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COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 4
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GENERAL INFORMATION

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

Q. Capacity Assignment: (Cont'd)

Capacity shall be assigned to a transportation Customer or their Marketer to meet operational and reliability needs. Such assignments shall be for successive one (1) year terms. The capacity assignment shall be recallable under any of the following four conditions: (1) the Customer requests firm sales service from the Company; (2) the Customer ceases to be a Customer of the Company; (3) the Customer switches to a new Marketer; or (4) the Customer's Marketer fails to perform.

R. Capacity Surcharge(s):

Marketers of daily metered transportation Customers, or Direct Customers, in the Goshen Area, Champlain Area, Plattsburgh District and Mechanicville District shall be assessed a capacity surcharge. The capacity surcharge will reflect the costs incurred by the Company to transport Customers' supplies on intermediary local distribution companies and intrastate pipelines.

S. Voluntary Capacity Assignment:

Customers or Marketers may voluntarily take assignment of the Company's available upstream storage and transportation capacity.

If the assigned capacity has a lower (higher) cost than the weighted average cost of capacity for the applicable rate area, as calculated and filed with the PSC on a monthly basis, the Customer or their Marketer shall receive a surcharge (credit) for the difference between the assigned capacity cost and the Company's weighted average capacity cost.

Capacity shall be assigned to transportation Customers or their Marketers to achieve minimal impact on remaining sales Customers. Such assignments shall be for successive one (1) year terms so long as the Company continues to have operationally available capacity. The capacity assigned shall be recallable.

Issued By: Jeffrey K. Smith, Seniro Vice President, Binghamton, NY
(Name of Officer, Title, Address)