

PSC NO: 121 ELECTRICITY
NEW YORK STATE ELECTRIC & GAS CORPORATION
Initial Effective Date: 01/01/07

Leaf: 20
Revision: 7
Superseding Revision: 4

SERVICE CLASSIFICATION NO. 1 (Cont'd.)

RATE CHOICES AVAILABLE TO CUSTOMERS: (CONT'D.)

3. NYSEG Fixed Price Option (FPO) (Cont'd.)

Transition Charge

All customers served under this Service Classification, taking service under the NYSEG Fixed Price Option (FPO), will be required to pay a Transition Charge (NBC), as further described in PSC No. 120 General Information Section 25.B.

Commodity Service

The charge for Electric Power Supply provided by NYSEG will fluctuate as described herein and further detailed in PSC No. 120 General Information Section 25.A.4, Pricing Options Effective January 1, 2007; NYSEG Fixed Price Option (FPO).

Each billing period, the charge for commodity service will be calculated by subtracting the fluctuating Transition Charge for that billing period from the following Fixed Total of commodity and transition charges (Fixed Total) established on November 1 (to be effective on the following January 1) or April 1, as applicable and as set forth below, pursuant to PSC No. 120 General Information Section 25.A.4.

| | |
|----------------|------------|
| Effective Date | 01/01/2007 |
| Fixed Total | \$0.07990 |

If a Fixed Total price that was established November 1, for the Commodity Option Period beginning January 1, qualifies for adjustment on April 1, NYSEG will file such revised Fixed Total price with the Public Service Commission not less than three days prior to the effective date of the revised Fixed Total price. However, the April 1 Fixed Total price will only be applicable to an eligible customer who is new or has moved within the Company's service territory and chooses the FPO rate on or after April 1.

Merchant Function Charge

All customers served under this Service Classification taking service under the NYSEG Fixed Price Option (FPO) will be required to pay a Merchant Function Charge as set forth herein and as further described in PSC No. 120 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 & Regulatory Economics, Binghamton, NY