SERVICE CLASSIFICATION NO. 1

APPLICABLE TO USE OF SERVICE FOR:

Sales and delivery of electric power supply provided by the Company or delivery of electric power supply provided by an Energy Service Company under the Company's Retail Access Program to residential customers and other customers eligible for residential service as defined in General Information Section No. 8.

CHARACTER OF SERVICE:

Residential Customers:

Continuous, 60 cycles, A.C., from any one of the following systems as designated by the Company:

(a) Single phase at approximately 120, 120/208 or 120/240 Volts.

(b) Three phase four wire at approximately 120/208 Volts in limited areas.

Other Customers Eligible for Residential Service as Defined in General Information Section No. 8:

Continuous, 60 cycles, A.C., single or three phase secondary, or three phase primary as defined in General Information Section No. 4.

RATES – MONTHLY:

(For additional rates and charges see Special Provisions A, B, C, and F.)

<table>
<thead>
<tr>
<th></th>
<th>Summer Months*</th>
<th>Other Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Customer Charge</td>
<td>$20.00</td>
<td>$20.00</td>
</tr>
<tr>
<td>(2) Delivery Charge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First 250 kWh</td>
<td>7.296 ¢ per kWh</td>
<td>7.296 ¢ per kWh</td>
</tr>
<tr>
<td>Over 250 kWh</td>
<td>8.743 ¢ per kWh</td>
<td>7.296 ¢ per kWh</td>
</tr>
</tbody>
</table>

* June through September

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SERVICE CLASSIFICATION NO. 1 (Continued)

RATES – MONTHLY: (Continued)

(3) Energy Cost Adjustment, System Benefits Charge, Transition Adjustment for Competitive Services, and Charges for Municipal Undergrounding

The provisions of the Company’s Energy Cost Adjustment, System Benefits Charge and Transition Adjustment for Competitive Services as described in General Information Section Nos. 25, 26 and 29, respectively, and Charges for Municipal Undergrounding as described in General Information Section No. 20, if applicable, shall apply to electricity delivered under this Service Classification.

(4) Revenue Decoupling Mechanism Adjustment

The provisions of the Company’s Revenue Decoupling Mechanism Adjustment as described in General Information Section No. 30 shall apply to electricity delivered under this Service Classification.

(5) Temporary State Assessment Surcharge

The Temporary State Assessment Surcharge as described in General Information Section No. 24 shall apply to electricity delivered under this Service Classification.

(6) Merchant Function Charge

The Merchant Function Charge as described in General Information Section No. 28 shall apply to Full Service Customers. Retail Access Customers shall not be subject to this charge.

(7) Billing and Payment Processing Charge

A Billing and Payment Processing Charge shall be assessed in accordance with General Information Section No. 7.5.

Issued By: Timothy Cawley, President, Pearl River, New York
RATES – MONTHLY:  (Continued)

(8) Market Supply Charge

The provisions of General Information Section No. 15 shall apply to electricity provided and sold by the Company under this Service Classification. Retail Access Customers shall not be subject to this charge.

(9) Increase in Rates and Charges

All rates and charges for service under this Service Classification will be increased pursuant to General Information Section No. 19.

MINIMUM CHARGE EACH CONTRACT EACH LOCATION:

The sum of $20.00 monthly, but not less than $120.00 per contract, plus any applicable billing and payment processing charges.

TERMS OF PAYMENT:

Bills are due when rendered, subject to a late payment charge in accordance with provisions of General Information Section No. 7.6. If bill is not paid, service may be discontinued in accordance with provisions of General Information Section Nos. 11.1 and 11.2.

TERM:

Terminable at any time unless a specified period is required under a line extension agreement.

EXTENSION OF FACILITIES:

Where service is supplied from an extension the charges thereon shall be determined as provided in General Information.
SERVICE CLASSIFICATION NO. 1 (Continued)

SPECIAL PROVISIONS:

(A) Water Heating (Optional)

Where an approved electric storage heater is used for the Customer’s entire water heating requirements, use in excess of 500 up to 1,000 kWh for bills rendered monthly will be billed at a Delivery Charge of 8.069¢ per kWh during the summer billing months and 6.190¢ per kWh during the other billing months. Use in excess of 1,000 kWh monthly will be billed at a Delivery Charge of 8.743¢ per kWh during the summer billing months and 7.296¢ per kWh during the other billing months. Except for usage as stated above, the provisions of RATES – MONTHLY shall apply.

This special provision is closed to new customers effective July 1, 2011.

An approved electric water heater is one that has a minimum storage capacity of 50 gallons and two heating elements. The size of the elements shall not exceed those listed in the tabulation below:

<table>
<thead>
<tr>
<th>Gallons</th>
<th>50</th>
<th>66</th>
<th>82</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper element, Maximum Watts</td>
<td>1,500</td>
<td>2,500</td>
<td>3,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Lower element, Maximum Watts</td>
<td>1,000</td>
<td>1,500</td>
<td>1,500</td>
<td>2,500</td>
</tr>
</tbody>
</table>

(B) Space Heating (Optional)

All use in excess of 500 kWh monthly will be billed at a Delivery Charge of 8.743¢ per kWh during the summer billing months (customers with water heating see Special Provision A) and 6.190¢ per kWh during the other billing months provided permanently installed electric space heating equipment is the sole source of space heating, excluding fire places, on the premises. Except for usage as stated above, the provisions of RATES – MONTHLY shall apply.

This special provision is closed to new customers effective July 1, 2011.
SPECIAL PROVISIONS: (Continued)

(C) **Short Term Service**

Customers desiring service under this Service Classification for less than six months, where service is already installed, shall pay in advance the contract minimum as specified under "Minimum Charge Each Contract Each Location" or under an applicable line extension agreement, or, if the estimated bill for two months or such shorter period as service may be desired exceeds the contract minimum, the Company reserves the right to request a deposit equal to this estimated bill. A part of a month shall be considered a full month for computing all charges hereunder.

(D) **Budget Billing (Optional)**

Any customer taking service hereunder may, upon request, be billed monthly in accordance with the budget billing plan provided for in General Information Section No. 7 of this Schedule.

(E) **Redistribution**

Submetering may be available under certain conditions as contained in General Information Section No. 8 of this Schedule.

(F) **Heat Pump Space Conditioning (Optional)**

Any customer taking service under this Service Classification who uses a heat pump as the major source of space conditioning shall pay a Delivery Charge of 6.190¢ per kWh for all monthly usage in excess of 500 kWh during the billing months of October through May. Customers taking service under this Special Provision who use an electric water heater as the primary source of domestic water heating, must install an insulation wrap on the water heater and shall pay a Delivery Charge of 8.069¢ per kWh for all monthly usage in excess of 500 kWh up to 1,000 kWh during the billing months of June through September. This Special Provision may not be used in conjunction with Special Provisions A, B, or C of this Service Classification. Except for usage as stated above, the provisions of RATES – MONTHLY shall apply.

This special provision is closed to new customers effective July 1, 2011.