PSC No: 88 - Gas New York State Electric and Gas Corporation Initial Effective Date: January 1, 2004 Leaf No. 13.2 Revision: 2 Superseding Revision: 1

GENERAL INFORMATION

5. NON-DAILY METERED TRANSPORTATION REQUIREMENTS: (CONT'D)

D. Balancing of Receipts and Deliveries:

Aggregation Pool Operators, on behalf of Customers, will be required to take service under Service Classification No. 11, "Non-Daily Metered Transportation Monthly Balancing" to meet daily variations between the DAV and the actual usage of the Aggregation Pool.

Aggregation Pool Operators will act on behalf of Aggregation Pool Customers for balancing receipts and deliveries on the Company's distribution system as set forth below. Aggregation Pool Operators shall be responsible for all Imbalance charges (i.e. cashouts, fees, penalties, etc.). A positive city gate imbalance occurs when the quantity of gas received at the city gate exceeds the quantity of gas nominated to the city gate (i.e., the DAV). A negative city gate imbalance occurs when the quantity of gas nominated to the city gate (i.e., the DAV) exceeds the quantity of gas received at the city gate.

(1) Any difference between the Aggregation Pool Operator's DAV for an Aggregation Pool and the receipts on the Upstream Pipeline to the appropriate Receipt Point(s) (i.e., the city gate imbalance) will be cashed out by the Company to the Aggregation Pool Operator. The cash-out calculations detailed in D.(2) below will be based on the following city gate Imbalance pricing components:

| Aggregation Pooling Area | City Gate Imbalance Pricing Components |
|--------------------------|---|
| Algonquin | a. Iroquois Receipts midpoint; plusb. Iroquois & Algonquin variable and fuel. |
| Columbia | a. Average of Tennessee, La., 500 leg and 800 leg midpoints; plus b. Tennessee & Columbia variable and fuel. |
| Dominion | a. DTI South Point midpoint; plusb. DTI variable and fuel. |
| Iroquois | a. Iroquois Receipts midpoint; plusb. Iroquois variable and fuel. |
| North Country | a. Iroquois Receipts midpoint; plus b. TransCanada (Iroquois to Napierville) variable and fuel. |
| O&R | a. Iroquois Receipts midpoint; plusb. Iroquois & Algonquin variable and fuel. |
| Tennessee | a. Average of Tennessee, La., 500 leg and 800 leg midpoints; plusb. Tennessee variable and fuel. |

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