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 ..TXT: PSC NO: 88 GAS LEAF: 16
 COMPANY: NEW YORK STATE ELECTRIC & GAS CORPORATION REVISION: 1
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 STAMPS:
 Cancelled by 2 Rev. Leaf No. 16 Effective 01/01/1998
 Effective date postponed to 01/01/98. See Supplement No. 3, 2
 RECEIVED: 08/14/97 STATUS: Cancelled EFFECTIVE: 01/01/98

GENERAL INFORMATION

5. CONDITIONS OF GAS SERVICE: (CONT'D)

H. Unbundling of Upstream Capacity (Cont'd)

Aggregated Transportation Service:

Customers migrating from residential or non-residential firm sales service into firm aggregation transportation service under Service Classification Nos. 13 and 14 of this Schedule shall also be given an assignment of upstream pipeline transportation capacity. For customers in the Lockport, Elmira, and Combined Districts, such assignment shall be equal to the daily average of the Customer's maximum monthly use, as determined solely by the Company. For customers in the Owego or Binghamton Districts, such assignment will be made in conjunction with Managed Storage Service (as described more fully in Section 5.I. of this Schedule) to meet the Customer's expected load on a day experiencing 64 Heating Degree Days. Should a customer return to firm sales status in any future period, the Company will recall the Customer's assigned capacity. The cost of assigned capacity shall be the Company's weighted average capacity cost as described below.

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

Capacity shall be assigned to transportation customers or their designated agents to achieve minimal impact on remaining sales customers. Such assignments shall be for successive one (1) year terms until the expiration of the Company's upstream contracts that correspond to the assignment. 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 agent; or (4) the Customer's agent fails to perform.

Customers not wishing to take an assignment of capacity may, as an alternative, pay a surcharge equal to the difference between the Company's weighted average cost of capacity and the value of a one-year firm release of the otherwise assigned capacity in the secondary market. The surcharge shall continue until the expiration of the Company's corresponding upstream capacity contracts.

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