

PSC NO. 87 Gas**NEW YORK STATE ELECTRIC & GAS CORPORATION**

Initial Effective Date: November 1, 2017

Issued in compliance with Order in Case No. 15-G-0284 dated June 15, 2016

Effective Date: 11/01/2017

Statement Type: MFC

Statement No. 86

New York State Electric & Gas Corporation

Statement of Merchant Function Charge

Effective: November 1, 2017, and for each month thereafter, until changed

Applicable to Service Classifications No. 1, 2, 5, 9, 10, and 11 of PSC No. 87 Gas

NYSEG Gas Merchant Function Charge

| | Residential Customer | Non Residential Customer |
|---|---------------------------------|-------------------------------------|
| | \$ Per Therm | \$ Per Therm |
| Monthly Gas Supply Charge | \$ 0.372784 | \$ 0.371650 |
| Uncollectible Factor | 1.57340% | 0.25030% |
| Uncollectible Charge (Monthly Gas Supply Charge 1 * Uncollectible Factor) | \$ 0.005865 | \$ 0.000930 |
| 2 Gas Storage Inventory Carrying Charge | \$ 0.001270 | \$ 0.001270 |
| 3 Working Capital - Commodity Hedges | \$ 0.000022 | \$ 0.000022 |
| 4 Credit & Collections and Call Center | \$ 0.005320 | \$ 0.005320 |
| 5 Administrative Charge | \$ 0.010386 | \$ 0.010386 |
| 6 Prior Period Reconciliation | \$ (0.001337) | \$ (0.001337) |
| Total MFC Rate, per therm | \$ 0.021526 | \$ 0.016591 |

Customers in Service Class No. 1 will be billed the "Residential Customer" MFC rate.

Customers in Service Class No. 2, 5, 9, 10 and 11 will be billed the "Non-Residential Customer" MFC rate.

Dated: October 27, 2017

Issued By: Joseph J. Syta, Vice-President, Controller and Treasurer