PSC No: 120 - Electricity New York State Electric & Gas Corporation Initial Effective Date: October 17, 2009 Leaf No. 160 Revision: 16 Superseding Revision: 15

SERVICE CLASSIFICATION NO. 3 (Continued)

MERCHANT FUNCTION CHARGE:

The Merchant Function Charge reflects the administrative costs of obtaining electricity supply. Customers whose electricity is supplied by an ESCO are not charged for this service.

MINIMUM CHARGE:

The minimum charge for service under this Service Classification is the Customer Charge as listed above, or as otherwise stated in the applicable special provisions.

The minimum charge for customers who choose to take all or part of their back-up or maintenance service under this service classification rather than under Special Provision (d) of NYSEG's Service Classification No. 11 is described in the "DETERMINATION OF DEMAND" section.

REVENUE DECOUPLING MECHANISM ("RDM")

All customers taking service under this Service Classification shall be subject to a Revenue Decoupling Mechanism adjustment to be applied to kilowatt-hours delivered, as explained in this Schedule, General Information Section 7. Customers taking Subtransmission service are excluded from the RDM. See RDM Statement.

DEFERRAL RECOVERY MECHANISM ("DRM")

A surcharge or credit will be added to each customer bill for service under this Service Classification to be applied to kilowatt-hours delivered, as explained in this Schedule, General Information Section 3. See DRM Statement.

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