

## GENERAL INFORMATION

25. Pricing Options effective January 1, 2007: (cont'd.)

### **F. Customer Eligibility Criteria: (cont'd.)**

#### **4. Service Classification No. 11 ("SC 11")**

A customer taking service under SC 11 is eligible to select a rate option as follows:

1. OASC: A customer taking service under SC 11 as an Existing Customer having elected the Phase-In, or as a Designated Technology Customer having elected the one-time exemption, both as defined in SC 11, will be billed at otherwise applicable service classification ("OASC") rate. Such customers will be eligible for the rate options as designated for the customer's OASC.
2. SC 11 "New": A customer taking service under SC 11, and who is billed at the SC 11 rates set forth under the section "RATES". Such customers are eligible only for the NYSEG Default Supply Option (DSO) for customers whose OASC is designated as Small, or Variable Price Option (VPO) for customers whose OASC is designated as Large; or the ESCO Price Option (EPO).
3. SC 11 "Old": A customer that is taking service under SC 11, Special Provision (d) Previous SC 11 Tariff is eligible for only the NYSEG Fixed Price Option (FPO).

#### **5. Service Classification Nos. 13 or 14 ("SC 13" or "SC 14") Contracts**

A customer taking service under SC Nos. 13 or 14 whose contract expires during the Enrollment Period is eligible for a rate option as described in Section 25.A.

A customer taking service under SC Nos. 13 or 14 whose contract expires on or after January 1, 2007, may select a rate option, upon expiration of their contract, subject to the rules specified in Section 25.J.5, SC 13 or SC 14 Contracts Expiring. A customer receiving service under such SC 13 or SC 14 contract will not be eligible to select a rate option during the term of the contract, unless the contract so provides.

#### **6. Hourly Pricing**

Customers for whom Hourly Pricing is mandatory, as detailed in Special Provision (i) of SC 7, may select only the ESCO Price Option (EPO) or the NYSEG Hourly Day-Ahead Market Pricing Option.

### **G. Enrollment:**

A customer's rate option selection will become effective on January 1 following the Enrollment Period and will continue through the Commodity Option Period, unless the customer elects a rate option change, pursuant to the rules set forth in Section 25.J.

#### **1. Methods for Enrollment**

During the Enrollment Period, any customer may communicate a rate option selection using one of the following methods: (1) calling NYSEG's telephone Voice Response Unit (VRU), (2) accessing NYSEG's Web site, [www.nyseg.com](http://www.nyseg.com), (3) returning the enrollment form via US mail, (4) contacting NYSEG's Customer Relations Center, (5) using NYSEG's marketing/customer service representatives in any of NYSEG's district offices, or (6) advising the customer's ESCO that it is continuing or enrolling in Retail Access. Rate enrollment procedures for a customer currently participating in Retail Access are different from the procedures for a customer who is not participating in Retail Access.

SERVICE CLASSIFICATION NO. 2 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

(j) Hourly Pricing - Voluntary

Hourly Pricing is voluntary for any customer taking service under Service Classification No. 2. Once a customer elects Hourly Pricing, they will remain subject to this provision for twelve months. Customers will be encouraged to modify their operations to reduce usage during high priced periods or to shift usage to take advantage of lower energy costs during certain hours. Customers with an economic incentive or NYPA allocation will be eligible for this special provision upon expiration of their economic incentive or NYPA allocation.

DELIVERY CHARGES:

The delivery charges set forth in this Service Classification for standard service shall apply to a customer taking service under Hourly Pricing. A customer that qualifies for the Industrial/High Load Factor Special Provision will pay the delivery charges as set forth in Special Provision (I).

HOURLY METERING CHARGE:

Hourly priced customers are required to pay an incremental meter charge of \$7.07 per month, regardless of the Electric Supply Pricing Option chosen. Customers that have paid for their own meter are exempt from this charge.

**NYSEG Hourly Day-Ahead Market Pricing Option ("Hourly Pricing")**

This Non-Retail Access choice includes fixed charges for NYSEG delivery service, a fluctuating Transition Charge (Non-Bypassable Charge [NBC] as described above and in further detail in General Information Section 25.B.), the Merchant Function Charge, and a commodity charge for electricity supply that fluctuates hourly with the market price of electricity including losses, unaccounted for energy, capacity, and capacity reserves, as further described herein. Electricity supply is provided by NYSEG.

**Electricity Supply Charge: All kilowatthours, per kilowatthour**

Customers served under this provision will be charged for the energy component of supply based on their hourly metered usage and the hourly supply cost. The electricity supply charge is equal to the sum of the hourly metered usage multiplied by the New York Independent System Operator (NYISO) Day-Ahead Market (DAM) Location Based Marginal Price (LBMP) for the Zone in which the customer is electrically connected, adjusted for system losses. Capacity charges will also be based on interval meter data. The DAM LBMP prices will be the initial published DAM LBMP prices acquired by the Company. The customer's bill will not be recalculated if such prices are modified by the NYISO at a later date.

$$\text{Hourly Supply Charge} = \sum (\text{kWh}_h * L_d * SP_h)$$

$\text{kWh}_h$  = kilowatthour for each hour in a billing period.

$SP_h$  = DAM LBMP prices by hour

$L_d$  = Distribution Energy Loss Factor of 1.0728

SERVICE CLASSIFICATION NO. 2 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

(j) Hourly Pricing - Voluntary (Cont'd.)

**NYSEG Hourly Day-Ahead Market Pricing Option ("Hourly Pricing") (Cont'd.)**

**Electricity Capacity Charge: per month**

The capacity and capacity reserves are specific to the customer. When hourly data is not available the appropriate service class profile will be used to determine the customer's capacity responsibility. A new capacity responsibility amount will be established for each customer each April. Customers new to Hourly Pricing that begin the service prior to April will be assigned their capacity responsibility based on their service class profile until the first April where the required hourly data is available.

Capacity Charge = UCAP Charge + Additional UCAP Charge

$$\text{UCAP Charge} = (((\text{UCAP}_{\text{req}} * L_c) * \text{Reserve}_{\text{req}}) * \text{Price}_{\text{auc}})$$

$\text{UCAP}_{\text{req}}$  = The customer specific demand that occurred at the time of the New York system peak of the prior year.  
When the customer specific information is not available the appropriate service class profile information will be used.

$L_c$  = Capacity Loss Factor of 1.0738

$\text{Reserve}_{\text{req}}$  = Additional reserve requirement as required by NYISO.

$\text{Price}_{\text{auc}}$  = Monthly NYISO auction price.

$$\text{Additional UCAP Cost} = (((\text{UCAP}_{\text{req}} * L_c) * \text{AUCAP}_{\text{req}}) * \text{Price}_{\text{auc}})$$

$\text{UCAP}_{\text{req}}$  = Described above.

$L_c$  = See above.

$\text{AUCAP}_{\text{req}}$  = Allocation of additional capacity requirement as required by the NYISO.

$\text{Price}_{\text{auc}}$  = Monthly NYISO auction price.

In the event that NYSEG determines that it will incur an estimated gain or loss because purchases for these customers were made in the real-time market at prices differing from those in the day-ahead market, NYSEG will credit or recover the full amount of the estimated gain or loss through the Transition Charge from Hourly Pricing customers.

Issued in compliance with order in Case No. 03-E-0641 dated 04/24/06.

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

SERVICE CLASSIFICATION NO. 2 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

- (j) Hourly Pricing - Voluntary (Cont'd.)

DETERMINATION OF DEMAND:

Customers taking service under this Special Provision will pay a demand charge calculated as described in Service Classification No. 7, Determination of Demand section.

METERING AND COMMUNICATION REQUIREMENTS:

1. All customers subject to this special provision are required to have interval metering and remote meter reading capability. Such customers will be responsible for the following:
  - a. the costs of providing remote meter reading capability through dedicated telecommunications to and from the meter; and
  - b. the dedicated telecommunications shall be a land-line connection unless the customer is directed by the Company that a cellular connection is required, and
  - c. all costs associated with the installation, operation and maintenance of the telecommunications line, including but not limited to, all telecommunications service bills. If the Company is unable to read the meter through a customer provided connection, and NYSEG has determined that the problem is not caused by the Company's equipment, the customer shall be responsible for resolution of the problem. The customer shall also be responsible for reimbursement of NYSEG expenses incurred for visits to the meter location to ascertain the cause of the problem, including reimbursing the Company for any expenses the Company incurs, such as, but not limited to, the cost to provide a manual meter read.

- (k) Reserved for Future Use

- (l) Emergency Demand Response Program ("EDRP")

The EDRP seeks to provide customers with an economic incentive to respond to Emergency Operating Conditions as identified by the NYISO. EDRP can provide the NYISO, through the Company, with the ability to request voluntary load curtailment or replacement by participating customers for electric usage normally supplied and delivered by the Company.

Customers who are qualified under EDRP in Section 20 of the General Information section of this Schedule may participate in the NYSEG EDRP as set forth therein.

SERVICE CLASSIFICATION NO. 3 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

(i) Hourly Pricing - Voluntary

Hourly Pricing is voluntary for any customer taking service under Service Classification No. 3. Once a customer elects Hourly Pricing, they will remain subject to this provision for twelve months. Customers will be encouraged to modify their operations to reduce usage during high priced periods or to shift usage to take advantage of lower energy costs during certain hours. Customers with an economic incentive or NYPA allocation will be eligible for this special provision upon expiration of their economic incentive or NYPA allocation.

DELIVERY CHARGES:

The delivery charges set forth in this Service Classification for standard service shall apply to a customer taking service under Hourly Pricing. A customer that qualifies for the Industrial/High Load Factor Special Provision will pay the delivery charges as set forth in Special Provision (h).

HOURLY METERING CHARGE:

Hourly priced customers are required to pay an incremental meter charge of \$7.07 per month, regardless of the Electric Supply Pricing Option chosen. Customers that have paid for their own meter are exempt from this charge.

**NYSEG Hourly Day-Ahead Market Pricing Option ("Hourly Pricing")**

This Non-Retail Access choice includes fixed charges for NYSEG delivery service, a fluctuating Transition Charge (Non-Bypassable Charge [NBC] as described above and in further detail in General Information Section 25.B.), the Merchant Function Charge, and a commodity charge for electricity supply that fluctuates hourly with the market price of electricity including losses, unaccounted for energy, capacity, and capacity reserves, as further described herein. Electricity supply is provided by NYSEG.

**Electricity Supply Charge: All kilowatthours, per kilowatthour**

Customers served under this provision will be charged for the energy component of supply based on their hourly metered usage and the hourly supply cost. The electricity supply charge is equal to the sum of the hourly metered usage multiplied by the New York Independent System Operator (NYISO) Day-Ahead Market (DAM) Location Based Marginal Price (LBMP) for the Zone in which the customer is electrically connected, adjusted for system losses. Capacity charges will also be based on interval meter data. The DAM LBMP prices will be the initial published DAM LBMP prices acquired by the Company. The customer's bill will not be recalculated if such prices are modified by the NYISO at a later date.

$$\text{Hourly Supply Charge} = \sum (\text{kWh}_h * L_d * SP_h)$$

$\text{kWh}_h$  = kilowatthour for each hour in a billing period.

$SP_h$  = DAM LBMP prices by hour

$L_d$  = Distribution loss factor:

Voltage Level	Service Classification	Energy Loss Factor
Subtransmission	3S	1.0150
Primary	3P	1.0377

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SERVICE CLASSIFICATION NO. 3 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

(i) Hourly Pricing – Voluntary (Cont'd.)

**NYSEG Hourly Day-Ahead Market Pricing Option (“Hourly Pricing”) (Cont’d.)**

**Electricity Capacity Charge: per month**

The capacity and capacity reserves are specific to the customer. When hourly data is not available the appropriate service class profile will be used to determine the customer’s capacity responsibility. A new capacity responsibility amount will be established for each customer each April. Customers new to Hourly Pricing that begin the service prior to April will be assigned their capacity responsibility based on their service class profile until the first April where the required hourly data is available.

Capacity Charge = UCAP Charge + Additional UCAP Charge

$UCAP_{req} = ((UCAP_{req} * L_c) * Reserve_{req}) * Price_{auc}$

$UCAP_{req}$  = The customer specific demand that occurred at the time of the New York system peak of the prior year.  
When the customer specific information is not available the appropriate service class profile information will be used.

$L_c$  = Capacity loss factor:

Voltage Level	Service Classification	Capacity Loss Factor
Subtransmission	3S	1.0200
Primary	3P	1.0480

$Reserve_{req}$  = Additional reserve requirement as required by NYISO.

$Price_{auc}$  = Monthly NYISO auction price.

$Additional\ UCAP\ Cost = ((UCAP_{req} * L_c) * AUCAP_{req}) * Price_{auc}$

$UCAP_{req}$  = Described above.

$L_c$  = See table above.

$AUCAP_{req}$  = Allocation of additional capacity requirement as required by the NYISO.

$Price_{auc}$  = Monthly NYISO auction price.

In the event that NYSEG determines that it will incur an estimated gain or loss because purchases for these customers were made in the real-time market at prices differing from those in the day-ahead market, NYSEG will credit or recover the full amount of the estimated gain or loss through the Transition Charge from Hourly Pricing customers.

SERVICE CLASSIFICATION NO. 3 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

(i) Hourly Pricing - Voluntary (Cont'd.)

DETERMINATION OF DEMAND:

Customers taking service under this Special Provision will pay a demand charge calculated as described in Service Classification No. 7, Determination of Demand section.

METERING AND COMMUNICATION REQUIREMENTS:

1. All customers subject to this special provision are required to have interval metering and remote meter reading capability. Such customers will be responsible for the following:

- a. the costs of providing remote meter reading capability through dedicated telecommunications to and from the meter; and
- b. the dedicated telecommunications shall be a land-line connection unless the customer is directed by the Company that a cellular connection is required, and
- c. all costs associated with the installation, operation and maintenance of the telecommunications line, including but not limited to, all telecommunications service bills. If the Company is unable to read the meter through a customer provided connection, and NYSEG has determined that the problem is not caused by the Company's equipment, the customer shall be responsible for resolution of the problem. The customer shall also be responsible for reimbursement of NYSEG expenses incurred for visits to the meter location to ascertain the cause of the problem, including reimbursing the Company for any expenses the Company incurs, such as, but not limited to, the cost to provide a manual meter read.

(j) Emergency Demand Response Program ("EDRP")

The EDRP seeks to provide customers with an economic incentive to respond to Emergency Operating Conditions as identified by the NYISO. EDRP can provide the NYISO, through the Company, with the ability to request voluntary load curtailment or replacement by participating customers for electric usage.

Customers who are qualified under EDRP in Section 20 of the General Information section of this Schedule may participate in the NYSEG EDRP as set forth therein.

SERVICE CLASSIFICATION NO. 7 (Continued)

SPECIAL PROVISIONS: (Cont'd)

(i) Hourly Pricing – Mandatory and Voluntary

Mandatory

Hourly Pricing is mandatory for any customer with a metered demand of 1,000 kilowatts or greater during any two of the previous 12 months. A customer taking service under Hourly Pricing will remain subject to this provision until their monthly metered demand has been less than 500 kW for 12 consecutive months, at which time the customer may be billed under another appropriate service classification upon the customer's request.

Hourly Pricing is mandatory for a customer with a metered demand of 1,000 kilowatts or greater during any two of the previous 12 months and receives a NYPA allocation commencing on or after January 1, 2007.

Hourly Pricing is mandatory for a customer with a metered demand of 1,000 kilowatts or greater during any two of the previous 12 months and receives an economic incentive commencing on or after January 1, 2007.

Economic Development Program	<b>ELECTRICITY SUPPLY PRICING OPTIONS</b> for customers having a metered demand of 1,000 kW or greater and began receiving the Economic Incentive <b>on or after</b> January 1, 2007	
	Electricity Supply Pricing Options for the load not receiving the incentive	Electricity Supply Pricing Options for load receiving the incentive
Economic Development Zone Incentive *	EPO or Hourly Pricing	EPO or Hourly Pricing
Incremental Load Incentive *	EPO or Hourly Pricing	EPO or Hourly Pricing

\* The customer must choose the same Electricity Supply Pricing Option for its incentive, non-incentive load and any future load.

Voluntary:

Hourly Pricing is voluntary for any customer who would otherwise qualify for service under Service Classification No. 7 and has a metered demand that is less than 1,000 kilowatts during eleven of the previous 12 months. Once a customer elects Hourly Pricing, they will remain subject to this provision until their monthly metered demand has been less than 500 kW for 12 consecutive months, at which time the customer may be billed under another appropriate service classification upon the customer's request.

Hourly Pricing is also voluntary to a customer with load supplied by NYPA beginning on or prior to December 31, 2006, and would have otherwise qualified for mandatory hourly pricing (having a metered demand of 1,000 kilowatts or greater during any two of the previous 12 months). These customers will have the following supply options, all described herein, for the non-NYPA load, VPO, FPO, EPO, EOSA, in addition to Hourly Pricing until the end of their participation in the NYPA program at which time they will be subject to mandatory Hourly Pricing and have the two supply options EPO or Hourly Pricing, as described in this provision.



SERVICE CLASSIFICATION NO. 7 (Continued)

SPECIAL PROVISIONS: (Cont'd)

(i) Hourly Pricing – Mandatory and Voluntary (Cont'd.)

Voluntary: (Cont'd.)

Additionally, Hourly Pricing is voluntary to a customer having a metered demand of 1,000 kilowatts or greater during any two of the previous 12 months and is participating in any of the Company's Economic Incentives without a restriction for their Electricity Supply Pricing Option that received the Economic Incentive beginning on or prior to December 31, 2006. A customer with a restriction for their Electricity Supply Pricing Option (*e.g.*, a customer that qualified for an Economic Incentive prior to July 1, 2003) will be exempt from Hourly Pricing until the term of the customer's Economic Incentive expires. See the chart below stating the portion of a customer's load to which Hourly Pricing option is applicable. Upon the conclusion of their participation in the Economic Incentive, the customer will be subject to mandatory Hourly Pricing and have two supply options, EPO or Hourly Pricing option, as described in this provision.

Economic Incentives	<b>ELECTRICITY SUPPLY PRICING OPTIONS</b> for customers having a metered demand of 1,000 kW or greater and began receiving the Economic Incentive <b>prior to</b> January 1, 2007		
	Electricity Supply Pricing Options for the load not receiving the incentive	Electricity Supply Pricing Options for the load qualified prior to July 1, 2003	Electricity Supply Pricing Options for the load qualified after July 1, 2003
Economic Development Incentive	EPO, EOSA, FPO, or VPO	FPO	EPO, FPO, VPO, or Hourly Pricing*
Economic Development Zone Incentive	EPO, EOSA, FPO, or VPO	FPO	EPO, FPO, VPO, or Hourly Pricing*
Economic Revitalization Incentive	Not Applicable	FPO	FPO
Incubator Development Incentive	Not Applicable	FPO	FPO or EOSA
Self Generation Deferral Incentive	Not Applicable	FPO	FPO

\* The customer must choose the same Electricity Supply Pricing Option for its incentive, non-incentive load and any future load.

SERVICE CLASSIFICATION NO. 7 (Continued)

SPECIAL PROVISIONS: (Cont'd)

(i) Hourly Pricing – Mandatory and Voluntary (Cont'd.)

**DELIVERY CHARGES:**

The delivery charges set forth in this Service Classification for standard service shall apply to a customer taking service under Hourly Pricing. A customer that qualifies for the Economic Development Zone Incentive will pay the delivery charges set forth in the Special Provision (d)(3) Economic Development Zone Incentive. A customer that qualifies for the Industrial/High Load Factor Special Provision will pay the delivery charges as set forth in the Special Provision (h).

**HOURLY METERING CHARGE:**

Hourly priced customers are required to pay an incremental meter charge of \$7.07 per month, regardless of the Electric Supply Pricing Option chosen. Customers that have paid for their own meter are exempt from this charge.

**ELECTRICITY SUPPLY PRICING OPTIONS AVAILABLE TO CUSTOMERS:**

Customers served under this provision must select from two different electricity supply pricing options offered by the Company as described below. NYSEG will offer one Retail Access rate choice and one Non-Retail Access rate choice.

The Retail Access choice (see 1 below) is the ESCO Price Option ("EPO"). The Non-Retail Access choice (see 2 below) is the NYSEG Hourly Day-Ahead Market Pricing Option ("Hourly Pricing").

NYSEG will provide only delivery service for the Retail Access choice. Electricity supply is provided by an Energy Services Company ("ESCO"). Hourly Pricing customers are able to select ESCO commodity service at any time.

NYSEG will provide delivery service and electricity supply service for the Non-Retail Access choice.

A customer who has not chosen an option, and for whom NYSEG has not received a retail access enrollment from an ESCO, will default to the NYSEG Hourly Day-Ahead Market Pricing Option.

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

This Retail Access choice includes fixed charges for NYSEG delivery service, and a fluctuating Transition Charge (Non-Bypassable Charge [NBC] described above and in further detail in General Information Section 25.B.). Electricity supply is provided by an ESCO.

**2. NYSEG Hourly Day-Ahead Market Pricing Option ("Hourly Pricing")**

This Non-Retail Access choice includes fixed charges for NYSEG delivery service, a fluctuating Transition Charge (Non-Bypassable Charge [NBC] as described above and in further detail in General Information Section 25.B.), the Merchant Function Charge and a commodity charge for electricity supply that fluctuates hourly with the market price of electricity including losses, unaccounted for energy, capacity, and capacity reserves, as further described herein. Electricity supply is provided by NYSEG.

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SERVICE CLASSIFICATION NO. 7 (Continued)

SPECIAL PROVISIONS: (Cont'd)

(i) Hourly Pricing – Mandatory and Voluntary (Cont'd.)

**ELECTRICITY SUPPLY PRICING OPTIONS AVAILABLE TO CUSTOMERS: (Cont'd.)**

**2. NYSEG Hourly Day-Ahead Market Pricing Option (“Hourly Pricing”) (Cont'd.)**

**Electricity Supply Charge: All kilowatthours, per kilowatthour**

Customers served under this provision will be charged for the energy component of supply based on their hourly metered usage and the hourly supply cost. The electricity supply charge is equal to the sum of the hourly metered usage multiplied by the New York Independent System Operator (NYISO) Day-Ahead Market (DAM) Location Based Marginal Price (LBMP) for the Zone in which the customer is electrically connected, adjusted for system losses. Capacity charges will also be based on interval meter data. The DAM LBMP prices will be the initial published DAM LBMP prices acquired by the Company. The customer's bill will not be recalculated if such prices are modified by the NYISO at a later date.

$$\text{Hourly Supply Charge} = \sum (\text{kWh}_h * L_d * \text{SP}_h)$$

$\text{kWh}_h$  = kilowatthour for each hour in a billing period.

$\text{SP}_h$  = DAM LBMP prices by hour

$L_d$  = Distribution loss factor:

Voltage Level	Service Classification	Energy Loss Factor
Transmission	7-4	1.0000
Subtransmission	7-3	1.0150
Primary	7-2	1.0377
Secondary	7-1	1.0728

SERVICE CLASSIFICATION NO. 7 (Continued)

SPECIAL PROVISIONS: (Cont'd)

(i) Hourly Pricing – Mandatory and Voluntary (Cont'd.)

**ELECTRICITY SUPPLY PRICING OPTIONS AVAILABLE TO CUSTOMERS: (Cont'd.)**

**2. NYSEG Hourly Day-Ahead Market Pricing Option (“Hourly Pricing”) (Cont'd.)**

**Electricity Capacity Charge: per month**

The capacity and capacity reserves are specific to the customer. When hourly data is not available the appropriate service class profile will be used to determine the customer's capacity responsibility. A new capacity responsibility amount will be established for each customer each April. Customers new to Hourly Pricing that begin the service prior to April will be assigned their capacity responsibility based on their service class profile until the first April where the required hourly data is available.

Capacity Charge = UCAP Charge + Additional UCAP Charge

$UCAP_{req} = (((UCAP_{req} * L_c) * Reserve_{req}) * Price_{auc})$

$UCAP_{req}$  = The customer specific demand that occurred at the time of the New York system peak of the prior year.  
When the customer specific information is not available the appropriate service class profile information will be used.

$L_c$  = Capacity loss factor:

Voltage Level	Service Classification	Capacity Loss Factor
Transmission	7-4	1.0000
Subtransmission	7-3	1.0200
Primary	7-2	1.0480
Secondary	7-1	1.0738

$Reserve_{req}$  = Additional reserve requirement as required by NYISO.

$Price_{auc}$  = Monthly NYISO auction price.

Additional UCAP Cost =  $(((UCAP_{req} * L_c) * AUCAP_{req}) * Price_{auc})$

$UCAP_{req}$  = Described above.

$L_c$  = See table above.

$AUCAP_{req}$  = Allocation of additional capacity requirement as required by the NYISO.

$Price_{auc}$  = Monthly NYISO auction price.

In the event that NYSEG determines that it will incur an estimated gain or loss because purchases for these customers were made in the real-time market at prices differing from those in the day-ahead market, NYSEG will credit or recover the full amount of the estimated gain or loss through the Transition Charge from Hourly Pricing customers.

Issued in compliance with order in Case No. 03-E-0641 dated 04/24/06.

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

PSC No: 120 - Electricity  
New York State Electric and Gas Corporation  
Initial Effective Date: January 1, 2007

Leaf No. 254.4  
Revision: 0  
Superseding Revision:

SERVICE CLASSIFICATION NO. 7 (Continued)

SPECIAL PROVISIONS: (Cont'd)

(i) Hourly Pricing – Mandatory and Voluntary (Cont'd.)

**METERING AND COMMUNICATION REQUIREMENTS:**

1. All customers subject to this special provision are required to have interval metering and remote meter reading capability. Such customers will be responsible for the following:
  - a. the costs of providing remote meter reading capability through dedicated telecommunications to and from the meter; and
  - b. the dedicated telecommunications shall be a land-line connection unless the customer is directed by the Company that a cellular connection is required, and
  - c. all costs associated with the installation, operation and maintenance of the telecommunications line, including but not limited to, all telecommunications service bills. If the Company is unable to read the meter through a customer provided connection, and NYSEG has determined that the problem is not caused by the Company's equipment, the customer shall be responsible for resolution of the problem. The customer shall also be responsible for reimbursement of NYSEG expenses incurred for visits to the meter location to ascertain the cause of the problem, including reimbursing the Company for any expenses the Company incurs, such as, but not limited to, the cost to provide a manual meter read.

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

SERVICE CLASSIFICATION NO. 11 (Continued)

**METERING AND COMMUNICATION REQUIREMENTS: (CONT'D.)**

3. Meter Credits: (Cont'd.)

c) Customers That Have Fully Paid for Meter and Instrument Transformation Costs: A demand billed customer taking service under these standby rates that has fully paid for their meter and instrument transformation costs will receive a monthly credit to the currently applicable monthly Customer Charge (excluding Special Provision (d)), as well as a portion of the standby service transition dollars allocated for collection in the Customer Charge. This credit may be revised each April 1 and October 1. Below are the customer credits:

	SC 2	SC 3P	SC 3S	SC 7-1	SC 7-2	SC 7-3	SC 7-4
<b>Customer Charge Credit</b>							
Delivery Charge	\$38.97	\$141.03	\$177.52	\$79.06	\$507.75	\$762.90	\$2,384.04
Transition Charge	\$3.18	\$22.71	\$21.65	\$8.38	\$82.40	\$269.85	\$1,262.44

**ELECTRICITY SUPPLY**

A Customer taking service under SC 11 will have the choice of the following Electricity Supply Pricing Options for its Electricity Supply:

For a customer whose OASC is Service Classification No. 1, 6, 8, 9, or 12:

1. ESCO Price Option (EPO); or
2. NYSEG Default Supply Option (DSO)

For a customer whose OASC is Service Classification No. 2, 3, or a Service Classification No. 7 with a demand less than 1,000 kw:

1. ESCO Price Option (EPO); or
2. NYSEG Variable Price Option (VPO); or
3. NYSEG Hourly Pricing Option (Hourly Pricing)

For a customer whose OASC is Service Classification No. 7 with a demand of 1,000 kw or greater:

1. ESCO Price Option (EPO); or
2. NYSEG Hourly Pricing Option (Hourly Pricing)

Terms and conditions applicable to these rate choices are explained in the customer's OASC. With the exception of customers taking service under Special Provision (d) Previous SC 11 Tariff, all customers served under this Service Classification taking electricity supply service from the Company will be required to pay a Merchant Function Charge as set forth in the customer's OASC.

**INTERCONNECTION REQUIREMENTS**

1. A customer may connect an OSG facility for parallel operation with the Company's delivery system, or isolate for operation with standby service provided by a wholesale generator by means of a double throw transfer switch, or another transfer switching scheme acceptable to the Company.