

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
Initial Effective Date: January 1, 2008

Leaf No. 165
Revision: 4
Superseding Revision: 2

SERVICE CLASSIFICATION NO. 3 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

(d) Economic Incentives: (Cont'd)

(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, Supply Service Options, 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 existing economic development zones designated prior to October 9, 1997:

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

Rate for qualified kilowatt-hours, per kWh in all zones designated after October 9, 1997 and on or before February 1, 1999:

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| For EDZI load qualifications on or after March 3, 1998 in the next two zones designated | \$0.040 |
| For EDZI load qualifications on or after March 3, 1998 in any additional zones designated | \$0.0325 |
| For EDZI load qualifications on or after March 3, 2000 | \$0.040 |

Rate for qualified kilowatt-hours, per kWh in any zones designated after February 1, 1999:

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| For EDZI Load qualifications on or after March 3, 2000 | \$0.0325 |
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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 on or after July 1, 2003 may select one of the following rate options, as specified in this Service Classification and Section 25, Supply Service Options, 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 ten (10) years following initial zone certification, beginning with the eligibility date on the zone certificate (unless the customer's initial zone certification(s) becomes invalid), by an incentive rate per kilowatt-hour for all qualified kilowatt-hours used thereunder. The incentive rate will be the equivalent of the applicable Transition Charge (NBC), less the ancillary service costs and NTAC components of the Transition Charge.

Issued in compliance with order in Case No.07-E-0479 dated 08/29/07.

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