

Transition Charge Statement

For all customers taking service under the ESCO Price Option (EPO) rate or the NYSEG Variable Price Option (VPO) rate, pursuant to NYSEG’s Pricing Options Effective January 1, 2007, General Information Section 25 of Schedule PSC No. 120 - Electricity, the following Transition Charge (also known as the Non-Bypassable Charge or “NBC”) is applicable to all energy deliveries [all kilowatt-hours (kWhs)] under the service classifications listed below, other than exclusions* specified below.

| PSC No. 120 - Electricity; Service Classification Nos. | Charge per kWh |
|--|----------------|
| 1, 8, 12 | \$0.0049 |
| 2, 3, 5, 6, 7, 9 | \$0.01703 |
| <hr/> | |
| PSC No. 121 - Electricity; Service Classification Nos. | |
| 1, 2, 3 | \$0.01703 |

Notes:

1. The above charges are applicable to customers whose service is electrically connected “West” of the New York Independent System Operator (NYISO) Total East Interface.
 2. For customers whose service is electrically connected “East” of the NYISO Total East Interface, the Transition Charge will include a credit to reflect the higher cost to serve load in that area. The credit will be the net difference between the Retail Access Credit (described in General Information Section 16, General Retail Access Rules, Sub-Section D.13 of Schedule PSC No. 120 - Electricity) as calculated for the individual customer’s service classification in the East and West areas for the billing period.
- * The Transition Charge will not apply to all Power For Jobs (PFJ) customer allocations (*i.e.*, associated kilowatt-hours) 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 PSC 120 – Electricity, Economic Development Power. EDP deliveries exceeding the February 28, 2003 delivery levels will be delivered at the ESCO Price Option (EPO) rate, which is subject to the Transition Charge.