

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

Leaf: 23
Revision: 3
Superseding Revision: 0

SERVICE CLASSIFICATION NO. 1 (Cont'd.)

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

4. NYSEG Default Supply Option (DSO) (Cont'd.)

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 PSC No. 120 General Information Section 25.B.

Commodity Service

The charge for Electric Power Supply provided by NYSEG will fluctuate each month as further described in PSC No. 120 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 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