

PSC NO: 88 GAS
NEW YORK STATE ELECTRIC & GAS CORPORATION
Initial Effective Date: March 1, 2004

Leaf No. 120
Revision: 0
Superseding Revision:

SERVICE CLASSIFICATION NO. 18

DOMINION CITYGATE SWING CUSTOMER BALANCING SERVICE (CONT'D)

CONDITIONS OF SERVICE (CONT'D):

3. Capacity Requirements

The Aggregation Pool Operator is responsible for planning a gas supply sufficient for the needs of the Customers in its Aggregation Pool and for the transportation and storage capacity required to deliver it to the Company's system.

a) Capacity to Be Released

Provided that it has sufficient assets available to do so, the Company will release requested capacity on DTI to Aggregation Pool Operators participating in this CSC Balancing Service, and electing to take such capacity from NYSEG, on behalf of customers in a prearranged release transaction at Maximum Demand Rates in accordance with the tariffs and/or agreements applicable to the released capacity provisions of the DTI FERC tariff. The capacity to be released by NYSEG will include storage capacity and associated transportation entitlements on the DTI system. The total capacity available for release will be sufficient to meet the design day load, as adjusted for reliability capacity requirements, (as specified in General Information Section 18 of this Schedule and pursuant to the Company's Phase 2A Joint Proposal as approved by the PSC in its September 23, 2003 Order issued in Case 01-G-1668), of all customers of the Aggregation Pool Operator eligible for service under this service classification. If the Company does not have adequate capacity to meet all requests from Aggregation Pool Operators, the Company will allocate available capacity on a pro-rata basis to Aggregation Pool Operators. References to "release" of capacity are intended to include all transfers to Aggregation Pool Operators of rights and obligations pertaining to capacity held by the Company, unless the context requires otherwise.

In lieu of receiving a release of capacity from NYSEG, or to augment available capacity from NYSEG, Aggregation Pool Operators may elect to dedicate long-term firm primary point capacity for use in this CSC Balancing Service. Aggregation Pool Operators intending to dedicate long-term firm primary point transportation and storage capacity must notify the Company no later than March 1 of each annual period, as detailed in the Service Election Section of this service classification. Aggregation Pool Operators may request to take a release of the Company's capacity for customers that migrate to or initiate service under this service classification after April 1 during the remainder of the annual period.

The Aggregation Pool Operator must maintain, as determined by the Company, sufficient DTI storage and associated transportation capacity entitlements under the CSC Balancing Service to cover the imbalance between the amount of gas nominated and delivered to the Company's system on a scheduled basis, and the estimated total usage for the customers in the Aggregation Pool multiplied by the factor of adjustment, as stated in Section 14 of PSC No. 90 Gas, on a daily basis.

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

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Binghamton, New York