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PSC No: 120 - Electricity

New York State Electric & Gas Corporation

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SERVICE CLASSIFICATION NO. 7 (Continued)

SUPPLY SERVICE OPTIONS AVAILABLE TO CUSTOMERS: (CONT'D.)

4. Hourly Pricing – Mandatory and Voluntary (Cont'd.)

<u>Voluntary</u>: (Cont'd.)

Additionally, Hourly Pricing is voluntary to a customer that is participating in any of the Company's Economic Incentives without a restriction for their Supply Service Option that received the Economic Incentive beginning on or prior to December 31, 2006, and would have otherwise qualified for Mandatory Hourly Pricing. A customer with a restriction for their Supply Service Option (*e.g.*, a customer that qualified for an Economic Incentive prior to July 1, 2003) will be exempt from Hourly Pricing until the term of the customer's Economic Incentive expires. See the chart below stating the portion of a customer's load to which Hourly Pricing option is applicable. Upon the conclusion of their participation in the Economic Incentive, the customer will be subject to Mandatory Hourly Pricing and have two supply options, EPO or Hourly Pricing option, as described below.

Economic Incentives	SUPPLY SERVICE OPTIONS for customers having a billed demand as set forth above and began receiving the Economic Incentive prior to January 1, 2007		
	Electricity Supply Pricing Options for the load not receiving the incentive	Electricity Supply Pricing Options for the load qualified prior to July 1, 2003	Electricity Supply Pricing Options for the load qualified after July 1, 2003
Economic Development Incentive	EPO, FPO, or VPO	FPO	EPO, FPO, VPO, or Hourly Pricing*
Economic Development Zone Incentive	EPO, FPO, or VPO	FPO	EPO, FPO, VPO, or Hourly Pricing*
Economic Revitalization Incentive	Not Applicable	FPO	FPO
Incubator Development Incentive	Not Applicable	FPO	FPO
Self Generation Deferral Incentive	Not Applicable	FPO	FPO

^{*} The customer must choose the same Supply Service Option for its incentive, non-incentive load and any future load.

Issued in compliance with order in Case No. 07-E-0479 dated 08/29/07.

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