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..TXT: PSC NO: 88 GAS LEAF: 50.8
COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 3
INITIAL EFFECTIVE DATE: 09/06/02 SUPERSEDING REVISION: 2
STAMPS: Issued in compliance with Commission order in case 00-M-0504 dated 05/
RECEIVED: 09/05/02 STATUS: Effective EFFECTIVE: 09/06/02

GENERAL INFORMATION

22. CREDITWORTHINESS: (CONT'D)

G. Calling on Security: (Cont'd)

- (b) the Company draws on the Marketer's/Pool Operator's/Aggregation Pool Operator's security deposit.

If the Marketer/Pool Operator/Aggregation Pool Operator fails to replenish the required security, the Company shall have the right to initiate a process to discontinue the Marketer's/Pool Operator's/Aggregation Pool Operator's participation under this Schedule.

H. Prepayments and Deposits:

If a Marketer, or its parent guarantor, has submitted evidence of: (1) a minimum bond rating of "BBB" from S&P, "Baa 2" from Moody's or "BBB" from Fitch; or (2) an escrow account; or (3) a letter of credit, the Marketer may accept deposits from its customers. A Marketer may accept prepayments from its customers, only if it, or its parent guarantor, has submitted evidence of a minimum bond rating as set forth in the preceding sentence.

Marketers seeking to collect prepayments or deposits from their customers shall submit the required evidence described in the preceding paragraph to the Company on August 1, 2002 and on August 1 of each subsequent year to show appropriate evidence of financial viability.

A Marketer that has appropriately secured deposits by showing evidence of an escrow account or a letter of credit from an "A" rated financial institution may secure customer deposits, request deposits from its customers, and negotiate appropriate deposit amounts.

A Marketer must provide a notice describing, among other things, the methods used to secure customer deposits and prepayments to a new customer before the customer makes a deposit or prepayment. A Marketer shall notify its existing customers of its methods used to secure customer deposits and prepayments by providing copies of revised disclosure statements and/or contracts that contain the information in the notice. Marketers are required to file an example of the revised disclosure statement and/or contract with PSC Staff prior to distribution to customers.

Issued By: Sherwood J. Rafferty, Senior Vice President, Ithaca NY
(Name of Officer, Title, Address)