

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

Leaf No. 121
Revision: 0
Superseding Revision:

SERVICE CLASSIFICATION NO. 18

DOMINION CITYGATE SWING CUSTOMER BALANCING SERVICE (CONT'D)

CONDITIONS OF SERVICE (CONT'D):

3. Capacity Requirements (Cont'd)

b) Methodology for Initial Release

Provided that it has sufficient assets to do so, the Company will make, upon commencement of the CSC Balancing Service, an initial proportional release of available DTI transportation and storage capacity to Aggregation Pool Operators requesting NYSEG capacity and serving non-daily metered transportation customers in the DTI Aggregation Pooling Area. Such release will be based on winter season design day requirements of the load, as adjusted by reliability capacity requirements served by each Aggregation Pool Operator as calculated by the Company. The mix of assets allocated, as provided by the Company, will reflect the Company's operational distribution system requirements, including, but not limited to, maintaining the appropriate ratio of storage supply to flowing supply and reliability capacity.

c) Administration of Assets During the Annual Period

After the initial release of assets, the Company will administer allocation of assets so as to maintain a correspondence between winter season design day requirements, as adjusted for reliability capacity, of the load served by each Aggregation Pool Operator and capacity released to that Aggregation Pool Operator on a periodic basis. As load served by the Aggregation Pool Operator changes, the Company will make corresponding adjustments to the quantity of capacity released to the Aggregation Pool Operator, unless the Aggregation Pool Operator demonstrates that it has sufficient capacity to serve such incremental load.

d) Recall of Capacity Entitlements

If for any reason, the Aggregation Pool Operator becomes unqualified to sell gas on the Company's system or transport gas on pipelines upstream of the Company's citygates, the Company will recall all capacity released to the Aggregation Pool Operator. The Company will also have the right to recall capacity: 1) if the Aggregation Pool Operator fails to perform its obligations under the tariff; 2) if the Aggregation Pool Operator ceases to meet the credit or security requirements set forth in General Information Section 22, Creditworthiness, of this Schedule; or 3) for system reliability purposes. References to "recall" of capacity are intended to include all returns to the Company of all rights and obligations pertaining to capacity previously released to an Aggregation Pool Operator, unless the context requires otherwise.

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

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