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GENERAL INFORMATION

10. GENERAL RETAIL ACCESS - MULTI-RETAILER MODEL (Cont'd)

7. Reporting of Daily Usage Data

By 5:00 PM Eastern Time after the close of each gas day, the Company will report to DTI and the ESCO the total amount of gas received at the Company's system by the ESCO from DTI in that day. This amount shall be the total amount of gas used by the ESCO's Balance Control Account multiplied by the factor of adjustment stated in Rule 10.D.9(b), minus any amounts delivered for such Balance Control Account on the Empire Pipeline. Based on that report, DTI will adjust the storage gas balance of the ESCO to reflect any imbalance between the total amount of gas received at the Company's system by the ESCO from DTI, and the amount of gas nominated and delivered on the DTI pipeline.

The Company will accommodate potential errors of accuracy and omission by working with ESCOs to preclude any scheduling anomalies and in adjusting the volumes reported to DTI, to the extent permitted, when incorrect volumes have been reported.

8. Reconciliation and Cashout

For each service point, the difference between the backcast and any metered usage (actual or estimated) will be determined. For each day that a difference (henceforth "adjustment") exists, the cashout rate applied to that adjustment will be the previous 30-day rolling average of the average of (a) the Niagara midpoint index price plus variable transportation charges to the Mendon citygate and (b) the DTI Appalachia South Point index price plus variable transportation charges to the Caledonia citygate.

On a monthly basis, ESCOs will be charged or credited by the Company for the cumulative daily adjustment quantity.

9. Balancing Charge

The ESCO will be charged a balancing charge for each therm of gas delivered to the service points in its Balance Control account. The balancing charge will consist of a charge to cover the cost of any incremental assets that the Company must hold in order to qualify as a DPO, and administrative costs. The balancing charge shall be calculated each month as follows:

a) The incremental DPO asset portion of the balancing charge is calculated by:

$$BC_{ASSET} = C_{DPO} / T_{ANNUAL}$$

Where:

BC_{ASSET} = the incremental DPO asset portion of the balancing charge.

C_{DPO} = the total annual cost of any assets that the Company must hold in excess of those assets that it would otherwise hold if it were not acting as the DPO.

T_{ANNUAL} = the total normalized annual (twelve months rolling average) throughput for all Customer service points which are being served under Service Classification No. 3 and are included in a CSC Enhanced Daily Balancing Balance Control Account, and all Customer service points served under Service Classification No. 5.

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

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