

PSC No: 120 - Electricity  
 New York State Electric & Gas Corporation  
 Initial Effective Date: September 26, 2010  
 Issued in compliance with Order in Case 09-E-0715 dated September 21, 2010

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 Revision: 6  
 Superseding Revision: 4

## GENERAL INFORMATION

### 25. Supply Service Options: (cont'd.)

#### I. Supply Service Options (cont'd.)

##### D. Merchant Function Charge (MFC): (cont'd.)

2.) The MFC components will 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.

##### a) Commodity-related Uncollectible Costs

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

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

- Any over/under collections related to the credit and collections and call center costs component will be added to any over/under collections related to the credit and collections and call center costs component charged through the POR Administration Charge and POR Discount and reconciled through both the POR Discount and MFC in the subsequent rate year. The unit rate will be reset annually based on recent MFC and POR sales forecasts.

##### c) Commodity-related Administrative costs

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

##### d) Cash Working Capital on Purchased Power costs

- If the New York Independent System Operator starts weekly billing, the electric MFC will include a component for Cash Working Capital on Purchase Power.
- Working Capital on Purchase Power will be calculated based on the Companies' pre-tax rate of return.
- The Companies will reconcile the Working Capital on Purchased Power to actual applicable costs. This component will be updated annually to reflect actual costs from the most recently available twelve month period and the most recent sales forecast.

##### e) Cash Working Capital on Commodity Hedge Margin costs

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

#### E. Lost Revenue Recovery Mechanism (LRRM)

The LRRM will be a component of the NBC through 12/31/11. The LRRM will consist of the the collection/return of the under- or over-recovered unavoidable costs embedded in the MFC for any period up to and including 8/25/10.

Under or over collection of MFC related costs for MFC's in effect after 8/25/11 will be collected through the MFC reset.

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