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COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 1

INITIAL EFFECTIVE DATE: 12/01/02 SUPERSEDING REVISION:

STAMPS: Issued in compliance with Commission order in Case 01-G-1668 dated 11/

RECEIVED: 11/26/02 STATUS: Effective EFFECTIVE: 12/01/02

GENERAL INFORMATION

17. WEATHER NORMALIZATION ADJUSTMENT (WNA): (CONT'D)

- B. Calculation of the WNA: (Cont'd)
 - (2) Where, (Cont'd)
 - (I) "WNA $_n$ " is the weather normalization adjustment for the applicable rate block and is expressed in dollars.
 - (m) "R_n" is the applicable block rate and is expressed in dollars per Therm.
 - (n) "WNA total" is the customer's weather normalization adjustment and is expressed in dollars.

18. RESEARCH AND DEVELOPMENT (R&D) ADJUSTMENT:

- A. Consistent with the PSC's order in Case 99-G-1369, the Company will implement a Research and Development (R&D) Adjustment to provide funding for R&D programs.
- B. The R&D Adjustment will be applicable to:
 - (1) Service Classification Nos. 1, 4, 5, 13 and 14 of PSC No. 88 Gas, or superseding issues thereof, and
 - (2) Service Classification Nos. 1, 2, 5, 8 and 9 of PSC No. 87 Gas, or superseding issues thereof.
- C. R&D funding obtained through application of the R&D Adjustment may equal, but not exceed, \$650,000 per calendar year.

19. PIPELINE SUPPLIER ADJUSTMENTS:

- A. Pipeline Supplier Adjustments (PSA):
 - (1) Take-Or-Pay (TOP) Surcharge:

The Pipeline Supplier Adjustment (PSA) Statement applicable to Service Classification Nos. 1, 4, 5, 13 and 14 of PSC No. 88 Gas, or superseding issues thereof, shall reflect a surcharge as stated below: