

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

Leaf No. 179
Revision: 1
Superseding Revision: 0

SERVICE CLASSIFICATION NO. 3 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

- (i) Real Time Pricing ("RTP") Provision (Cont'd.)

CALCULATION OF THE BILL: (Cont'd.)

The hourly day-ahead NYISO Locational-Based Marginal Prices ("LBMP") of electricity in Zones C or G (as applicable) will be applied to the customer's interval metered hourly usage. NYSEG will also add Energy Losses (which include Unaccounted For Energy), Unforced Capacity (UCAP), UCAP Reserves, and UCAP Losses to the LBMP determined prices. UCAP is defined as the market-clearing price of capacity in \$/kWh as determined from the NYISO's monthly capacity auction price and the service classification load profile. The Capacity Component will be revised in accordance with each monthly UCAP auction held by the NYISO.

TERM AND EVALUATION OF THE PILOT PROGRAM:

The term of service is consistent with the customer choosing the NYSEG Variable Price Option (VPO), a complete description of which appears previously in this Service Classification, and in Section 12 of this Schedule, Customer Advantage Program. The Company will work closely with each RTP customer. The Company will evaluate the Program, including costs and benefits and propose necessary changes after each year of the Program.

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