SERVICE CLASSIFICATION NO. 2 (Cont'd)

GENERAL SERVICE (Cont'd)

SPECIAL PROVISIONS (Cont'd)

2.11   HOURLY PRICING PROVISION (Cont'd)

(D)   Allowances for working capital costs and bad debts equal to the average per kWh rate for these charges as otherwise included in the Market Price Charge (MPC); and,

(E)   A pro-rata allocation of the benefits or costs of the Company's contracts with Entergy Nuclear Indian Point 2, LLC and Entergy Nuclear Indian Point 3, LLC (collectively, "Entergy Hedge") for the physical delivery of 50 MW around-the-clock, through each contract, until the contracts' expiration on December 31, 2007. The benefit or cost of the Entergy Hedge will be determined each month as the difference between the contract cost of the energy purchased and the cost the Company would have incurred if these requirements had been purchased solely from the NYISO Day-Ahead Market, as calculated on a load-weighted average market price based on available NYISO billing data at the end of each month.

The amount of the benefit or cost to be included in the HPP UCAP Charge will be determined by allocating total MPC costs, including the contract cost of the Entergy Hedge, according to the current MPC methodology as detailed in General Information Section 29 and as if all HPP customers' requirements were priced at the MPC. The pro-rata percentage of costs so allocated to HPP customers will be multiplied by the benefit or cost of the Entergy Hedge with the result divided by an estimate of the sales to be billed under the HPP during the month.

For each billing period, the customer's total energy supply cost will be calculated as the sum of: (1) the hourly DAM multiplied by the customer's hourly measured loads, as adjusted by the Factor of Adjustment set forth in General Information Section 29, and (2) the HPP UCAP Charge per kWh multiplied by the customer's total measured load in kilowatthours.

Issued by: Arthur R. Upright, Senior Vice President, Poughkeepsie, New York