

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
Initial Effective Date: March 1, 2012

Leaf No. 117.8
Revision: 9
Superseding Revision: 8

GENERAL INFORMATION

25. Supply Service Options: (cont'd.)

I. Supply Service Options (cont'd.)

B. Transition Charge (Non-Bypassable Charge [NBC])

1. Calculation of the Transition Charge (Non-Bypassable Charge [NBC])

This charge will sum together the market value of NYSEG's owned hydro plant output at the generation source; the net market value of the purchased power contracts of the NUG and NYPA resources (market value of the purchased power contract costs determined at the generation source less the contract costs); monthly payments received by the Company from NYPA under the Recharge New York Residential Consumer Discount Program (New York Public Authorities Law § 1005(13-b)); all actual transmission wheeling expenses; certain actual wholesale transmission-related revenues (A \$55 million estimate of transmission revenues was included in the delivery revenue requirements calculated in Case No. 09-E-0715. Any difference between the actual amount of transmission revenues and the \$55 million embedded in base delivery rates, calculated on a historical monthly average basis, will be captured in the NBC.).

The Company will credit the NBC with the following amounts from the Positive Benefit Account, shaped based on the historical monthly average, in each of the Rate Years:

Rate Year 1 (09/26/2010 through 08/31/2011): \$30 million;
Rate Year 2 (09/01/2011 through 08/31/2012): \$15 million;
Rate Year 3 (09/01/2012 through 08/31/2013): \$0 million.

Effective December 1, 2011, pursuant to the Order in Case 01-E-0011, issued and effective October 26, 2001, the purchased power contract with the new owner of the nuclear generating plant previously co-owned by the Company will convert to a Revenue Sharing Agreement (RSA).

Any applicable payments received under the RSA for a contract quarter will be refunded to customers beginning in the calendar month following the month in which the payment is received. Such payments will be refunded to customers over three consecutive months.

The NBC will be set monthly based on a forecast and subject to a monthly true-up for all components based on the actual after-the-fact costs and load subject to the NBC.

- (i) The NBC will include the Lost Revenue Recovery Mechanism (LRRM) as described in Section 25.I.E.
- (ii) All service classes will pay the same charge on a volumetric basis, except residential customer classes who will also receive the benefits, if any, of NYPA purchased power and monthly payments received by the Company from NYPA under the Recharge New York Residential Consumer Discount Program (New York Public Authorities Law § 1005(13-b)), consistent with any NYSEG contracts with NYPA for such purchased power and/or monthly payments.

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Binghamton, New York