

PSC NO: 120 ELECTRICITY
NEW YORK STATE ELECTRIC & GAS CORPORATION
 Initial Effective Date: 01/01/04

Statement Type: EIR
 Statement Number: 3

Economic Incentive Rate Statement

A customer receiving an Economic Development Incentive (EDI) or Economic Development Zone Incentive (EDZI) for kilowatt-hour (kWh) usage attributable to load qualified on or after July 1, 2003, will have its service bills reduced by the following incentive rate per kWh, for all qualified kWhs:

Service Classification Nos. 2, 3, or 7 -- Qualified EDI Load:

| Rate Option* | Incentive Rate, per kWh |
|---|--------------------------------|
| NYSEG Fixed Price (BRO) – Effective January 1, 2003 | \$0.0150 |
| NYSEG Fixed Price (BRO) – Effective April 1, 2003 | \$0.0116 |
| NYSEG Fixed Price (BRO) – Effective October 1, 2003 | \$0.0150 |
| Competitive Supplier Price (ERO) or NYSEG Variable Price (VRO) | \$0.0108 |

Service Classification Nos. 2, 3, or 7 -- Qualified EDZI Load:

| Rate Option* | Incentive Rate, per kWh |
|---|--------------------------------|
| NYSEG Fixed Price (BRO) – Effective January 1, 2003 | \$0.0186 |
| NYSEG Fixed Price (BRO) – Effective April 1, 2003 | \$0.0116 |
| NYSEG Fixed Price (BRO) – Effective October 1, 2003 | \$0.0156 |
| Competitive Supplier Price (ERO) or NYSEG Variable Price (VRO) | \$0.0108 |

* The incentive rate reduction per kWh is determined based on the customer's rate option for such qualified incented load, subject to General Information Section 12, Customer Advantage Program, and the otherwise applicable service classification of PSC No. 120 – Electricity.

Issued by: James A. Lahtinen, Vice President – Rates & Regulatory Economics, Binghamton, NY