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PSC No: 120 - Electricity  
 New York State Electric & Gas Corporation  
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## 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 shall 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, and as further amended by the Joint Proposal dated February 19, 2016, in Cases 15-E-0283, 15-G-0284, 15-E-0285, and 15-G-0286.

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

- The commodity related uncollectible percentage rate shall be reset annually based on the most recent available 12-month period of actual uncollectibles
- The commodity-related uncollectible component of the MFC shall 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

- The Credit and Collections and Call Center costs Component shall be reconciled annually for differences in actual versus design sales only. The unit rate shall be reset annually based on recent MFC and POR sales forecasts.

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

- The Administrative Component shall be reconciled annually for differences in actual versus design sales only. The unit rate shall 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 shall include a component for Cash Working Capital on Purchase Power.
- Working Capital on Purchase Power shall be calculated based on the Companies' pre-tax rate of return.
- The Companies shall reconcile the Working Capital on Purchased Power to actual applicable costs. This component shall be updated annually to reflect actual costs from the most recently available 12-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 shall be based on the Companies' pre-tax rate of return and shall be reconciled to actual costs annually. Additionally, this component shall be updated annually to reflect actual costs from the most recently available 12-month period and the most recent sales forecast.

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

The LRRM shall be a component of the Transition Charge (Non-Bypassable Charge ["NBC"]). The LRRM shall consist of 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 shall be collected through the MFC reset.

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