

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
Initial Effective Date: November 1, 2006

Leaf No. 117.9
Revision: 1
Superseding Revision: 0

GENERAL INFORMATION

25. Pricing Options effective January 1, 2007: (cont'd.)

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

- (iii) All rate classes will pay the same charge on a volumetric basis, except residential customers, who will also receive the benefits, if any, of NYPA purchased power provided for residential customers, consistent with NYSEG's contract with NYPA.
- (iv) Customers electrically connected east of the Total East NYISO interface who choose EPO, VPO, or DSO service will receive a credit to their NBC to reflect the higher cost to serve load in that Area.
- (v) 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).

C. Calculation of the Commodity Component

1. NYSEG Default Supply Option (DSO)

The Company's DSO includes the components described in Section 25.C.2., NYSEG's Variable Price Option. On a monthly basis, NYSEG will pass through to DSO customers the impact of any hedge position entered into on behalf of DSO customers through an adjustment to the applicable variable commodity charge as described in Section 25.C.2. below.

2. NYSEG Variable Price Option (VPO)

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. The methodology for calculating the Energy and Capacity components of the charge for Electric Power Supply is as follows:

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 for the region (East or West of the NYISO Total East Interface) in which the Customer is located, weighted to reflect hourly usage based on load studies for the calendar month and day-type (Weekday, Saturday or Sunday/Holiday). Separate calculations will be made for each metered time period for the Customer's individual Service Classification. 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.

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