

PSC No: 120 - Electricity
New York State Electric and Gas Corporation
Initial Effective Date: December 1, 2003

Leaf No. 213
Revision: 0
Superseding Revision:

SERVICE CLASSIFICATION NO. 7 (Continued)

RATE CHOICES AVAILABLE TO CUSTOMERS (CONT'D):

Transition Charge (Non-Bypassable Wires Charge ["NBWC"]):

All customers served under this Service Classification, taking service under the Competitive Supplier Price (ERO) rate or the NYSEG Variable Price (VRO) rate (see Rate Choice No. 4) will be required to pay a Transition Charge, also known as the Non-Bypassable Wires Charge [NBWC] in the Electric Rate Plan, with the following exception:

The Transition Charge will not apply to all Power For Jobs (PFJ) customer allocations and Economic Development Power (EDP) deliveries up to the MW levels delivered as of February 28, 2003, as specified in General Information Section 10 of this Schedule, Economic Development Power. EDP deliveries exceeding the above-referenced February 28, 2003 delivery levels will be delivered at the Competitive Supplier Price (ERO) rate, which is subject to the Transition Charge.

The Transition Charge (NBWC) is a per kilowatt-hour charge calculated by summing the above-market costs and below-market benefits of the Company's existing power purchase obligations. The charge includes the difference between (a) the market value of electricity from NYSEG-owned hydroelectric plants, Non-Utility Generators ("NUGs"), and Nine Mile Point 2, and (b) contract payments for that electricity. The Transition Charge (NBWC) also includes costs associated with moving electricity through the transmission and distribution systems and the benefits of existing transmission contracts. Additionally, the Transition Charge (NBWC) includes ancillary service costs as well as NYPA Transmission Access Charges ("NTAC").

For customers taking service under the Competitive Supplier Price (ERO) rate or the NYSEG Variable Price (VRO) rate, the Transition Charge (NBWC) may vary monthly, depending on the market prices of electricity. For such customers whose service is electrically connected East of the NYISO Total East Interface, the Transition Charge (NBWC) will include a credit to reflect the higher cost to serve load in that area.

A Transition Charge (NBWC) Statement setting forth the monthly Transition Charge (NBWC) will be filed with the Public Service Commission on not less than three (3) days' notice from the effective date of the revised charge for the first day of the billing cycle each month. Such statement can be found at the end of this Schedule (PSC 120 - Electricity).

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