

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

Leaf No. 29
Revision: 3
Superseding Revision: 1

GENERAL INFORMATION

12. Customer Advantage Program (Cont'd.)

A. Rate Choices (Cont'd.)

The Non-Retail Access choices consist of NYSEG Fixed Price Option ("FPO"), and NYSEG Variable Price Option ("VPO").

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

All customers, whether receiving electricity from NYSEG or an ESCO, 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 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. This credit will also be applied to the fixed Transition Charges calculated for the January 1, 2005, April 1, 2005, October 2, 2005, April 1, 2006 and October 1, 2006 NYSEG Fixed Price Option (FPO) rates.

The calculation of the Transition Charge (NBC) 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 ESCO Price Option (EPO) rate, which is subject to the Transition Charge.

The Transition Charge (NBC) for the NYSEG Fixed Price Option (FPO) and ESCO Option with Supply Adjustment (EOSA) will be fixed for each two-year period beginning January 1, 2007 and will be re-calculated and fixed each subsequent two-year period. Under the ESCO Price Option (EPO) and NYSEG Variable Price Option (VPO) rates, the Transition Charge (NBC) will vary monthly, depending on the market price of electricity. For customers taking service under the ESCO Price Option (EPO) or NYSEG's Variable Price Option (VPO) rate, who are electrically connected East of the Total East NYISO interface, the Transition Charge (NBC) will include a credit to reflect the higher cost to serve load in that area.

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