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 COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 1
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 STAMPS:
 EFFECTIVE under authority of PSC 97-G-1427 made 12/19/97
 Cancelled by 2 Rev. Leaf No. 16.2 Effective 12/10/1998
 RECEIVED: 12/04/97 STATUS: Cancelled EFFECTIVE: 01/01/98

GENERAL INFORMATION

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

I. Managed Storage Service (Cont'd)

Designated agents of customers receiving Managed Storage Service whose customer(s) subsequently return to sales service or elect either daily metered aggregated transportation service or non-aggregated transportation service shall be required to sell back to the Company any existing stored gas inventories for such customers at such time. The Company shall purchase said inventories at the lower of the Company's existing weighted average cost of storage gas or the weighted average minimum daily gas index prices plus variable fuel and transportation from the most recent April 1 to the day the Customer terminates aggregated transportation service.

Designated agents of customers taking Managed Storage Service shall be required to purchase a proportionate share of gas in storage at the commencement of any of their customers' Managed Storage Service terms. Such quantity will be priced at the higher of the Company's weighted average cost of storage gas for that service area or the weighted average of the maximum daily gas index prices plus fuel and transportation from the most recent April 1 to the day the customer commences aggregated transportation service.

The quantity of Managed Storage Service that each customer shall take will be determined as follows:

Lockport District, Combined Districts, and Elmira Districts:

Customers shall take Managed Storage Service equal to the difference between their estimated MDTQ and the Customer's assignment of upstream pipeline transportation capacity. Such Managed Storage Service quantity shall be estimated by the Company as the difference between the Customer's expected load at 75 Heating Degree Days and the Customer's assignment of upstream pipeline transportation capacity.

Towns, Villages, and Cities in the Combined Districts for whom this service is not available include: the Town and Village of Cobleskill, the Town of Carlisle, all Towns and Villages in Clinton County, all Towns and Villages in Lewis County, the City of Mechanicville, Town of Mechanicville, Town of Halfmoon, Town of Southeast, and Town of Patterson.

Issued By: George E. Bonner, Vice President - Gas Operations & Marketing, Binghamton, NY

(Name of Officer, Title, Address)