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..TXT: PSC NO: 88 GAS LEAF: 48
COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 0
INITIAL EFFECTIVE DATE: 03/07/97 SUPERSEDING REVISION:
STAMPS:
Cancelled by 1 Rev. Leaf No. 48 Effective 06/01/1999
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GENERAL INFORMATION

20. REQUIREMENTS OF NON-UTILITY SUPPLIERS OF GAS:

A. Credit Worthiness:

As a condition of eligibility for transportation service, transportation Customers' third party suppliers of gas shall be required to establish, to the Company's satisfaction, that they are sufficiently able to provide gas, and shall be required to provide proof of their credit worthiness. Company shall be entitled to undertake such credit searches as it deems necessary and appropriate and to require that it receive sufficient information to establish that the third party supplier is credit worthy. The results of such credit worthiness checks should generally be communicated to the third party supplier within two (2) weeks of receipt of the completed application. If the third party supplier is sufficiently credit worthy, no security shall be required. If a transportation customer cannot establish its third party gas supplier is credit worthy, the credit worthiness requirements can nonetheless be satisfied by the posting of appropriate security acceptable to the Company. The amount of security required shall be at the Company's discretion, but shall be based on the factors of the third party supplier's asset base and financial strength and the volume of gas that the third party supplier is expected to move on the Company's system and shall be based upon twenty percent (20%) of third party supplier's Total Annual Quantity ("TAQ") for the prior calendar year multiplied by the Company's Service Classification No. 2 sales price. Security deposits held by the Company shall accrue interest at the PSC's Other Customer Capital Rate.

The Company will have the right to require additional security within three (3) business days notice if conditions for the third party supplier changes in any material way or if the Company deems itself insecure. The types of security that may be required are: security deposits; irrevocable letters of credit; guarantees; or such other security as is mutually acceptable to the Company and a transportation customer or third party supplier. The Company can modify any and all security requirements based upon changes in volumes the third party supplier is handling on the Company's system.

All of the Company's credit worthiness review standards and requirements shall be imposed on a non-discriminatory basis. Security shall no longer be required where the Company deems that security is no longer needed or when the third party supplier is no longer doing business on the Company's system with the Company's transportation customer.

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