

GENERAL INFORMATION

8. INTERRUPTION AND CURTAILMENT:

The Company may, at its sole discretion, interrupt or curtail deliveries hereunder on two (2) hours' notice. Notice may be given by telephone.

During major upstream events such as pipeline rupture or wide-spread well freeze-offs, which result in insufficient gas supply delivered to the Company's city-gate(s), interruptions and curtailments shall apply to non-core customers first, and then to core customers, regardless of which customers' supply delivered to the Company's city-gate is not sufficient to meet their demand.

A. Discontinuance or Curtailment of Gas Service

(1) Company's Right to Curtail or Limit Service

The Company shall only implement a curtailment as a last resort. Economic considerations shall not be the basis for a curtailment. Mutual aid, contractual and other non-curtailment supply management tools, Operational Flow Orders, interruption of contractually-interruptible load, and supply acquisition shall be utilized before a curtailment is declared.

In the event the Company reasonably foresees an inability to meet the firm daily requirements of core sales or transportation customers, the Company shall have the right to curtail or limit any customer's use of gas. Curtailments shall be limited in scope and duration as necessary to alleviate an emergency. To the extent possible, curtailments will be localized. The Company shall not incur any liability for any cost, expense, loss or injury which may be sustained by reason of such curtailment or limitation.

In the event of a loss of supply due to force majeure circumstances including but not limited to major physical upstream failures beyond the control of the Company or the ESCOs (e.g. pipeline ruptures, widespread well freeze-offs, etc.), the Company will endeavor to implement all curtailment plans in a non-discriminatory manner, without regard to which ESCO (or the Company) provides gas service to those customers which may be curtailed. Notwithstanding the above, the Company will take any and all actions which in its sole judgment, are required to maintain system integrity.

(2) Curtailment Notification Process

The Company will notify the Director of the Office of Electric, Gas and Water of the New York State Department of Public Service when a curtailment is declared and when the situation returns to normal. Notification will be provided to the Energy Service Companies (ESCOs) and curtailed customers periodically during the curtailment period.

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8. INTERRUPTION AND CURTAILMENT (continued) A. Discontinuance or Curtailment of Gas Service (continued)

(3) Gas Requirements During a Curtailment

During a period of curtailment, ESCOs and Direct Customers may be required to maintain city gate deliveries of gas at the direction of the Company, subject to qualified upstream force majeure interruptions or curtailment preventing their ability to secure and deliver such supplies. The Company may request the ESCO to deliver up to and including proven primary point capacity requirements. Such delivery requirements may apply whether the ESCO's customer(s) is curtailed or not.

It will be the Company's option to purchase curtailed supplies in excess of plant protection requirements. Supplies will be delivered by ESCOs at a mutually agreeable utility city gate or upstream point. The Company may divert gas at the city gate, from an ESCO or Direct Customer, to serve higher priority customers. In the event of a redirection of supplies under this provision, the ESCO or Direct Customer whose gas is diverted in such instances shall be compensated.

(4) ESCO and Direct Customer Compliance

ESCOs and Direct Customers are required to comply with the requirements of the curtailment. Failure of the Company to adhere to one or more of the curtailment criteria is not a basis for non-compliance but may provide the basis for a complaint to the Commission. If, during the curtailment period, the Company is aware of ESCOs or Direct Customers that are not responding to required actions, all reasonable efforts will be made to inform the non-responding party. Lack of such notification will not relieve any party of its obligations.

(5) Penalties

Any ESCO or Direct Customer who fails to comply with the Company's curtailment instructions may be charged a penalty which will be the greater of: (a) \$2.50 per therm, or (b) three times the market price on use above the customer's allowed curtailment amount. The market price during a curtailment is defined for respective pooling areas for under deliveries as defined in Rule 8.A.(6) of this Schedule.

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8. INTERRUPTION AND CURTAILMENT (continued)
A. Discontinuance or Curtailment of Gas Service (continued)

(6) Compensation for Diverted Gas

Compensation for the diverted gas shall be set at the market price in effect during the time of the curtailment, unless it can be demonstrated with adequate support that a contract calls for a higher price. The market price during curtailment is defined below. The Company shall recover compensation from customers via the Gas Supply Charge (GSC), subject to Commission review.

Pooling Area	<i>Curtailment</i>
Algonquin	Higher of: a. Iroquois Receipts midpoint; plus b. Iroquois & Algonquin Demand (100% Load Factor); plus c. Iroquois & Algonquin variable and fuel. or a. Iroquois Zone 2 midpoint; plus b. Algonquin Demand (100% Load factor); plus c. Algonquin variable and fuel
Columbia	Higher of: a. Average of Tennessee, La., 500 leg and 800 leg midpoints; plus b. Tennessee & Columbia Demand (100% Load Factor); plus c. Tennessee & Columbia variable and fuel. or a. Columbia Gas, Appalachia midpoint; plus b. Columbia Demand (100% load Factor); plus c. Columbia variable and fuel
Dominion/EGTS	a. EGTS South Point midpoint; plus b. EGTS Demand (100% Load Factor); plus c. EGTS variable and fuel.
Iroquois	a. Iroquois Receipts midpoint; plus b. Iroquois Demand (100% Load Factor); plus c. Iroquois variable and fuel.
North Country	a. Iroquois Receipts midpoint; plus b. TransCanada Demand (100% Load Factor of Iroquois to Napierville); plus c. TransCanada (Iroquois to Napierville) variable and fuel
O&R	Higher of: a. Iroquois Receipts midpoint; plus b. Iroquois & Algonquin Demand (100% Load Factor); plus c. Iroquois & Algonquin variable and fuel. or a. Iroquois Zone 2 midpoint; plus b. Algonquin Demand (100% Load factor); plus c. Algonquin variable and fuel
Tennessee	Higher of: a. Average of Tennessee, La., 500 leg and 800 leg midpoints; plus b. Tennessee Demand (100% Load Factor); plus c. Tennessee variable and fuel. or a. Niagara Midpoint; plus b. Tennessee Demand (100% Load factor); plus c. Tennessee variable and fuel

GENERAL INFORMATION

8. INTERRUPTION AND CURTAILMENT (continued) A. Discontinuance or Curtailment of Gas Service (continued)

(7) General Curtailment Procedure

In the event of interruption or a force majeure curtailment situation due to a supply deficiency, the needs of core customers will be met first, regardless of whether they are customers of the Company or an ESCO/ Direct Customer. If the Company is unable to satisfy the full requirements of its customers and finds it necessary to curtail existing service due to a deficiency in its gas supply, the Company will curtail service generally following the procedures set forth below. In the event of an emergency, the Company may deviate from these procedures to the extent operational circumstances make it appropriate to do so. The Company will exercise sound operational discretion, using these General Curtailment Procedures as Guideline.

- (a) Reduce company-use gas to the extent possible by:
 - (i) Reducing usage of natural gas for electric generation;
 - (ii) Reducing the heating load at company facilities.
- (b) Contact dual-fuel customers and instruct them to switch to an alternate fuel (excluding plant protection.) These customers will be asked to maintain their incoming gas supplies which will be redirected to supply core customers.
- (c) Implement the New York Gas Group Standard Operating Procedure for the Pooling of Gas Supply and/or other mutual aid procedures if appropriate.
- (d) Issue public appeal for voluntary load reduction.

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Issued By: James A. Lahtinen, Vice President Rates and Regulatory Economics, Rochester, New York

GENERAL INFORMATION

8. INTERRUPTION AND CURTAILMENT (continued)

A. Discontinuance or Curtailment of Gas Service (continued)

(7) General Curtailment Procedures (continued)

- (e) Request the County or Counties affected to declare a State of Emergency in order to close non-essential facilities.
- (f) Curtail large industrial and commercial transportation customers that have returned to sales service and the Company was unable to obtain a pipeline capacity contract to serve them to the minimum level required to maintain building protections.
- (g) Non-core requirements for customers with full facilities to burn an alternate fuel (in lieu of gas) and having annual requirements greater than 50,000 Dth/year. Curtailment shall be in order by size beginning with the largest customer.
- (h) Non-core requirements for customers with full facilities to burn an alternate fuel (in lieu of gas) and having annual requirements greater than 12,000 Dth/year. Curtailment to be in order by size beginning with the largest customer.
- (i) Industrial and commercial space heating boiler fuel requirements, air conditioning, electric generation, and other non-process purposes where the total base annual requirements are 12,000 Dth. or larger.
- (j) Curtail non-residential customers with annual requirements of 12,300 Dth. or larger, starting with the largest first, in accordance with the Gas Emergency Plan.
 - (i) In the event of non-compliance or if further curtailment is required, the Company may perform physical curtailment of the above customers.
- (k) Process requirements for which there are technically feasible alternative fuels, and industrial and commercial requirements for space heating (other than boiler fuel use), where the total base annual requirements are 12,000 Dth. or larger.
- (l) Industrial and commercial space heating boiler fuel requirements, air conditioning, electric generation and other non-process purposes, where the total base annual requirements are between 1,200 Dth. and 11,999 Dth inclusive.
- (m) Process requirements for which there are technically feasible alternate fuels, and industrial and commercial requirements for space heating (other than boiler fuel use), where the total base annual requirements are between 1,200 Dth. and 11,999 Dth. inclusive.
- (n) Process and feedstock requirements for which there are no technically feasible alternative fuels, where the total base annual requirements are 1,200 Dth. or more.
- (o) Plant protection requirements for customers curtailed in Sections 8.A.(7)(a) through 8.A.(7)(m) of this Schedule.
- (p) Industrial and commercial requirements, where combined total base annual requirements are less than 1,200 Dth.

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8. INTERRUPTION AND CURTAILMENT (continued) A. Discontinuance or Curtailment of Gas Service (continued) (7) General Curtailment Procedures (continued)

- (q) Reduce load by scheduling electric blackouts for brief periods of time (not to exceed thirty minutes) in the affected areas. Notify the public of the locations and durations of outages.
- (r) Give consideration to:
 - (i) the need to maintain gas service to emergency facilities providing shelter;
 - (ii) special provisions for life support and special needs customers.
- (s) Perform curtailments to remaining customers. These customers will be curtailed based on location and ease of restoration:
 - (i) Location - areas of major system problems that are at risk of failing will be curtailed first;
 - (ii) Ease of restoration - precautions will be taken such that the low pressure distribution system will be maintained.

(8) Restoration

When the Company determines that service can be restored to customers, it will implement restoration procedures and will notify the public of restoration status. Compensation will be charged or credited through the settlement process mechanism described above in Section 8.A.(6) – Compensation for Diverted Gas. Such determination shall be considered final and binding on all parties. The normal settlement methodology will not be used in cases where an ESCO's load was reduced at the request of, or due to the action of, the Company.

(a) Emergency Services:

(i) Customer Emergency Calls

In response to an Emergency Service Call, the ESCO shall communicate to Customers that they should utilize the Company's emergency phone number to contact the Company to report any emergency situations involving the gas distribution system.

In the event the ESCO receives an Emergency Service Call, the ESCO shall transfer the Emergency Service Call automatically, 24 hours a day, to the Company's emergency phone number. Non-emergency calls must not be transferred.

The Company will assess and correct a service problem involving the Company's facilities. If the problem does not involve the Company's facilities, the Company will take all actions necessary to protect life and property. If a customer requests further repairs, the costs and expenses of such further repairs will be the responsibility of the customer. If an ESCO requests further repairs, the costs and expenses of such further repairs will be the responsibility of the ESCO.

(ii) Restoration Efforts

The Company will conduct restoration efforts in a non-discriminatory manner without regard to the ESCO affiliation of the affected customer.

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