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GENERAL INFORMATION

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

J. Capacity Assignment:

Any customer in Cattaraugus County (referred to as "Olean") requesting residential or non-residential firm aggregation transportation service under Service Classification Nos. 13 and 14 of this Schedule shall take an assignment of upstream pipeline transportation capacity at the Company's contracted rate effective with this provision. The Company will assign the upstream pipeline transportation capacity to the Customer's Marketer. The quantity of upstream pipeline transportation capacity assigned shall be sufficient to meet the Customer's estimated Maximum Daily Transportation Quantity (MDTQ), based on the Company's design day criteria.

Capacity shall be assigned to the Customer's Marketer to meet operational and reliability needs. Such assignments shall be for successive one (1) year terms. The capacity assignment shall be recallable under any of the following four conditions: (1) the Customer requests firm sales service from the Company; (2) the Customer ceases to be a customer of the Company; (3) the Customer switches to a new Marketer; or (4) the Customer's Marketer fails to perform.

K. Capacity Surcharges

Marketers of non-daily metered transportation customers in the Goshen Area, Champlain Area, Plattsburgh District and Mechanicville District shall be assessed a capacity surcharge. The capacity surcharge will reflect the costs incurred by the Company to transport Customers supplies on intermediary local distribution companies and intrastate pipelines.

L. Voluntary Capacity Assignment

Marketers may voluntarily take assignment of the Company's available upstream storage and transportation capacity.

If the assigned capacity has a lower (higher) cost than the weighted average cost of capacity for the applicable rate area, as calculated and filed with the PSC on a monthly basis, the Marketer shall receive a surcharge (credit) for the difference between the assigned capacity cost and the Company's weighted average capacity cost.

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