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PSC No: 120 - Electricity
 New York State Electric & Gas Corporation
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GENERAL INFORMATION

25. Supply Service Options: (cont'd.)**I. Supply Service Options (cont'd.)****C. Calculation of the Commodity Charge (cont'd.)****2. Non-Hourly Pricing S.C. Nos. 2, 3, 7, 8, 11 (Demand), and 12 (Cont'd)**

Capacity Component (Cont'd)

Capacity Charge = UCAP Charge + Demand Curve Reserve Charge

UCAP Charge = (UCAPreq * (1 + Reservereq)* Pricemonthlyauc)

UCAPreq = The demand for the customer's service class that occurred at the time of the New York system peak of the prior year, grossed up for losses and a growth factor.

Reservereq = Additional reserve requirement as required by NYISO.

Pricemonthlyauc = Monthly NYISO auction price.

Demand Curve Reserve Charge = (UCAPreq * DemandCurveReservereq)* Pricespotauc)

UCAPreq = Described above.

DemandCurveReservereq = Allocation of additional capacity requirement as required by the NYISO's demand curve.

Pricespotauc = Monthly NYISO SPOT auction price.

Ancillary Services/NYPA Transmission Adjustment Charge (NTAC) Component: The ancillary services/NTAC shall be forecasted each month and included in the supply price and subsequently reconciled.

NYISO Related Transmission Charges:

Transmission project costs allocated to the Company under the NYISO tariff as approved by FERC.

Supply Adjustment Charge Component: Unaccounted For Energy, Renewable Energy Credits (RECs), Zero Emission Credits (ZECs) costs if applicable, Alternative Compliance Payment (ACP), and all costs incurred related to supply shall be reconciled and recovered or refunded through a subsequent Supply Adjustment Charge incorporated in the supply charge.

3. Hourly Pricing S.C. Nos. 2, 3, 7, and 11 (Demand)Energy Component

Customers served under these provisions shall be charged for the energy component of supply based on their hourly metered usage and the hourly supply cost. The electricity supply charge is equal to the sum of the hourly metered usage multiplied by the New York Independent System Operator (NYISO) Day-Ahead Market (DAM) Location Based Marginal Price (LBMP) for the Zone in which the customer is electrically connected, adjusted for system losses (Distribution Loss Factor of 1.0728), ancillary services, NTAC, transmission project costs allocated to the Company under the NYISO tariff as approved by FERC, and Supply Adjustment Charge. Capacity charges shall also be based on interval meter data. The DAM LBMP prices shall be the initial published DAM LBMP prices acquired by the Company. The customer's bill shall not be recalculated if such prices are modified by the NYISO at a later date.

ISSUED BY: Joseph J. Syta, Vice President, Controller and Treasurer, Binghamton, New York