

PSC No: 120 - Electricity
New York State Electric and Gas Corporation
Initial Effective Date: March 1, 2006

Leaf No. 164
Revision: 2
Superseding Revision: 0

SERVICE CLASSIFICATION NO. 3 (Continued)

SPECIAL PROVISIONS: (Cont'd)

(d) Economic Incentives:

Customer load supplied by the New York Power Authority (NYPA) is not eligible to receive an economic incentive.

(1) Economic Revitalization Incentive:

As provided in Section 7 of the General Information section of this Schedule, this provision is no longer available to additional customers on or after January 1, 2007.

Customers who qualify under the Economic Revitalization Incentive (ERI) in Section 7 of the General Information section of this Schedule shall take service under the applicable NYSEG Fixed Price Option (FPO) rate, as specified in this Service Classification and Section 12, Customer Advantage Program, of this Schedule, for the qualified incented load.

Such customers will have their service bills reduced, for a term of 36 months, by an incentive rate of \$.01 per kilowatt-hour for all qualified kilowatt-hours used thereunder. For two subsequent 12-month phase-out terms, the incentive rate will be multiplied by .66 and .33 for each term, respectively.

(2) Economic Development Incentive:

As provided in Section 8 of the General Information section of this Schedule, this provision is no longer available to additional customers on or after January 1, 2007.

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 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 12, Customer Advantage Program, of this Schedule, for the qualified incented load.

Such customers will have their service bills reduced, for a term of 60 months, by an incentive rate of \$.015 per kilowatt-hour for all qualified kilowatt-hours used thereunder.

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 12, Customer Advantage Program, of this Schedule, 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), as specified in this Service Classification, 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 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).

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