

PSC NO. 88 Gas
NEW YORK STATE ELECTRIC & GAS CORPORATION
Initial Effective Date: 10/01/03

Leaf: 12.2
Revision: 6
Superseding Revision: 5

GENERAL INFORMATION

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

P. Upstream Capacity Requirements: (Cont'd)

A Core Customer/Critical Care Customer or its Marketer shall be required to demonstrate through an affidavit signed by an officer of its company, that it has and will continue to have, (1) non-recallable firm primary point deliverability on an Upstream Pipeline(s) at the Receipt Point(s) designated by the Company or (2) Company recallable firm primary point deliverability on an Upstream Pipeline(s) at the Receipt Point(s) designated by the Company. The Upstream Capacity must be capable of fully meeting expected daily and seasonal requirements; recognizing that the capacity requirements are generally less in summer and transition months (April - October) than during winter months (November - March).

If a Core Customer or its Marketer cannot make the demonstration detailed above, the Customer must either (a) elect reservation of the "Sales Customer" status or Standby Sales Service for a one year period if the Company has sufficient capacity available to offer such service, or (b) be designated as firm secondary. After the conclusion of the one year period, a Customer electing (a) above may be designated as not wishing to reserve their "Sales Customer" status, or terminate their election of Standby Sales Service, provided the requirements set forth above have been satisfied.

For Customers designated as firm secondary, Marketers/Pool Operators must notify each Customer in writing, with a copy to NYSEG, that the Customer is firm secondary and may be subject to interruption if it is determined that the Marketer/Pool Operator is unable to provide sufficient quantities of natural gas. For Customers being designated as firm secondary, the Customer and the Marketer/Pool Operator may agree to specific demand reductions. Such agreements will not reduce the Maximum Daily Transport Quantity used for billing purposes, or in any way limit the Company's ability to impose restrictions otherwise provided for pursuant to this Schedule or PSC No. 90 - Gas.

If, during an Operational Flow Order ("OFO"), a Marketer/Pool Operator is not providing sufficient quantities of natural gas to meet its Pool requirements, NYSEG may interrupt Customers in the Marketer's/Pool Operator's Pool in the following order: (1) interruptible transportation Customers, and (2) firm transportation Customers with alternate fuel sources and pre-11/2/95 firm transportation Customers subject to the firm secondary queue provided by their Marketer/Pool Operator. Customers failing to suspend gas use as directed by the Company will be subject to the unauthorized overrun penalties set forth in Section 10 of this Schedule.

Q. Capacity Assignment:

Any Customer in Cattaraugus County (also referred to as "Olean"), requesting firm transportation service under this Schedule, who was a firm sales customer on or after November 2, 1995, shall take an assignment of upstream pipeline transportation capacity at the Company's contracted rate, effective with this provision. The quantity of upstream pipeline transportation capacity assigned shall be sufficient to meet the Customer's estimated Maximum Daily Transportation Quantity (MDTQ), based on the Company's design day criteria. At the Customer's request, capacity may be directly assigned to the Customer's Marketer.

Issued in compliance with order in Case 01-G-1668 dated September 23, 2003.

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