

PSC NO. 90 Gas
NEW YORK STATE ELECTRIC & GAS CORPORATION
Initial Effective Date: 10/01/03

Leaf: 98.1
Revision: 0
Superseding Revision:

GENERAL INFORMATION

16. TRANSITION SURCHARGE (TS): (Cont'd.)

E. Reliability Surcharge Component: The recovery of the Reliability Surcharge pursuant to Section IX.3.c. (i) of the Company's August 8, 2003 Phase 2A Joint Proposal, as approved by the PSC in its September 23, 2003 order issued in Case 01-G-1668. The Reliability Surcharge recovers the costs associated with upstream reliability capacity retained for each GSA. The capacity requirements will be adjusted annually for design day and typical peak day requirements, including growth on the system.

- (1) This component of the TS will only be applicable to non-daily metered service pursuant to:
 - (a) Service Classification Nos. 1,2,8 and 9 of PSC No. 87 Gas, or superseding issues thereof.
 - (b) Service Classification Nos. 13 and 14 of PSC No. 88 Gas, or superseding issues thereof.
- (2) The costs to be recovered through the reliability surcharge component will be reduced by a proportionate share of revenues associated with the applicable share of non-migration capacity release, net off-system sales revenue and pipeline supplier refunds related to services used in the derivation of the surcharge.
- (3) On or before September 30 of each year, beginning with 2004, the Company will provide a report to the Director of the Office of Gas and Water that includes the calculation for the projected year's capacity requirements, a statement of the changes from the previous year, an explanation of the reason(s) or basis for the changes, and all associated workpapers. Copies of this report will be contemporaneously provided to marketers operating in the Company's gas service territory and any other interested party that specifically requests it.

Issued in compliance with order in Case 01-G-1668 dated September 23, 2003.

Issued by: James A. Lahtinen, Vice President - Rates & Regulatory Economics, Binghamton, NY