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SERVICE CLASSIFICATION NO. 1 (Cont'd)

RESIDENTIAL SERVICE

TERMS OF PAYMENT:

All bills are rendered at the above rate. A late payment charge of one and one-half percent (1 1/2%) per month shall become due and payable if payment is not made on or before the "last day to pay" date specified on the bill in accordance with the provisions of Rule 4.C.2.

TERM:

Service may be discontinued upon three days' written notice to the Company. A customer who transfers to the Non-Retail Access Rate from the Retail Access Rate must remain on the Non-Retail Access Rate for a minimum term of one year from the date of the transfer, unless service to the ESCO is discontinued in whole or significant part pursuant to Rule 11.D.10.

SPECIAL PROVISIONS:

1, Nonresidential Use

In buildings primarily intended for residential purposes where not more than two rooms are used for business or for professional purposes, this classification will apply to both uses, provided the total connected load of such nonresidential use does not exceed 2000 watts.

Multiple-family Dwellings

In multiple-family dwellings, with not more than four family units, where each living unit is separately metered and billed on this classification, the incidental electricity used in common by all of the family units, such as hall, cellar or stair lighting, (but excluding water heating, space heating equipment, air conditioning equipment, laundry equipment and other motor driven equipment), may be served under this classification if metered with the use of one of the residential units.

(Continued on next leaf)

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