

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

Leaf No. 299
Revision: 2
Superseding Revision: 0

SERVICE CLASSIFICATION NO. 12 (Continued)

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

NYSEG will file such revised FPO rates with the Public Service Commission not less than three days prior to the effective date of the revised rate.

MERCHANT FUNCTION CHARGE:

The Merchant Function Charge will be reset annually, to be effective February 1, using the methodology approved by the Commission in Case 05-E-1222.

4. NYSEG Variable Price Option (VPO)

This Non-Retail Access choice includes fixed charges for NYSEG delivery service, a fluctuating Transition Charge (Non-Bypassable Charge ["NBC"]), a commodity charge for electricity supplied by NYSEG which fluctuates with the market price of electricity, and a merchant function charge.

RATE: (Per Meter, Per Month)

Delivery Service:

	<u>Effective Date</u> <u>01/01/07</u>
Customer Charge	\$22.06
Bill Issuance Charge	\$0.094
Energy Charge (All kilowatt-hours, per kilowatt-hour)	
On-Peak Service	\$0.0703
Mid-Peak Service	\$0.0362
Off-Peak Service	\$0.0151
Merchant Function Charge (All kilowatt-hours, per kilowatt-hour)	\$0.0013

Transition Charge (Non-Bypassable Charge ["NBC"]):

All customers served under this Service Classification, taking service under the NYSEG Variable Price Option (VPO) rate will be required to pay a Transition Charge (NBC), as further described under Rate Choice No. 1, ESCO Price Option (EPO).

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).

In the event that NYSEG determines that it will incur an estimated gain or loss because purchases for VPO customers were made in the real-time market at prices differing from those in the day-ahead market, NYSEG will credit or recover the full amount of the estimated gain or loss through the non-bypassable charge from VPO customers.

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