SERVICE CLASSIFICATION NO. 1 (Cont'd)

<u>RESIDENTIAL SERVICE</u> (Cont'd)

HEAP CREDIT

The HEAP Credit, as described in General Information Section 36.D, shall apply to eligible customers.

RENEWABLE PORTFOLIO STANDARD CHARGE

The Renewable Portfolio Standard Charge, as described in General Information Section 36.C, shall apply to all electricity delivered under this Service Classification.

MARKET PRICE CHARGE AND MARKET PRICE ADJUSTMENT

The provisions of the Company's Market Price Charge and Market Price Adjustment, as described in General Information Section 29, shall apply to electricity provided and sold by the Company under this Service Classification. Customers participating in the Retail Access Program as described in General Information Section 35 shall not be subject to these charges.

MERCHANT FUNCTION CHARGE

The Merchant Function Charge, as described in General Information Section 36.E, shall apply to all electricity delivered under this Service Classification.

NEW YORK STATE ASSESSMENT

The New York State Assessment, as described in General Information Section 36.F, shall apply to all electricity delivered under this Service Classification.

REVENUE DECOUPLING MECHANISM

The Revenue Decoupling Mechanism Adjustment, as described in General Information Section 36.G, shall apply to all electricity delivered under this Service Classification.

INCREASE IN RATES AND CHARGES

The rates and charges under this Service Classification, including the minimum charge, Electric Bill Credit, System Benefits Charge, Renewable Portfolio Standard Charge, Purchased Power Adjustment, Miscellaneous Charges, Market Price Charge, Market Price Adjustment, Merchant Function Charge, New York State Assessment and Revenue Decoupling Mechanism, are increased pursuant to General Information Section 30 to reflect the tax rates applicable within the municipality where the customer takes service.