

Effective Date: 07/01/2016

PSC NO. 90 Gas**NEW YORK STATE ELECTRIC & GAS CORPORATION**

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Issued in compliance with Order in Case 15-G-0284, dated June 15, 2016

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GENERAL INFORMATION**14. GAS SUPPLY CHARGE (GSC): (CONT'D)****C. The Total Average Cost of Gas is: (Cont'd)****(4) Load Factor Adjustment (LFA):**

- (a) A LFA shall be applicable to each service classification of each GSA.
- (b) At a minimum, the LFAs shall be updated by the Company annually such that the weighted average LFA for each GSA shall total one. 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 (FOA):

- (a) The Company incorporated recommendations provided for in the NYPSC Staff White Paper on Lost and Unaccounted for Gas issued on January 27, 2012 with the following clarifications:
 - (i) Adjustments to the fixed FOA are allowed for exogenous events. Exogenous events would include, but are not limited to, events such as flooding and significant theft of service that are outside the Company's control.
 - (ii) Adjustments to the fixed FOA are allowed for significant and unanticipated impacts due to the restructuring of the natural gas industry in New York State. Any adjustment shall apply to the calculation of the actual FOA in any given year for incentive purposes.
- (b) The FOA reflects lost and unaccounted for quantities and company use. The FOA is 1.00181 for all RAs. The provision is effective through August 31, 2016.
- (c) The FOA shall be reset on January 1 based on an average of the actual lost and unaccounted volumes for the immediately preceding three 12-month periods ending August 31, except that any negative losses should be replaced with a zero when calculating the average. This provision is effective through August 31, 2016.
- (d) The FOA shall not be reset if the average result from those periods is within plus or minus five percent of the FOA then in effect. This provision is effective through August 31, 2016.
- (e) Effective September 1, 2016:
The Company shall update the five-year average LAUF to five years ending August 31, 2015.
 - (i) The FOA is set at 1.00030;
 - (ii) The Lost and Unaccounted for Gas (LAUF) Target is set at 0.030%;
 - (iii) The dead band upper limit is set at 0.280%;
 - (iv) The dead band lower limit is set at 0.000%.

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