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PSC No: 120 - Electricity
 New York State Electric & Gas Corporation
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GENERAL INFORMATION

25. Supply Service Options: (cont'd.)**I. Supply Service Options (cont'd.)****B. Monthly Adjustment Clause****1. Calculation of the Monthly Adjustment Clause**

This charge shall sum together the market value of the Company's owned hydro plant output at the generation source; the net market value of the purchased power contracts of the NUG and NYPA resources (market value of the purchased power contract costs determined at the generation source less the contract costs); monthly payments received by the Company from NYPA under the Recharge New York Residential Consumer Discount Program (New York Public Authorities Law § 1005(13-b)); any Public Service Commission approved adjustments; all actual transmission wheeling expenses; certain actual wholesale transmission-related revenues (A \$55 million estimate of transmission revenues was included in the delivery revenue requirements calculated in Case No. 09-E-0715. Any difference between the actual amount of transmission revenues and the \$55 million embedded in base delivery rates, calculated on a historical monthly average basis, shall be captured in the Monthly Adjustment Clause.).

The Company shall credit the Monthly Adjustment Clause with the following amounts from the Positive Benefit Account, shaped based on the historical monthly average, in each of the Rate Years:

Rate Year 1 (09/26/2010 through 08/31/2011): \$30 million;
 Rate Year 2 (09/01/2011 through 08/31/2012): \$15 million;
 Rate Year 3 (09/01/2012 through 08/31/2013): \$0 million.

Effective December 1, 2011, pursuant to the Order in Case 01-E-0011, issued and effective October 26, 2001, the purchased power contract with the new owner of the nuclear generating plant previously co-owned by the Company shall convert to a Revenue Sharing Agreement (RSA).

Any applicable payments received under the RSA for a contract quarter shall be refunded to customers beginning in the calendar month following the month in which the payment is received. Such payments shall be refunded to customers over three consecutive months.

The Monthly Adjustment Clause shall be set monthly based on a forecast and subject to a monthly true-up for all components based on the actual after-the-fact costs and load subject to the Monthly Adjustment Clause.

- (i) The Monthly Adjustment Clause shall include the Lost Revenue Recovery Mechanism (LRRM) as described in Section 25.I.E.
- (ii) All service classes shall pay the same charge on a volumetric basis, except residential customer classes who shall also receive the benefits, if any, of NYPA purchased power and monthly payments received by the Company from NYPA under the Recharge New York Residential Consumer Discount Program (New York Public Authorities Law § 1005(13-b)), consistent with any the Company contracts with NYPA for such purchased power and/or monthly payments.
- (iii) Any over- or under- collections from reconciliation of the Residential Agricultural Discount, as set forth in Rule 33.2.B, shall be included in a subsequent monthly Monthly Adjustment Clause for the residential customer classes. Application of the Residential Agricultural Discount reconciliation amounts to the Monthly Adjustment Clause shall not cause the Monthly Adjustment Clause to reduce the delivery bill to less than zero.

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