

PSC NO: 121 ELECTRICITY
NEW YORK STATE ELECTRIC & GAS CORPORATION
Initial Effective Date: 10/30/05

Leaf: 17.1
Revision: 1
Superseding Revision:

SERVICE CLASSIFICATION NO. 1 (Cont'd.)

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

1. ESCO Price Option (EPO) (Cont'd.)

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

All customers served under this Service Classification, taking service under the ESCO Price Option (EPO) rate or the NYSEG Variable Price Option (VPO) rate (see Rate Choice No. 4) will be required to pay a Transition Charge, also known as the Non-Bypassable Charge ["NBC"] in the Electric Rate Plan.

The Transition Charge (NBC) 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 (NBC) also includes costs associated with moving electricity through the transmission and distribution systems and the benefits of existing transmission contracts. Additionally, the Transition Charge (NBC) includes ancillary service costs as well as NYPA Transmission Access Charges ("NTAC"). Effective September 1, 2006 through December 1, 2006, the Transition Charge (NBC) will include a credit ("Sur-Credit") of \$0.0050 to the above calculation for all customers.

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