

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

Leaf No. 117.9
Revision: 3
Superseding Revision: 1

GENERAL INFORMATION

25. Supply Service Options: (cont'd.)

I. Supply Service Options effective January 1, 2008 (cont'd.)

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

- (ii) All service classes will pay the same charge on a volumetric basis, except customer classes who will also receive the benefits, if any, of NYPA purchased power provided for customer classes consistent with NYSEG's contract with NYPA.
- (iii) Customers electrically connected east of the Total East NYISO interface who choose EPO, VPO, DSO or Hourly Pricing service will receive a credit to their NBC to reflect the higher cost to serve load in that Area.
- (iv) 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) All items collected through the NBC will be symmetrically reconciled and trued-up annually in a competitively neutral manner. The credits or charges related to the reconciliation will be included in the establishing of the next year's NBC. The Company will use any customer portion of earnings sharing above the \$5 million included in the NBC to offset any increase in the next year's NBC that would otherwise result from the annual NBC true-up with any remaining customer share of earnings added to the Asset Sale Gain Account.

A Transition Charge Statement setting forth the Fixed Transition Charge (NBC) will be filed with the Public Service Commission on not less than three (3) days' notice.

C. Calculation of the Commodity Charge

1. NYSEG Default Supply Option (DSO)

The Company's DSO includes the components described in Section 25.I.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.I.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:

Issued in compliance with order in Case No.07-E-0479 dated 08/29/07.

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