PSC No: 120 - Electricity New York State Electric & Gas Corporation Initial Effective Date: January 1, 2008 Leaf No. 168 Revision: 5 Superseding Revision: 4

SERVICE CLASSIFICATION NO. 3 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

(d) Economic Incentives: (Cont'd)

(4) Economic Development Power:

Customers who qualify for the special Economic Development Power rate provision pursuant to Section 10 of the General Information Section of this Schedule, will have such power billed in accordance with the Special Provision therein. The customer's power requirements in excess of the Economic Development Power will be billed at SC No. 7 rates applicable to the customer's voltage level.

(5) Self-Generation Deferral Incentive ("SGDI"):

As provided in General Information Section 11, this provision is no longer available to additional customers on or after January 1, 2007. Existing customers will not have the option to renew at the end of their 36-month term.

Customers who qualify for the Self-Generation Deferral Incentive (SGDI) under Section 11 of the General Information section of this Schedule shall take service under the applicable NYSEG Fixed Price Option (FPO) rate, as specified in this Service Classification and Section 25, Pricing Options Effective January 1, 2008.

Such customers will have their service bills subject to a cents per kilowatt-hour price cap in accordance with the SC No. 7 Special Provision (d)(6), Self-Generation Deferral Incentive.

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Binghamton, New York