

GENERAL INFORMATION

1. DEFINITIONS:

As used herein, the following terms shall have the meanings set below. Additionally, other terms used within this schedule are defined in the Uniform Business Practices ("UBPs") UBP Addendum.

Aggregation: Receiving, validating and summing forecasts for ESCOs.

Aggregation Pool: A group of customers who have contracted with a specific ESCO who combines the customers' load for purposes of nominations, scheduling reconciliation of monthly imbalances and supplemental supply billing.

Aggregation Pool Operator: An individual or entity responsible for causing the natural gas supplies to be delivered to the Company on behalf of non-daily metered transportation Customers necessary to satisfy the full requirements of the Aggregation Pool, as directed by the Company. Generally, a Customer's ESCO or Marketer is also the Aggregation Pool Operator.

Aggregation Pooling Area: An area defined as a Company operational area served, generally, by a single interstate pipeline. Aggregation Pooling Areas shall be defined, designated, and/or modified on a prospective basis, in the Company's reasonable discretion and shall be posted on the Company's Electronic Bulletin Board (EBB).

Annual Period: The 12 Months beginning with the Month in which the Customer first receives service under the applicable service classification. Each succeeding 12-Month period shall constitute another Annual Period.

Average Daily Gas Index: The average of the Maximum Daily Gas Index and the Minimum Daily Gas Index.

Balancing: A process which reconciles the amount of natural gas delivered (nomination) with the actual customers use (recorded or ETU calculation).

Baseload: The portion of a Customer's or a group of Customers' load that does not vary seasonally or in response to variation in temperature.

British Thermal Unit (BTU): The amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at 60 degrees Fahrenheit.

Business Days: Any Monday through Friday when the Company's business offices are open; excluding holidays recognized by the Company.

GENERAL INFORMATION

1. DEFINITIONS: (CONT'D)

Capacity: Space on a pipeline allowing the Company or shippers to move gas from a receipt point to citygate for distribution on the Company's system.

Cash-Out: Procedures by which the Company and ESCOs resolve imbalance through cash payments.

Citygate: The interconnection point between an Upstream Pipeline and the local facilities through which the Company receives deliveries from that pipeline.

Combination Account: A common account for both gas and electric service for the purpose of combined gas and electric billing by the Company. A Combination Account is served under P.S.C. No. 87 Gas or this Schedule, and under P.S.C. No. 120 Electricity, or superseding issues thereof.

Company: New York State Electric & Gas Corporation, or any successor organization thereto.

Consumption Algorithm: A mathematical formula used to calculate a Customer's daily consumption based on the Customer's historical Baseload and use per Degree Day factors.

Core Customer: A Customer that has no viable alternative fuel and relies on the Company for gas delivery and/or commodity service.

Cost of Gas: Computed by multiplying the average cost of gas per unit, as used in the Gas Supply Charge (GSC) calculation, by the units of gas used.

Critical Care Customer(s): A Customer(s) that heats all or any portion of any building, including apartment houses, prisons, dormitories, nursing homes, hospitals, hotels, and other buildings where persons may dwell on a permanent basis, solely with natural gas. Also known as "Human Needs Customer(s)."

Critical Day: A day when the Company declares an OFO.

Critical Period: A period of operational stress or impending potential operational stress that may impact the integrity of the Company's gas distribution system, or a force majeure event.

GENERAL INFORMATION

1. DEFINITIONS: (CONT'D)

Cubic Foot (Cf): The amount of gas required to fill a volume of one cubic foot under stated conditions of temperature, pressure and water vapor, usually referenced to 14.7 PSI and 60 degrees Fahrenheit.

Curtailement: The reduction of gas deliveries to Customers or Direct Customers initiated by the Company to maintain the integrity of the Company's distribution system and/or when there is a shortage of supply or a lack of capacity on an Upstream Pipeline and/or the Company's distribution system.

Customer:

Residential Customer: A person who is receiving service at a dwelling for their own residential use or the residential use by another person. For purposes of the Home Energy Fair Practices Act (HEFPA), a residential customer includes any person who is supplied service at a premises used in whole or in part as their residence, as defined in 16 NYCRR 11.2(a)(2).

Non-residential Customer: A person, corporation or other entity receiving service who is not a residential customer as defined in 16 NYCRR 11.

Customer Account Number: The Company specific unique identifier associated with a Customer of the Company.

Daily Aggregated Volume ("DAV"): The quantity of gas, adjusted for losses, that the Company instructs an Aggregation Pool Operator to deliver to the Company at the Receipt Point(s).

Daily Balancing Pool: A Pool comprised of daily metered transportation Customers who have chosen to balance deliveries to the Company to the consumption of Customers on a daily basis.

Day: A period of 24 consecutive hours beginning and ending at 9:00 AM Central Clock Time.

Degree Days or Heating Degree Days ("HDD"): A measure of deviation in temperature calculated by subtracting the average daily temperature from 65 degrees Fahrenheit.

Dekatherm ("Dth"): 10 therms which is the quantity of heat energy equal to 1,000,000 BTUs.

Deliveries: Gas delivered to a Distribution Point of Receipt.

Delivery Point: A physical interconnection between the Company and the Customer, at which the Company may deliver gas to the Customer or for the Customer's account.

Design Day: A 24-hour period of demand which is used as a basis for planning gas capacity requirements for the highest demand a system area could experience.

GENERAL INFORMATION

1. DEFINITIONS: (CONT'D)

Direct Customer: A transportation customer who acts on its own behalf to purchase and arrange to bring natural gas to the Company's citygate for its own consumption and not for resale. A Direct Customer may aggregate and schedule load for itself and other Direct Customers, but each Direct Customer continues to be responsible individually for meeting balancing and other requirements places on Direct Customers.

Distributed Energy Resources ("DER"): As set forth in the UBP-DER, a broad category of resources including end-use energy efficiency, demand response, distributed storage, and distributed generation.

Distributed Energy Resource ("DER") Supplier: As set forth in the UBP-DER, a supplier of one or more DERs that participates in a Commission-authorized and/or utility or DSP-operated program or market.

Dual-Fuel: The capability of a commercial or industrial Customer to use a fuel other than natural gas (i.e. coal, fuel oil, propane, etc.) for meeting all or some of its energy requirements

FERC: The Federal Energy Regulatory Commission, or any successor organization thereto.

Firm Service: The highest quality sales or transmission service offered to Customers under a rate schedule that anticipates no service interruptions.

Force Majeure: A superior force "act of God" or unexpected and disruptive event which may serve to relieve a party from a contract or obligation.

FT: Firm Transportation.

Imbalance: The difference between the quantity of gas delivered to a Customer's facilities and the quantity of gas received by the Company for the Customer over a corresponding period, as adjusted. A positive imbalance occurs when the quantity received exceeds the quantity delivered. A negative imbalance occurs when the quantity delivered exceeds the quantity received.

GENERAL INFORMATION

1. DEFINITIONS: (CONT'D)

Interruptible Service: Service that is subject to interruption for lack of gas supply, Upstream Pipeline capacity or Company distribution capacity at the discretion of the Company.

Involuntary Switch: A process or situation where a Customer is switched to another provider without the Customer's authorization.

IT: Interruptible Transportation.

Load Factor: The ratio of the average consumption to maximum consumption for a given time period.

Losses: The loss of gas, resulting from its transportation over the Distribution System, between the Distribution Point(s) of Receipt and the Distribution Point(s) of Delivery.

Lost and Unaccounted for Gas: The difference between the quantity of gas available from all sources (purchased, transported, and locally produced) and the quantity accounted for by sales, deliveries or Company use.

Mandatory Release Capacity Customer(s): A Non Daily Metered Aggregation Customer , or any Daily Metered Critical Care Customer (also known as "Human Needs Customer") without an alternate fuel.

Marketer: An Energy Services Company ("ESCO").

Maximum Daily Aggregation Pool Quantity ("MDAPQ"): The sum of the applicable MDTQs of all Customers in an Aggregation Pool.

GENERAL INFORMATION

1. DEFINITIONS: (CONT'D)

Maximum Daily Gas Index: The average of the maximum daily prices from the Daily Price Survey from Gas Daily for the following areas: Tennessee and Texas Gas (Entire Z 1) from the East Texas - North Louisiana area; Columbia, Tennessee (500 leg), Tennessee (800 leg), and Texas Gas SL from the Louisiana - Onshore South area. To the extent that any publication or delivery area is no longer available, the Company shall, as a substitute, use equivalent prices from a standardly recognized gas industry publication.

Maximum Daily Pooling Quantity ("MDPQ"): The sum of the applicable winter or summer Maximum Daily Transportation Quantities of all the Customers in a Pool.

Maximum Daily Reservation Quantity ("MDRQ"): The maximum daily quantity of firm sales that the Company is obligated to provide the Customer.

Maximum Daily Transportation Quantity ("MDTQ"): The maximum quantity of gas that the Company is contractually required to deliver to the Customer on a Design Day.

Minimum Daily Gas Index: The average of the minimum daily prices from the Daily Price Survey from Gas Daily for the following areas: Tennessee and Texas Gas (Entire Z 1) from the East Texas - North Louisiana area; Columbia, Tennessee (500 leg), Tennessee (800 leg), and Texas Gas SL from the Louisiana - Onshore South area. To the extent that any publication or delivery area is no longer available, the Company shall, as a substitute, use equivalent prices from a standardly recognized gas industry publication.

Month: A period beginning at 9:00 AM Central Clock Time on the first Day of the calendar Month and ending at 9:00 AM Central Clock Time on the first Day of the following calendar Month.

Monthly Balancing Pool: A Pool comprised of daily metered transportation Customers who have chosen to balance deliveries to the Company to the consumption of Customer's on a monthly basis.

New York Mercantile Exchange ("NYMEX"): The commodity exchange based in New York City where the natural gas futures and options contract and other energy futures are traded, or any successor organization thereto.

GENERAL INFORMATION

1. DEFINITIONS: (CONT'D)

Nomination: A request by a Pool Operator/Aggregation Pool Operator to the Company to move a certain volume of natural gas on a pipeline during a given period.

Non-Core Customer: A Customer that has multiple fuel options and does not rely solely on the flow of gas for continued heat and other operations.

Operating Agreement: The standard form agreement between the Utility and the ESCO or the DC setting forth the duties, responsibilities and obligations of the Utility and the ESCO or the DC, which agreement must be executed and delivered by the ESCO or the DC as a condition to participate in General Retail Access.

Operational Flow Order (“OFO”): An order issued by the Company or a pipeline to protect the operational integrity of its system. A Company issued OFO may require ESCOs, DCs and Balance Control Owners to modify their gas deliveries to the Company’s system to maintain system integrity.

Pool: A group of customers who have contracted with a specific ESCO who combines the customers’ load for purposes of nominations, scheduling reconciliation of monthly imbalances and supplemental supply billing (Equivalent to a Marketer Pool).

Pool Operator: An individual or entity responsible for causing the natural gas supplies to be delivered to the Company on behalf of daily metered transportation Customers necessary to satisfy the full requirements of the Pool. Direct Customers acting solely on their own behalf, and who are not part of a third party Pool, shall bear the responsibilities of a Pool Operator as set forth in this Schedule. A Pool Operator may or may not be the Customer's ESCO or Marketer.

Pooling: The ability of the Pool Operator to aggregate natural gas supplies delivered to the Company's distribution system by such Pool Operator to satisfy the full requirements of two or more daily metered transportation Customers of the Company which daily metered Customers have assigned their right and duties to balance under this Schedule to said Pool Operator.

Pooling Area: An area defined as a Company operational area served, generally, by a single interstate pipeline. Pooling areas shall be defined, designated, and/or modified on a prospective basis, in the Company's reasonable discretion and shall be posted on the Company's Electronic Bulletin Board (“EBB”).

Pooling Area Imbalance: The difference between the quantity of gas delivered by the Company and the quantity of gas received by the Company for all associated Daily Metered Pools.

Public Service Commission (“PSC”): New York State Public Service Commission, or any successor organization thereto. A state regulatory body with authority over electric, gas, communications, water, and cable utilities in New York State. It is charged by law with ensuring that safe and reliable service is made available at reasonable rates while, at the same time, allowing the utility the opportunity to earn a return on its investment that is sufficient to maintain its credit and enable it to continue raising the capital necessary to provide satisfactory service in the future.

Qualification: The process by which an ESCO or a DC receives approval to serve Customers under the term of this Tariff.

GENERAL INFORMATION

1. DEFINITIONS: (CONT'D)

System Alert (SA): An announcement of actual or pending events that may result in an OFO.

Total Annual Quantity ("TAQ"): The maximum annual quantity of gas the Company is contractually obligated to deliver per year.

Uniform Business Practices ("UBPs"): Those practices set forth in the UBP Addendum, which are incorporated herein by reference.

Uniform Business Practices - Distributed Energy Resources ("UBP-DER"): practices set forth in the UBP-DER Addendum, which are incorporated herein by reference.

Upstream Capacity: Capacity on an Upstream Pipeline.

Upstream Pipeline: An interstate pipeline, intrastate pipeline or local producer or distribution company to which the Company is physically connected and from which the Company may take deliveries of gas.

Voluntary Switch: A process or situation where an Eligible Customer's ESCO is changed from one provider to another with the customer's authorization or where an Eligible Customer returns to the Company on its own initiation. A Voluntary Switch is any switch authorized by the Customer. An ESCO may act as the customer's authorized designee in a voluntary switch situation.

Weighted Average Cost of Capacity: The Company's cost of pipeline capacity upstream of the Company's Citygate.

Weighted Average Cost of Gas: The Company's total cost of gas upstream of the Company's Citygate. The cost is comprised of the commodity cost of gas, all pipeline capacity costs and all storage capacity costs.