

PSC NO: 90 GAS
NEW YORK STATE ELECTRIC & GAS CORPORATION
INITIAL EFFECTIVE DATE: 09/26/10
Issued in compliance with Order in Case 09-G-0716 dated 09/21/10

LEAF: 90.7
REVISION: 2
SUPERSEDING REVISION: 1

GENERAL INFORMATION

14. GAS SUPPLY CHARGE (GSC): (CONT'D)

C. The Total Average Cost of Gas is: (Cont'd)

(6) Merchant Function Charge (MFC): (Cont'd)

ii.) The MFC components will be updated and reconciled as stated below in accordance with the Joint Proposal dated July 14, 2010 in Case Nos. 09-E-0715, 09-G-0716, 09-E-0717, and 09-G-0718.

a) Commodity-related Uncollectible Costs

- The commodity related uncollectible percentage rate will be reset annually based on the most recent available twelve-month period of actual uncollectibles
- The commodity-related uncollectible component of the MFC will be calculated each month by multiplying the uncollectible percentage rate for each of the groups described above by the associated monthly gas supply cost.

b) Commodity-related Credit and Collections and Call Center costs

- Any over/under collections related to the credit and collections and call center costs component will be added to any over/under collections related to the credit and collections and call center costs component charged through the POR Administration Charge and POR Discount and reconciled through both the POR Discount and MFC in the subsequent rate year. The unit rate will be reset annually based on recent MFC and POR sales forecasts.

c) Commodity-related Administrative costs

- The Administrative Component will be reconciled annually for differences in actual versus design sales only. The unit rate will be reset annually based on recent sales forecasts.

d) Cash Working Capital on Commodity Hedge Margin costs

- The cash working capital on Commodity Hedge cost component will be based on the Companies' pre-tax rate of return and will be reconciled to actual costs annually. Additionally, this component will be updated annually to reflect actual costs from the most recent available twelve month period and the most recent sales forecast.

e) Cash Working Capital on Storage Inventory Carrying Costs.

- The carrying charge used in the determination of monthly storage working capital costs will be the Company's authorized pre-tax rate of return on the base storage level and the Commission's currently-effective Other Customer Capital rate on monthly amounts above the base storage level. The base storage level is defined as the lowest monthly balance.
- This component will be reconciled annually to actual applicable costs for the period.
- Additionally, this component will be updated annually to reflect actual costs from the most recent available twelve month period and the most recent sales forecast. .

D. Supplier Refund Adjustment:

- (1) The Company shall refund to customers any refund, including applicable interest on any unrefunded balance, received from a supplier.
- (2) The Supplier Refund Adjustment will be calculated by dividing applicable supplier refunds by annual forecasted firm sales.
- (3) In lieu of immediately applying any supplier refund, the Company may accumulate such refunds, with applicable interest, to be accounted for during the annual reconciliation. With PSC approval, accumulated refunds may be returned at any time preceding the annual reconciliation.

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