PSC NO. 90 Gas   Leaf : 90.6
NEW YORK STATE ELECTRIC & GAS CORPORATION   Revision: 4
Initial Effective Date: 1/1/05   Superseding Revision: 3

GENERAL INFORMATION

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

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

(3)   Gas Cost Savings Adjustments: (Cont'd)

(e)   Gas Cost Savings Investment Recovery Mechanism (IRM) adjustment will be applied in a manner consistent with the provisions pursuant to the Company's September 12, 2002 Joint Proposal, as approved by the PSC in its November 20, 2002 order in Cases 01-G-1668 and 01-G-1683.

The Customers' share of IRM Project savings will first be used to recover Deferred Gas Costs pursuant to the Company's September 12, 2002 Joint Proposal, as approved by the PSC in its November 20, 2002 order in Cases 01-G-1668 and 01-G-1683. The Customers' share of any additional IRM Project Savings will be returned to customers as determined by the PSC.

(4)   Load Factor Adjustment (LFA):

(a)   A LFA will be applicable to each service classification of each GSA.

(b)   At a minimum, the LFAs will be updated by the Company annually such that the weighted average LFA for each GSA shall total one (1). The weighted average LFA is calculated by multiplying the LFA of each service classification by the ratio of sales for each service classification to total sales.

(5)   Factor of Adjustment (FA):

(a)   The FA reflects lost and unaccounted for quantities and company use. The FA is 1.007 for all RAs.

(b)   The FA was reset on January 1, 2005 and will be reset every two (2) years thereafter unless or until a new gas rate plan approved by the PSC becomes effective. The FA will be reset based on the average of the immediately preceding two (2) twelve-month periods ending August 31.

Issued in compliance with commission order dated 9/12/02 in Case No. 01-G-1668

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