

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

Leaf No. 129
Revision: 0
Superseding Revision:

SERVICE CLASSIFICATION NO. 2 (Continued)

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

1. Competitive Supplier Price (ERO) (Cont'd.)

RATE: (Per Meter, Per Month)

Delivery Service:

| | |
|---|-----------|
| Customer Charge | \$ 10.00 |
| Demand Charge (All kilowatts, per kilowatt) | \$ 9.15 |
| Energy Charge (All kilowatt-hours, per kilowatt-hour) | |
| Up to and including 200 hours use of metered demand | \$0.00612 |
| Over 200 hours use and up to and including 350 hours use of metered demand | \$0.00511 |
| Over 350 hours use of metered demand | \$0.00329 |
| Reactive Charge Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour | \$0.00095 |

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.

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