

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
Initial Effective Date: June 1, 2009

Leaf No. 117.9
Revision: 4
Superseding Revision: 3

GENERAL INFORMATION

25. Supply Service Options: (cont'd.)

I. Supply Service Options effective January 1, 2008 (cont'd.)

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

- (v) All items collected through the NBC will be symmetrically reconciled and true-up annually in a competitively neutral manner. The credits or charges related to the reconciliation will be included in the establishing of the next year's NBC. The Company will use any customer portion of earnings sharing above the \$5 million included in the NBC to offset any increase in the next year's NBC that would otherwise result from the annual NBC true-up with any remaining customer share of earnings added to the Asset Sale Gain Account.
- (vi) An interim reconciliation adjustment may be applied to the NBC on July 1, 2009 for the period ending June 30, 2009 and again on October 1, 2009 for the period ending September 30, 2009 for interim refunds or surcharges. Interim refunds or surcharges may be required for the purpose of preventing a large over- or under-collection balance accruing and affecting the calculation of the 2010 NBC.

The Company will implement an interim reconciliation adjustment if the difference between the projected costs and recoveries exceeds the actual costs and recoveries related to the NBC by \$5 million.

A Transition Charge Statement setting forth the Fixed Transition Charge (NBC) will be filed with the Public Service Commission on not less than three (3) days' notice.

C. Calculation of the Commodity Charge

1. NYSEG Default Supply Option (DSO)

The Company's DSO includes the components described in Section 25.I.C.2., NYSEG's Variable Price Option. On a monthly basis, NYSEG will pass through to DSO customers the impact of any hedge position entered into on behalf of DSO customers through an adjustment to the applicable variable commodity charge as described in Section 25.I.C.2. below.

2. NYSEG Variable Price Option (VPO)

The charge for Electric Power Supply provided by NYSEG will fluctuate with the market price of electricity and will include the following components: Energy, Energy Losses (which include Unaccounted for Energy), Unforced Capacity (UCAP), UCAP Reserves, and UCAP Losses. The methodology for calculating the Energy and Capacity components of the charge for Electric Power Supply is as follows:

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