

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

Leaf No. 117.7
Revision: 2
Superseding Revision: 1

GENERAL INFORMATION

25. Pricing Options Effective January 1, 2008 (Cont'd.)

B. Calculation of the Transition Charge (Non-Bypassable Charge [NBC]) (Cont'd.)

- (ii) The calculation of the NBC used to set the FPO November 1st includes each of the NBC components listed above (i) using an annual commodity period forecast of the quantity, cost and market value of the components. The quantity of output for the NYSEG owned hydros, NUG, NYPA and NMP2 will be based on the actual output from those resources over the previous 12 months adjusted for known and anticipated changes. The net market value for these resources will be determined using the same wholesale market prices used to estimate the Fixed Commodity, adjusted by historical basis to capture the value at the generation source, and applicable contract costs. The cost to serve load east of Total East NYISO interface will be determined using the company's forecast of gross load in the eastern part of the Company's service territory multiplied by the price difference of the Area "G" and Area "A" (adjusted to Area "C" using historical basis) wholesale market price collected over the same time period as those prices used to estimate the Fixed Commodity. The forecast of NTAC and ancillary service charges, and transmission revenues will be based on the previous 12 months adjusted for known and anticipated changes. The transmission revenue total will be reduced by \$20 million annually. It will include the forecasted benefit of NYPA purchased power, if any, consistent with NYSEG's contract with NYPA. It will include a forecast of dollars associated with the Lost Revenue Recovery Mechanism.
- (iii) All rate classes will pay the same charge on a volumetric basis, except residential customers, who will also receive the benefits, if any, of NYPA purchased power provided for residential customers, consistent with NYSEG's contract with NYPA.
- (iv) Customers electrically connected east of the Total East NYISO interface who choose EPO or MHP service will receive a credit to their NBC to reflect the higher cost to serve load in that Area. The credit will be based on the difference in the market prices of energy (east vs. west) of the NYISO Total East Interface. Differences in energy will be derived from the following calculations:

For each day of the customer's billing cycle, a daily average value of market supply will be derived from the day ahead NYISO posted Locational Based Marginal Prices (LBMP) of electricity for the East and West regions (East or West of the NYISO Total East Interface), weighted to reflect hourly usage based on load studies for the calendar month and day-type (Weekday, Saturday, or Sunday/Holiday) for the customer's Service Classification. LBMP in Zone C will be used for the calculation West of the Total East NYISO Interface. LBMP in Zone G will be used for the East of the NYISO Total East Interface. The daily load weighted market prices of energy will be adjusted to reflect losses and Unaccounted For Energy. These daily average market supply values are used in conjunction with the service classification daily load study usage data to develop a weighted average value of market supply for the customer's specific billing period. The credit to the NBC will equal the difference in the weighted average market supply East vs. West of the NYISO Total East Interface.

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