

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

Leaf No. 150
Revision: 3
Superseding Revision: 2

SERVICE CLASSIFICATION NO. 2 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

(m) Hourly Pricing - Voluntary

Hourly Pricing is voluntary for any customer taking service under Service Classification No. 2. Once a customer elects Hourly Pricing, they will remain subject to this provision for twelve months. Customers will be encouraged to modify their operations to reduce usage during high priced periods or to shift usage to take advantage of lower energy costs during certain hours. Customers with an economic incentive or NYPA allocation will be eligible for this special provision upon expiration of their economic incentive or NYPA allocation.

DELIVERY CHARGES:

The delivery charges set forth in this Service Classification for standard service shall apply to a customer taking service under Hourly Pricing. A customer that qualifies for the Industrial/High Load Factor Special Provision will pay the delivery charges as set forth in Special Provision (I).

HOURLY METERING CHARGE:

Hourly priced customers are required to pay an incremental meter charge of \$7.07 per month, regardless of the Electric Supply Pricing Option chosen. Customers that have paid for their own meter are exempt from this charge.

NYSEG Hourly Day-Ahead Market Pricing Option ("Hourly Pricing")

This Non-Retail Access choice includes fixed charges for NYSEG delivery service, a fixed Transition Charge (Non-Bypassable Charge [NBC] as described above and in further detail in General Information Section 25.B.), the Merchant Function Charge, and a commodity charge for electricity supply that fluctuates hourly with the market price of electricity including losses, unaccounted for energy, capacity, and capacity reserves, as further described herein. Electricity supply is provided by NYSEG.

Electricity Supply Charge: All kilowatthours, per kilowatthour

Customers served under this provision will be charged for the energy component of supply based on their hourly metered usage and the hourly supply cost. The electricity supply charge is equal to the sum of the hourly metered usage multiplied by the New York Independent System Operator (NYISO) Day-Ahead Market (DAM) Location Based Marginal Price (LBMP) for the Zone in which the customer is electrically connected, adjusted for system losses. Capacity charges will also be based on interval meter data. The DAM LBMP prices will be the initial published DAM LBMP prices acquired by the Company. The customer's bill will not be recalculated if such prices are modified by the NYISO at a later date.

$$\text{Hourly Supply Charge} = \sum (\text{kWh}_h * L_d * SP_h)$$

kWh_h = kilowatthour for each hour in a billing period.

SP_h = DAM LBMP prices by hour

L_d = Distribution Energy Loss Factor of 1.0728

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