

..DID: 21496
..TXT: PSC NO: 90 GAS LEAF: 90.5
COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 2
INITIAL EFFECTIVE DATE: 02/01/03 SUPERSEDING REVISION: 1
STAMPS: Issued in compliance with Commission order in Case 01-G-1668 dated 11/
RECEIVED: 01/30/03 STATUS: Effective EFFECTIVE: 02/01/03

GENERAL INFORMATION

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

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

(3) Gas Cost Savings Adjustments: (Cont'd)

(c) GCIM 1 - NYSEG Stand Alone Activities: (Cont'd)

(iv) The GCIM 1 Adjustment is a credit that is calculated by dividing the customer share of the savings determined in (i) and (ii) 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.

(d) GCIM 2 - Energy East LDCs Activities:

(i) There will be a 50%/50% sharing between customers and shareholders of gas cost savings attained through the joint optimization of the gas supply portfolios of the Energy East LDCs. Joint optimization activities include:

1. storage optimization;
2. transport optimization; and
3. joint optimization demand and variable savings associated with turnback of capacity.

(ii) The level of joint optimization savings shall at least equal what the Company could have obtained on a stand-alone basis. If such joint optimization savings do not equal or exceed what the Company could have obtained on a stand-alone basis, then such savings attained through the joint optimization will be shared 75%/25% between customers and shareholders, with no guaranteed customer savings as provided in Section 14.C.(3)(b)(ii) above.

(iii) The first \$500,000 of the Customer's share of GCIM 2 for the October 1, 2002 through December 31, 2003 period and the first \$500,000 of the Customer's share of GCIM 2 for the period January 1, 2004 through December 31, 2004 will be allocated to fund the affordable energy program.

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(Name of Officer, Title, Address)