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PSC No: 120 - Electricity

New York State Electric and Gas Corporation

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SERVICE CLASSIFICATION NO. 7 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

(d) (6) Self-Generation Deferral Incentive:

(A) Price Cap Determination

Customers who are qualified under the Self-Generation Deferral Incentive (SGDI) in Section 11 of the General Information section of this Schedule will have their bills subject to a Cents per kWh Price Cap (Cap), for a term of no greater than 36 months. The cap will be calculated as follows:

For customers at:

Transmission voltage Cap = 7.8375 cents + .475/Annual Load FactorSubtransmission voltage Cap = 8.0750 cents + .475/Annual Load FactorPrimary voltage Cap = 8.3125 cents + .475/Annual Load FactorSecondary voltage Cap = 8.5500 cents + .475/Annual Load Factor

(B) Service Bill Determination

A service bill will be calculated under the customer's eligible service classification. The customer would pay the lesser of:

1. the above determined price cap multiplied by the total monthly kilowatthours.

OR

2. the service bill under the customer's eligible classification.

(C) Minimum Bill Determination

A minimum bill will be calculated under this Special Provision. If the above determined service bill is less than the minimum bill, as set forth below, the customer will pay the minimum bill.

For customers at:

Transmission voltage Minimum Bill = \$1078 + (kWh * 0.0403)Subtransmission voltage Minimum Bill = \$710 + (kWh * 0.0408)Primary voltage Minimum Bill = \$493 + (kWh * 0.0474)Secondary voltage Minimum Bill = \$64 + (kWh * 0.0483)

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 (BRO) rate, as specified in this Service Classification and Section 12, Customer Advantage Program, of this Schedule.

Such customers will have their service bills subject to a cents per kilowatt-hour price cap in accordance with the SGDI Special Provision in this service classification.

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

^{*(}kWh = total kilowatthours for month)