PSC No: 120 - Electricity New York State Electric and Gas Corporation Initial Effective Date: January 1, 2008 Leaf No. 254.3 Revision: 1 Superseding Revision: 0

SERVICE CLASSIFICATION NO. 7 (Continued)

SPECIAL PROVISIONS: (Cont'd)

(i) Hourly Pricing - Mandatory and Voluntary (Cont'd.)

ELECTRICITY SUPPLY PRICING OPTIONS AVAILABLE TO CUSTOMERS: (Cont'd.)

2. NYSEG Hourly Day-Ahead Market Pricing Option ("Hourly Pricing") (Cont'd.)

Electricity Capacity Charge: per month

The capacity and capacity reserves are specific to the customer. When hourly data is not available the appropriate service class profile will be used to determine the customer's capacity responsibility. A new capacity responsibility amount will be established for each customer each April. Customers new to Hourly Pricing that begin the service prior to April will be assigned their capacity responsibility based on their service class profile until the first April where the required hourly data is available.

Capacity Charge = UCAP Charge + Additional UCAP Charge

UCAP Charge = (((UCAP_{req} * L_c) * Reserve_{req})* Price_{auc})

 $UCAP_{req}$ = The customer specific demand that occurred at the time of the New York system peak of the prior year. When the customer specific information is not available the appropriate service class profile information will be used.

 $L_c = Capacity loss factor:$

Voltage Level	Service Classification	Capacity Loss Factor
Transmission	7-4	1.0000
Subtransmission	7-3	1.0200
Primary	7-2	1.0480
Secondary	7-1	1.0738

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

Price_{auc} = Monthly NYISO auction price.

Additional UCAP Cost = $(((UCAP_{req} * L_c) * AUCAP_{req}) * Price_{auc})$

 $UCAP_{req} = Described above.$

 $L_c =$ See table above.

AUCAP_{req} = Allocation of additional capacity requirement as required by the NYISO.

Price_{auc} = Monthly NYISO auction price.

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