

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
Initial Effective Date: March 1, 2006

Leaf No. 29
Revision: 4
Superseding Revision: 1

GENERAL INFORMATION

12. Customer Advantage Program (Cont'd.)

A. Rate Choices (Cont'd.)

The Non-Retail Access choices consist of NYSEG Fixed Price Option ("FPO"), and NYSEG Variable Price Option ("VPO").

3. NYSEG Fixed Price Option (FPO): This Non-Retail Access choice includes fixed delivery charges, a fixed Transition Charge (Non-Bypassable Charge ["NBC"] as described below), and a fixed commodity charge for electricity supplied by NYSEG. The rates for NYSEG's Fixed Price Option (FPO) may be adjusted every six months; however, the adjusted rate will be applicable only to a customer who chooses the NYSEG Fixed Price Option (FPO) rate after the effective date of the adjusted rate.
4. NYSEG Variable Price Option (VPO): This Non-Retail Access choice includes a fixed component for NYSEG delivery service, a fluctuating Transition Charge (Non-Bypassable Charge ["NBC"] as described below) and a commodity charge for electricity supplied by NYSEG which fluctuates with the market price of electricity.

B. Transition Charge (Non-Bypassable Charge ("NBC")):

Customers, whether receiving electricity from NYSEG or an ESCO, will be required to pay a Transition Charge or Credit (also known as the Non-Bypassable Charge (NBC) in the Electric Rate Plan Extension). The Transition Charge (NBC) is a per kilowatt-hour rate containing several charges related to the transition to a competitive marketplace. Those charges include the market value of electricity from NYSEG-owned hydroelectric plants; the net market value of Nine Mile Point 2 (the market value of the purchased power contract costs determined at the generation source less the contract costs through November 2011 and revenue sharing agreement, including any payments to the Company beginning December 2011); and the levelized amount of above-market Non-Utility Generators ("NUGs") cost (capped at \$54.2 million annually). The Transition Charge (NBC) also includes costs associated with moving electricity through the transmission and distribution systems and the benefits of existing transmission contracts. Additionally, the Transition Charge (NBC) includes NYISO ancillary service costs as well as NYPA Transmission Access Charges ("NTAC"). The Transition Charge (NBC) also includes an amount needed to reconcile the impact on revenues collected through the Merchant Function Charge and the Meter-related Charges due to the difference between forecast and actual units upon which the annual rate is based.

The calculation of the Transition Charge (NBC) applicable to residential customers served under Service Classification ("SC") Nos. 1, 8, and 12 includes a credit for the benefit of low-cost hydropower purchased from NYPA, which is the difference in the market value of electricity from NYPA hydropower and NYPA contract payments.

The Transition Charge will not apply to all NYPA Power For Jobs (PFJ) customer allocations and NYPA Economic Development Power (EDP) deliveries up to the 20.7 MW levels delivered to EDP customers as of January 1, 2007, as specified in General Information Section 10 of this Schedule, Economic Development Power. EDP deliveries exceeding the above-referenced January 1, 2007 delivery levels will be delivered at the ESCO Price Option (EPO) rate, which is subject to the Transition Charge.

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