

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
Initial Effective Date: January 1, 2008

Leaf No. 117.8
Revision: 2
Superseding Revision: 1

GENERAL INFORMATION

25. Pricing Options Effective January 1, 2008 (Cont'd.)

B. Calculation of the Transition Charge (Non-Bypassable Charge [NBC]) (Cont'd.)

- (iv) (cont'd.) NYSEG will continue its practice of reimbursing ESCOs for the NYISO ancillary services and NTAC that NYSEG collects from customers for which ESCOs are charged by the NYISO. NYSEG shall not reimburse an ESCO for those charges allocated to the ESCO because of the individual ESCO's practices (e.g. late payment charges and penalties).
- (v) On November 1st, the Transition Charges to become effective on the following January 1st will be filed on a Transition Charge Statement.

C. Calculation of the Commodity Component of the Fixed Price Option

- (i) The Commodity Component of the Company's FPO for SC 1 residential customers for 2008 will equal \$90.93 per MWh, adjusted pursuant to the Market Price Index, as described below.

Market Price Index:

The Market Price Index is designed to measure the change, if any, in forward wholesale prices of energy established based on the 20 trading days prior to March 10, 2007 ("Base Forward Price") and the 20 trading days prior to November 1, 2007 ("November Forward Price"). The Market Price Index will be computed as the ratio of the November Forward Price to the Base Forward Price, and used to adjust the Commodity Component of the Company's FPO for SC 1 residential customers. The Base Forward Price of energy equals \$90.93 per MWh. The methodology for calculating the November Forward Price will be the same as that used to calculate the Base Forward Price. For each of the 20 trading days prior to November Forward Price, the Company will collect information regarding the forward wholesale price of on- and off-peak power in Area 'A' of the NYISO Control Area over the 12-months of the Commodity Rate Period. In some instances, there may be monthly quotes, and in other cases there may be quarterly or annual quotes. All of the information gathered over this 20-day period will be used to develop an average on-peak and an average off-peak forward wholesale energy price for the 12-month period. The data will be gathered from all available energy brokers and on-line exchanges that provide permission to use their data for this purpose.

The average around-the-clock wholesale energy price will equal the on-peak price multiplied by 48% plus the off-peak price multiplied by 52%, which recognizes that there are slightly more off-peak hours than on-peak hours in a year. The derived average around-the-clock wholesale energy price will then be adjusted to recognize the difference between Area 'A' and Area 'C' of the NYISO Control Area. That adjustment will equal the historical percentage difference in price between these areas recorded in the day-ahead market for the most recently available 12-month period. This price will be the November Forward Price.

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