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NEW YORK STATE ELECTRIC & GAS CORPORATION Revision: 3

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SERVICE CLASSIFICATION NO. 2 (Cont'd.)

RATE CHOICES AVAILABLE TO CUSTOMERS: (CONT'D.) 1. ESCO Price Option (EPO) (Cont'd.)

	Monthly Maintenance Charge for Customer Owned Luminaires
Incandescent 103 Watts - 1,000 Lumen 202 Watts - 2,500 Lumen 327 Watts - 4,000 Lumen 448 Watts - 6,000 Lumen 690 Watts - 10,000 Lumen	\$2.57 2.58 2.64 2.71 2.73
Fluorescent 95 Watts - 5,000 Lumen 228 Watts - 10,000 Lumen (1 Lamp) 235 Watts - 10,000 Lumen (2 Lamp) 380 Watts - 20,000 Lumen (2 Lamp) 470 Watts - 20,000 Lumen (4 Lamp)	\$1.39 1.45 1.51 1.74 1.85
Metal Halide 100 Watts - 5,800 Lumen 175 Watts - 12,000 Lumen 250 Watts - 16,000 Lumen 400 Watts - 28,000 Lumen 1000 Watts - 88,000 Lumen	\$2.26 2.26 2.27 2.32 3.76

Note: The rating of lamps in lumens is for identification purposes only and shall approximate the manufacturers standard rating.

<u>Transition Charge (Non-Bypassable Charge ["NBC"])</u>:

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 1, 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.

Issued by: James A. Lahtinen, Vice President - Rates & Regulatory Economics, Binghamton, NY