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 ..TXT: PSC NO: 87 GAS LEAF: 19
 COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 1
 INITIAL EFFECTIVE DATE: 12/10/98 SUPERSEDING REVISION: 0
 STAMPS: Issued in compliance with commission order in Case 98-G-0845 dated 12/
 RECEIVED: 12/10/98 STATUS: Effective EFFECTIVE: 12/10/98

SERVICE CLASSIFICATION NO. 2 (CONT'D)

GENERAL SERVICE (CONT'D)

SPECIAL PROVISIONS: (CONT'D)

B. Economic Development Incentive (EDI) (All Areas Except Binghamton and Champlain): (Cont'd)

A qualified customer will have his monthly service bills reduced by an amount per therm as stated in Special Provision D for all use in excess of the greater of: (1) 500 Therms; or (2) a base amount established for each monthly billing period. For an existing customer, the base amount will be based on a one (1) year historical period, actual or estimated, as determined by the Company prior to qualification for the EDI. For a prospective customer, the base amount will be zero (0) but only use over 500 Therms per month will receive the EDI. Each month, the excess use qualifying for the EDI will be limited to seven hundred thirty (730) hours times the hourly rating of the equipment initially installed to qualify for the EDI.

The EDI reduction per therm in effect at the time of qualification as stated below will be applied under this Schedule, without modification, except as noted below, to the Customer's bill for the term of sixty (60) months, at which time the Customer will no longer be qualified for the EDI price. However, if as the result of future action taken by the PSC, application of the stated EDI reduction would result in a mark-up above the cost of gas of less than \$.01 per Therm, then the amount of reduction would be adjusted so that the resulting block price would not be less than \$.01 above the cost of gas.

C. Economic Development "Zone" Incentive (EDZI) (Elmira, Combined and Champlain Areas):

Upon application, qualification and thirty (30) days' notice to the Company, an existing or prospective non-residential customer, located in an approved Economic Development Zone, who is eligible for service under this service classification will receive an EDZI, in the form of a reduction, as stated in Special Provision D, to the price per therm for use in excess of 100 Therms per month. For a "process" customer, qualification is achieved by the installation of new or additional gas-utilizing equipment rated at 1 Therm per hour or more. For a "space conditioning" customer or a "space conditioning" and "process" customer, such additional equipment requires a rating of at least 2.5 Therms per hour.

In order to qualify for the EDZI, a customer must present, upon application, the Company with the appropriate certification from the approved Economic Development Zone Administrator. A qualified customer will receive the EDZI for the duration of the "zone" designation unless a customer's initial certification(s) becomes invalid.

Issued By: George E. Bonner Vice President - Gas Operations & Marketing, Binghamton, NY

(Name of Officer, Title, Address)