

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

Leaf No. 117.12  
Revision: 3  
Superseding Revision: 1

#### GENERAL INFORMATION

### **25. Supply Service Options: (cont'd.)**

#### **I. Supply Service Options effective January 1, 2008 (cont'd.)**

##### **D. Merchant Function Charge (MFC): (cont'd.)**

For Service Classification Nos. 11, 13, and 14, the customer's otherwise applicable service classification will determine the applicable MFC.

Beginning January 1, 2009, the MFC will be reset annually to reflect recent migration levels and to update uncollectibles.

##### **E. Lost Revenue Recovery Mechanism (LRRM)**

The LRRM will be a component of the NBC. The LRRM will consist of the following:

1. Any true-up dollars related to the difference between the estimated phase-in dollars included in the 2007 NBC and the actual dollars applicable to the phase-in MFCs and the applicable MFCs that will be effective on January 1, 2008.
2. The collection/return of the under- or over-recovered unavoidable costs embedded in the MFC. Unavoidable costs consist of the following components: Credit and collection costs (amounts not recovered in the Purchase Of Receivables (POR) discount rate), customer care costs (FERC accounts 901, 903 and 905), customer service costs (FERC accounts 908-916), administrative and general costs (FERC accounts 920-935), depreciation expenses and taxes.
3. Actual versus forecast meter function charge revenues less avoided costs.

Issued in compliance with order in Case No. 07-E-0479 dated 08/29/07.

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