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COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 1
INITIAL EFFECTIVE DATE: 01/04/98 SUPERSEDING REVISION: 0
STAMPS:
EFFECTIVE under authority of PSC 97-G-1427 made 12/19/97
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RECEIVED: 12/04/97 STATUS: Cancelled EFFECTIVE: 01/01/98

GENERAL INFORMATION

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

H. Unbundling of Upstream Capacity (Cont'd)

Aggregated Transportation Service: (Cont'd)

The designated agent of 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.

I. Managed Storage Service

Any customer who migrates from residential or non-residential firm sales service into a non-daily metered aggregated pool under Service Classifications Nos. 13 or 14 of this Schedule must take Managed Storage Service. Under Managed Storage Service, the Company will continue to own the rights to the storage and shall manage the storage on behalf of the Customer.

The price of Managed Storage Service will be based on the Company's weighted average cost of storage (storage demand cost and injection/withdrawal charges), as calculated and filed with the PSC on a monthly basis, and shall be billed to the Customer's designated agent.

The designated agents of customers already taking service under non-daily metered Service Classification Nos. 13 or 14 of this Schedule prior to the effective date of this service shall have fifteen (15) days from the effective date of this service to elect Managed Storage Service or shall forfeit the rights to elect such service until the beginning of the next immediate Storage Year (April 1, 1998) at which time the Customer shall then be required to take Managed Storage Service.

The quantity of Managed Storage Service for each customer shall be reviewed and adjusted as appropriate at the end of each storage year and/or on the Customer's anniversary date.

Issued By: George E. Bonner, Vice President - Gas Operations & Marketing, Binghamton, NY
(Name of Officer, Title, Address)