

PSC NO: 121 ELECTRICITY
NEW YORK STATE ELECTRIC & GAS CORPORATION
Initial Effective Date: 01/01/07

Leaf: 18
Revision: 4
Superseding Revision: 1

SERVICE CLASSIFICATION NO. 1 (Cont'd.)

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

1. ESCO Price Option (EPO) (Cont'd.)

A Transition Charge (NBC) Statement setting forth the monthly Transition Charge (NBC) will be filed with the Public Service Commission on not less than three (3) days' notice from the effective date of the revised charge for the first day of the billing cycle each month. Such statement can be found at the end of this Schedule (PSC 121 - Electricity).

2. ESCO Option with Supply Adjustment (EOSA)

This Retail Access choice applies a Retail Access Credit ("RAC") to the NYSEG Fixed Price Option (FPO). This FPO rate can be found in the description for Rate Choice No. 3, the NYSEG Fixed Price Option, in this service classification. The RAC, further described below, fluctuates with the market price of electricity, and consists of energy, Energy Losses (which include Unaccounted For Energy); Unforced Capacity ("UCAP"), UCAP Losses, UCAP Reserves, and an Additional Component. Customers electing this option will not be subject to the Merchant Function Charge.

Retail Access Credit (RAC)

The RAC consists of three components:

a) Energy Component: For each day of the customer's billing cycle, a daily average value of market supply is derived from the day ahead NYISO posted Locational Based Marginal Prices (LBMP) of electricity appropriate for such lighting customer's load shape, luminaire usage, and the region (East or West of the NYISO Total East Interface) in which the customer is located. LBMP in Zone C will be used for customers electrically connected West of the Total East NYISO Interface. LBMP in Zone G will be used for customers electrically connected East of the NYISO Total East Interface. The hourly load weighted market price of energy will be adjusted to reflect losses and Unaccounted For Energy.

These daily average market supply values are used in conjunction with the lighting customer's load shape and luminaire usage data to develop a weighted average value of market supply for the customer's specific billing period. The weighted average value of market supply is multiplied by the customer's billed kWh usage for each luminaire to determine the value of market supply to be credited to the customer's bill.

b) Capacity Component: The RAC also includes a component for the value of Unforced Capacity (UCAP), defined as the market-clearing price of capacity in \$/kWh as determined from the NYISO's monthly capacity auction price. The Capacity Component will be revised in accordance with each monthly UCAP auction held by the NYISO. The capacity price will also include UCAP Reserves, and will then be adjusted for UCAP Losses.

c) Additional Component: An additional credit ("Adder") in the amount of \$0.001 per kWh.

The Energy Component and Capacity Component [(a) and (b) above] will be combined to appear as a single line item credit on each customer bill. The Additional Component [(c) above] will also appear as a separate single line item credit on each customer bill.

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

Issued by: James A. Lahtinen, Vice President - Rates & Regulatory Economics, Binghamton, NY