

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
Initial Effective Date: January 1, 2007

Leaf No. 122
Revision: 4
Superseding Revision: 1

SERVICE CLASSIFICATION NO. 1 (Continued)

RATE CHOICES AVAILABLE TO CUSTOMERS: (Cont'd.)

4. NYSEG Default Supply Option (DSO)

This Non-Retail Access choice includes fixed charges for NYSEG delivery service, a fluctuating Transition Charge (Non-Bypassable Charge [NBC]), a fluctuating commodity charge for electricity supplied by NYSEG and a Merchant Function Charge.

RATE: (Per Meter, Per Month)

Delivery Service:

| | |
|---|----------|
| Customer Charge | \$13.11 |
| Bill Issuance Charge | \$0.89 |
| Energy Charge (All kilowatt-hours, per kilowatt-hour) | \$0.0347 |

Transition Charge (Non-Bypassable Charge [NBC]):

All customers served under this Service Classification, taking service under the NYSEG Default Supply Option (DSO) rate, will be required to pay a Transition Charge (NBC), as further described in General Information Section 25.B.

Commodity Service

The charge for Electric Power Supply provided by NYSEG will fluctuate each month as further described in General Information Section 25.C., Calculation of the Commodity Component.

In the event that NYSEG determines that it will incur an estimated gain or loss because purchases for DSO customers were made in the real-time market at prices differing from those in the day-ahead market, NYSEG will credit or recover the full amount of the estimated gain or loss through the non-bypassable charge from DSO customers.

Merchant Function Charge

All customers served under this Service Classification taking service under the NYSEG Default Supply Option (DSO) will be required to pay a Merchant Function Charge as set forth herein and as further described in General Information Section 25.D.

The Merchant Function Charge will be phased in as set forth below:

| | Effective Date | | |
|---------------------------------------|----------------|----------|----------|
| | 01/01/07 | 07/01/07 | 01/01/08 |
| All kilowatt-hours, per kilowatt-hour | \$0.0034 | \$0.0028 | \$0.0022 |

Issued in compliance with order in Case No. 05-E-1222 dated 08/23/06.

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