

**PSC NO. 88 Gas**  
**NEW YORK STATE ELECTRIC & GAS CORPORATION**  
Initial Effective Date: 11/01/07

Leaf: 12.1.1  
Revision: 1  
Superseding Revision: 0

#### GENERAL INFORMATION

#### 4. DAILY METERED TRANSPORTATION REQUIREMENTS: (CONT'D)

P. Upstream Capacity Requirements: (Cont'd)

A. Mandatory Capacity Release

An ESCO serving a Mandatory Capacity Release Customer shall be required to take primary point capacity from NYSEG every month of the year to serve such customer's peak day needs, unless the ESCO has grandfathered capacity to serve such customers as described in Section 4.P.B. Grandfathered ESCO-Supplied Capacity.

B. Grandfathered ESCO-Supplied Capacity

Any ESCO providing primary point deliverability on an Upstream Pipeline(s) at the Receipt Point(s) designated by the Company for Mandatory Release Capacity Customers will be allowed to do so based on the highest customer load for the September 1 through November 1, 2007 transition period, and as further adjusted as described below (also known as "Grandfathered Capacity").

The volumetric level of grandfathered primary point deliverability will be reviewed annually on April 1 to adjust for any reductions in the level of customer load served by the ESCO. If the change in the volumetric level of grandfathered primary point deliverability is less than 5% or 500 Dth, whichever is less, the maximum level of grandfathered primary point deliverability for the ESCO will not be reduced. If the change in the volumetric level of grandfathered primary point deliverability is equal to or greater than the lesser of 5% or 500 Dth, the maximum level of grandfathered primary point deliverability for the ESCO will be reduced to the volumetric level identified on April 1. The level of grandfathered primary point deliverability will not be increased unless the ESCO purchases the entire book of customers from another ESCO as described below.

An ESCO using its own primary point deliverability to meet some or all of its Mandatory Capacity Release Customers' requirements may pass those grandfathered rights on as a package only when it sells its entire customer book to another ESCO.

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

Issued in compliance with order in Case 07-G-0229 dated August 30, 2007.