Received: 12/23/2004 Status: CANCELLED Effective Date: 12/31/2004

PSC No: 120 - Electricity

New York State Electric and Gas Corporation

Initial Effective Date: December 31, 2004

Leaf No. 264

Revision: 2

Superseding Revision: 1

SERVICE CLASSIFICATION NO. 8 (Continued)

SPECIAL PROVISIONS: (Cont'd)

(h) Residential Solar Electric Service Option:

Applicable to any "Day-Night" metered Residential Customer (as defined by HEFPA) who operates solar generating equipment located and used at his or her primary, legal residence. Solar generating equipment is defined as a photovoltaic system, with a rated capacity of not more than 10 kilowatts, that is manufactured, installed and operated in accordance with applicable government and industry standards. Such system must be connected to the customer's electric system and operated in parallel with NYSEG's transmission and distribution facilities. Application of the Residential Photovoltaic Service Option for customers within Service Classification Nos. 1, 8, and 12 will be limited, in total, to a rated generating capacity equivalent to 2,478 kW (one-tenth of one percent of NYSEG's electric demand for the year 1996), and is available only in non-network areas of the Corporation's territory. Customers electing service under this provision must execute a New York State Standardized Contract for Interconnection of New Distributed Generation Units with Capacity of 2 MW or Less Connected in Parallel with Utility Distribution Systems. In addition, customers must operate in compliance with standards and requirements set forth in the New York State Standard Interconnection Requirements and Application Process for New Distributed Generators 2 MW or Less Connected in Parallel with Utility Distribution Systems, as posted on the NY PSC website at www.dps.state.ny.us/distgen.htm, and as set forth within Addendum-SIR of Schedule PSC 119.

Usage under this provision will be measured through two separate meters (one "Day-Night" meter to measure electricity provided to the customer from Corporate facilities and one non time-differentiated meter to measure electricity generated by the customer-generator). Usage measured through each meter will be netted to determine the total amount of electricity provided by the Corporation to the customer-generator or from the customer-generator to the Corporation for each billing period.

This meter arrangement requires the allocation of the non-differentiated meter PV output to the appropriate "Day-Night" periods.

The following generation credit allocations reflect a pro ration to Day and Night energy based upon the number of hours in each month the PV generation is estimated to occur during the Day and Night periods. The PV meter outflow is allocated to the various time-differentiated periods according to the allocation factors below and will be prorated for billing periods which cover more than one month.

Issued in compliance with Order in Case No. 02-E-1282 dated 11/17/04.

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