

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
Initial Effective Date: October 2, 2009

Leaf No. 117.9
Revision: 8
Superseding Revision: 6

GENERAL INFORMATION

25. Supply Service Options: (cont'd.)

I. Supply Service Options effective January 1, 2008 (cont'd.)

B. Transition Charge (Non-Bypassable Charge [NBC])

1. Calculation of the Fixed Transition Charge (Non-Bypassable Charge [NBC]): (cont'd.)

- (v) All items collected through the NBC will be symmetrically reconciled and true-up annually in a competitively neutral manner. The credits or charges related to the reconciliation will be included in the establishing of the next year's NBC. The Company will use any customer portion of earnings sharing above the \$5 million included in the NBC to offset any increase in the next year's NBC that would otherwise result from the annual NBC true-up with any remaining customer share of earnings added to the Asset Sale Gain Account.

2. Interim Reconciliation Adjustment

The NBC as set forth in Section 25.I.B.1. will be adjusted, as described in the Commission's Orders in Case No. 09-E-0227 dated 05/18/09 and 09/28/09.

Each month the Company will examine the forecasted year-end difference between the NBC dollars the Company expects to collect and an updated forecast of NBC dollars. If the expected under- or over-collection exceeds \$7.5 million, an interim reconciliation adjustment will be applied to the NBC calculated pursuant to Section 25.I.B.1, Calculation of the Fixed Transition Charge (Non-Bypassable Charge [NBC]), for all customers. Such adjustment will be implemented in the following month.

Any remaining reconciliation that is required for 2009 will be reflected in the calculation of the 2010 NBC.

A Transition Charge Statement setting forth the Fixed Transition Charge (NBC) will be filed with the Public Service Commission on not less than one (1) day's notice.

C. Calculation of the Commodity Charge

1. NYSEG Default Supply Option (DSO)

The Company's DSO includes the components described in Section 25.I.C.2., NYSEG's Variable Price Option. On a monthly basis, NYSEG will pass through to DSO customers the impact of any hedge position entered into on behalf of DSO customers through an adjustment to the applicable variable commodity charge as described in Section 25.I.C.2. below.

2. NYSEG Variable Price Option (VPO)

The charge for Electric Power Supply provided by NYSEG will fluctuate with the market price of electricity and will include the following components: Energy, Energy Losses (which include Unaccounted for Energy), Unforced Capacity (UCAP), UCAP Reserves, and UCAP Losses. The methodology for calculating the Energy and Capacity components of the charge for Electric Power Supply is as follows:

Issued in compliance with orders in Case No. 09-E-0227 dated 05/18/09 and 09/28/09.

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