable NYSEG Fixed Price Option (FPO) rate, as specified in this Service Classification and Section 25, Pricing Options Effective January 1, 2007, for the qualified incented load.

Such customers will have their service bills reduced, for a term of ten (10) years beginning on the date of the qualifying load installation and operation (unless the customer's initial zone certification(s) becomes invalid), by the following incentive rate per kilowatt-hour for all qualified kilowatt-hours used thereunder.

Rate for qualified kilowatt-hours, per kWh in economic development zones designated prior to October 9, 1997:

For EDZI load qualifications on or after Aug. 1, 1994	.025
For EDZI load qualifications on or after Mar. 3, 1998	.040

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

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