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GENERAL INFORMATION

5. CONDITIONS OF GAS SERVICE: (CONT'D)

H. Unbundling of Upstream Capacity

Any customer requesting firm transportation service under this Schedule, who was a firm sales customer on or after November 2, 1995, shall take an assignment of upstream capacity, effective with this provision. The assigned cost of such capacity shall be the Company's weighted average capacity cost. The quantity of capacity assigned shall be sufficient to meet the Customer's estimated Maximum Daily Quantity (MDQ), based on the Company's design day criteria. At the Customer's request, capacity may be directly assigned to the customer's designated agent.

Capacity assigned to the Customer will, in general, be as mutually agreed to by the Customer or their agent and the Company.

If the Customer is assigned capacity which has a lower (higher) cost than the weighted average cost of capacity for the rate area applicable to the Customer, as calculated and filed with the PSC monthly in accordance with 16 NYCRR Part 270.55 (Appendix 7-H), the Customer 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 designated agents to achieve minimal impact on remaining sales customers. Such assignments shall be for successive one (1) year terms until the expiration of the Company's upstream contracts that correspond to the assignment. The capacity assignment shall be recallable under either of the following two conditions: (1) the Customer requests firm sales service from the Company; or (2) the Customer ceases to be a customer of the Company.

Customers not wishing to take an assignment of capacity may, as an alternative, pay a surcharge equal to the difference between the Company's weighted average cost of capacity and the value of a one-year firm release of the otherwise assigned capacity in the secondary market. The surcharge shall continue until the expiration of the Company's corresponding upstream capacity contracts.

Issued By: Michael I. German, Senior Vice President, Binghamton, New York
(Name of Officer, Title, Address)