

PSC No: 120 - Electricity  
New York State Electric & Gas Corporation  
Initial Effective Date: January 1, 2007

Leaf No. 138  
Revision: 2  
Superseding Revision: 0

### SERVICE CLASSIFICATION NO. 2 (Continued)

#### SPECIAL PROVISIONS: (Cont'd)

##### (f) Economic Incentives: (Cont'd)

##### (3) Economic Development Zone Incentive: (Cont'd.)

Rate for qualified kilowatt-hours, per kWh in all economic development zones designated after October 9, 1997 and on or before February 1, 1999:

For EDZI load qualifications on or after March 3, 1998 in the next two zones designated	\$ .040
For EDZI load qualifications on or after March 3, 1998 in any additional zones designated	\$ .0325
For EDZI load qualifications on or after March 3, 2000	\$ .040

Rate for qualified kilowatt-hours, per kWh in any zones designated after February 1, 1999:

For EDZI Load qualifications on or after March 3, 2000	\$ .0325
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Customers who qualify, under the Economic Development Zone Incentive (EDZI) in Section 9 of the General Information section of this Schedule, to receive an incentive for load qualified on or after July 1, 2003 may select one of the following rate options, as specified in this Service Classification and Section 25, Pricing Options Effective January 1, 2007, for such qualified incented load: 1) NYSEG Fixed Price Option (FPO), 2) NYSEG Variable Price Option (VPO), or 3) ESCO Price Option (EPO).

Such customers will have their service bills reduced, for a term of ten (10) years following initial zone certification, beginning with the eligibility date on the zone certificate (unless the customer's initial zone certification(s) becomes invalid), by an incentive rate per kilowatt-hour for all qualified kilowatt-hours used thereunder. The incentive rate will be the equivalent of the applicable Transition Charge (NBC), less the ancillary service costs and NTAC components of the Transition Charge.

The incentive rate for such qualified load billed at FPO will be calculated using the Transition Charge established on November 1, or April 1 as applicable, for the sole purpose of setting the FPO rates. The incentive rate for such qualified load billed at EPO or VPO may change monthly due to the fluctuating Transition Charge. An Economic Incentive Rate (EIR) Statement setting forth the monthly incentive rates for each rate option will be filed with the Public Service Commission on not less than three (3) days' notice prior to the first day of each month. Such statement can be found at the end of this Schedule (PSC 120 - Electricity).

Issued in compliance with order in Case No. 05-E-1222 dated 08/23/06.

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