

PSC No: 87 - Gas  
NEW YORK STATE ELECTRIC & GAS CORPORATION  
Initial Effective Date: 10/01/04

Leaf No. 11.2  
Revision: 0  
Superseding Revision:

## GENERAL INFORMATION

### 7. ECONOMIC DEVELOPMENT ZONE INCENTIVE (EDZI):

Upon application, a prospective or existing non-residential customer located in an approved Economic Development Zone ("Empire Zone"), that is eligible for service under Service Classification Nos. 2, 8, or 9 of this Schedule, may qualify for the Economic Development Zone Incentive ("EDZI"), as stated in the applicable Special Provision for Economic Incentives of the respective service classifications for qualified gas usage. Such eligible customer may qualify for the EDZI by installing and operating gas-utilizing equipment at the premises as follows: for a "process" customer, qualification is achieved by the installation of new or additional gas-utilizing equipment rated at 1 Therm or more per hour; for a "space conditioning" customer or a "space conditioning and process" customer, qualification is achieved by the installation of new or additional gas-utilizing equipment rated at 2.5 Therms or more per hour.

An eligible "prospective customer" is hereby defined as a business entity which demonstrates that: a) its activities are largely or entirely different in nature from that of the previous customer or b) if the activities are not different, the owner(s) is different; or c) business has not been conducted at the premises for at least 6 months prior to the application for EDZI benefits; or (d) the predecessor customer is in bankruptcy and the applicant has obtained the business in a liquidation sale.

An eligible "existing customer" is hereby defined as a business entity that does not qualify as a prospective customer and is presently taking gas service from the Corporation's system, thus establishing a base load. Such customer, upon application and qualification, must add gas-utilizing equipment to increase its facility's existing usage, as stated above, to qualify for this incentive, which is solely applicable to such increased usage.

To qualify for the EDZI, an eligible customer, upon application, must present the Corporation with the appropriate certification from the approved Economic Development Zone Administrator. An eligible customer for EDZI must also provide to NYSEG a Certificate with an initial date of eligibility that precedes the installation and operation of the qualifying equipment. .

For customer usage that qualified prior to 10/01/04, the EDZI will be applied for a period of ten (10) years, beginning on the date of the qualifying equipment installation and operation, unless the customer's initial zone certification(s) becomes invalid, notwithstanding the expiration of the designation of an Economic Development Zone in the area where the customer is located. For customer usage that qualifies on or after 10/01/04, the EDZI will be applied for a period of ten (10) years following initial zone certification, beginning with the eligibility date on the certificate, unless the customer's initial zone certification(s) becomes invalid, notwithstanding the expiration of the designation of an Economic Development Zone in the area where the customer is located.

A qualified customer will have its monthly service bills reduced by the amount stated in the applicable Special Provision for Economic Incentives of each eligible service classification, for all usage in excess of a base amount established for each monthly billing period. For an existing customer, the base amount will be based on a one-year historical period, actual or estimated, as determined by the Corporation prior to qualification for the incentive. For a prospective customer, the base amount will be zero.

For usage qualified prior to {the effective date of the tariff}, each month, the excess Therms qualifying for the incentive will be limited to 730 hours times the hourly rating of the equipment initially installed to qualify for the incentive. For usage qualified on or after 10/01/04, there will be no such limitation (e.g., 730 hours use) on the Therms to which the incentive will apply.

Issued in compliance order in Case 01-G-1668 dated September 23, 2003

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