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COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 3
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GENERAL INFORMATION

4. DAILY METERED TRANSPORTATION REQUIREMENTS: (CONT'D)

H. End of Month Cashout for Daily Balanced Pools: (Cont'd)

- (ii) For each therm, the Pool Operator will pay for the variable cost of pipeline storage injections as set forth in each applicable pipeline's FERC tariff, for gas subject to the cash-out which has been over-delivered.

I. Monthly Balancing For Monthly Balanced Pools:

For Customers who have elected Transportation Monthly Balancing Service in accordance with Service Classification No. 9 of this Schedule, the Customer's Pool Operator will be subject to the following conditions:

- (1) Each month, the Pool's consumption and deliveries of gas to the Company's system in the Pooling Area will be reconciled. The Pool Operator shall first have the opportunity to trade imbalances in accordance with General Information Section 4.L. of this Schedule. Any Pool imbalance which exists after Imbalance Trading within the same Pooling Area will be cashed-out as follows:
 - (a) A negative monthly imbalance exists when the Pool has consumption greater than that Pool's deliveries of gas to the Company in the Pooling Area. For negative imbalance cash-outs, the Pool Operator shall pay:
 - (i) One hundred percent of the monthly average of the Maximum Daily Gas Index for the applicable month per therm for all quantities between zero percent (0%) and ten percent (10%) deviation, plus one hundred twenty percent (120%) of the monthly average of the Maximum Daily Gas Index for the applicable month per therm for all quantities between ten percent (10%) and fifteen percent (15%) deviation, plus one hundred thirty percent (130%) of the monthly average of the Maximum Daily Gas Index for the applicable month per therm for all quantities between fifteen percent (15%) and twenty percent (20%) deviation, plus one hundred forty percent (140%) of the monthly average of the Maximum Daily Gas Index for the applicable month per therm for all quantities in excess of twenty percent (20%) deviation from delivery, plus;
 - (ii) For each therm, the demand cost of pipeline transportation capacity, fuel, and commodity costs as set forth in each applicable pipeline's FERC tariff, to the city gate.

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