

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
Initial Effective Date: January 1, 2008

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GENERAL INFORMATION

25. Pricing Options Effective January 1, 2008

Beginning January 1, 2008, customers who are not required to participate in mandatory Hourly Pricing under Special Provision (i) of SC 7 may elect one of the following two Supply Pricing Options, as described below:

A. Pricing Options

1. **ESCO Price Option (EPO):** This retail access choice includes fixed charges for NYSEG delivery service and a fixed Transition Charge (Non-Bypassable Charge [NBC] described in Section 25.B). An ESCO provides Electric Power Supply to the customer. This option is available to all customers, except as noted in Section 25.F.
2. **NYSEG Fixed Price Option (FPO):** This non-retail access choice includes fixed charges for NYSEG delivery service, a fixed Transition Charge (Non-Bypassable Charge [NBC] as described in Section 25.B.), and a fixed commodity charge for electricity supplied by NYSEG (as described in Section 25.C.). The customer will also pay a Merchant Function Charge (MFC) as described in Section 25.D.

Customers who are required to participate in mandatory Hourly Pricing, and customers eligible to voluntarily participate in Hourly Pricing, may obtain supply from an ESCO or from NYSEG under NYSEG's Hourly Pricing program, as further detailed in Special Provision (i) of SC 7.

B. 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, NYPA and NMP2 resources (market value of the purchased power contract costs determined at the generation source less the contract costs); certain actual wholesale transmission-related revenues minus \$20 million per year; the difference in cost between serving actual load for customers electrically connected east of the Total East NYISO interface at Area 'G' prices and Area 'C' prices to recover the cost of providing power to customers in the eastern part of the Company's service territory at the same price as customers in the west; a guarantee of \$20 million per year of revenues from commodity earnings; any additional customer share of prior year commodity earnings, pursuant to C(ii); NYISO ancillary services (Schedules 1-6, excluding Schedule 4); NYPA Transmission Adjustment Charge (NTAC). The NBC will be calculated November 1st to take effect for the 12-month period beginning on the following January 1st, subject to an annual true-up for actual after-the-fact costs and load paying the NBC. As part of the annual true-up, the Company will track and reconcile the difference between the actual level of transmission revenues collected pursuant to FERC-approved rates and transmission revenues included in the setting of the fixed NBC.

- (i) The NBC will include the Lost Revenue Recovery Mechanism (LRRM) as described in Section 25.E.

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