

SERVICE CLASSIFICATION NO. 17

DAILY METERED TRANSPORTATION DAILY BALANCING SERVICE

APPLICABLE TO THE USE OF SERVICE FOR:

Daily Metered Transportation Customers who are daily balanced and have executed a Transportation Service Agreement pursuant to this Schedule, provided the Company has adequate facilities and capacity available for the requested Transportation Balancing Service without jeopardizing the Company's ability to meet the expected demand of its sales customers.

Each Customer, subject to this service classification, shall be included in a Pool. A Pool shall consist of at least one (1) customer and shall be managed by a Pool Operator.

For purposes of this section, a customer choosing to manage its supplies on an individual basis is its own Pool. Such customer shall also be deemed the Pool Operator.

CHARACTER OF SERVICE:

Balancing of pipeline-quality, natural gas deliveries will be from a receipt point within the Company's service territory to which this Schedule applies to a delivery point, as specified in the Transportation Service Agreement. Service hereunder provides for the following:

- A. Each customer shall have a summer and winter Maximum Daily Transportation Quantity (MDTQ) for the purposes of daily balancing. The Winter MDTQ will apply from November through March, and the Summer MDTQ will apply from April through October. The sum of the individual customer MDTQs contained within a Pool for the applicable winter or summer period will be the Maximum Daily Pooling Quantity (MDPQ) for the Pool.
- B. Imbalances shall be balanced in accordance with the terms set forth in General Information Section 4 of this Schedule.

PRICE: (Per Month)

The Pool Operator shall pay a monthly Demand Charge for daily balancing service (Transportation Balancing Charge) during the term of service equal to:

- A. The cost of transportation and storage demand, storage capacity, and storage injection and withdrawal charges that are used to meet balancing needs under this service classification; less,
- B. The applicable share of non-migration capacity release, net off-system sales revenues, and pipeline supplier refunds related to the costs used in the derivation of the Demand Charge in A. above.

Effective September 1, 2013, GSA 1 & 3 and GSA 2 will be consolidated into one system-wide GSA. The Transportation Balancing Charges will be consolidated over a phase-in period beginning September 1, 2013 and concluding April 1, 2014. Beginning September 1, 2013, the Transportation Balancing Charge will be the then current charge plus 50% of the difference between the combined charge for both GSAs less the then current charge.

NOTIFICATION OF PRICE:

A statement of the Demand Charge for each Pooling Area will be filed with the PSC no later than three (3) days before the effective date as part of the Gas Transportation Rate (GTR) Statement.

Issued in compliance with order in Case 09-G-0716 dated October 18, 2012

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Binghamton, New York

PSC No: 88 - Gas
New York State Electric and Gas Corporation
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SERVICE CLASSIFICATION NO. 17

DAILY METERED TRANSPORTATION DAILY BALANCING SERVICE (CONT'D)

MONTHLY CHARGE: (Per Month)

Shall be the product of the Demand Charge and the MDPQ of the Pool for each Pooling Area.

INCREASE IN PRICES AND CHARGES APPLICABLE WHERE SERVICE IS SUPPLIED:

The prices and charges under this service classification shall be increased by a surcharge pursuant to General Information Section 3 of this Schedule to reflect the tax rates applicable within the municipality where the Customer takes service.

EARNINGS ADJUSTMENT MECHANISM (EAM):

The EAM shall be applied per therm delivered under this Service Classification, (as explained in PSC No. 90 General Information Rule 26). The rate shall be set forth on the EAM Statement.

NON-PIPE ALTERNATIVE (NPA) SURCHARGE:

The NPA Surcharge shall be applied per therm delivered under this Service Classification, (as explained in PSC No. 90 General Information Rule 27). The rate shall be set forth on the NPA Statement.

BILLING QUANTITY:

The monthly billing quantity under this service classification shall be the Pool's MDPQ, for the applicable month.

GENERAL TERMS AND CONDITIONS OF SERVICE:

To the extent not inconsistent with the provisions of this service classification, service provided hereunder shall be in accordance with the general terms and conditions of service set forth in the General Information Section of this Schedule.

SPECIAL PROVISIONS:

- A. The MDPQ of Pool Operators serving customers that take sales reservation service shall be reduced by the sum of the MDTQ of each customer in the Pool that has elected sales reservation service. This reduction is only applicable for purposes of determining the Monthly Charge.
- B. The MDPQ used in determining the Monthly Charge shall be adjusted to account for Customers that reduce their actual natural gas demand during the applicable month to a level that is at least 80% or more below their current MDTQ.
- C. Notwithstanding any other provision of this service classification, if the Customer or Pool Operator violates any provision of this service classification or General Information Sections of this Schedule, the Company shall have the absolute right to terminate immediately Transportation Daily Balancing Service to the Customer or Pool Operator.
- D. Customers requiring transportation of gas from the Company's receipt point(s) to the Customers' facilities at a delivery point within the Company's service territory, must execute a Transportation Service Agreement with the Company for such service in accordance with the provisions of this Schedule and the applicable transportation service classification.