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

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CANCELLED by Supplement 1 effective 01/01/00

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GENERAL INFORMATION

36. ADJUSTMENT OF PRICES IN ACCORDANCE WITH CHANGES IN THE COST OF GAS: (CONT'D)

- A. Provision to Recover Supplier Take-Or-Pay (TOP) and Transition Cost Surcharge (TCS):
 - 1. TOP Costs:

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

Owego District, PSC No. 87	\$0.00000 per Therm
Goshen District, PSC No. 87	\$0.00214 per Therm
Lockport District, PSC No. 87	\$0.00000 per Therm
Elmira District, PSC No. 87	\$0.00062 per Therm
Combined District, PSC No. 87	\$0.00000 per Therm
Binghamton Districts, PSC No. 89	\$0.00000 per Therm

- 2. Transition Cost Surcharge (TCS):
 - (a) The following adjustments shall reflect a surcharge calculated pursuant to Opinion 94-26, issued and effective December 20, 1994, in Case 93-G-0932, and the PSC's August 11, 1995 and March 28, 1996 Orders in Cases 93-G-0932 and 95-G-1041:
 - (i) The PSA applicable to Service Classification Nos. 1, 4, 5, 13 and 14 of PSC No. 88 Gas, or superseding issues thereof.
 - (b) The purpose of the TCS is to recover transition costs billed to the Company by interstate pipelines pursuant to Federal Energy Regulatory Commission (FERC) Order No. 636. The TCS shall be calculated in the following manner:

The cost components described below are included in base firm sales prices per the Multi-Year Gas Rate Settlement Agreement in Case 95-G-0427, approved by order dated December 14, 1995.

(i) Account 191 Costs shall be recovered from sales customers, and firm transportation customers who were sales customers prior to March 28, 1996;