

PSC No: 120 - Electricity  
New York State Electric & Gas Corporation  
Initial Effective Date: May 1, 2011

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Revision: 7  
Superseding Revision: 6

## GENERAL INFORMATION

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

#### I. Supply Service Options (cont'd.)

##### C. Calculation of the Commodity Charge (cont'd.)

##### 2. Non-Hourly Pricing Demand Metered Customers (S.C. Nos. 2, 3, 7, and 11 [Demand]) (Cont'd) Capacity Component (Cont'd)

Capacity Charge = UCAP Charge + Demand Curve Reserve Charge

$UCAP_{req} = (UCAP_{req} * (1 + Reserve_{req}) * Price_{monthlyauc})$

$UCAP_{req}$  = The demand for the customer's service class that occurred at the time of the New York system peak of the prior year, grossed up for losses and a growth factor.

$Reserve_{req}$  = Additional reserve requirement as required by NYISO.

$Price_{monthlyauc}$  = Monthly NYISO auction price.

$Demand\ Curve\ Reserve\ Charge = (UCAP_{req} * DemandCurveReserve_{req}) * Price_{spotauc}$

$UCAP_{req}$  = Described above.

$DemandCurveReserve_{req}$  = Allocation of additional capacity requirement as required by the NYISO's demand curve.

$Price_{spotauc}$  = Monthly NYISO SPOT auction price.

Ancillary Services/NYPA Transmission Adjustment Charge (NTAC) Component: The ancillary services/NTAC will be forecasted each month and included in the supply price and subsequently reconciled.

Supply Adjustment Charge Component: All costs incurred related to supply will be reconciled and recovered or refunded through a subsequent Supply Adjustment Charge incorporated in the supply charge.

#### D. Merchant Function Charge (MFC):

The MFC will be applicable to only those customers taking supply service from the Company (*i.e.*, NSS and Hourly Pricing) and is set forth in a statement at the end of this Schedule (PSC No. 120 – Electricity). A separate MFC will be calculated for small (SC Nos. 1, 8, 12, 5, 6, 9, and street lighting) and large (SC Nos. 2, 3 & 7) customers. For Service Classification Nos. 11, 13, and 14, the customer's otherwise applicable service classification will determine the applicable MFC.

1.) The MFC will include the following rate components as described in the Joint Proposal dated July 14, 2010 in Case Nos. 09-E-0715, 09-G-0716, 09-E-0717, and 09-G-0718.

- a) Commodity-related Uncollectible Costs
- b) Commodity-related Credit and Collections and Call Center costs;
- c) Commodity-related Administrative costs;
- d) Cash Working Capital on Purchased Power costs, if the New York Independent System Operator moves to weekly billing and
- e) Cash Working Capital on Commodity Hedge Margin costs.

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