

PSC No: 120 - Electricity  
New York State Electric & Gas Corporation  
Initial Effective Date: January 1, 2007

Leaf No. 220  
Revision: 4  
Superseding Revision: 3

SERVICE CLASSIFICATION NO. 7 (Continued)

**RATE CHOICES AVAILABLE TO CUSTOMERS: (CONT'D.)**

**4. NYSEG Variable Price Option (VPO) (Cont'd.)**

Transition Charge (Non-Bypassable Charge [NBC]):

All customers served under this Service Classification, taking service under the NYSEG Variable Price Option (VPO) rate, will be required to pay a Transition Charge (NBC), as further described in General Information Section 25.B.

Commodity Service

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. This charge is determined using the same methodology as described above in this Service Classification under the detailed explanation of the Retail Access Credit (applied to the ESCO Option with Supply Adjustment, Rate Choice No. 2); items "a" (Energy) and "b" (Capacity).

In the event that NYSEG determines that it will incur an estimated gain or loss because purchases for VPO customers were made in the real-time market at prices differing from those in the day-ahead market, NYSEG will credit or recover the full amount of the estimated gain or loss through the non-bypassable charge from VPO customers.

Merchant Function Charge

All customers served under this Service Classification taking service under the NYSEG Variable Price Option (VPO) will be required to pay a Merchant Function Charge as set forth herein and as further described in General Information Section 25.D.

The Merchant Function Charge will be phased in as set forth below:

All kilowatt-hours, per kilowatt-hour	Effective Date		
	01/01/07	07/01/07	01/01/08
SC 7-1 – Secondary Distribution	\$0.0034	\$0.0028	\$0.0022
SC 7-2 – Primary Distribution	\$0.0016	\$0.0012	\$0.0008
SC 7-3 – Sub-transmission	\$0.0016	\$0.0012	\$0.0008
SC 7-4 – Transmission	\$0.0016	\$0.0012	\$0.0008

**MERCHANT FUNCTION CHARGE:**

The Merchant Function Charge reflects the administrative costs of obtaining electricity supply. Customers whose electricity is supplied by an ESCO are not charged for this service.

**MINIMUM CHARGE:**

The minimum charge for service under this Service Classification is the monthly Customer Charge as listed above or unless otherwise stated in the applicable special provisions.

The minimum charge for customers who choose to take all or part of their back-up or maintenance service under this service classification rather than under Special Provision (d) of NYSEG's Service Classification No. 11 is described in the "DETERMINATION OF DEMAND" section.

Issued in compliance with order in Case No. 05-E-1222 dated 08/23/06.

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