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GENERAL INFORMATION

2. General Rules, Regulations, Terms and Conditions: (Cont'd)

XIII.i Insulation:

Gas service will not be provided to a new dwelling or to an existing dwelling for the purpose of converting to gas space heating unless the dwelling is in compliance with Part 233 of Title 16 of the Official Compilation of Codes, Rules and Regulations of the State of New York – Minimum Insulation Standards For the Provision of Gas & Electric Utility Service. A copy of the Minimum Insulation Standards is available at company offices.

An applicant for gas service to a new residential dwelling in the community in which a building permit is not required must provide to the company a certificate of compliance in the form shown in Section 2.XV.F of this tariff.

An applicant for expanded gas service to an existing dwelling for the purpose of conversion to gas space heating must provide to the company a certificate of compliance on one of the forms prescribed in Section 2.XV.G. of this tariff.

XIII.ii. Revenue Decoupling Mechanism

A Revenue Decoupling Mechanism ("RDM") will apply to Residential Sales and Transportation customers taking service under SC-1 and will reconcile actual delivery service revenues to allowed delivery service revenues. Actual delivery service revenues are defined as the revenue from delivery rates (no gas costs), excluding Gross Receipts Taxes, Merchant Function Charge, Distribution Rate Adjustment and System Benefits Charge revenues, discounts and customer charges associated with the Low Income Program, Temporary State Assessment Surcharge and all other applicable credits and surcharges. The RDM also allows the company to refund or surcharge the revenue effects related to weather abnormalities, similar to the weather normalization clause of other New York State gas utilities.

The allowed delivery service revenues are developed using the revenue per customer ("RPC") factor, which is based on the annual customer and volume forecasts underlying the rates set forth in Case 08-G-1392 for the SC-1 service class. A new RPC target will be developed to reflect the authorized change in base rates for Rate Plan Year Two and will be effective for the twelve months beginning January 1, 2011; for Rate Plan Year Three and will be effective for the twelve months beginning January 1, 2012 and will continue in effect for each twelve month period thereafter. The company will use the actual number of customers from its gas sales statistics each month.

The RPC targets and effective rates shall be set forth on a statement and filed with the Public Service Commission apart from this rate schedule not later than 90 days after the end of the Rate Plan Year in Case 08-G-1392. Actual delivery service revenues for each annual period will be reconciled by comparing actual annual delivery service revenues per customer with the allowed delivery service revenues per customer (the group RPC factor multiplied by the actual average number of customers in the group). The actual average number of customers in the group will be verified as set forth in Case 08-G-1392. The company will surcharge or refund customers if the actual delivery service revenues

Cancelled by 3 Rev. Leaf No. 191 Effective 11/22/2010