

Effective Date: 07/01/2016

PSC NO: 90 GAS

NEW YORK STATE ELECTRIC & GAS CORPORATION

INITIAL EFFECTIVE DATE: 07/01/2016

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

LEAF: 90.7

REVISION: 4

SUPERSEDING REVISION: 2

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

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

(6) Merchant Function Charge (MFC): (Cont'd)

ii.) The MFC components shall be updated and reconciled as stated below in accordance with the Joint Proposal dated July 14, 2010 in Case Nos. 09-E-0715, 09-G-0716, 09-E-0717, and 09-G-0718, and as further amended by the Joint Proposal dated February 19, 2016, in Cases 15-E-0283, 15-G-0284, 15-E-0285, and 15-G-0286.

a) Commodity-related Uncollectible Costs

- The commodity related uncollectible percentage rate shall be reset annually based on the most recent available 12-month period of actual uncollectibles. The commodity-related uncollectible component of the MFC shall be calculated each month by multiplying the uncollectible percentage rate for each of the groups described above by the associated monthly gas supply cost.

b) Commodity-related Credit and Collections and Call Center costs

- The Credit and Collections and Call Center Cost Component shall be reconciled annually for differences in actual versus design sales only. The unit rate shall be reset annually based on recent sales forecasts.

c) Commodity-related Administrative costs

- The Administrative Component shall be reconciled annually for differences in actual versus design sales only. The unit rate shall be reset annually based on recent sales forecasts.

d) Cash Working Capital on Commodity Hedge Margin costs

- The cash working capital on Commodity Hedge cost component shall be based on the Companies' pre-tax rate of return and shall be reconciled to actual costs annually. Additionally, this component shall be updated annually to reflect actual costs from the most recent available twelve month period and the most recent sales forecast.

e) Cash Working Capital on Storage Inventory Carrying Costs.

- The carrying charge used in the determination of monthly storage working capital costs shall be the Company's authorized pre-tax rate of return on the base storage level and the Commission's currently-effective Other Customer Capital rate on monthly amounts above the base storage level. The base storage level is defined as the lowest monthly balance.
- This component shall be reconciled annually to actual applicable costs for the period.
- Additionally, this component shall be updated annually to reflect actual costs from the most recent available twelve month period and the most recent sales forecast. .

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