

PSC No: 120 - Electricity  
New York State Electric and Gas Corporation  
Initial Effective Date: December 1, 2003

Leaf No. 21  
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Superseding Revision:

#### GENERAL INFORMATION

7. Economic Revitalization Incentive:

The Economic Revitalization Incentive ("ERI") is intended to facilitate revitalization of a business, leading also to increased electric load, and to prevent loss of such customers, thereby maintaining economic use of utility facilities.

Upon 30 days notice to and acceptance of an application by the Corporation, an existing Industrial customer engaged in manufacturing as defined in Division D encompassing Major Groups 20 through 39 of the Standard Industrial Classification Manual (1972 edition as amended or superceded), or non-Retail Trade Commercial customer, including customers with Power For Jobs ("PFJ") allocations from NYPA (excluding Public Authority customers, customers that receive other than PFJ allocations of power from NYPA, and customers with business facilities that are primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain such goods or services) taking service under Service Classification No. 2, 3 or 7 may qualify for an Economic Revitalization Incentive in the form of a reduction, as stated in the individual service classification special provision for Economic Incentives, to the Energy Charge rates of the respective service classifications for electric use during an initial term of 36 months. For two subsequent 12-month phase-out terms, the incentive reduction will be multiplied by a factor of .66 and .33 for each term, respectively.

Qualification is subject to the Corporation's acceptance of the applicant's certification to the Corporation of a feasible Management and Labor Productivity Program, on a prospective basis from the date of application, covering at least 36 months which, upon implementation, would allow the customer to again be competitive in its existing and/or alternative markets. The applicant is encouraged to work with Empire State Development Corporation, if assistance is required, to develop the Management and Labor Productivity Program and/or secure a contributing PFJ allocation. Applicants shall have demands in excess of 250 kilowatts or shall certify to the Corporation that applicant employs a plurality of all the full-time employment in the village, city or town in which the applicant's plant or operation exists.

To qualify for the incentive, the applicant must demonstrate that it has taken substantial measures under its productivity plan to achieve a threshold level of quantifiable incentives from other sources within its province. This threshold shall amount to not less than one-eighth (12.5%) of the applicant's previous 12 month electric bills from the Corporation. Such incentives may be received from governmental entities, the employees at the applicant's plant, or, in the case of applicants with a PFJ allocation, the estimated GRT credit available to the Corporation (while such GRT credit remains available).

Certifiable incentives from the governmental sector may include: (1) one or more of the total of any reduction in applicable county, town, city, village and/or school district property tax payments resulting from recognition by the appropriate governmental board that the economic value of the applicant's plant or facility has declined over a period of time without appropriate recognition in the assessed valuation, and/or (2) the savings in financing costs associated with the applicant's investments to implement the Productivity Program, equivalent to the annual interest cost savings due to the difference between the annual interest rate of any subsidized public agency loan to implement the Productivity Program and the prime rate as stated in The Wall Street Journal on the day such public agency loan is made. Certifiable employee incentives include the quantifiable net reduction, over the appropriate historical twelve-month base period, in the applicant's employee costs that is equitable to both management and labor, and acceptable to the majority of all such employees. Such certifiable employee incentives available for revitalization shall exclude savings from reductions in the total number of employees.

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