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PSC NO: 121 ELECTRICITY
 NEW YORK STATE ELECTRIC & GAS CORPORATION
 Initial Effective Date: 07/01/16
 Issued in compliance with Order in Case 15-E-0283, dated June 15, 2016

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GENERAL INFORMATION

20. Reliability Support Services (RSS) Surcharge (Cont'd)
 - E. Net RSS costs incurred by the Company prior to March 1, 2013, shall be deferred and shall include carrying charges at the applicable other customer deposit rate. These deferred costs shall be included in the RSS surcharge commencing March 1, 2013. Net RSS costs incurred by the Company for the period beginning March 1, 2013 and subsequent thereto shall be assessed on a forecast basis and recovered from customers on a current basis.
 - F. The RSS surcharge revenues and costs shall be reconciled on a monthly basis. The RSS surcharge collected from customers shall be subject to an annual reconciliation for any over- or under- collections from the previous year. The RSS reconciliation over- or under- collections shall be credited or surcharged to customers, which shall include interest at the applicable other customer deposit rate.
 - G. A RSS surcharge Statement setting forth the surcharges by service classification shall be filed with the Public Service Commission on not less than three days' notice. The RSS surcharge may be reset on a monthly basis. Such statement can be found at the end of this Schedule (PSC No. 121 – Electricity).
 21. Rate Adjustment Mechanism ("RAM")
 - A. Applicable to:
 All customers taking service under Service Classification Nos. 1, 2, 3 and 4.
 - B. RAM Eligible Deferrals and Costs:
 All RAM Eligible Deferrals and Costs shall be the difference between actual costs and the amounts provided for in base rates. RAM Eligible Deferrals and Costs shall include:
 - (1) Property Taxes;
 - (2) Major Storm Deferral Balances; and
 - (3) Reforming the Energy Vision ("REV") costs and fees which are not covered by other recovery mechanisms.
 - (4) Company Electric Pole Attachment Revenue Requirements

All RAM revenues and deferrals are subject to reconciliation.
 - C. Annual RAM Recovery / Return Limits:
 The annual RAM recovery / return shall be limited to \$19.3 million for electric. The RAM shall only be implemented for the Company once the limit is reached from netting the RAM Eligible Deferrals. Any net RAM Eligible Deferral value in excess of the limit shall remain deferred and shall be carried forward to the calculation of the RAM limits in the following year. Any net regulatory asset or liability in excess of the Company's annual RAM recovery / return limit shall be carried forward to the calculation of the RAM in the following year.
 - D. Deferred Regulatory Asset and Liability Balances:
 The Company shall measure the deferred regulatory asset and liability balances for the items specified as RAM Eligible Deferrals and Costs (listed above) as of December 31 for each year. The RAM shall be identified in the Company's respective RAM Compliance Filings submitted on March 31 of each year and shall be implemented in rates on July 1 of each year for collection over the 12 months from July 1 to June 30. The RAM Compliance Filings shall include proposed RAM rates by service classification. Annually, the Company shall submit RAM tariff statements effective on July 1.

 The first RAMs shall be effective July 1, 2017 based on eligible deferred balances as of December 31, 2016.
 - E. RAM Annual Recovery / Return Allocation:
 The electric RAM annual recovery / return amounts shall be allocated to service classifications based on delivery service revenues and recovered on a per kWh basis for non-demand customers.
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