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COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 0  
INITIAL EFFECTIVE DATE: 12/01/02 SUPERSEDING REVISION:  
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### GENERAL INFORMATION

#### 19. PIPELINE SUPPLIER ADJUSTMENTS: (CONT'D)

##### A. Pipeline Supplier Adjustments (PSA): (Cont'd)

##### (3) Transition Cost Surcharge (TCS): (Cont'd)

##### (b) (Cont'd)

To the extent applicable, the cost components described below are included in the GSC.

- (i) account 191 Costs shall be recovered from sales customers, and firm transportation customers who were sales prior to March 28, 1996;
  - (ii) future 858 Costs and Capital Costs shall be collected from sales and firm transportation customers based on an analysis of the FERC allocations of such costs;
  - (iii) stranded Investment Costs shall be recovered from sales customers and firm transportation customers. The costs reflected in the PSA for firm transportation customers of record prior to March 28, 1996 shall be fifty percent (50%) of the costs collected from sales customers, and;
  - (iv) gas Supply Realignment Costs shall be recovered from sales customers and firm transportation customers. The costs reflected in the PSA for firm transportation customers of record prior to March 26, 1996 shall be fifty percent (50%) of the costs collected from sales customers.
- (c) Transportation customers who have firm transportation contracts with interstate pipelines at maximum prices, and who pay transition costs directly to the pipelines under those contracts, shall have those costs credited against their obligation under the TCS. However, such credit shall not exceed a customer's TCS obligation. The Company may require copies of the Customer's, or their agent's, bill showing transition costs are directly paid prior to issuing a TCS credit.

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(Name of Officer, Title, Address)