

GENERAL INFORMATION

18. CITYGATE SWING CUSTOMER BALANCING SERVICE NON-DAILY METERED TRANSPORTATION REQUIREMENTS:

A. Service:

Commencing October 19, 1984 and continuing thereafter until further order of the PSC, new gas customers shall be connected and increased gas shall be supplied to existing customers in accordance with Section 10 of PSC No. 90 Gas, or superseding issues thereof.

Except as otherwise specified in this Schedule, service provided hereunder is in accordance with the applicable provisions of PSC No. 90 Gas, or superseding issues thereof.

B. Incremental Facilities:

Customers shall be responsible for the acquisition of any property rights necessary to accommodate the construction and installation of facilities which may be required for the receipt, delivery or metering of natural gas delivered hereunder into the Company's pipeline system. The Company shall be reimbursed by the Customer for any costs incurred in the construction and installation of the required receipt or delivery facilities, including, but not limited to, the costs of labor, materials and customary overheads. Information regarding metering options is set forth in the Gas Transportation Operating Procedures Manual.

C. Nomination and Scheduling:

Aggregation Pool Operators serving non-daily metered customers in the /EGTS Pooling Area may elect to take service under NYSEG's Citygate Swing Customer Balancing Service, (also referred to herein as "CSC Balancing" or "CSC Balancing Service"), as described in the Company's Service Classification No. 18 of this Schedule.

Aggregation Pool Operators shall be responsible for providing nominations and scheduling to EGTS, on behalf of the Aggregation Pool Operators' customers, as set forth below. Generally, a Customer's Marketer is also the Aggregation Pool Operator. An Aggregation Pool Operator may have only one Aggregation Pool per Aggregation Pooling Area, subject to the operational limitations of the Company's system.

- (1) The Company shall provide to the Aggregation Pool Operator the estimated total usage for each Aggregation Pool for each Day using a consumption algorithm based on the degree day forecast for that Day. The maximum heating degree days ("HDD") to be used in determining the estimated total usage shall be based on a typical peak day, initially set at 66. The Company shall provide this estimate for advisory purposes only and makes no warranty, expressed or implied, as to the accuracy of the estimated total usage. The Aggregation Pool Operator is solely responsible for determining the amount of gas to be delivered to the Company's citygate. Aggregation Pool requirements for degree days exceeding the typical peak day shall be supplied by the Company. Aggregation Pool requirements supplied by the Company shall be reconciled consistent with Section 18.D.(1) below.

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C. Nomination and Scheduling (Cont'd)

- (2) On each Day, the Company shall communicate the estimated total usage to the Aggregation Pool Operator for the current plus subsequent six gas Days. The Company shall communicate to each Aggregation Pool Operator for each Aggregation Pool the estimated total usage according to the following schedule:
 - (a) The estimated total usage applied for a Day shall be communicated to the Aggregation Pool Operator by 9:00 a.m. each Day. On any Day that the Company does not communicate the estimated total usage, the estimated total usage forecasted in the most recent communication shall apply.
- (3) Aggregation Pool Operators shall nominate to EGTS in accordance with the terms and conditions set forth in the EGTS FERC rate schedules.
- (4) The quantity of gas deemed received by the Company for the Aggregation Pool Operator's Aggregation Pool at the Receipt Point(s) shall equal the volume so scheduled by EGTS.
- (5) The Company shall record the Customer's gas usage at the Delivery Point by making scheduled actual meter reads on a monthly or bi-monthly basis, or as otherwise performed pursuant to Section 8.J. of PSC No. 90 Gas, or superseding issues thereof.

D. Balancing of Receipts and Deliveries:

Aggregation Pool Operators, on behalf of Customers, shall have the choice to take service under the Company's Service Classification No. 18, "Citygate Swing Customer Balancing Service". If they choose to take such service, they shall be subject to the rates, terms, and conditions set forth in the EGTS FERC rate schedules DPO and CSC to meet daily variations between the gas nominations and the actual usage of the Aggregation Pool.

Aggregation Pool Operators shall act on behalf of Aggregation Pool Customers for balancing receipts and deliveries on the Company's distribution system as set forth in the EGTS FERC rate schedules DPO and CSC. Aggregation Pool Operators shall be responsible for all charges (e.g., cashouts, fees, penalties, etc.).

(1) Reconciliation of Volumes:

This reconciliation shall account for quantities supplied by the Company pursuant to General Information Section 18.C.(1) of this Schedule.

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D. Balancing of Receipts and Deliveries: (Cont'd)

(1) Reconciliation of Volumes (Cont'd):

Monthly, the estimated total usage for each customer, based upon the weather that actually occurred during the period, shall be reconciled to the actual consumption. This reconciliation shall occur monthly, for each customer, and shall be based on a Customer's actual scheduled meter read, or as otherwise performed pursuant to Section 8.J. of PSC No. 90 Gas, or superseding issues thereof.

For the reconciliation, the Company shall compare the amount of estimated total usage for each Aggregation Pool for the period, based upon the weather that actually occurred during the period, and the actual consumption for the period.

For each day that a difference (henceforth "adjustment") exists, the cash-out rate applied to that adjustment shall be the previous 30-day rolling average of the midpoint index price plus variable transportation charges to the Company's citygates. The relevant indices are listed below.

Aggregation Pooling Area	Pricing Components
Algonquin	a. Iroquois Receipts midpoint; plus b. Iroquois & Algonquin variable and fuel.
Columbia	a. Average of Tennessee, La., 500 leg and 800 leg midpoints; plus b. Tennessee & Columbia variable and fuel.
Dominion/EGTS	a. EGTS South Point midpoint; plus b. EGTS variable and fuel.
Iroquois	a. Iroquois Receipts midpoint; plus b. Iroquois variable and fuel.
North Country	a. EGTS South Point midpoint; plus b. EGTS variable and fuel.
O&R	a. Iroquois Receipts midpoint; plus b. Iroquois & Algonquin variable and fuel.
Tennessee	a. Average of Tennessee, La., 500 leg and 800 leg midpoints; plus b. Tennessee variable and fuel.

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E. Warranty of Title:

The Customer's Aggregation Pool Operator warrants that it shall have good title to all natural gas delivered to the Company for transportation hereunder, and that such gas shall be free and clear of all liens, encumbrances and claims whatsoever, and that it shall indemnify the Company and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to said gas.

F. Allowance for Losses:

In all Aggregation Pooling Areas, the Aggregation Pool Operator shall provide the Company with a quantity of gas equal to 0.022% of the amount of Customer-owned gas received by the Company as an allowance for losses and Company use incurred in the process of delivery. This provision is effective through August 31, 2016. The Aggregation Pool Operator shall provide the Company with a quantity of gas equal 0.0216% of the amount of Customer-owned gas received by the Company as an allowance for losses and Company use incurred in the process of delivery. This allowance is based on the Factor of Adjustment set forth in General Information Section 14 of P.S.C. No. 90 Gas, or superseding issues thereof. The allowance shall be adjusted consistent with changes to the Factor of Adjustment.

G. Billing and Payment:

All bills are rendered at the "unit prices" stated in this Schedule, and that amount is due on bills paid on or before the "past due" date indicated on the bill.

(1) Aggregation Pool Operators Billing and Payment:

- (a) Aggregation Pool Operators shall be billed in accordance with Section 24 of this Schedule.

(2) Customer Billing and Payment:

- (a) Eligible Customers may make a billing and payment processing election in accordance with Section 32 of this Schedule.
- (b) All other Customers shall be billed in accordance with Section 8 of P.S.C. No. 90 Gas, or superseding issues thereof.

H. Alternate Fuel Facilities:

Where service provided hereunder is subject to the Customer maintaining alternate fuel facilities, the Company reserves the right to conduct an on-site inspection of such facilities at any time to determine whether the facilities are properly installed, maintained, functioning and capable of serving the Customer's energy requirements at a level equivalent to the natural gas delivered hereunder.

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**18. CITYGATE SWING CUSTOMER BALANCING SERVICE
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I. Upstream Capacity Requirements:

The Aggregation Pool Operator shall receive a release of capacity from the Company. (The capacity released by the Company shall consist of recallable firm primary point deliverability on an Upstream Pipeline(s) at the Receipt Point(s) designated by the Company, as detailed below.

- (1) Aggregation Pool Operators shall receive a release of primary point capacity sufficient to meet 66 Heating Degree Days (HDD) of load.
- (2) The mix of transportation and storage assets allocated shall provide for the Company's operational distribution system requirements, including but not limited to, maintaining the appropriate ratio of storage supply to flowing supply and reliability capacity.

J. Capacity Surcharges

The Capacity Surcharges shall be in accordance with General Information Section 5. K.

K. Capacity Assignment

Aggregation Pool Operators intending to participate in the CSC Balancing Service must notify NYSEG's Gas Supplier Services department no later than March 1 of each year. Aggregation Pool Operators must take assignment of the Company's available storage capacity and transportation entitlements on the EGTS system.

Capacity shall be assigned to the Aggregation Pool Operator to achieve minimal impact on remaining NYSEG sales Customers. Such assignments shall be made on a monthly basis and available through March 31 of each annual period (i.e., April 1 - March 31). The capacity assigned shall be recallable pursuant to the conditions specified in Service Classification No. 18, Conditions of Service, Section 3.d), Recall of Capacity Entitlements.

- L.** The Gas Cost Savings Investment Recovery Mechanism (IRM) shall be applicable to any Aggregation Pool Operator using IRM Project facilities in a manner consistent with the provisions contained in the Company's September 12, 2002 Gas Joint Proposal as approved by the PSC in its November 20, 2002 Order in Cases 01-G-1668 and 01-G-1683.