

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

Leaf No. 142
Revision: 0
Superseding Revision:

SERVICE CLASSIFICATION NO. 2 (Continued)

SPECIAL PROVISIONS: (Cont'd)

(f) Economic Incentives: (Cont'd)

(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.

(8) Small Business Growth Incentive ("SBGI"):

Customers who qualify under the Small Business Growth Incentive (SBGI) in Section 19 of the General Information section of this Schedule 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.

Customers who are qualified for such SBGI prior to July 1, 2003 will have their service bills reduced by an incentive rate of \$.030 per kilowatt-hour, for all qualified kilowatt-hours used thereunder, through December 31, 2003.

Beginning January 1, 2004, the incentive rate will be revised annually, calculated based on the Transition Charge associated with the NYSEG Fixed Price (BRO) rates. Effective January 1, 2004, the incentive rate per kWh for qualified kWhs will be \$.0281. Annual incentive rates thereafter will be determined in conjunction with the BRO rates for the second commodity offering period, pursuant to the Company's Electric Rate Plan.

Customers who are qualified for such SBGI on or after July 1, 2003 will have their service bills reduced by an incentive rate of \$.0225 per kilowatt-hour for all qualified kilowatt-hours used thereunder.

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

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