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..TXT: PSC NO: 87 GAS LEAF: 23
COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 2
INITIAL EFFECTIVE DATE: 11/01/01 SUPERSEDING REVISION: 1
STAMPS: Issued in compliance with order in Case 00-G-0996 dated 01/31/01.
RECEIVED: 09/25/01 STATUS: Effective EFFECTIVE: 11/01/01

SERVICE CLASSIFICATION NO. 3 (CONT'D)
INTERRUPTIBLE SALES SERVICE (CONT'D)

PRICE: (Per Month) (CONT'D)

The Company will determine the applicable price for each customer receiving service under this service classification. Such prices will NOT be less than the current market price of gas to be sold to these customers based on information received during the bid period for the following month plus \$.001 per Therm (minimum price). For each Customer, the average maximum price over the term of the Service Agreement will be less than or equal to what the Customer, in the Company's determination, would have paid for the applicable alternate fuel. The price may be outside the monthly maximum or minimum in any given month so long as the average price over the term of the Service Agreement is within the average maximum or minimum.

Within each of the preceding service characteristics, the Customer shall contract for either a Monthly or Fixed Price, as described below:

Monthly Price:

This price will be applicable to customers who contract for Interruptible Sales Service, at monthly prices, as specified on the Interruptible Rate Statement.

Fixed Price:

The Customer may contract for a Fixed Price for a period of up to five (5) years. Such price shall be stated on the Interruptible Rate Statement, and may be adjusted monthly for changes in the cost of gas, applicable taxes and other surcharges as may be provided by the Service Agreement, as directed by the PSC or other governing authority, or prices may be fixed with no provisions for adjustment. During the term of the Service Agreement, the Customer may not take service under the Monthly Price except at the sole discretion of the Company.

A Customer that fails to meet the requirements set forth under Special Provisions - Distillate Fuel Customers and Special Provisions - Human Needs Customers of this service classification shall be assessed a premium equal to the greater of one hundred thirty percent (130%) of the applicable gas equivalent alternate fuel price or one hundred thirty percent (130%) of the otherwise applicable sales price, as determined by the Company, per therm. The premium will be applied for the billing period during which noncompliance becomes known and for each subsequent billing period until the Customer has provided sufficient evidence, as determined by the Company, that it has fully complied with the requirements set forth under Special Provisions - Distillate Fuel Customers and Special Provisions - Human Needs Customers.

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