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 ..TXT: PSC NO: 90 GAS LEAF: 90.6
 COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 1
 INITIAL EFFECTIVE DATE: 12/01/02 SUPERSEDING REVISION:
 STAMPS: Issued in compliance with Commission order in Case 01-G-1668 dated 11/
 Cancelled by 2 Rev. Leaf No. 90.6 Effective 02/01/2003
 RECEIVED: 11/26/02 STATUS: Cancelled EFFECTIVE: 12/01/02

GENERAL INFORMATION

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

c. (3) (Cont'd)

- (e) Gas Cost Savings Investment Recovery Mechanism (IRM) adjustment will be applied in a manner consistent with the provisions pursuant to the Company's September 12, 2002 Joint Proposal, as approved by the PSC in its November 20, 2002 order in Cases 01-G-1668 and 01-G-1683.

The Customers' share of IRM savings will be used to recover Deferred Gas Costs pursuant to the Company's September 12, 2002 Joint Proposal, as approved by the PSC in its November 20, 2002 order in Cases 01-G-1668 and 01-G-1683.

(4) Load Factor Adjustment (LFA):

- (a) A LFA will be applicable to each service classification of each GSA.
- (b) The LFAs may be updated by the Company from time to time, such that the weighted average of the LFAs and sales shall total one (1).

(5) Factor of Adjustment (FA):

- (a) The FA reflects lost and unaccounted for quantities and company use. The FA is 1.0110 for all RAs.
- (b) The FA will be reset on January 1, 2005 and every two (2) years thereafter unless or until a new gas rate plan approved by the PSC becomes effective. The FA will be reset based on the average of the immediately preceding two (2) twelve-month periods ending August 31.

(6) Merchant Function Charge (MFC):

The Company will use a "proxy" for the MFC of 16.4 cents per dekatherm beginning October 1, 2002. The MFC will be adjusted annually, beginning July 1, 2003. The MFC shall be the sum of: (1) Gas Supply Uncollectibles; (2) Gas Inventory Carrying Charges; (3) Administrative and General Expense; and (4) the Adder divided by the forecasted weather normalized quantities of gas to be taken for delivery to the Company's firm sales customers during the twelve (12) calendar months ending the following August 31.

Issued By: James A. Lahtinen, Vice President-Rates & Regulatory Economics, Binghamton, NY

(Name of Officer, Title, Address)