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PSC No: 120 - Electricity
New York State Electric & Gas Corporation
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SERVICE CLASSIFICATION NO. 3 (Continued)

SUPPLY SERVICE OPTIONS AVAILABLE TO CUSTOMERS: (CONT'D.)**4. Hourly Pricing – Mandatory and Voluntary**

Hourly Pricing is voluntary for any customer taking service under Service Classification No. 3 except as follows:

Effective January 1, 2010, Hourly Pricing is mandatory for any customer taking service under Service Classification No. 3 with a billed demand greater than or equal to 300 kW in any two months within the 12 months prior to September 1, 2009, including customers that received an economic incentive or NYPA allocation on or after January 1, 2007.

A customer taking service under Hourly Pricing shall remain subject to this provision until their monthly metered demand has been less than 300 kW for 12 consecutive months. Customers served under this provision must select the ESCO Supply Service (ESS) or NYSEG Hourly Day-Ahead Market Pricing ("Hourly Pricing") described within this Service Classification.

Customers that received an economic incentive or NYPA allocation beginning on or prior to December 31, 2006 and does not have a restriction for the Supply Service Option may opt to participate in Hourly Pricing. If such customer opts to participate in Hourly Pricing, the customer must choose the same Supply Service Option for its incentive, non-incentive and any future load.

DELIVERY CHARGES:

The delivery charges set forth in this Service Classification for the NSS shall apply to a customer taking service under Hourly Pricing. A customer that qualifies for the Industrial/High Load Factor Special Provision shall pay the delivery charges as set forth in Special Provision (h).

NYSEG Hourly Day-Ahead Market Pricing Option ("Hourly Pricing")

This Non-Retail Access choice includes fixed charges for NYSEG delivery service, a Transition Charge (Non-Bypassable Charge ["NBC"]) as described above and in further detail in General Information Section 25.I.B., the Merchant Function Charge, and a commodity charge for electricity supply that fluctuates hourly with the market price of electricity including losses, unaccounted for energy, capacity, and capacity reserves, as further described herein. Electricity supply is provided by NYSEG.

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