

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

Leaf No. 29.1
Revision: 0
Superseding Revision:

GENERAL INFORMATION

12. Customer Advantage Program (Cont'd.)

B. Transition Charge (Non-Bypassable Charge ("NBC")): (Cont'd.)

1. Fixed Transition Charge

For customers taking service under the NYSEG Fixed Price Option (FPO) and ESCO Option with Supply Adjustment (EOSA), the Transition Charge (NBC) will be calculated and fixed on October 1, 2006 for the two-year Commodity Rate Period beginning January 1, 2007 and will be re-calculated and fixed October 1st prior to each subsequent two-year Commodity Rate Period. Any reduction in above-market NUG costs below the level included in the \$54.2 million annually will be reflected in each Fixed Transition Charge (NBC) set on the October 1 before the beginning of the next commodity period. Additionally, the NYPA power contract expires in August 2007. If there is no resolution concerning the NYPA purchase power contracts prior to the calculation of the October 1, 2006 Fixed Transition Charge, the charge will be calculated based on the assumption that the NYPA contracts will not continue beyond their current expiration date. If at some point after October 1, 2006 a NYPA purchase power contract is provided, NYSEG will track and return any benefits through a sur-credit on residential customers' bills upon receipt of such NYPA power.

2. Variable Transition Charge

For customers taking service under the ESCO Price Option (EPO) and NYSEG Variable Price Option (VPO) rates, the Transition Charge (NBC) will vary monthly, depending on the market price of electricity. For customers taking service under the ESCO Price Option (EPO) or NYSEG's Variable Price Option (VPO) rate, who are electrically connected East of the Total East NYISO interface, the Transition Charge (NBC) will include a credit to reflect the higher cost to serve load in that area. Any reduction in the above-market NUG cost below the level included in the \$54.2 million annual amount will flow through the monthly Variable Transition Charge.

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