PSC No: 120 - Electricity New York State Electric & Gas Corporation Initial Effective Date: March 1, 2006 Leaf No. 132.1 Revision: 0 Superseding Revision:

SERVICE CLASSIFICATION NO. 2 (Continued)

RATE CHOICES AVAILABLE TO CUSTOMERS: (Cont'd.)

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

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).

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