

PSC No: 120 - Electricity
New York State Electric and Gas Corporation
Initial Effective Date: December 1, 2003

Leaf No. 29
Revision: 0
Superseding Revision:

GENERAL INFORMATION

12. Customer Advantage Program (Cont'd.)

A. Rate Choices (Cont'd.)

The Non-Retail Access choices consist of NYSEG Fixed Price (also known as the Bundled Rate Option ["BRO"] in the Electric Rate Plan), and NYSEG Variable Price Choice (also known as the Variable Rate Option ["VRO"] in the Electric Rate Plan).

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

All customers, whether receiving electricity from NYSEG or an ESCO, will be required to pay a Transition Charge (also known as the Non-Bypassable Wires Charge [NBWC] in the Electric Rate Plan). The Transition Charge (NBWC) is calculated by summing the above-market costs and below-market benefits of the Company's existing power purchase obligations. The charge includes the difference between (a) the market value of electricity from NYSEG-owned hydroelectric plants, Non-Utility Generators ("NUGs"), and Nine Mile Point 2, and (b) contract payments for that electricity. The Transition Charge (NBWC) also includes costs associated with moving electricity through the transmission and distribution systems and the benefits of existing transmission contracts. Additionally, the Transition Charge (NBWC) includes ancillary service costs as well as NYPA Transmission Access Charges ("NTAC").

The calculation of the Transition Charge (NBWC) 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 Power For Jobs (PFJ) customer allocations and Economic Development Power (EDP) deliveries up to the MW levels delivered as of February 28, 2003, as specified in General Information Section 10 of this Schedule, Economic Development Power. EDP deliveries exceeding the above-referenced February 28, 2003 delivery levels will be delivered at the Competitive Supplier Price (ERO) rate, which is subject to the Transition Charge.

The Transition Charge (NBWC) for the NYSEG Fixed Price (BRO) and NYSEG Fixed Price with Supply Credit (BRO w/RAC) rates will be fixed for the two-year period beginning January 1, 2003. Under the Competitive Supplier Price (ERO) and NYSEG Variable Price (VRO) rates, the Transition Charge (NBWC) will vary monthly, depending on the market price of electricity. For customers taking service under the Competitive Supplier Price (ERO) or NYSEG's Variable Price (VRO) rate, who are electrically connected

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