

PSC No: 120 - Electricity  
New York State Electric & Gas Corporation  
Initial Effective Date: February 1, 2004

Leaf No. 290  
Revision: 1  
Superseding Revision: 0

SERVICE CLASSIFICATION NO. 11 (Continued)

**TERM**

A minimum of one year and thereafter until terminated by 60 days written notice.

**DETERMINATION OF DEMAND**

**Contract Demand:**

A customer will have the option of accepting a contract demand (maximum potential demand at the facility to be provided standby service) established by the Company or the customer can establish the contract demand. Regardless of which party sets the customer's contract demand, upon the occurrence of an exceedence, the contract demand will be increased ("ratcheted") by the amount of the exceedence.

1. Company Established Contract Demand:

For an Existing Customer, the contract demand will be established based on the maximum metered demand of that customer over the twelve (12) months prior to February 1, 2004, taking into consideration the output of existing OSG, the addition and/or removal of equipment, and the coincidence and diversity of the customer's load.

For a new customer (i.e., a customer for whom historical metered demand does not exist) or an Existing Customer where historical metered demand does not represent a reasonable contract demand level, the contract demand will be determined, in consultation with the customer, by assessing the nameplate rating of the equipment to be served, and projecting, through an engineering analysis, the coincidence and diversity of the customer's load.

The contract demand of a wholesale generator, who is connected to and provides electricity supply to a customer who would otherwise take delivery service from the Company, will be set at the maximum potential metered demand of the station loads of the wholesale generator when the generator is out of service, plus the maximum potential metered demand of the customer connected to, and generally provided electricity supply by, the wholesale generator.

Surcharge: Where a customer elects to have NYSEG establish the contract demand, that customer will not incur a surcharge if that contract demand is exceeded except as described in this paragraph. However, a customer shall be obligated to provide NYSEG with written notice prior to the installation or removal of equipment, or any change in operation, that can be reasonably expected to change in a material fashion (defined as a change of more than twelve and one-half percent (12.5%)) the system capacity required to deliver electricity to the customer. If the customer fails to provide written notice, and the customer exceeds the contract demand, NYSEG has the right to include a surcharge in the customer's subsequent bill equal to the product of the applicable Contract Demand Charge, the amount of the exceedence, and the number of billing periods from, and including, the billing period in which the customer first commenced taking standby service from NYSEG at the understated contract demand, i.e., the billing period in which the customer installed the equipment or changed the operation that caused the exceedence (as demonstrated by the customer to NYSEG in writing), through the billing period that includes the date of the exceedence. If the customer fails to demonstrate in writing when it installed such equipment or changed such operation, then NYSEG will apply the surcharge, each month, from the first billing period in which the customer commenced taking standby service from NYSEG.

Issued in compliance with orders in Case No. 02-E-0779 dated 07/30/03 and 01/23/04, and Case No. 03-E-1552 dated 11/28/03.

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