

PSC No: 120 - Electricity
New York State Electric and Gas Corporation
Initial Effective Date: December 1, 2003

Leaf No. 169
Revision: 0
Superseding Revision:

SERVICE CLASSIFICATION NO. 3 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

(d) Economic Incentives: (Cont'd)

(6) Incubator Development Incentive ("IDI"):

Customers who qualify under the Incubator Development Incentive (IDI) in Section 13 of the General Information section of this Schedule prior to July 1, 2003 shall take service under the applicable NYSEG Fixed Price (BRO) 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 by an incentive rate of \$.025 per kilowatt-hour for all qualified kilowatt hours thereunder.

Customers who qualify under the Incubator Development Incentive (IDI) in Section 13 of the General Information section of this Schedule on or after July 1, 2003 may select the applicable NYSEG Fixed Price (BRO) or the NYSEG Fixed Price with Supply Credit (BRO w/RAC) for the qualified incented load.

Such customers will have their service bills reduced by an incentive rate of \$.0186 per kilowatt-hour for all qualified kilowatt-hours used thereunder.

Effective January 1, 2005, this incentive rate will be revised to be equivalent to the applicable Transition Charge, less the ancillary service costs and NTAC components, associated with the NYSEG Fixed Price (BRO) rates established for the second commodity offering period, per the Company's Electric Rate Plan.

Under the BRO w/RAC, the market-based backout will not include the Additional Component as described in this Service Classification and General Information Section 16.D., General Retail Access, of this Schedule.

(7) Business Retention Incentive:

This provision expired on March 2, 2003. Any customers who were receiving the BRI discount as of that date may transition to the Economic Revitalization Incentive (ERI), as described in General Information Section 7 of this Schedule, for the remainder of their five-year term.

The transition will be based on the start date of their BRI discount, and the following incentive rate reductions will apply:

- ! A customer in the first, second, or third year of BRI would receive the full ERI reduction for those years.
- ! A customer in the fourth year of BRI would receive the ERI reduction multiplied by a factor of .66 for that year.
- ! A customer in the fifth (and final) year of BRI would receive the ERI reduction multiplied by a factor of .33 for that year.

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