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PSC NO: 121 ELECTRICITY

NEW YORK STATE ELECTRIC & GAS CORPORATION

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Revision: 4

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SERVICE CLASSIFICATION NO. 3 (Cont'd.)**SPECIAL PROVISIONS: (Cont'd.)****G. Purchase Option: (Cont'd):**

The Customer may, at its option, elect to purchase the portion of the Company's street lighting system being used to serve the customer. The following guidelines shall apply to any sale of the Company's street lighting facilities: (Cont'd):

- ii) The customer must purchase a minimum of 10% of the lights that were owned by the Company within the municipality prior to any purchase(s) made under this rule, and the facilities associated with those lights, or 100 lights and their associated facilities, whichever is greater. If the customer requests purchase of a geographic area which contains slightly less than the 10% minimum, the Company shall consider such an offer, provided that there is some logical rationale for the area chosen. Notwithstanding the above, if a customer owns 70% or more of the lights originally owned by the Company prior to any purchase(s) made by the customer under this rule, any further purchase must encompass all remaining lights. If a proposed purchase of lights would reduce the amount of lights owned by the Company within the municipality to less than 15% of the lights originally owned by the Company prior to any purchase(s) made by the customer under this rule, or to less than 100 lights, completion of the proposed purchase shall be contingent upon written agreement by the customer to purchase all remaining lights within two years of the currently proposed purchase. Such written agreement shall include all terms and conditions of the sale of the remaining lights, including but not limited to the sale price and time frame of the sale. The Company may contract to sell the system in increments over an agreed upon time frame or to accept payments in installments, upon payment and other terms acceptable to the Company.
- iii) The Company shall develop an estimate of the costs that it shall incur to physically separate the system being sold from the rest of its distribution system in order for the Company to meet all applicable codes and regulations. This estimate shall not include costs that the customer may incur in order for the Customer to meet any codes and regulations that may apply to it.
- iv) The Company shall determine a proposed purchase price of the equipment, taking into account factors which may include, but are not limited to, the market value of the street lighting system to be sold, the remaining book value of the street lighting system to be sold, potential federal income tax implications resulting from accelerated depreciation of the equipment for tax purposes, and any other costs which the Company may incur in order to complete the sale.
- v) The customer shall have 180 days from the issuance of the initial proposed purchase price to commit to move forward in good faith with the purchase process.
- vi) Within 90 business days of a customer providing written notice to the Company of its desire to purchase its street lighting system, the Company shall respond, in writing, with the proposed purchase price. The actual purchase price of the street lighting system may be negotiated between the Company and the customer. The Company shall not be required to provide a purchase price for the same street lighting facilities more than once in any 12-month period.

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