

PSC No: 120 - Electricity  
New York State Electric and Gas Corporation  
Initial Effective Date: October 30, 2005

Leaf No. 268  
Revision: 2  
Superseding Revision: 0

SERVICE CLASSIFICATION NO. 9 (Continued)

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

*NYSEG will provide Delivery Service only for the two Retail Access choices. Commodity Service will be provided by an Energy Services Company (ESCO).*

**1. ESCO Price Option (EPO)**

This Retail Access choice includes fixed components for NYSEG delivery service, a Delivery Adjustment (credit) of \$0.004 per kWh, and a fluctuating Transition Charge (Non-Bypassable Charge ["NBC"]) described in this section. Pursuant to the Electric Rate Plan, the \$0.004 per kWh credit will apply unless and until replaced by the Commission in the Unbundling Track, Case No. 00-M-0504.

RATE: (Per Meter, Per Month)

Delivery Service:

|   |           |
|---|-----------|
| <b>Customer Charge</b>  | \$16.14   |
| <b>Energy Charge</b><br>(All kilowatt-hours, per kilowatt-hour)       |           |
| "Day" Service   | \$0.05848 |
| "Night" Service   | \$0.01000 |
| <b>Delivery Adjustment</b><br>(All kilowatt-hours, per kilowatt-hour) | (\$0.004) |

Transition Charge (Non-Bypassable Charge ["NBC"]):

All customers served under this Service Classification, taking service under the ESCO Price Option (EPO) rate or the NYSEG Variable Price Option (VPO) rate (see Rate Choice No. 4) will be required to pay a Transition Charge, also known as the Non-Bypassable Charge [NBC] in the Electric Rate Plan.

The Transition Charge (NBC) is a per kilowatt-hour charge 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 (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 ancillary service costs as well as NYPA Transmission Access Charges ("NTAC"). Effective September 1, 2006 through December 31, 2006, the Transition Charge (NBC) will include a credit ("Sur-Credit") of \$0.0050 to the above calculation for all customers.

For customers taking service under the ESCO Price Option (EPO) rate or the NYSEG Variable Price Option (VPO) rate, the Transition Charge (NBC) may vary monthly, depending on the market prices of electricity. For such customers whose service is electrically connected East of the NYISO Total East Interface, the Transition Charge (NBC) will include a credit to reflect the higher cost to serve load in that area.

A Transition Charge (NBC) Statement setting forth the monthly Transition Charge (NBC) will be filed with the Public Service Commission on not less than three (3) days' notice from the effective date of the revised charge for the first day of the billing cycle each month. Such statement can be found at the end of this Schedule (PSC 120 - Electricity).

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