



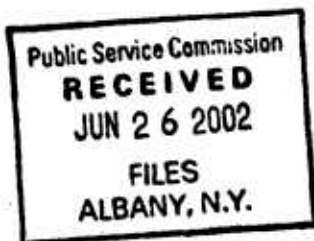
*report*

Consolidated Edison Company  
of New York, Inc.  
4 Irving Place  
New York NY 10003  
www.conEd.com

June 26, 2002

Via Overnight Courier

Honorable Janet Deixler  
Secretary  
New York State Department  
Of Public Service  
Three Empire State Plaza  
Albany, NY 12223



*OTIG-FILES  
C00-G-0996  
3 COPIES TO:  
MR. M. WAY AND*

Re: Changes to Gas Sales and Transportation Operating Procedures

Dear Secretary Deixler:

Enclosed for filing are an original, three copies and one redline version of the Consolidated Edison Company of New York, Inc. ("Con Edison" or "Company") - Gas Sales and Transportation Operating Procedures Manual ("GTOP"). Con Edison has amended its GTOP to reflect revisions to its Schedule for Gas Service, P.S.C. No. 9 - Gas made in various cases listed below.

The GTOP is being filed in its entirety in order to reflect a change in the format.

Pursuant to Case-G-0996 - In the Matter of Criteria for Interruptible Gas Service, changes were made to the following sections: Section I, Page 1, Section V, Pages 2 and 13 through 19.

Pursuant to the Commission's Order Concerning Gas Rates, Restructuring, Competition, and Other Issues in Cases-00-G-1456 and 97-G-1380 ("the Order"), issued and effective April 22, 2002, changes were made to the following sections: Section II, Page 10 - Rate Charts, Section IV, Pages 8 through 12 and 16 through 19; Section V, Page 5.

Pursuant to discussions with PSC Staff, changes relating to the removal of the Switching Fee and the Unenrollment Fee from the Company's Gas Tariff (leafs effective 10/26/01) were made to the following sections: Section IV, Pages 2, 3, and 26.

In addition to the foregoing, the amended GTOP also includes various Housekeeping changes as follows: In Section II, the Organizational Charts and Customer Breakdown were updated, additional information was added to the Support Personnel

*ack w/ed*

section and a detailed map of the Company's Gas Service Territory showing city gates was removed for security reasons. In Section IV and V minor changes were made to update the latest backhaul charges (as per the Transco Rate Tariffs) included in Virtual Storage Option Service and to reflect the name change from GISB to NAESB – (i.e., the North American Energy Standards Board formerly known as the Gas Industry Standards Board).

Copies of the amended GTOP and this cover letter are being sent by e-mail to all eligible Marketers/Direct Customers in Con Edison's service territory.

Kindly acknowledge receipt of the enclosed revised GTOP by date-stamping the enclosed copy of this letter and returning it in the postage-paid envelope provided for your convenience. *ack wlcw*

If you have any questions regarding this filing, please call me at (212) 460-8172.

Sincerely,



Michele Doyle  
Manager  
Transportation Services  
Gas Supply

Cc: Michael Wayand (Staff), 3 copies  
1 redline copy

**CONSOLIDATED EDISON COMPANY  
OF NEW YORK, INC.**

**SALES AND TRANSPORTATION  
OPERATING PROCEDURES MANUAL**

TABLE OF CONTENTS

	PAGE
SECTION I. INTRODUCTION	1
• Brief Description of Manual Contents	
SECTION II. OVERVIEW OF COMPANY	
A. Corporate Structure	
• Table of Organization	1
• Gas Operations Organization	2
• Transportation Customer and Marketer Support Personnel/Services	3
B. Affiliate Transactions – Standards of Competitive Conduct	5
C. Territory	
• Narrative Description	8
• Pipelines Serving the Franchise Area With Designations of Receipt Points	9
D. Service Classifications	10
• Sales	
• Transportation	
E. Customer Breakdown (# of customers and annual consumption as of 12/31/01 and updated annually)	13
Sales	
Residential	
Commercial	
Industrial	
Interruptible	
Transportation	
Residential	
Commercial	
Industrial	
Interruptible	
Independent Power Producers/Special Contracts	
SECTION III. BUSINESS RULES GENERIC TO AGGREGATION AND LARGE VOLUME TRANSPORTATION CUSTOMERS	1
• Creditworthiness	4
• Customer Information	9
• Billing and Collection Services and Charges	11
• New Delivery Customer Requirements	14
• Switching Customers	16

• Slamming Prevention	19
• Partial Requirements Customers	20
• Billing Agency Arrangements	21
• Metering	24
• Discontinuance of Service	25
• Dispute Resolution	32
<b>SECTION IV. GAS DELIVERY MANAGEMENT PROCEDURES FOR RESIDENTIAL, SMALL AND LARGER COMMERCIAL CUSTOMERS</b>	
A. Customer Eligibility/Enrollment Procedures	1
B. Delivery Quantity Determination Procedures	6
C. Nominating Procedures	10
• GISB Standards	
• Normal/Weekend/Holiday Scheduling	
D. Capacity Assignment/Use Procedures – comparability determination	14
E. Balancing – Daily/Monthly, Tolerances, Trading, Penalties	16
F. Summary of Applicable Fees, Charges and Penalties	22
<b>SECTION V. GAS DELIVERY MANAGEMENT PROCEDURES FOR INTERRUPTIBLE AND OFF-PEAK FIRM CUSTOMERS, SALES AND TRANSPORTATION</b>	
A. Customer Eligibility/Enrollment Procedures	1
B. Delivery Quantity Determination Procedures	3
C. Nominating Procedures	5
• GISB Standards	
• Normal/Weekend/Holiday Scheduling	
D. Balancing – Daily/Monthly, Tolerances, Trading, Penalties	8
E. Dual-Fuel Services	12
F. Interruption Procedures for Interruptible, Off-Peak Firm, Power Generation and Interruptible Sales and Transportation Services	17
G. Summary of Applicable Fees, Charges and Penalties	19
<b>SECTION VI. COMMUNICATIONS PROTOCOLS</b>	
A. Need for Open Lines Between Marketers and LDCs	1
B. Electronic Bulletin Board	1
C. Semiannual Reliability Forums	2
D. EDI or Other Means of Transferring Information (when developed)	2
E. Other Regular Meetings/Teleconferences	2
<b>SECTION VII. OPERATIONAL FLOW ORDERS (OFO)</b>	
A. Critical Periods (brief description)	1
B. Guideline for Instituting an OFO	1
C. System Alerts (SAs)	2
D. Responsibilities of Marketers/Customers and LDCs during an OFO or SA2	
<b>APPENDICES</b>	
• Glossary of Terms – Appendix A	
• Gas Conversion Programs – Customer Incentive Programs – Appendix B	
• Forms – Appendix C	

## SECTION I. INTRODUCTION

These Operating Procedures provide Customers taking service under SC 9 and SC 12 and Sellers taking service under SC 20 with additional details about their rights and responsibilities under those service classifications.

These Operating Procedures together with the terms and conditions for service set forth in the applicable service classifications and the general rules, regulations, terms, and conditions set forth in the General Information section of the Company's Schedule for Gas Service govern the Company's provision of gas service.

The Company's rights under its Schedule for Gas Service and under the law for a Customer's or Seller's failure to comply with that Schedule apply equally to a Customer's or Seller's failure to comply with these Operating Procedures.

These Operating Procedures contain the following chapters to assist users in understanding the Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") gas retail access program and their rights and responsibilities therein:

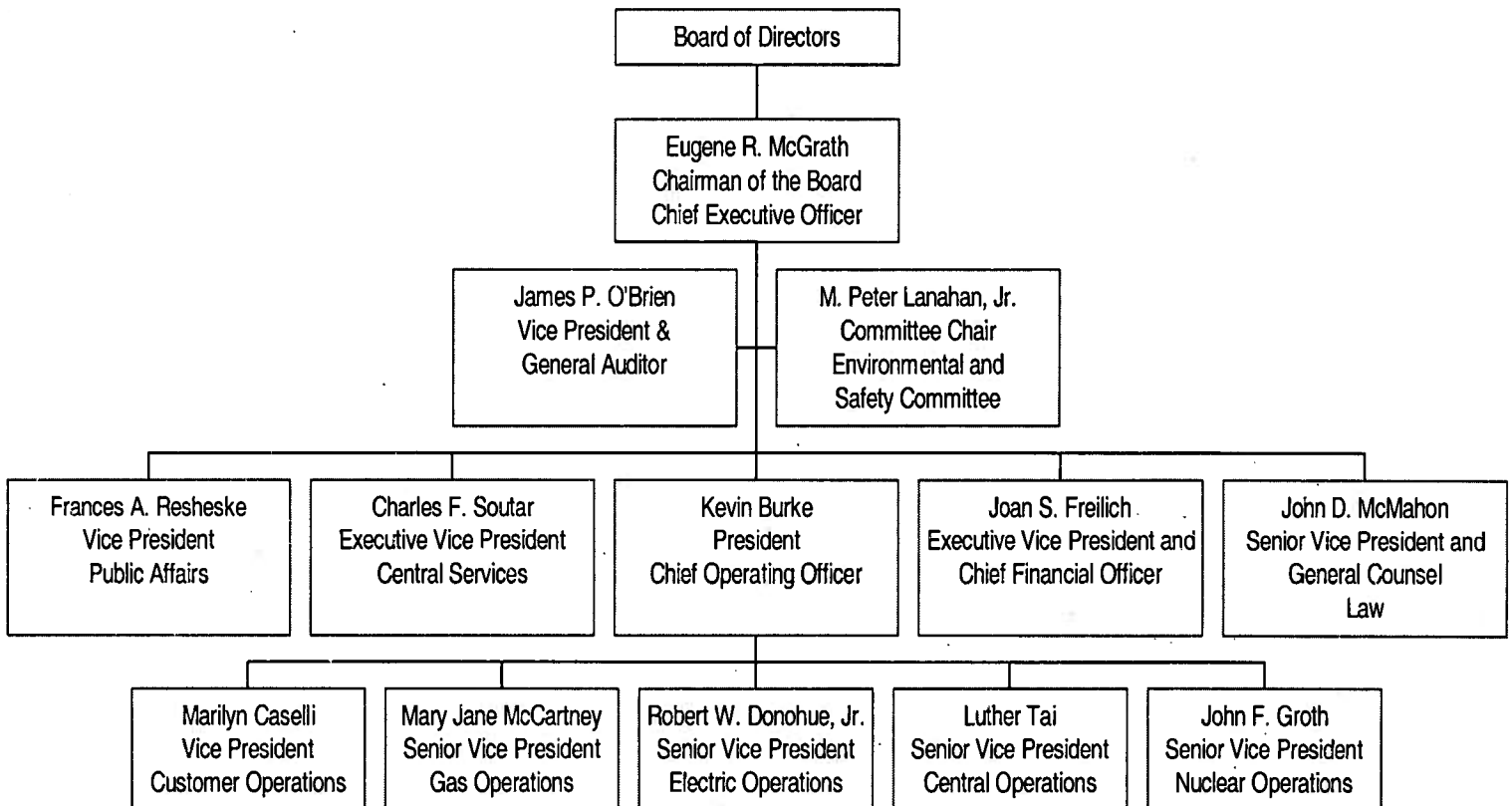
- Overview of the organizational structure of Con Edison, its franchise territory, standards of competitive conduct, gas service classifications as approved by the New York State Public Service Commission ("Commission") and number of gas customers and annual consumption as of December 31, 2001;
- Gas retail access program Uniform Business Practices;
- Operating and enrollment procedures applicable to residential, small commercial and industrial customers participating in retail access;
- Operating and enrollment procedures applicable to large commercial and industrial customers and interruptible customers participating in retail access;
- Requirement of gas pooling operations;
- Communication protocols for the retail access program; and
- Description of Operational Flow Orders and System Alerts

In addition, Appendix C contains copies of the forms to be completed by customers and marketers for participation in the Con Edison programs and Appendix A is a Glossary of Terms. Appendix B is information regarding Oil to Gas Conversion – Customer Incentive Programs.

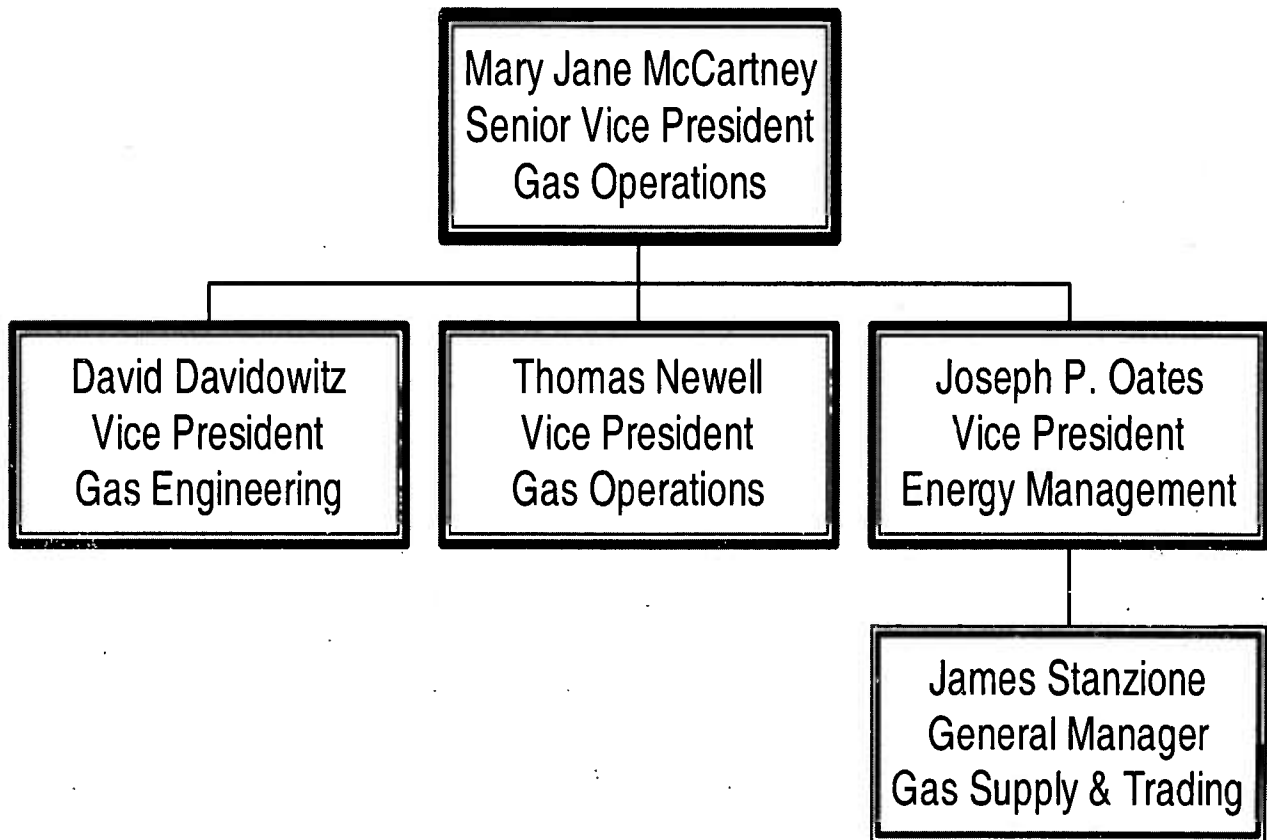
Pursuant to Miscellaneous Provision J of Service Classification No. 9 of Con Edison's Schedule for Gas Service P.S.C. No. 9 – Gas and Order Concerning Reliability issued by the New York State Public Service Commission ("NYPSC") on December 21, 1999 in Case No. 97-G-1380, Con Edison shall provide the NYPSC, all marketers qualified to do business in its service territory and all direct customers with notice of any proposed changes to its Sales and Transportation Operating Procedures Manual not less than thirty (30) days prior to the effective date of such changes. Where necessary and appropriate and upon consultation with Commission Staff, the Company may implement changes on less than thirty days notice. This procedure is applicable solely to the following provisions of the Con Edison's Sales and Transportation Operating Procedures Manual: Section II (Corporate Structure, Territory, Service Classifications; Customer Breakdown); Section IV. (all); Section V. (all); Section VI. (all); Section VII. (all). Revisions to Con Edison's Schedule for Gas Service P.S.C. No. 9 – Gas shall only be made in conformance with applicable New York law and the orders and regulations the NYPSC. Similarly, the following provisions of Con Edison's Sales and Transportation Operating Procedures Manual are included for informational purposes only and are subject to revision only in conformance with orders of the NYPSC: (1) Section I. (all); (2) Section II B. – Con Edison's Standards of Competitive Conduct; and (3) Section III – Business Rules Generic to Aggregation and Large Volume Transportation Customers – New York State Retail Access Business Rules.

SECTION II. OVERVIEW OF THE COMPANY

Consolidated Edison Company of New York, Inc.  
Corporate Structure



CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
GAS OPERATIONS STRUCTURE





Transportation Customer and Marketer Support Personnel and Services  
Consolidated Edison Company of New York, Inc.

**Gas Supply -Transportation Services**  
4 Irving Place – Room 2315-S  
New York, NY 10003

---

Manager	212-460-8172
Marketer Cashouts and Interruptible Transportation Issues, Capacity Release Service Information	212-460-4794
Firm Transportation Issues, Access to Transportation Customer Information System (TCIS) on the Internet	212-460-2533 or 212-460-6593
Nominations to Con Edison's Citygate (During Normal Business Hours)	212-460-6329
Note: During the Off-Hours Please Contact Gas Control using the Gas Dispatcher telephone numbers listed below.	
General Information Regarding our Gas Choice Program	212-460-6250
Transportation Services Fax Number	212-529-1452

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**Gas Control Center**

Gas Dispatcher (24-hours)	212-580-6757 212-580-6758 212-580-6759
Gas Control Fax Number	212-799-0919

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**Retail Choice Operations**

Manager	212-460-2079
Supervisor	212-780-6711 212-780-6782 212-780-6723

E-Mail Address: RetailAccess@coned.com

**Energy Services**

**Interruptible Sales Service**

Manhattan  
4 Irving Place  
New York, NY 10003

Phone 212-460-6835  
Fax 917-534-4082

Brooklyn and Queens (Southern Region)  
30 Flatbush Avenue  
Brooklyn, NY 11217

Phone 718-802-5296  
Fax 718-624-7060

Westchester and Bronx  
(Northern Region)

Phone 914-925-6070  
Fax 914-925-6487

For Firm Gas Sales and Retail Access  
Information and to establish an account  
With Con Edison

1-800-75-ConEd

Con Edison Internet Home Page

<http://www.coned.com>

Transportation Customer Information System (TCIS)

<https://www.coned.com/tcis>

**B. AFFILIATE TRANSACTION STANDARDS  
Standards of Competitive Conduct**

The standards of competitive conduct governing the Company's relationship with any gas or electric energy supply and energy service affiliates are contained in the Appendix A to the Settlement Agreement in Case 98-M-0961 – Joint Petition of Consolidated Edison, Inc., Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc. for Approval of a Certificate of Merger and Stock Acquisition dated March 8, 1999.

Inquiries regarding these Standards of Competitive Conduct should be directed to:

Marc Richter  
Associate General Counsel  
Consolidated Edison Company of New York, Inc.  
4 Irving Place  
New York, NY 10003  
212-460-4615

This section is included for informational purposes only and is subject to revision only in conformance with orders of the New York State Public Service Commission.

CASE 98-M-0961 – SETTLEMENT AGREEMENT

**Standards of Competitive Conduct**

The following standards of competitive conduct shall govern the Con Edison's relationship with any energy supply and energy service affiliates:

- (I) There are no restrictions on affiliates using the same name, trade names, trademarks, service name, service mark or a derivative of a name, of Con Edison, Inc. (herein "CEI") or Consolidated Edison Company of New York, Inc. (herein "Con Edison"), or in identifying itself as being affiliated with CEI or Con Edison. However, Con Edison will not provide sales leads for customers in its service territory to any affiliate, including the ESCO, and will refrain from giving any appearance that Con Edison speaks on behalf of an affiliate or that an affiliate speaks on behalf of Con Edison. If a customer requests information about securing any service or product offered within the service territory by an affiliate, Con Edison may provide a list of all companies known to Con Edison operating in the service territory who provide the service or product, which may include an affiliate, but Con Edison will not promote its affiliate. Con Edison must process all similar requests for distribution services in the same manner and within the same period of time.
- (ii) Neither Con Edison nor an affiliate will represent to any customer, supplier, or third party that an advantage may accrue to such customer, supplier, or third party in the use of Con Edison's services as a result of that customer, supplier or third party dealing with any affiliate. This standard does not prohibit two or more of the unregulated subsidiaries from lawfully packaging their services. Con Edison will not pay a premium to a supplier of goods or services in return for that supplier's agreeing to purchase goods or services from, or sell goods or services to, an affiliate.
- (iii) All similarly situated customers, including energy services companies and customers of energy service companies, whether affiliated or unaffiliated, will pay the same rates for Con Edison utility services and Con Edison shall apply any tariff provision in the same manner if there is discretion in the application of the provision. If Con Edison provides to an energy service company or a customer of an energy service company, whether affiliated or unaffiliated, a delivery, billing, metering or other service set forth in its tariff or associated operating procedure, at a discounted or negotiated rate or pursuant to a special arrangement, Con Edison will expeditiously post on its website the information that the Commission requires a utility to file in association with providing, a discount or negotiated rate or special arrangement, subject to the Commission's trade secret rules, if applicable, in the same manner and within the same time period for affiliates and non-affiliates.
- (iv) Transactions subject to FERC's jurisdiction will be governed by FERC's orders or standards as applicable.
- (v) Release of proprietary customer information relating to customers within Con Edison's service territory shall be subject to prior authorization by the customer and subject to the customer's direction regarding the person(s) to whom the information may be released. If a customer authorizes the release of information to a Con Edison affiliate and one or more of the affiliate's competitors, Con Edison shall make that information available to the affiliate and such competitors on an equal basis.
- (vi) Con Edison will not disclose to its affiliate any customer or marketer information relative to its service territory that it receives from a marketer, customer or potential customer,

which is not available from sources other than Con Edison, unless it discloses such information to its affiliate's competitors contemporaneously on an equal basis to the extent practicable.

- (vii) If any competitor or customer of Con Edison believes that Con Edison has violated the standards of conduct established in this section of the agreement, such competitor Or customer may file a complaint in writing with Con Edison. Con Edison will respond to the complaint in writing within twenty (20) business days after receipt of the complaint. Within fifteen (15) business days after the filing of such response, Con Edison and the complaining party will meet in an attempt to resolve the matter informally. If Con Edison and the complaining party are not able to resolve the matter informally, the matter will be referred promptly to the Commission for disposition.
  
- (viii) The Commission may impose on Con Edison remedial action (including redress or penalties, as applicable) for Con Edison's violations of the standards of competitive conduct. If the Commission finds that Con Edison has engaged in a consistent pattern of material violations of the standards of competitive conduct during the course of this Agreement, it shall provide Con Edison notice of a reasonable opportunity to remedy such conduct. If Con Edison fails to remedy such conduct within a reasonable period after receiving such notice, the Commission may take remedial action with respect to the CEI to prevent Con Edison from further violating the standard(s) at issue. Such remedial action may include directing CEI to divest the unregulated subsidiary, or some portion of the assets of the unregulated subsidiary, that is the subject of Con Edison's consistent pattern of material violations but exclude directing CEI to divest Con Edison or imposing a service territory restriction on the unregulated subsidiary. If CEI is directed to divest an unregulated subsidiary, it may not thereafter, without prior Commission approval, use a new or existing subsidiary of CEI to conduct within its service territory the same business activities as the divested subsidiary (e.g., energy services). Con Edison and CEI may exercise any or all of their administrative and judicial rights to seek a reversal or modification of remedial actions ordered by the Commission and may seek to obtain any and all legal and/or equitable relief from such remedial actions, including but not limited to injunctive relief. Con Edison will not challenge the Commission's authority to implement this subparagraph.

**C. Gas Service Territory**

Consolidated Edison Company of New York, Inc. a wholly owned subsidiary of Consolidated Edison, Inc., is an electric, gas and steam utility headquartered in New York City. Con Edison's service area covers 660 square miles in New York City and Westchester County. Con Edison distributes electricity to three million customers, natural gas to one million customers and steam service for heating and cooling to 2,000 commercial and apartment buildings in Manhattan.

**Receipt Points Into Con Edison's Distribution System**

Following is a list of receipt points into Con Edison's System:

<u>Pipeline</u>	<u>Receipt Point</u>
Transcontinental Gas Pipe Line Corporation (TRANSCO)	134 <sup>th</sup> Street - Manhattan Central Manhattan Narrows Long Beach
Texas Eastern Transmission Corporation (TETCO)	Goethals
Tennessee Gas Pipeline Company	White Plains
Iroquois Gas Transmission System	Commack
Algonquin Gas Transmission System	Peekskill Cortlandt Yorktown North Somers

A Marketer/Direct Customer obtaining upstream pipeline capacity pursuant to Service Classification No. 20 must comply with the delivery point allocation requirements set forth at Section IV.B herein.

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
P.S.C. NO. 9 – GAS  
SUMMARY OF SERVICE CLASSIFICATIONS  
AS OF MAY 1, 2002**

*The rate summaries below represent a brief explanation of the gas rates in effect as of May 1, 2002 and are not meant to represent all tariff provisions applicable to a rate. If you wish to know more information about a particular rate(s) please refer to the Company's tariff. Tariff changes subsequent to May 1, 2002 will not be reflected here.*

Service Class	Type of Service	Customer Size	Customer Type	Rate	Comments
SC 1	Firm	No Restrictions	Residential and Religious – Non-Heating	First 3 therms or less: \$10.89	Firm Sales Gas Cost Factor, Monthly Rate Adjustment, and Gross Receipts Tax apply.
				Over 3 therms (\$/therm): \$0.4515	
SC 2	Firm	No Restrictions	General – Non-Residential Non-Heating	First 3 therms or less: \$10.89	Firm Sales Gas Cost Factor, Monthly Rate Adjustment, and Gross Receipts Tax apply. Special minimum charge applicable to large dual-fuel customers.
				Next 87 therms (\$/therm): \$0.4515	
				Next 2,910 therms (\$/therm): \$0.2855	
			General – Non-Residential Heating	Over 3,000 therms (\$/therm): \$0.1920	Firm Sales Gas Cost Factor, Monthly Rate Adjustment, and Gross Receipts Tax apply. Special minimum charge applicable to large dual-fuel customers. Weather Normalization Adjustment applies during period October through May of each year.
				First 3 therms or less: \$10.89	
				Next 87 therms (\$/therm): \$0.4515	
General – Non-Residential Air Conditioning	Next 2,910 therms (\$/therm): \$0.3414	Rates Apply during period from June 14 to October 14 on A/C use only. Firm Sales Gas Cost Factor, Monthly Rate Adjustment and Gross Receipts Tax apply.			
	Over 3,000 therms (\$/therm): \$0.2273				
SC 3	Firm	No Restrictions	Residential and Religious – Heating	First 3 therms or less: \$10.89	Firm Sales Gas Cost Factor, Monthly Rate Adjustment, and Gross Receipts Tax apply. Special minimum charge applicable to large dual-fuel customers. Weather Normalization Adjustment applies during period October through May of each year.
				Next 87 therms (\$/therm): \$0.4515	
			Residential and Religious – Air Conditioning	Next 2,910 therms (\$/therm): \$0.3827	Rates Apply during period from June 14 to October 14 on A/C use only. Firm Sales Gas Cost Factor, Monthly Rate Adjustment, and Gross Receipts Tax apply.
				Over 3,000 therms (\$/therm): \$0.3036	
				First 1,200 therms (\$/therm): \$0.1783	
				Over 1,200 therms (\$/therm): \$0.1503	



**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
P.S.C. NO. 9 - GAS  
SUMMARY OF SERVICE CLASSIFICATIONS  
AS OF MAY 1, 2002**

*The rate summaries below represent a brief explanation of the gas rates in effect as of May 1, 2002 and are not meant to represent all tariff provisions applicable to a rate. If you wish to know more information about a particular rate(s) please refer to the Company's tariff. Tariff changes subsequent to May 1, 2002 will not be reflected here.*

Service Class	Type of Service	Customer Size	Customer Type	Rate	Comments
<b>SC 12 Rate 1 (Sales)</b>  <b>And</b>  <b>SC 9 Rate B (Transportation)</b>	Interruptible Sales and Transportation	No Restrictions for Priority AB  Priorities C and D must have annual usage of at least 100,000 therms. Type of alternate fuel: C - No.2 Oil; D - No.4 or 6 oil.  Priority E customer must have annual usage of at least 1.8 million therms.  SC 9 transportation customers with annual usage less than 35,000 therms must join a small customer aggregation group.	Residential and Non-Residential	Rates updated monthly based primarily upon alternate fuel oil prices. Posted to Internet 3 working days before month begins.	Four Priorities based on alternate fuel and annual usage: Priorities AB, C, D, and E. Additional Priorities for SC 9 customers. Customer chooses to be interrupted through notification or through temperature control option. Monthly election to switch between sales and transportation.
<b>SC 12 Rate 2 (Sales)</b>  <b>And</b>  <b>SC 9 Rate C (Transportation)</b>	Off-Peak Firm Sales and Transportation	Annual Usage of at least 1 million therms.	Residential and Non-Residential	Rates updated monthly. Posted to Internet three working days before month begins.	Maximum 30 days interruption during winter period. Monthly election to switch between sales and transportation.

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.  
P.S.C. NO. 9 – GAS  
SUMMARY OF SERVICE CLASSIFICATIONS  
AS OF MAY 1, 2002**

*The rate summaries below represent a brief explanation of the gas rates in effect as of May 1, 2002 and are not meant to represent all tariff provisions applicable to a rate. If you wish to know more information about a particular rate(s) please refer to the Company's tariff. Tariff changes subsequent to May 1, 2002 will not be reflected here.*

Service Class	Type of Service	Customer Size	Customer Type	Rate	Comments
<b>SC 9 Rate A</b>	Firm Transportation	If annual usage less than 35,000 therms must join a small customer aggregation group.	Residential and Non-Residential	Same rates as equivalent firm sales rates for SC 1, 2, 3 and 13.	Balancing charges, imbalance charges, and Cash Out credits and charges apply. Gross receipts and gas importers taxes apply.
<b>SC 13</b>	Seasonal Off-Peak Firm Sales	No Restrictions	Residential and Non-Residential	First 3 therms or less: \$18.67 Next 1,197 therms (\$/therm): \$0.1783 Over 1,200 therms (\$/therm): \$0.1503	SC 13 applies to customers who use gas solely during the period April through October 1. Firm Sales Gas Cost Factor, Monthly Rate Adjustment, and Gross Receipts Tax apply.
<b>SC 14 (Sales)</b>	Natural Gas Vehicle Sales	No Restrictions	SC 14 Rate I - Compressed Natural Gas SC 14 Rate II – Uncompressed Natural Gas	SC 14 Rate I established monthly and published on statement. SC 14 Rate II negotiated.	
<b>SC 9 Rate D (1)</b>	Transportation for Compressed Natural Gas and Bypass Customers	No Restrictions	Transportation may be Firm, Off-Peak Firm or interruptible	Negotiated Rate may include fixed and volumetric components, shall recover all incremental costs of the service (including metering and communication) and shall provide a reasonable contribution to system costs.	
<b>SC 9 Rate D (2)</b>	Power Generation Transportation	On-Site Generating Facilities having dual-fuel capability and a nameplate rating of at least 50 mw	Off-Peak Firm	Rate Components: System Cost Component – 1.0 cent per therm Marginal Cost Component – 0.92 cent per therm Real Time Value Component	

## E. Customer Breakdown

Consolidated Edison Company of New York, Inc.  
Gas Customers and Sales  
Twelve Months Ended December 31, 2001

<u>CUSTOMER CLASS</u>	<u>NO. OF CUSTOMERS</u>	<u>ANNUAL SALES (Dekatherms)</u>
<b><u>Sales Service</u></b>		
Residential	927,645	52,879,524
Commercial General Service	98,207	37,936,428
Interruptible & Off-Peak Firm	<u>853</u>	<u>14,011,860</u>
Total Sales Service	<u>1,026,705</u>	<u>104,827,812</u>
<b><u>Transportation Service</u></b>		
Residential	49,636	8,491,183
Non-Residential	7,520	12,258,100
Interruptible & Off-Peak Firm	<u>475</u>	<u>26,072,412</u>
Total Transportation	<u>57,631</u>	<u>46,821,695</u>

The foregoing information shall be updated on an annual basis.

**SECTION III. New York State Retail Access Business Rules  
Common Utility Document of Business Practices for Implementing  
Competition in the Electric and Natural Gas Markets**

**Introduction**

The following document sets forth the common business practices of the New York State investor-owned electric and gas utilities [Brooklyn Union Gas Company and KeySpan Gas East Corporation d/b/a/ Brooklyn Union of Long Island, collectively known as the Brooklyn Union Companies ("the Brooklyn Union Companies"), Central Hudson Gas & Electric Corporation ("Central Hudson"), Consolidated Edison Company of New York, Inc. ("Con Edison"), National Fuel Gas ("National Fuel"), New York State Electric & Gas Corporation ("NYSEG"), Niagara Mohawk Power Corporation ("Niagara Mohawk"), Orange and Rockland Utilities, Inc. ("O&R"), and Rochester Gas and Electric Corporation ("RG&E")] regarding retail access for both electric and gas services. These utility business practices are applicable to electric and gas service providers that are eligible to participate in the competitive, retail access programs in the State.

The New York State Public Service Commission ("Commission") has required the utilities to adopt uniform retail access business practices. The Commission concluded that tariffs and operating procedures including supplier manuals (collectively referred to as "program document") consistent with the business practices set forth in Commission orders are in compliance with these practices. The utilities have incorporated the substance but not necessarily the wording of the uniform business practices in their program documents. Certain implementation details of these practices may vary from one utility to another due to circumstances that are unique to each utility. For example, Rochester Gas and Electric Corporation employs a Single Retailer Model in its electric retail access program. This document identifies where the business practices of a utility vary from the uniform practices described. This document is not a substitute for each utility's program documents. The program documents should be consulted if any question arises regarding the application of any single business practice.

The following section is included for informational purposes only and is subject to revision only in conformance with orders of the New York Public Service Commission.

**Definitions**

**Aggregator** - a non-utility entity that aggregates customers (including Direct Customers) for the purpose of obtaining electricity and/or natural gas supply for those customers but does not sell electricity or natural gas to those customers.

**Billing Agency** - a legal arrangement between a customer and an ESCO/Marketer ("Billing Agency Agreement") in which a "Billing Agent" is authorized by a customer to: receive the customer's bills from the utility; consolidate those bills with the ESCO/Marketer's charges; rebill the entire amount to the customer in a single bill format; receive payments from the customer; and remit the appropriate part of payments to the utility. The availability of this service is elective on the part of the utilities and the ESCOs/Marketers. An ESCO/Marketer offering Billing Agency services may perform those services itself or obtain a third party to perform the services, but in either case, the ESCO/Marketer is considered to be the customer's Billing Agent. Customers may also individually establish arrangements with third parties to perform similar services on their behalf, but those arrangements are not the subject of the Uniform Business Practices.

**Cramming**—the addition of unauthorized charges to a customer's bill.

**Direct Customer** - a customer that purchases and schedules delivery of electricity or natural gas for its own consumption and not for resale. A Direct Customer does not have to file an application with the New York State Department of Public Service to become eligible as an ESCO/Marketer, but must comply with certain operating requirements established by the utilities and, when available, the Independent System Operator (ISO). A Direct Customer may aggregate and schedule load for itself and other Direct Customers, each of which would continue to be responsible individually for meeting requirements placed on Direct Customers.

**Electric** - a customer scheduling 1 Megawatt (MW) or more of electricity in any hour that they have electricity scheduled with the ISO, that acts on its own behalf to obtain electric energy and capacity from suppliers.

**Natural Gas** - a customer, with annual natural gas consumption in excess of 3,500 Dekatherms or MCF (one thousand cubic feet), depending on the billing units of the utility, that acts on its own behalf in arranging to bring natural gas to the utility's citygate.

*Natural gas customers wishing to qualify as a Direct Customer on the Niagara Mohawk system must also install approved remote meters for daily metering.*

**Energy Services Company (ESCO) (Also known as "ESCO/Marketer," "Retail Supplier," "Seller," "Supplier" and "Distribution Customer.")** - a non-utility entity that can perform electric energy and customer service functions in a competitive environment, including provision of energy and assistance in the efficiency of its use. The term ESCO is used herein to refer to an entity that is deemed eligible by the New York State Department of Public Service and qualified in a utility's territory to provide electricity and associated customer service functions to end use customers in New York State. (See "Marketer" for natural gas functions).

**Involuntary Switch** - a process or situation where a customer's energy supplier is changed from one provider, e.g., ESCO, Marketer or utility, to another provider without the customer's authorization. (See "Slamming" and the section entitled "Discontinuance of Service.")

**Lockbox** - a collection mechanism agreed upon by a utility and an ESCO/Marketer/Direct Customer that employs a third part institution to receive and disburse customer payments.

**Marketer (Also known as "ESCO/Marketer", "Retail Supplier", "Seller", "Supplier", and "Distribution Customer")** – any non-utility entity that is determined eligible by the New York State Department of Public Service to provide or arrange to provide gas supply and other services on behalf of end use customers in New York State using the local utility's distribution system. (See "ESCO" for electric functions).

**New Delivery Customer** – a customer initiating delivery service.

**Service Point** – the connection point between the utility's service line and the service entrance; or, if the service line is not owned by the utility, the service point is the connection point of the utility's facilities to privately owned facilities. In the Single Retailer Model, this designation is used instead of customer account because the user of retail energy is the customer of the Distribution Customer, i.e., ESCO, not the customer of the utility.

**Slamming** – an Involuntary Switch that is not in accordance with the "Discontinuance of Service" provision set forth in the Uniform Retail Access Business Practices.

**Special Meter Read** – a service provided to obtain an actual meter reading on a date that is different than the utility's regularly scheduled meter read date.

**Special Needs** – as defined by the Home Energy Fair Practices Act (HEFPA) and included in 16 New York Code of Rules and Regulations ("NYCRR") Section 11.5, those conditions of a customer who requires electrically-operated life sustaining equipment, has a medical emergency, or is elderly, blind or disabled.

**Voluntary Switch** – a process or situation where a customer's energy supplier is changed from one provider, e.g., ESCO, Marketer or utility, to another provider with the customer's direct authorization.

**CREDITWORTHINESS****A. Applicability**

These standards apply to ESCOs/Marketers selling electricity and/or natural gas to retail customers and to retail customers procuring their own energy supplies (Direct Customers). Each entity must qualify on an individual basis. These standards do not apply in circumstances involving credit risks of the Independent System Operator, any applicable Power Exchange, or wholesale energy suppliers (except to the extent associated with load balancing and settlement by the utility). No security is required in situations where, and to the extent, a utility bills customers on behalf of an ESCO/Marketer and has the right to retain funds collected by the billing to off-set utility charges (e.g., imbalance charges). A utility may require security for its delivery charges in situations where an ESCO/Marketer bills for delivery service.

Under the applicable circumstances, the ESCO's/Marketer's/Direct Customer's participation in a utility's retail access program is contingent upon the ESCO/Marketer/Direct Customer satisfying a credit appraisal based on independent bond/credit ratings and supplying any security that may be found necessary to meet the utility's credit requirements. Credit appraisals and security requirements will be reviewed by the utility annually, at a minimum.

**B. Creditworthiness Determinants for ESCOs/Marketers**

(See Section E below for credit requirements for Direct Customers)

1. An ESCO/Marketer can satisfy the utility's credit requirement by:
  - it or its guarantor having a minimum rating of "BBB" from S&P's, "Baa2" from Moody's, or "BBB" from Fitch ("Minimum Rating"); or
  - posting security in an acceptable form as listed in Section D below;but the utility will have the option to require an ESCO/Marketer having the Minimum Rating to post security:
  - for the amount by which the utility's Credit Exposure (see Section C below) for any ESCO/Marketer exceeds 5% of the utility's total monthly revenues for the type of service provided (e.g.; 5% of total monthly gas revenues for bundled gas sales, gas transportation and gas retail access); or
  - for the full amount of the Credit Exposure if (1) the ESCO/Marketer or its guarantor is at the Minimum Rating and is placed on credit watch with negative implications by any of the three designated rating agencies or the utility receives information that indicates that the ESCO's/Marketer's or its guarantor's credit rating could be downgraded below the Minimum Rating (which security requirement will be lifted if the ESCO/Marketer's or its guarantor's credit rating is not downgraded during the ensuing 60 days), or (2) the ESCO's status as a Billing Agent is terminated by another New York utility for failing to render timely bills to customers or to make timely payments to the utility.

2. An ESCO/Marketer having a minimum "1A2" rating from Dun & Bradstreet coupled with 24 months good payment history will satisfy the utility's credit requirement, but unsecured credit will be limited as indicated below:

-	4A1 or 4A2	30% of an ESCO's equity, up to five percent (5%) of the utility's total monthly revenues for the type of service provided
-	3A1 or 3A2	30% of an ESCO's equity, up to five percent (5%) of the utility's total monthly revenues for the type of service provided
-	2A1 or 2A2	50% of an ESCO's equity, up to \$500,000
-	1A1 or 1A2	50% of an ESCO's equity, up to \$375,000

The utility will have the option to require an ESCO/Marketer to post Security to cover the ESCO's/Marketer's credit exposure in excess of the above limits.

3. The utility may require an ESCO/Marketer with credit ratings below Minimum Rating to provide financial information for the sole purpose of verifying financial information, such as equity levels that are reported to Dun & Bradstreet.
1. The utility may, at its discretion, reduce or eliminate any security requirements as long as this standard is applied equitably to all ESCOs/Marketers existing and new.
5. The utility may require ESCOs/Marketers that act as Billing Agents to post security to cover the utility's delivery charges, as set for in Section C.1 "Credit Exposure/Security Calculation" below.
6. The utility's evaluation must be completed within 10 calendar days after receiving the application. The utility must provide the rationale for its determination and the calculation supporting the credit limit and any resulting security requirement (as discussed in Section C below). The utility must perform its credit evaluation and associated security calculation in a non-discriminatory manner.

#### C. Credit Exposure/Security Calculation

If the ESCO/Marketer meets the credit requirements in Section B, or a Direct Customer receives a waiver as set forth in Section E below, no security may be required. If the ESCO/Marketer does not meet the credit requirements in Section B, or the requirements of Section E cannot be met for Direct Customers, security in an amount equal to the credit exposure may be sought and provided in a form as set forth in Section D below.

The maximum security amounts identified below are associated with the risk of the failure of an ESCO/Marketer, delivering a single bill for delivery and commodity service to the retail customer, to pay the utility (Paragraph 1 below), and the failure of a ESCO/Marketer to pay the utility for underdeliveries when that ESCO/Marketer has underdelivered by up to 100% of its customers' needs (Paragraphs 2 and 3 below).

##### 1. Delivery

The maximum security associated with the electric or natural gas delivery Risk, where the ESCO/Marketer bills customers for both delivery and commodity services, may be no



more than 60 days of an ESCO/Marketer's customers' projected peak period energy requirements over the coming 12 months priced at the utility's applicable delivery tariff rate, including relevant competitive transition and customer charges.

The maximum security associated with the electric or natural gas delivery risk, where the ESCO/Marketer is acting as the customer's Billing Agent, may be no more than 45 days of an ESCO's/Marketer's customers' projected peak period energy requirements over the coming 12 months priced at the utility's applicable delivery tariff rate, including relevant competitive transition and customer charges. The amount of security may be reduced to the extent the ESCO's/Marketer's customers maintain direct debit agreements with the utility.

## 2. Gas Imbalances

The maximum security associated with natural gas balancing and settlement risk will be determined for each season. The seasons are defined as Summer (April 1 – October 31) and Winter (November 1 – March 31). This credit exposure may be no more than as determined by: (a) the maximum daily quantity (MDQ) of a Marketer's customers' projected aggregate consumption (or Direct Customer's projected consumption), based on the appropriate season of the past year; (b) priced at the highest month's average daily closing NYMEX price, at the Henry Hub, plus upstream capacity charges to the citygate, for the appropriate season of the past year; and (c) times 30 days. The ESCO/Marketer may, at its option, elect to have the security determined annually, rather than seasonally, in which case it will be based on the winter season.

## 3. Electric Imbalances

The maximum security associated with the electric imbalance risk of the Utility may be no more than as determined by: (a) the maximum daily quantity (kWh) of an ESCO's customers' projected aggregate consumption (or Direct Customer's projected consumption) over the coming 12 months; (b) priced at the highest month's average daily spot Market price, for the area in which the ESCO's customers (or the Direct Customer) are located, during the previous 12 months; and (c) times 30 days. If an average daily spot market price is not available for the previous 12 months, the average will be for the period in which such data does exist. If the ISO has not been established, the spot price will be the real time price or buy back rate as specified by each utility's tariff.

## D. Security Instruments

Upon notification by the utility that an ESCO/Marketer/Direct Customer has failed to satisfy the credit requirements or, subsequently, while providing service to retail customers, no longer satisfies the credit requirements, such ESCO/Marketer/Direct Customer may still obtain or retain credit approval from the utility if it pays any outstanding balance due the utility for services rendered and elects to provide one of the following, as mutually agreed by the parties:

1. an advance deposit or prepayment;
2. standby irrevocable letter of credit issued by a bank, insurance company or other financial institution with at least an "A" bond rating;
3. security interest in collateral found to be satisfactory to the utility;
4. a guarantee, acceptable to the utility, by another party or entity with a satisfactory credit rating or at least "BBB" by S&P, "Baa2" by Moody's or "BBB" by Fitch;

5. a lockbox mechanism as described in Section F below (not applicable for Direct Customer);
6. a surety bond from a bank, insurance company or other financial institution with at least an "A" bond rating; or,
7. other mutually acceptable means of providing or establishing adequate security (e.g., escrow accounts, loss pooling, etc.).

If the rating of a bank or insurance company or other financial institution from whom an ESCO/Marketer/Direct Customer has obtained a letter of credit or surety bond falls below an "A" rating, the ESCO/Marketer/Direct Customer will have five (5) calendar days to obtain a substitute letter of credit or surety bond from an "A" rated bank or insurance company or other financial institution.

If the ESCO's/Marketer's/Direct Customer's credit standing ceases to meet the utility's credit requirements or if its financial exposure changes due to increased usage during the period of service, then the utility has the right to require security or prepayment as specified herein. The utility, however, may not request additional security unless the credit exposure increases by at least 10%, or a reasonable utility specified threshold (Con Edison's threshold is \$500,000). If the security is not tendered within five (5) calendar days after such request, then the utility may initiate a process to discontinue retail access service to the ESCO/Marketer/Direct Customer. Deposits received in cash will accumulate interest at the applicable rate per annum approved by the New York State Public Service Commission for Other Customer Capital. If the ESCO/Marketer/Direct Customer subsequently satisfies the credit appraisal without the need for some or all of the security requirement, the utility will return the appropriate portion of the ESCO's/Marketer's/Direct Customer's advance deposit with accumulated interest. Similarly, if the utility's credit risk is determined to decrease by at least 10%, or a reasonable utility specified threshold, relative to the amount of security on deposit, the excess will be refunded with accumulated interest within five (5) calendar days of such determination.

***The Brooklyn Union Companies threshold - \$25,000; Con Edison Threshold - \$500,000; Niagara Mohawk threshold - \$250,000. RG&E Threshold - \$50,000.***

**E. Retail Customers Procuring Their Own Energy (Direct Customers)**

The aforementioned creditworthiness standards will be waived for a customer procuring its own energy, provided that such customer's accounts are current and have been maintained current for 12 months, and provided that the customer's long-term unsecured debt securities are, and remain, rated a minimum of BBB, Baa2, or BBB by S&P's, Moody's or Fitch, respectively. If the customer's debt is not rated, its account with the utility must be current, and it must not have a poor payment history with the utility for the past 24 months.

**F. Lockbox Mechanism**

An alternative security mechanism for ESCOs/Marketers will be available in the form of a "lockbox" for any of the security requirements specified above. A lockbox will reduce any security requirements to 50% of what would otherwise be required. Under the lockbox, an ESCO's/Marketer's customer's payments will be made to a lockbox, which will be administered by a mutually agreed-upon entity. All costs associated with implementing and administering the lockbox will be the responsibility of the ESCO/Marketer. The allocation of funds in the lockbox between the utility and the ESCO/Marketer, and other administrative rules, must be agreed to by both parties, with the utility having first rights on funds in the lockbox to offset utility charges. The administrative rules will specify the

terms under which the lockbox mechanism will be terminated for non-compliance. The utility, after petition to the Commission, is permitted to terminate the lockbox and request full security if expected customer payments are not received in a timely manner.

***Con Edison permits a lockbox to be available as an alternative security mechanism only for ESCOs providing Billing Agency with respect to Con Edison's credit exposure for delivery risk as defined in section C.1.***

**G. Calling on Security**

The utility may call upon the security posted by an ESCO/Marketer/Direct Customer after providing five (5) days' notice to the ESCO/Marketer/Direct Customer whenever the ESCO/Marketer/Direct Customer fails to pay the utility within the specified time frame, unless the ESCO/Marketer/Direct Customer makes payment in full within the five (5) day notice period.

The utility may call upon the security posted by an ESCO/Marketer/Direct Customer without prior notice if the ESCO/Marketer/Direct Customer files a petition in bankruptcy (or equivalent, including the filing of an involuntary petition in bankruptcy against the ESCO/Marketer/Direct Customer) or for any reason an ESCO/Marketer ceases to provide service to its customers under the utility's program.

If an ESCO/Marketer, acting as a Billing Agent, has posted security with a utility, the utility will apply the security to the customer's delivery charges and customer late payment charges (if applicable) for any unpaid amounts due from customers.

CUSTOMER INFORMATION

A. Historical

Utility will provide, free of charge to customers or their authorized designees, at least 24 consecutive months (or for the life of the account, if less) of the customer's most recent usage and billing information for each of the customers' accounts. A fee of \$15.00 may be charged for each year of data beyond the 24-month period and for any third request for the 24 months of data in any 12-month period. Information not identified below will be supplied, if available, at the utility's incremental cost. The usage and billing information will be made available in the manner (s) utilities currently use until the appropriate transaction protocols are established and implemented in the EDI proceeding.

The usage and billing information to be provided free of charge shall include: meter reading dates, consumption (MCF/CCF, kW, kWh and RKVA, as appropriate, including on- and off-peak or other recorded interval data if applicable), total dollars billed for the billing period, service classification, currently listed tax district, current meter number (where applicable) and type of meter reading (by company, by customer, or estimated). Where more than one meter is associated with an account, the applicable information, will be provided for each meter, where available. In the case where both an electric and a gas meter are associated with an account, the utility will supply the applicable information to an ESCO/Marketer for only the service or services for which it has been approved to provide. Class average profiles and actual load shapes for customers with interval meters shall also be supplied free of charge, where such are used in balancing and settlement.

***NYSEG for gas service and Niagara Mohawk do not include total dollars billed for customers with negotiated rates Unless the ESCO signs a confidentiality agreement.***

Credit information will be made available free of charge for the most recent 12 month period, but only upon written authorization from the customer. A fee of \$15 may be charged for each year of credit information beyond the 12-month period. Credit information to be provided, shall be limited to whether or not the customer had late payments and/or had been disconnected during the past 12 months.

All free information will be available at the time requested or as prescribed by the utility's tariffs until EDI mechanisms are functional. If additional information (as defined above) is requested a response will be provided within five calendar days of the request, either supplying the requested information, specifying when such information will be provided, or advising that such information does not exist.

All historical customer information obtained from a utility by an ESCO/Marketer must be kept confidential and not disclosed to others, unless otherwise authorized by the customer. All other customer information, such as account numbers (and any passwords used, if applicable), telephone numbers and service addresses shall also be kept confidential and not disclosed to others, unless otherwise authorized by the customer.

A utility will not disclose a customer's billing, usage and credit history to an ESCO/Marketer if that customer has notified the utility, in writing, that such information should not be disclosed or, regarding credit history information, has not provided written authorization for its release. The information may thereafter be disclosed to an ESCO/Marketer only with the customer's written authorization.

**NYSEG will accept a verbal request from the customer to prevent disclosure of this information. The customer must provide a written authorization to release the information, thereafter.**

**B. Current**

Utilities will make available to ESCOs/Marketers/Direct Customers all data recorded by and currently retrieved from their customer meters and all other information necessary to compute the customers most recent bill. All such information to be furnished by the utility will be provided electronically, at no charge, to ESCOs/Marketers/Direct Customers when the data is acceptable by the utility to bill its customers. Where estimated meter readings are used, the estimates will be provided free of charge to ESCOs/Marketers/Direct Customers when the data is acceptable by the utility to bill its customers. All subsequent changes or corrections and adjustments to previously supplied data and metering equipment will be made available to the ESCOs/Marketers/Direct Customers when the data is acceptable to be used for its customers.

**UNIFORM UTILITY BILLING AND COLLECTION SERVICES  
AND CHARGES**

**A. Invoices**

Utilities will issue invoices to ESCOs/Marketers/Direct Customers monthly for imbalances, charges for extraordinary customer data provided on request, i.e., over and above the information provided without charge, special meter reading charges, adjustments to prior invoiced and other retail tariff services provided at the request of the ESCOs/Marketers/Direct Customers. Services requested directly by customers will be billed directly to the customers unless ESCOs/Marketers request that those charges be billed to them instead. This option does not apply to the Single Retailer Model. The provisions described below relate only to retail access billing and collection services and charges to be paid by ESCOs/Marketers/Direct Customers. The costs of any payment defaults that occur due to mutually agreed-upon terms between a utility and an ESCO/Marketer/Direct Customer may not be borne by any other customers/ratepayers or other ESCOs/Marketer/Direct Customers.

**B. Invoice Payments**

**1. Terms of Payment**

Bills are payable upon presentation and are subject to late payment charges. ESCO/Marketers/Direct Customers will pay the full amount stated in the invoice, without deduction, set-off or counterclaim, within 20 calendar days from the date of the invoice transmittal. On the first day following the grace period, late payment charges at the rate of 1.5% per month will be applicable to all overdue billed amounts, including arrears and unpaid late payment charges. (Note: Payment of customers' charges, on behalf of customers, by a Billing Agent, are due within 25 calendar days of the Billing Agents' receipt of the customers' billing information, subject to the requirements under "Billing Agency Requirements" herein). Because an ESCO/Marketer/Direct Customer or utility may request expeditious resolution by the New York Department of Public Service of a complaint or dispute, bills will not be suspended as a consequence of a complaint filed. Utilities and ESCOs/Marketers/Direct Customers are permitted to, by mutual agreement, develop customized billing and collection arrangements.

Claims that invoices are not correct must be made in writing and postmarked no later than three months after the disputed invoice was mailed or provided electronically.

**2. Payment Form**

Payment for services will be rendered to the utilities by electronic funds transfers. Utilities and ESCOs/Marketers/Direct Customers are permitted to, by mutual agreement, establish other forms of payment.

**3. Application of Payments**

Unless otherwise agreed to by the utility and the ESCO/Marketer/Direct Customer, payments will be applied to arrears first and then to current charges.

**4. Failure to Make Payment**

Upon failure of the ESCO/Marketer/Direct Customer to make any payment when due, the utility may draw down on any security that may be available (as described in the Creditworthiness section).

**C. Billing Questions and Disputes**

**1. Access to Billing Back-Up Information**

Upon implementation of utility EDI systems, ESCOs/Marketers/Direct Customers will have access to data elements that will enable them to perform necessary billing back-up calculations.

**2. Inquiries**

- a) All questions concerning invoices should be directed to a pre-specified department (by department name and telephone number) within the utility, as shown in their individual program documents. This department will direct such inquiries to the appropriate areas of responsibility which will be available to explain how the invoice amounts were determined.
- b) Responses to billing inquiries will be acknowledged in writing or by electronic transmission promptly, but no later than five calendar days from the utility's receipt of the inquiry. The utility will investigate and respond to the complainant, in writing, no later than 20 calendar days from the utility's receipt of the inquiry.

**3. Overpayments**

- a) Overpayments made by an ESCO/Marketer as a result of an inaccurate invoice or as determined through the Dispute Resolution Process (see page 49 herein) will be credited to the ESCO's/Marketer's account if a prior shortage exists or will be refunded otherwise. Such credit or refund will occur within five calendar days of a determination that an overpayment occurred. Such overpayments will earn interest at the rate of 1.5% per month from the date of the overpayment until the date of the credit or repayment, whichever applies. The refund will be rendered to the ESCO/Marketer by electronic funds transfers or other means as may be mutually agreed upon by the ESCO/Marketer and the utility.
- b) Overpayments made voluntarily by an ESCO/Marketer/Direct Customer will be credited to the ESCO's/Marketer's account and will not earn interest unless the overpayment is applied to the security deposit account.

**D. Charges to ESCOs/Marketers from Utility**

Utilities may charge ESCOs/Marketers/Direct Customers for the following:

- 1. Energy imbalances, based on each utility's tariff or operating agreement.
- 2. Late payment charges, at a rate of 1.5% per month, applicable to all overdue billed amounts, including arrears and unpaid late payment charges and to underbillings, as determined through the Dispute Resolution Section, herein.

Interest on the latter is only payable when associated with a finding of deficiency on the part of the party holding the funds determined to be due the other party.

3. Additional historical customer usage, bill and credit information available upon request under the "Historic Customer Information" section requirements.
4. Special meter reading charges, as described in the "Switching Requirements" section.
5. Other rates and charges approved by the Commission and set forth in the utility's tariff, including, but not limited to, transportation or distribution rates, miscellaneous surcharges and taxes.



## NEW DELIVERY CUSTOMER REQUIREMENTS

**A. Process Required for ESCOs/Marketers/Direct Customers to Notify Utilities of New Delivery Customers (e.g., Customers that are initiating delivery service)**

1. New delivery customers may initiate service by contacting the utility and/or an ESCO/Marketer. The ESCO/Marketer/Direct Customer must provide the utility with the application for service of new delivery customers choosing the ESCO/Marketer for supply with the ESCO's/Marketer's/Direct Customers' authorized signatures or unique identifiers. The utilities will acknowledge receipt of the customer's application for service within five (5) calendar days.
2. Applications for service for new residential service for applicants whose previous utility bills, if any, have been paid or are covered by a deferred payment plan, and that do not require construction, must be submitted at least five (5) business days prior to the requested service date; other applications for service must be submitted at least ten (10) calendar days prior to the requested service date. All applications for service will contain the information identified below.

***The Brooklyn Union Companies have received a waiver until September 1, 2000 allowing them to require that the above mentioned applications for service be provided twenty-five (25) days prior to the requested service date.***

3. A uniform statewide format will be used for the applications for service once EDI is operational.
4. The point to which this information is to be submitted, e.g., person, number and/or office, will be identified in the utility's operating procedures.

**B. Information to Be Submitted by ESCO/Marketer/Direct Customer**

1. ESCOs/Marketers/Direct Customers must provide the name, service address, mailing address and telephone number and universal account number, when established, of new customers that will need delivery service from utilities, as specified in the utility's tariff.
2. ESCOs/Marketers acting as the customer's agent in establishing utility delivery service must provide the information about the customer that the utility needs to establish service, as specified in each utility's tariff.
3. ESCOs/Marketers/Direct Customers must also provide information about the customer's special needs, if any, including life support equipment.

**C. Commencement of Service**

For new delivery customers, services will commence after all connections are complete in accordance with provisions of the utility's non-retail access tariff. A special meter reading, as applicable, will then be performed at no charge.

***The Brooklyn Union Companies and Con Edison, in keeping with their administrative processes for commencement of service, use an estimating procedure to terminate and commence service at an existing location. Therefore, should a customer or ESCO/Marketer/Direct Customer***

**request a (physical) special meter reading in connection with the opening of a new customer account on other than a cycle date in that service territory, a fee will be charged.**

**NYSEG Gas will commence service consistent with its provisions in PSC No. 90 – Gas.**

Except for the Single Retailer Model, new delivery customers must be accepted by the utility before service may commence; any conditions set forth in the tariffs for the initiation of service to such new delivery customers apply.

**D. Initiation of Service Fees, Deposits, or Other Requirements**

Any fees, deposit requirements, or other charges, identified in a utility's tariff will apply to initiation of service to new delivery customers.

**E. Special Meter Reading Fees**

There will be no utility fees for special meter readings if performed in conjunction with the initiation of new delivery service.

**The Brooklyn Union Companies and Con Edison, in keeping with their administrative processes for commencement of service, use an estimating procedure to terminate and commence service at an existing location. Therefore, should a customer or ESCO/ Marketer/Direct Customer request a (physical) special meter reading in that service territory, a fee will be charged.**

**SWITCHING REQUIREMENTS**

- A. Process Required for ESCOs/Marketers/Direct Customers to Notify Utilities of switches (subject to revision as a result of the EDI proceeding).**
1. ESCOs/Marketers/Direct Customers must provide to utilities notices of requested switches, with the ESCO's/Marketer's/Direct Customer's signatures or unique identifiers. The notices to the utilities must be submitted at least ten (10) calendar days prior to the requested switch dates and contain the information identified below.
  2. The utilities will acknowledge receipt of the switch notices within five (5) calendar days.
  3. A uniform statewide format will be used for the notices once EDI is operational.
  4. The point to which this information is to be submitted, e.g., person, number and/or office, will be identified in the utility's operating procedures.
- B. Information to Be Submitted by ESCO/Marketer/Direct Customer (subject to revision as a result of the EDI proceeding):**
1. ESCOs/Marketers must provide the name, service address, mailing address and account number (or meter number if under the Single Retailer Model), or the universal account number if established, of the customers to be switched.  

***NYSEG for electric or gas service requires that the meter number also be supplied. This requirement is currently being waived for electric service until the implementation of EDI.***
  2. ESCOs/Marketers/Direct Customers must also provide information about the customers' Special Needs, if any (mandatory if reselling delivery services; optional otherwise). The Utilities reserve the right to verify the information on an existing customer who had not previously advised the utility that he or she, or a member of his or her household, had Special Needs.
- C. Notice Period Required and Switch Date (subject to revision as a result of the ongoing EDI proceeding)**
1. The notice for an electric switch must be submitted at least ten (10) calendar days before the customer's regular meter reading date or a requested special meter reading.
  2. A special meter reading for switching electric customers may be requested for a fee if the regular reading would not occur on the 10<sup>th</sup> day after the notice.
  3. The electric switch will occur on either the sooner of the regular or special meter reading date.
  4. The notice for a gas switch must be submitted at least ten (10) calendar days before either the customer's regular meter reading date or the first of the calendar month, as specified in each utility's tariff.

**The Brooklyn Union Companies have received a waiver until September 1, 2000 allowing them to require notices for a gas switch be submitted at least twenty-five (25) days before either the customer's regular meter reading date or the first of the calendar month, as specified in its tariff.**

5. The gas switch will then occur on either the customer's regular meter reading date or the first of the calendar month, as specified in each utility's tariff.

**D. Frequency of Switches Allowed**

1. No restrictions, except as may result from the notice period requirement of as may be specified in contracts between ESCOs/Marketers and customers or as may result from utility requirements for bundled service. Customers voluntarily returning to utility bundled service may be required to remain with this utility bundled service for a minimum period of time, not to exceed 12 months, as may be specified in each utility's tariff, unless the utility addresses its risk through mechanisms such as a fuel adjustment clause or pass through of the market price. The twelve-month requirement will not apply to a customer that returns to utility service as a result of a supplier's failure to deliver.

***In NYSEG's electric service territory, during the first three (3) months of a customer's voluntary return to utility service, the customer may switch to another ESCO. If this option is exercised, the customer will be subject to a market price adjustment (MPA) for the electric power supply used during the period NYSEG served the customer's load. A customer who does not exercise this option must remain with NYSEG service for the remaining nine (9) months of the required twelve (12) month period. This twelve-month provision, including the three-month shopping option, is renewed on the anniversary date of the customer's return to utility service.***

2. If utilities can show that the frequency and/or pattern of switches is having negative impacts on the system, the utility, or other customers, they can propose measures to address such impacts at that time.

**E. Switching Fees**

1. There may be no charge for a customer's switch from utility bundled service at any time, i.e., each switch away from the utility.
2. There may be no charges for involuntary switches. Involuntary switches are those initiated by an ESCO/Marketer rather than the customer, when for example the ESCO/Marketer goes out of business, assigns its customers to another supplier, or decides to no longer serve a customer.
3. There will be no charge for the first voluntary switch (per commodity) from an ESCO/Marketer to another ESCO/Marketer or back to the utility company during the first twelve months following a customer's initial participation with retail access. A voluntary switch is one initiated by the customer.
4. A switching fee, of up to \$10, as can be set forth in each utility's tariff, may be charged for all other voluntary switches.

**F. Special Meter Reading Fees**

Up to \$20 may be charged to the party (ESCO/Marketer/Direct Customer or retail access customer) requesting a special meter reading, as may be established by each utility in its retail access tariff. A special meter reading is a meter reading performed on a date other than the customer's regularly scheduled meter reading date.

**G. Verification of Accounts**

1. The utility will provide notice of receipt of a switching request to the current ESCO/Marketer, if any, as discussed further in the "Slamming Prevention Process" section.
2. To enable the parties to verify accounts, utilities upon the request of an ESCO/Marketer shall provide, by the 5<sup>th</sup> calendar day of each calendar quarter, a listing of the ESCO's/Marketer's customers that were receiving its retail access services as of the 1<sup>st</sup> calendar day of the quarter.

**H. Budget Billing Adjustments**

Utility budget billings – also called "level billing" or a levelized payment plan" – will be adjusted at the switch dates as required to reflect changes in utility service and will be reflected in the customers' next bills.

### SLAMMING PREVENTION PROCESS

- A. Slamming, defined as a switch of a retail customer from one provider to another without the customer's authorization (except as may be allowed under the "Discontinuance of Service" provisions discussed later), is not permitted. To minimize the chance of slamming, the following process must be used:

1. To request a switch, ESCOs/Marketers must notify the utility of the switch using the process outlined under the "Switching Requirements" section.

***The Brooklyn Union Companies have received a waiver until September 1, 2000 allowing them to require notices for a gas switch be submitted at least twenty-five (25) days before either the customer's regular meter reading date or the first of the calendar month, as specified in its tariff.***

2. Upon receipt of the switch request from an ESCO/Marketer, the utility will send a verification letter, at least five calendar days prior to the switch date, to the affected customer and notify the incumbent ESCO/Marketer, if any, that is serving the customer at that time. After EDI becomes available, utilities will notify incumbent ESCOs/Marketers about customer enrollment information electronically.
3. The verification letter must advise the customer of the switch request and ask that he/she contact the designated utility within five calendar days if the switch request information is incorrect. The general content of the letter must be filed with the New York State Department of Public Service for review before it is used for this purpose.
4. If the customer notifies the utility that the request is not valid, the switch will not be made or will be reversed.
5. All unauthorized switches must be reported by the utility to the New York State Department of Public Service. (The Con Edison contact for slamming inquiries is The Retail Choice Group at 1-877-266-3342.)

- B. ESCOs/Marketers that switch customers without the customers' authorizations will be fully responsible for all wrongful charges applied to the customers' bills and for all reasonable costs incurred by the utilities. Such ESCOs'/Marketers' eligibility to serve retail customers in New York State may also be terminated by the New York State Public Service Commission and/or a monetary penalty may be imposed.

- C. ESCOs/Marketers must retain for six years documentation of a customer's authorization to switch. Such documentation must be in the form of one of the following:

1. written agreements signed by the customers;
2. written statements by independent third parties that witnessed or heard verbal commitments by the customers;
3. tape recordings made by ESCOs/Marketers of the customer's verbal commitments; and
4. electronic transmittals that can be shown to have originated with the customers.

**PARTIAL REQUIREMENTS CUSTOMERS**

Utilities, at this time, have the option of allowing eligible retail customers to select more than one ESCO/Marketer at a time per customer account - per commodity, except that customers currently with more than one ESCO/Marketer may continue that practice. Eligible customers who have a designated portion of their load supplied by their utility, at an economic development discount or any other discount authorized by tariff, a regulation or law or supplied by the New York Power Authority (NYPA), with the remaining portion of their load provided at the utility's applicable tariff provisions, will be permitted retail access for the portion of their load served at the applicable tariff rates. Also, unless prohibited by a prior settlement agreement, retail customers that receive an economic development discount for all their standard load may continue to receive a discount and take retail access unless the discount was specified as a generation discount or a result of rate design differences. Retail customers with discounts on delivery services will not be required to forego such discounts to participate in retail access for the commodity portion of their service.

***Con Edison allows its customers taking service under Con Edison's Power for Jobs rider to its full-service schedule (under which the Power Authority allocates on behalf of and delivers to Con Edison for resale a fixed allocation per customer) and customers of the New York Power Authority, the New York City Public Utility Service, and the County of Westchester Public Utility Service Agency with respect to economic developmental locations from those agencies on whose behalf Con Edison provides delivery service to those agencies under an Economic Development Delivery Service ("EDDS") tariff to participate in its retail access program for their energy and capacity requirements in excess of their allocations. A customer may have both a PFJ allocation and an EDDS allocation and have an ESCO serve its incremental needs.***

BILLING AGENCY ARRANGEMENTS

**Currently, only Con Edison has elected to offer billing agency arrangements for electric and gas retail access service. Where a lockbox is employed by an ESCO offering billing agency under Con Edison's retail access program, some implementation details regarding payment processing differ from the description below.**

A. ESCOs/Marketers and utilities may elect to offer customers a "Billing Agency" arrangement in which the customer will authorize an ESCO/Marketer to act as a Billing Agent, hereafter ESCO/Marketer/Billing Agent, to receive the customer's bills from the utility, consolidate them with the ESCO's/Marketer's/Billing Agent's charges, rebill the entire amount to the customer, receive payments from the customer and then remit payments to the utility for its services, with the balance being retained by or transmitted to the ESCO/Marketer. The customer must choose the Billing Agency arrangement before it may be used as the mechanism to bill the customer. If the ESCO/Marketer/Billing Agent and the customer use such an arrangement, the ESCO/Marketer/Billing Agent must comply with the condition listed below.

1. The ESCO/Marketer/Billing Agent must apply all customer payments, unless otherwise directed by the customer, first to utility charges, past due and current, then to ESCO/Marketer/Billing Agent charges, past due and current. If the customer has entered into a deferred payment agreement with the utility, customer payments must be applied, first to current utility charges, including the agreed-upon installment payment under the deferred payment agreement, then to ESCO/Marketer/Billing Agent charges, past due and current. If a customer with a deferred payment agreement pays more than the current bill and agreed upon installment payment charges, payments should be allocated first to all current plus agreed upon deferred charges and the balance first to the utility and then to the ESCO/Marketer/Billing Agent account, unless otherwise directed by the customer.
2. ESCOs/Marketers/Billing Agents can negotiate deferred payment arrangements or intercede on behalf of a customer on other related utility matters provided it can demonstrate that the customer has given it the authority to do so.

**Con Edison has been granted a waiver in the Commission's May 20, 1999 Order to this provision, thus limiting the availability of billing agency to customers who do not have payment agreements. Con Edison does not permit the ESCO/Marketer to negotiate deferred payment agreements on behalf of the customer.**

3. ESCOs/Marketers must include a clear, plain language explanation of the Billing Agency arrangement and its implications in their standard contract/disclosure statements, if such an arrangement is to be offered.
  4. ESCOs/Marketers must distribute annually to each customer "the Summary of Customer Rights Notice" and to each gas customer the "Annual Gas Safety Notice", which will be provided, in bulk, by the utility.
- B. Where the utility and the ESCO/Marketer elect to offer a Billing Agency arrangement, utilities must comply with the following requirements.
1. Utilities must provide the ESCO/Marketer/Billing Agent with the "Summary of Customer Rights Notice" and the "Annual Gas Safety Notice", in bulk, for distribution by the ESCO/Marketer/Billing Agent to customers annually.



2. Utilities should incorporate bill messages regarding a customer's specific bill (e.g., messages regarding adjustment, level billing plan) into the billing information transmitted electronically.
3. Utilities must send all disconnection-related notices and deferred payment agreements directly to the customer.
4. Utilities should inform customers of what communications to expect from them and what to expect from Billing Agents, upon customers' elections of ESCO Billing Agents.
5. Utilities may assess late payment charges on ESCOs/Marketers only if payment is not received within 25 calendar days of the Billing Agent's receipt of the customers' billing information. Until EDI is implemented and fully operational, no late payment charges will be assessed to an ESCO/Marketer/Billing Agent, provided the ESCO/Marketer/Billing Agent uses the dispute resolution procedure and can demonstrate that the payment to the utility was late due to the fault of the utility. (Once EDI is implemented, the grace period may be modified).

***Con Edison will charge a late payment charge of 1.5% per month on amounts owed to Consolidated Edison on individual customer bills. It will be the responsibility of the ESCO/Marketer/Billing Agent to determine whether the late payment charge was incurred due to the actions of the customer or the ESCO's/Marketer's own processes. If the customer paid the ESCO timely, it will be up to the ESCO/Marketer/Billing Agent to pay Con Edison the LPC.***

6. Any delays in transmitting billing data caused by the utility must be reflected as a comparable adjustment in the corresponding due date for both the ESCO/Marketer/Billing Agent and the customer.
  7. Security may be collected from the ESCO/Marketer as specified by the Creditworthiness requirements described elsewhere.
  8. Utilities must continue to accept payment of utility charges at all agencies where payments for customers who have not selected Billing Agency are accepted.
  9. Utilities and ESCOs/Marketers/Billing Agents are permitted, by mutual agreement, to develop customized billing and collection arrangements.
  10. Upon the failure of an ESCO/Marketer/Billing Agent to remit the customer's payment to the utility on time, the utility must notify the customer of that failure.
  11. The utility may not attempt to collect such payments directly from customers who have previously paid their Billing Agent.
  12. Any losses that may result from such non-payments will be recovered from available security and any remaining balancing will be deferred.
- C. Upon mutual agreement between the ESCO/Marketer and the utility, a lockbox arrangement for administering the Billing Agency arrangement may be arranged. The allocation of funds in the lockbox must be consistent with the terms described under the

Creditworthiness rules. ESCO/Marketers must comply with all the requirements above, except that where a lockbox is used utilities may not require more than 50% of the security that would otherwise be required from ESCOs/Marketers. The administrative rules must specify the terms under which the lockbox mechanism will be terminated for noncompliance.

**METERING**

Unless and until such time as the Commission determines otherwise, the following metering provisions will apply. Customers that choose to take part in the electric retail access programs may continue to use the same metering equipment that is in place at the time of their applications for retail access. Such customers, however, may request the installation of a different Commission-approved electric meter, with the cost of such meter and installation to be borne by the requesting party and with the utility retaining sole control of the meter and responsibility for the installation, maintenance and compliance with Commission regulations. Customers electing to have such meters installed will be billed, for retail access purposes, based on the data collected from these meters. Utilities will own such meters, except as noted below.

***Utilities that offer daily balancing programs for gas service may require customers to install a Commission-approved meter upgrade with the cost of such meter upgrade and installation to be borne by the customer and with the utility retaining sole control of the meter and responsibility for the installation, maintenance and compliance with Commission regulations.***

The utilities will allow large commercial and industrial time-of-use electric customers (as defined in their individual tariffs) to have the option of owning Commission-approved meters, with the utility retaining sole control of those meters. Such customers, or their designees, will be allowed to receive meter data on a real-time or other basis, without incurring a fee, provided that such customers install and maintain, at their own expense, the necessary ancillary equipment required to provide such data. Such access may require the installation by the utility of a different type of meter/recorder that will allow multiple access, with the cost responsibility of such meter/recorder and installation to be borne by the customer and with the utility retaining sole control of the meter and responsibility for the installation, maintenance and the compliance with Commission regulations.

A schedule of electric meter upgrade charges will be provided or referenced in the tariff. Additional metering information, consistent with the Commission's Opinion No. 97-13, must be available from the utility upon request.

DISCONTINUANCE OF SERVICE

A. Voluntary Discontinuance of ESCO/Marketer Operations in a Utility's Service Area

1. An ESCO/Marketer may discontinue operations (in whole or significant part) in a utility's service territory at will (subject to any penalties or sanctions that may arise due to contractual obligations), upon submission of a written notice to the utility and the ESCO's/Marketer's customers at least fifteen (15) calendar days prior to the discontinuance date. The notice to retail customers must inform them:

***The Brooklyn Union Companies have received a waiver until September 1,, 2000 allowing them to require twenty-five (25) days notification from the ESCO/Marketer wishing to discontinue operations.***

- (a) that the discontinuance will occur at the first meter reading date or the first of the month after the notice period expires or the utility may estimate the reading at the discontinuance date or provide a special reading;
  - (b) of their option either to select another ESCO/Marketer to be their energy service provider or to return to regulated utility service;
  - (c) that if they do select other ESCOs/Marketers, those entities will file switch requests with the utility on their behalf, and there will be no fee charged by the utility for the switches;
  - (d) that after the discontinuance and unless/until new ESCOs/Marketers are selected and the switches are completed, service will be provided by the utility company under its applicable tariff rate, unless such utility has notified the customer that delivery services will be terminated on or before the discontinuance date (not applicable to the Single Retailer Model being used in Rochester Gas and Electric Corporation's service area); and
  - (e) that there will be no switching fee charged by the utility to the customer for a switch back to the utility, whether as an interim measure until a new ESCO/Marketer is selected or as a permanent action.
2. The utility will also send, within five calendar days of the notice from the ESCO/Marketer, a notice to the ESCO's/Marketer's customers containing the same information as required above, but also providing a list with names and telephone numbers of eligible ESCOs/Marketers which have indicated a willingness to serve retail customers in the utility's service area.
  3. If the utility learns that an ESCO/Marketer has discontinued operations in its service territory without giving the proper notice to retail customers and to the utility in accordance with the above requirements prior to discontinuing operations, the utility will immediately inform the Commission and then, voluntarily or if directed, notify all of the ESCO's customers as required above. In the notification, the utility will also advise the customers that, effective immediately, their service is being provided by the utility under the standard tariff rate and that payment for such service from the date of the notice until a subsequent switch takes place must be made to the utility.

4. If the ESCO/Marketer does not give notice to its retail customers and to the utility in accordance with the above requirements prior to discontinuing operations, the ESCO/Marketer may be determined ineligible by the New York State Public Service Commission to sell electricity or natural gas to retail customers in New York State and/or may be assessed a monetary penalty by the New York State Public Service Commission.
5. Upon the discontinuance of an ESCO/marketer, the ESCO/Marketer will remain responsible for payment or reimbursement of any and all sums owed under the utility's tariff on file with the Commission or the Federal Energy Regulatory Commission ("FERC"), and service agreements relating thereto, or under any agreements between the ESCO/Marketer and the utility. The ESCO/Marketer will also remain obligated to customers to the extent provided for in any contracts with them.
6. Upon receipt of a switch request from a subsequent ESCO/Marketer following the discontinuance notice, the utility will verify the intended switch with the customer in accordance with the "Slamming Prevention Process" section, e.g. the utility will notify the customer within five calendar days of the switch request.
7. If a more expeditious discontinuance process is judged to be needed in a specific situation, the ESCO/Marketer may request such expedited treatment upon a showing of need to the Commission or its designee, which will have the authority to grant such a request. The Commission or its designee may also, for good cause, initiate an expeditious discontinuance process on its own motion. Utilities will also have standing in any such processes.
8. Sample copies of the form of the notices to customers under this process will be provided to the New York State Department of Public Service for review at least five calendar days before the letters are sent to customers.

**B. Discontinuance of Sales by ESCO/Marketer to Individual Retail Customer**

1. An ESCO/Marketer may discontinue sales to individual retail customers in a utility's service territory at will (except as may be otherwise limited by contracts with customers), upon submission of a notice to those individual customers and to the utility at least 15 calendar days prior to the discontinuance date. The notice to retail customers must inform them:
  - (a) of the date of the discontinuance (which should be at each customer's next meter read date or the first of the month, consistent with the utility's switching tariffs);
  - (b) of their option either to select another ESCO/Marketer to be their energy service provider or to return to regulated utility service;
  - (c) that if they do select other ESCO/Marketers, those entities will file switch requests with the utility on their behalf, and there will be no fee charged by the utility for the switches; and
  - (d) that after the discontinuance and until new ESCOs/Marketers are selected and the switches are completed, service will be provided by the utility company under its applicable tariff rate, unless such utility has notified the customer that delivery services will be terminated on or before the discontinuance date (not applicable to the Single Retailer Model being used in Rochester Gas and Electric Corporation's service area).

2. Sample copies of the form of the notices to customers under this process will be provided to the New York State Department of Public Service for review at least five calendar days before the letters are sent to customers.
3. If the ESCO/Marketer does not give the required notice to its retail customers and to the utility, the ESCO/Marketer may be determined ineligible by the New York State Public Service Commission to sell electricity or natural gas to retail customers in New York State and/or may be assessed a monetary penalty by the New York State Public Service Commission.
4. Upon receipt of a switch request from a subsequent ESCO/ Marketer following the discontinuance notice, the utility will verify the intended switch with the customer in accordance with the "Slamming Prevention Process" section, e.g., the utility will notify the customer within five calendar days of the switch request.

**C. Involuntary Discontinuance of an ESCO's/Marketer's/Direct Customer's Right to Provide Service to Retail Customers**

1. A utility will have the right to initiate a process to discontinue an ESCO's/Marketer's/Direct Customer's participation in the utility's retail access program:
  - (a) where the utility determines that it is necessary or desirable for safety or for system reliability reasons (including, but not limited to, the proper scheduling and delivery of electric energy and capacity to meet the needs of customer), which will include an understanding that:
    - (1) actual scheduled deliveries must not deviate consistently and unreasonably beyond a pre-determined percentage (to be set forth in the tariff) of the ESCO's/Marketer's/Direct Customer's day ahead forecast schedule of energy supply requirements; and,
    - (2) day ahead forecast schedules must not deviate consistently and unreasonably beyond a pre-determined percentage (to be set forth in the tariff) of the ESCO's/Marketer's/Direct Customer's actual aggregate customer load in the service territory, unless balancing service is provided by the utility.
  - (b) where the ESCO/Marketer/Direct Customer fails to comply with the terms and conditions of the utility's tariff or distribution operating agreement;
  - (c) where there is a continued pattern of attempts to transfer retail customers without proper customer authorization (slamming);
  - (d) where the FERC issues an order authorizing discontinuance of participation by the ESCO/Direct Customer under the utility's open access transmission tariff;
  - (e) where a court of competent jurisdiction issues an order authorizing discontinuance of the ESCO/Marketer/Direct Customer;

- (f) where the New York State Public Service Commission has determined that the ESCO/Marketer is not eligible to sell electricity or natural gas to retail customers in the state, for reasons including:
- (1) an ESCO's/Marketer's failure to adhere to the policies and procedures described in its disclosure to customers;
  - (2) failure to comply with prescribed consumer protections;
  - (3) an unacceptably high volume of customer complaints;
  - (4) failure of an ESCO to comply with applicable ISO and Power Exchange requests;
  - (5) failure to comply with prescribed reporting requirements.
  - (6) failure to comply with oversight requirement;
  - (7) failure to apprise the New York State Public Service Commission of all material changes in the information in the applicant's initial filing;
  - (8) failure to comply with the voluntary discontinuance requirements set forth above; or
  - (9) failure to comply with other applicable requirements of the New York State Public Service Commission, including those in Opinion No. 97-5; Opinion and Order Establishing Regulatory Policies for the Provision of Retail Energy Services, issued May 19, 1997, in Case 94-E-0952; and, in the Order Clarifying Consumer Protections, issued October 25, 1996, in Cases 93-G-0932, et. al.; or
- (g) where the ESCO/Marketer/Direct Customer fails to pay a bill for delivery services or an imbalance charge when due, does not pay the bill within 10 calendar days after being notified of the non-receipt of payment, and the available security is or will be insufficient to cover the amount of default.
2. The utility may initiate the process to discontinue an ESCO/ Marketer/Direct Customer by providing the ESCO/Marketer/Direct Customer a notice (with a copy to the New York State Public Service Commission) that advises the ESCO/Marketer/Direct Customer that its right to switch additional customers is suspended immediately. The notice shall also state that unless the stated cause for the discontinuance is corrected within a designated period (not less than 10 calendar days) from the ESCO's/ Marketer's receipt of the notice, or the New York State Public Service Commission, or its designee, requires otherwise, the ESCO's/Marketer's existing customers will be notified that the ESCO/Marketer will be discontinued. The discontinuance will take place not longer than fifteen (15) calendar days after the end of the designated period to cure the problem except that in cases of non-payment of invoices, the discontinuance will take place at the end of the designated period. Discontinuance of Direct Customers may be initiated by a similar notice stating that unless the identified cause is corrected within the designated period (e.g., not less than 10 calendar days), or the New York State Public Service Commission, or its designee, requires otherwise, the Direct Customer will no longer be allowed to procure its own

energy supplies. The discontinuance process will stop if the ESCO/Marketer/Direct Customer corrects the problem within the ten (10) day period, unless otherwise directed by the Commission. If a more expedited process is deemed necessary for any discontinuance, the process outlined in sub-section 6 below may be followed.

3. The utility may suspend or discontinue an ESCO/Marketer/Direct Customer immediately if an imminent risk exists that compromises the safety or operational reliability of the utility's system. Notices will be sent to customers as specified in subsection 4 below.
4. The notices to be sent to customers by utilities will advise them:
  - (a) that the discontinuance will (or did) occur at the first meter reading date, or the first of the month, or another date where the utility may estimate the readings at the discontinuance date or provide for a special meter read;
  - (b) of their option either to select another ESCO/Marketer to be their energy service provider or to return to regulated utility service;
  - (c) of the names and telephone numbers of eligible ESCOs/Marketers that have indicated a willingness to serve retail customers in the service territory;
  - (d) that if they do select other ESCO/Marketers, those entities will file switch requests with the utility on their behalf, and there will be no fee charged by the utility for the switches; and
  - (d) that after the discontinuance and unless/until new ESCO/Marketers are selected and the switches are completed, service will be provided by the utility company under its applicable tariff rate, unless such utility has notified the customer that delivery services will be terminated on or before the discontinuance date (not applicable to the "single retailer" model being used in Rochester Gas and Electric Corporation's service area).
5. Sample copies of the form of the notices to customers will be submitted to the Department of Public Service for review at least five calendar days before the letters are sent to customers.
6. If a more expeditious discontinuance process is judged to be needed in a specific situation, the utility may request such expedited treatment upon a showing of need to the Commission or its designees, which will have the authority to grant such a request. The Commission or its designee may also, for good cause, initiate an expeditious discontinuance process without a request by a utility. The ESCO/Marketer/Direct Customer will have standing in any such process.
7. ESCOs/Marketers may contest any suspension or proposed discontinuance by use of the "Dispute Resolution Process" if that process is initiated in a timely manner.
8. Upon any discontinuance of an ESCO/Marketer, the ESCO/Marketer will remain responsible for payment or reimbursement of any and all sums owed under the utility's tariff on file with the Commission or the FERC, and service agreements relating thereto, or under any agreement between the ESCO/Marketer and the



utility. The ESCO/Marketer will also remain obligated to customers to the extent provided for in contracts with them.

9. Upon receipt of a switch request from a subsequent ESCO/Marketer following the discontinuance notice, the utility will verify the intended switch with the customer in accordance with the provisions under the "Slamming Prevention Process" section, e.g., the utility will notify customers within five calendar days of the switch request.

#### **D. Discontinuance of a Direct Customer**

A Direct Customer may voluntarily discontinue securing its own energy supplies by notifying the utility of its intent to discontinue acting as a Direct Customer and to switch to another supplier or to return to utility service in accordance with the provisions under the "Switching Requirements" section previously presented. A Direct Customer may be involuntarily discontinued for the reasons, and in the same manner, as an ESCO/Marketer would be discontinued, to the extent applicable (see Section C above), except that notices to customers are not required where the Direct Customer is a single customer.

#### **E. Assignment of ESCO/Marketer Contracts**

1. An ESCO/Marketer may assign customer contracts to other eligible ESCOs/Marketers and transfer the rights to serve those customers, provided that the ESCO's/Marketer's contracts and disclosure statements clearly state that such assignments and transfers may occur. The assignment and transfer may be initiated upon submission of a notice to the utility, the Commission and the ESCO's/Marketer's customers at least fifteen (15) calendar days prior to the transfer date. The notice to the utility and the Commission will include a copy of the assignment document(s) executed by officers of all the involved ESCOs/Marketers and a copy of the notice being sent to customers. The notice to retail customers will inform them:

***The Brooklyn Union Companies have received a waiver until June 1, 2000 allowing them to require twenty-five (25) days notification of assignments and transfers from ESCO/Marketers.***

- (a) of the date(s) of the assignments;
  - (b) that service will be provided by the assigned ESCO/Marketer;
  - (c) of any changes in the contract or disclosure statement terms (to the extent permitted by the existing contracts or disclosure statements), including ministerial changes such as telephone numbers, mailing addresses, etc.
2. The utility will also send a notice, within five (5) calendar days of the notice from the ESCO/Marketer, to the ESCO's/Marketer's assigned customers advising them that transfer requests have been received and will be executed.
  3. Sample copies of the form of the notice to the customers will be submitted to the New York State Department of Public Service for review at least five (5) calendar days before the letters are sent to customers.
  4. If the utility learns that an ESCO/Marketer has assigned customers and transferred service to other ESCOs/Marketers without giving the required notices

(in contracts and/or disclosure statement and in the letters to be sent at least 15 days prior to the transfer of service) to retail customers and to the utility in accordance with the above requirements, the utility will immediately inform the New York State Department of Public Service and then, if directed, notify all of the ESCO's/Marketers customers in accordance with the procedures noted above.

5. If an ESCO/Marketer does not give the required notices to its retail customer, the utility and the Commission in accordance with the above requirements prior to transferring customers, the ESCO/Marketer may be determined ineligible by the New York State Public Service Commission to sell electricity or natural gas to retail customers in New York State and/or may be assessed a monetary penalty by the New York State Public Service Commission.
6. The assignment document(s) (copies of which will be provided to the utility and the Commission) will indicate which party will be responsible for payment of reimbursement of any and all sums owed under the utility's tariff on file with the Commission or FERC, and service agreements relating thereto, or under any agreements between the ESCO/Marketer and the utility and between the ESCO/Marketer and customers.
7. If a more expeditious transfer process is needed in a specific situation, the ESCO/Marketer may request such expedited treatment upon a showing of need to the New York State Public Service Commission or its designee, which will have authority to grant such a request. The utility company will have standing in any such process.

**DISPUTE RESOLUTION PROCESS**

It is the desire and intent of the utilities to resolve disputes between themselves and the ESCOs/Marketers/ Direct Customers through informal means, such as telephone conversations or meetings. Should those good-faith efforts fail, the following process is to be followed to address all retail access disputes/complaints between ESCOs/Marketers/Direct Customers and utilities with respect to retail access program issues (The contact for disputes Gas Supply – Transportation Services at 212-460-6250). Disputes involving retail customers, of either the ESCOs/Marketers or of the utilities, are not addressed by this process. Each ESCO/Marketer/Direct Customer and utility will designate specific personnel to be responsible for responding to complaints and disputes under this process. The parties may also pursue other legal mechanisms to address complaints and disputes.

- A. Any ESCO/Marketer/Direct Customer or utility may initiate the dispute resolution process by presenting a written description of the dispute/complaint and a proposed resolution to the other party(ies) involved in the dispute, sent in a manner that will verify its receipt.
- B. The other party(ies) must, as soon as possible, but in no case more than 15 calendar days following receipt of the complaint, provide a written response to the complaining party(ies), with an alternative resolution proposal if the complaining party's(ies)' proposed resolution is deemed unacceptable; or, with the results of any informal resolution that may have been reached with the other party(ies) prior to that date.
- C. If the initial exchange of written material (and perhaps verbal discussions) does not resolve the dispute, the complaining party(ies) may request a meeting(s) to discuss the matter further. The responding party(ies) must agree to such a meeting(s) to be held within 15 calendar days following the request.
- D. The parties may agree to use alternative dispute resolution techniques and mutually agreed-upon time frames that may differ from those defined in the dispute resolution process.
- E. If a resolution is not obtained within 45 calendar days after the initial complaint letter or the mutually agreed-upon time frame, either party may file the complaint with the New York State Department of Public Service for resolution.
- F. If an ESCO/Marketer/Direct Customer or utility believes that special circumstances (such as an emergency involving public safety, system reliability or significant financial risk) exist that would require more expeditious resolution of a dispute or complaint than might be expected under the process described here, it may submit its complaint to the New York State Department of Public Service, with a copy provided to the other party(ies) involved in the dispute. The Department will respond to such a filing by:
  - 1. expeditiously resolving the dispute; or
  - 2. advising that the standard dispute resolution process described above be followed.
- G. If a dispute involves the accuracy of invoiced charges, the invoiced charges must be paid, subject to refund with the applied interest (1.5% per month). This interest is only payable when associated with a finding of deficiency on the part of the party holding the funds determined to be due the other party.
- H. If any reasonable resolution between an ESCO/Marketer/Direct Customer, including the utility's affiliate, and the utility results in generic competitive benefits, those benefits

should also be available on a prospective basis to other ESCOs/Marketers/Direct Customers, including the affiliate of that utility, where applicable, in that utility's service territory.

- I. All correspondence or documents to be delivered from one party to another under this process must be sent in a manner that provides verification that it is received within the time periods specified by this dispute resolution process.

**SECTION IV. GAS DELIVERY MANAGEMENT PROCEDURES FOR RESIDENTIAL, SMALL AND LARGER COMMERCIAL CUSTOMERS – FIRM**

**A. Customer Eligibility/Enrollment Procedures**

**1. Establishing a New Con Edison Account**

- (a) A customer establishing a new account in the Con Edison service area must apply or have its Marketer apply to Con Edison for service. A customer may request new service through the Company's Customer Assistance Center at 1-800-75-CONED. Marketers may request new service by calling the Retail Choice Group at 1-877-266-3342. A completed oral, written, or electronic application, satisfactory to the Company, must be provided. The Company will acknowledge receipt of the application for service by providing the Marketer with the new account number within five (5) days.
- (b) The customer or its Marketer shall provide information about any special needs customer. (See Glossary of Terms – Appendix A)
- (c) The customer has the option to take sales service from the Company or purchase natural gas from a Marketer and take transportation service from the Company. If the customer wants sales service, or if a Marketer does not notify the Company that the customer wants gas retail access service, the account will be established as sales service account as of the turn-on date.
- (d) If a Marketer supplies a completed application to Con Edison to enroll a residential customer at least 5 business days prior to the turn-on date and the turn-on date is at least 10 days prior to the end of the month, the first day of the next calendar month will be the effective date of enrollment, provided that no construction is required and the customer has met all tariff requirements. If construction is required, service will commence after all connections are complete. Applications for non-residential service must be submitted at least 10 calendar days prior to the turn-on date.
- (e) If a Marketer notifies Con Edison to enroll the customer after the turn-on date, and the turn-on date is at least 10 days prior to the end of the month, the effective enrollment date will be the first calendar day of the next calendar month.

**2. Establishing an Existing Firm Customer in the Retail Choice Program**

- (a) A customer who is now receiving gas service under SC1, 2, 3, or 13 of Con Edison's Schedule for Gas Service (Existing Firm Customer) will select a Marketer and enroll with that Marketer. The Marketer will electronically provide to Con Edison, in a prescribed electronic format each enrolled customer's account number. If this information is insufficient to verify the customer's account, or the account is ineligible for enrollment, and the enrollment request is rejected, Con Edison will inform the Marketer of the reasons that the enrollment was rejected.
- (b) Once the customer's enrollment is accepted Con Edison will change the customer's billing service classification and note the account with the applicable Marketer code.
- (c) Con Edison will notify the customer in writing to confirm their choice of Marketer and enrollment in the Retail Choice Program.
- (d) Con Edison will electronically notify the Marketer of their customers' enrollment status and effective date of enrollment.

**3. Transfer of Customer From One Marketer to Another**

- (a) Any customer wanting to transfer between Marketers must have the new Marketer contact Con Edison for enrollment. The transfer will be effective on the first calendar day of the month following the Marketer's notification to the Company. The notification must be received by the Company at least 10 calendar days prior the end of the month.
- (b) The Company shall acknowledge receipt of the switch notice within 5 calendar days.
- (c) When the Company receives the new Marketer's notification, Con Edison will so notify the customer and the incumbent Marketer at least 5 calendar days prior to the switch date.
- (d) The Company will notify the new Marketer that the customer's account has been added to its Con Edison account roster.
- (e) If the customer indicates that it did not authorize a change of Marketer, the new Marketer will be notified electronically that the customer will not be assigned to it, and the incumbent Marketer will be notified electronically that the customer wishes to remain with it.

**4. Customer Closes Con Edison Account**

- (a) If a customer closes its Con Edison account, Con Edison will send the customer a final bill according to Company procedures.
- (b) The Company will notify the customer's Marketer electronically when the customer notifies the Company that the customer is moving or otherwise closing its account.

**5. Con Edison Discontinues Service for Non-Payment**

- (a) Regardless of the billing option selected, Con Edison will issue Notice of Termination to customers and terminate service according to HEFPA, PSC rules, and Company procedures.
- (b) Upon issuance of the final bill following service termination, Con Edison will notify the Marketer that the customer is no longer receiving service.

**6. Discontinuance of Service**

Only Con Edison may physically disconnect a customer's service.

**7. Notification of Unauthorized Switches**

Con Edison will report monthly all slamming (see Glossary of Terms – Appendix A) to the Department of Public Service.

**8. Marketers Applying for Service Classification No. 20 Transportation Receipt Service**

(a) A Marketer or Direct Customer seeking to qualify as a Seller in Con Edison's service area must initially complete Parts A through D of the "New Application for SC 20 Transportation Receipt Service" contained in Appendix C. Parts E and F, which relate to, respectively, balancing service options and firm transportation capacity requirements, may be submitted at a subsequent date when the Seller is ready to serve prospective SC 09 customer(s) or when the Direct Customer is ready to commence service. All parts may be completed and submitted at the same time if the Seller has SC 09 customers ready to take service. The Seller must re-submit Part E each time it forms a new Small Customer Aggregation Group or Imbalance Aggregation Group. Once the application is approved, the Company will provide the Seller an account number and access to the Internet for Seller to establish its Customer Group.

(b) Service to a Service Classification No. 20 Seller shall commence on the first day of the calendar month following receipt of a completed and executed Transportation Receipt Service application, and establishment of Seller's creditworthiness or receipt of any financial security, if required, from Seller.

**(c) Establishing Marketers as Billing Agent**

Agents can act on behalf of single service or dual service Customers for their electric service, their gas service or both services.

**1. Dual Service Accounts**

If the Marketer will be acting as the Agent for both the gas and electric services, the bill for both services will be sent to the Agent. The Con Edison account will be noted with the Marketer identification code and agency designation.

**2. Separating Dual Service Accounts**

A Marketer/ESCO designated as Billing Agent by a Customer taking only retail access service for one service or taking retail access service for both gas and electric service but designating the Marketer/ESCO as Billing Agent only for retail access service for one service may request that the Company separate the Customer's account by service so that the Marketer/ESCO may act as Billing Agent for one service only and not as Billing Agent for the Customer's entire account. The Company will charge the Marketer/ESCO the Account Separation Fee of \$34.50 for the separation of the customer's account. If the Customer with a dual service gas and electric account takes retail access service for both gas service and electric service but from different Marketer/ESCO and, upon initial enrollment or thereafter, but before the Company takes action to separate the account on the request of one Marketer/ESCO, authorizes each Marketer/ESCO to be the Billing Agent only for the service provided for that Marketer/ESCO, the Company will separate the Customer's account by service and charge each Marketer/ESCO one-half of the applicable fee.

The Corporate Customer Group will establish the new account within 6 business days and advise the Billing Agent of the new customer account number applicable to the service for which the Marketer/ESCO is Billing

Agent. A notification letter will be sent to the customer with the new account number. The customer will continue to receive directly from the Company the bill for the service not handled by the ESCO, unless the Customer has authorized another Marketer/ESCO as Billing Agent for that service.

### 3. Customer Notification

Upon receipt of notification from the Marketer, the Company will send a letter to the Customer confirming that the Marketer is now the Customer's Billing Agent. The letter will confirm to the Customer that the Billing Agent will receive all bills, mandatory bill inserts including the "Summary of Customer Rights Notice" brochure, and bill messages. It will also remind the Customer that the Customer is responsible for the payment of the Con Edison charges.

#### (d) Financial Security Provided by Billing Agents

1. The Company has the right to require a Seller who is acting as its customer's Billing Agent to provide financial security in the amount of the Company's credit exposure in a form acceptable to Con Edison. The financial security, if any, will be periodically reviewed, and will be required to be maintained so long as the Seller acts as Billing Agent.

Acceptance of a request for Billing Agency is contingent on the Marketer's providing financial security in the amount of the Company's credit exposure in any of the acceptable forms as explained herein. The Company will evaluate the Marketers creditworthiness within 10 days of the Marketer's application. The Company will determine the amount of the financial security required and inform the ESCO promptly, providing the rationale for its determination and the calculations supporting the credit limit and resulting security requirement. The marketer shall submit financial security within 5 days of notification by Con Edison. Financial security requirements will be reviewed no less often than annually.

#### 2. Security Instruments

The Marketer must post security in an acceptable form as listed below.

- A deposit – deposits received in cash as security for Billing Agency will accumulate interest at the applicable rate per annum approved by the New York State Public Service Commission for Other Customer Capital.
- A prepayment.
- A replenishable, standby irrevocable letter of credit issued by a bank, insurance company or other financial institution with at least an "A" bond rating.
- Security interest in collateral found to be satisfactory to the Company.
- A guaranty, acceptable to the Company, by another party or entity with a satisfactory credit rating of at least "BBB" by S&P's, "Baa2" by Moody's or "BBB" by Fitch ("Minimum Rating").
- A surety bond from a bank, insurance company or other financial institution with at least an "A" bond rating; or,



- Other mutually acceptable means of providing or establishing adequate security (e.g., escrow accounts, loss pooling, etc.).

If the rating of a bank or insurance company or other financial institution from whom a Marketer/Direct Customer has obtained a letter of credit or surety bond falls below an "A" rating, the Marketer/Direct Customer shall have 5 calendar days to obtain a substitute letter of credit or surety bond from an "A" rated bank or insurance company or other financial institution.

Where the Marketer's guarantor meets the creditworthiness standard of having a Minimum Rating from S&P's, Moody's or Fitch, the Company may require a Marketer to post security:

- For the amount by which the Company's Credit Exposure for the Marketer exceeds 5% of the Company's applicable revenues in any month.
  - For the full amount of the Credit Exposure if (1) the Marketer's guarantor is at the Minimum Rating and is placed on credit watch with negative implications by any of the three designated rating agencies or the Company receives information that indicates that the Marketer's guarantor's credit rating could be downgraded below the Minimum Rating (which security requirement will be lifted if the Marketer's guarantor's credit rating is not downgraded during the ensuing 60 days), or (2) the Marketer's status as a Billing Agent is terminated by another New York utility for failing to render timely bills to customers or to make timely payments to the utility.
3. If a lockbox arrangement is provided by a Marketer acting as Billing Agent the required security for Billing Agency will be reduced by 50%. Under the lockbox arrangement, a Marketer must direct its customers' payments to a lockbox, which will be administered by a mutually agreed upon entity. All costs associated with implementing and administering the lockbox will be the responsibility of the Marketer. The allocation of funds in the lockbox between the Company and the Marketer, and other administrative rules, must be agreed to by both parties, with the Company having first rights to funds in the lockbox to off-set utility charges. The administrative rules may specify the terms under which the lockbox mechanism shall be terminated for non-compliance. The Company, upon petition to the PSC, may terminate the lockbox and request full security if expected customer payments are not received in a timely manner.

**(e) Credit Exposure Determination for Billing Agency**

Where the Marketer is acting as the customer's Billing Agent, the Company's credit exposure is equal to 45 days of the Marketer's customers' projected peak period energy requirements over the coming 12 months priced at the Company's applicable delivery tariff rate, including relevant competitive transition and customer charges. Additional security will be required for any Marketer that is acting as Billing Agent for customers with gas service.

(f) **Changes to Security Requirement**

If the Marketer's guarantor's credit rating is reduced below the Minimum Rating or if the Company's credit exposure increases by 10% or \$500,000, whichever is less, then the Company may require additional security or prepayment. If the Marketer's guarantor's credit rating subsequently satisfies the Minimum Rating without the need for some or all of the additional security requirements, or if the Company's credit exposure decreases by 10% or \$500,000, whichever is less, the Company shall return, or apply to any invoice, the appropriate portion of the Marketer's security with accumulated interest, where applicable, within 5 calendar days of such determination.

(g) **Application of Security**

Unless the Marketer remits customer payments (delivery charges and late payment charges) within 5 days of notice by the Company, the Company may apply to customer accounts the security posted in connection with Billing Agency.

If the Company applies any security amount, the Marketer must restore the security amounts to the original level within 5 days.

The Company may apply the security posted by a Marketer without prior notice if the Marketer files a petition in bankruptcy (or equivalent, including the filing of an involuntary petition in bankruptcy against the Marketer), or for any reason a Marketer ceases to provide service to its customers under this plan.

If a Marketer fails to transmit any customer payment, and if the retail access customer provides Con Edison with satisfactory proof of having made payment to the Marketer, Con Edison will apply a portion of the Marketer's security to the customer's account as described above. Except as provided in the preceding sentence, Con Edison will take regular credit action against any customer with respect to an account on which payment is not made to Con Edison, by the customer directly or through its Billing Agent, in accordance with the terms of its Schedule for Gas Service.

(h) **Suspension Criteria**

The Public Service Commission may temporarily suspend or permanently revoke a Seller's eligibility. When such action becomes effective the Company will cease to provide service to the Seller. The Company shall notify the Seller's Customers and inform them of their option to select another Seller or to return to Con Edison sales service.

**B. DELIVERY QUANTITY DETERMINATION PROCEDURES**

**1. Forming A Small Customer Group**

- (a) A Seller is required to apply for SC20 service each time it forms a new Small Customer Group. For a Seller who is currently serving an existing Small Customer Group, the Company may waive the credit approval process.
- (b) A Group may be comprised of Firm, Interruptible or both Firm and Interruptible Transportation Customers whose aggregate annual requirements are at least 50,000 therms. Additionally, all members of

the group shall be required to select the same Balancing Service option. A Group comprised of both Firm and Interruptible Transportation Customers must subscribe to either (i) Load Following Service and/or Daily Delivery Service and/or Capacity Balancing Service in conjunction with Interruptible Monthly Balancing Service; or (ii) Firm Daily Cashout Service in conjunction with Interruptible Daily Balancing Service.

- (c) The SC 20 tariff describes the Seller's responsibility for maintaining a Small Customer Group with aggregate annual requirements of at least 50,000 therms.

## 2. Firm Transportation Service

Every Seller serving a firm customer or firm group must submit a completed Con Edison Affidavit of Firm Transportation that the Seller meets the firm transportation requirements described in the Gas Tariff (leaf #264.0) The Con Edison Affidavit of Firm Transportation and supporting documentation must be submitted to Transportation Services via fax (212-529-1452) or e-mail at ([gaschoice@coned.com](mailto:gaschoice@coned.com)) or ([tcis@coned.com](mailto:tcis@coned.com)). The Customer's Seller shall submit a new Affidavit and supporting documentation for each succeeding year of service by October 1 attesting that it meets the firm transportation requirements. Seller shall also submit a new affidavit and supporting documentation by the first day of each calendar month during the winter season, if the sum of the requirements of Seller's Customers increased during the prior month.

The Company shall review the sufficiency of Marketer's affidavit and supporting documentation upon submission hereof. The Company shall notify Marketers in writing by facsimile or e-mail of any deficiencies in its affidavit or supporting documentation within 10 business days of receipt thereof. The Company's notification shall state the nature of the deficiency and the action and/or information necessary to correct the deficiency. The Marketer shall take appropriate action and/or provide additional information to the Company, as necessary, within 5 business days from receipt of the Company's notification. The Company shall respond to Marketer regarding the sufficiency of its additional action and/or information within 5 business days of receipt thereof. If the Company is unable to verify a Marketer's firm transportation capacity holdings then the Marketer shall be eligible to serve firm customers, effective November 1 of each year, only to the extent that it has verifiable capacity holdings, if any. If the Marketer does not concur with the Company's conclusions at any stage of this process, may resort to the Dispute Resolution Procedures set forth Section III herein. The Company may also conduct periodic spot checks of Marketer's compliance with the firm capacity requirements outline herein.

If a Seller fails to maintain the requisite firm non-recallable primary delivery point capacity, as stated in its Affidavit of Firm Transportation, at any time throughout the winter season (November through March), the Seller shall pay the Company a charge equal to \$50.00 per dekatherm times the required daily volume of pipeline capacity that the Seller failed to maintain. For a Seller serving Customers taking the Company's Load Following and/or Daily Delivery Services, the required daily volume will be the sum of the average daily quantity of each of its Customers during each Customer's winter peak month. For a Seller serving Customers taking the Company's Daily Cashout Service, the required daily volume will be the sum of the peak day quantity of each of its Customers during the winter season.

The above-described charge is in addition to any charges that may be levied on Seller for its failure to deliver the required quantities of gas on any given day and any and all other remedies the Company may have in law or equity.

- (a) **Load Following Service, Daily Delivery Service: (a) Prior day Notification Option or (b) Same Day Notification Option, and Daily Cashout Service:**

**Primary Citygate Delivery Point Allocations**

**NOTE: The following rules will be in effect for the Winter Period November 1, 2001 through March 31, 2002 with respect to capacity a Marketer may acquire from a third party to meet its primary point obligations:**

1. A Marketer may contract for capacity to deliver all or a portion of its gas to any of the following receipt points subject to any operational constraints (including issuance of a System Alert and/or Operation Flow Order, and a 25% limitation on Texas Eastern Pipeline.
  - Transco (Receipt Point: 134<sup>th</sup> Street – Manhattan, Central Manhattan, Narrows or Long Beach)
  - Tennessee (Receipt Point: White Plains)
  - Texas Eastern (no more than 25% at Goethals)
2. A Marketer may trade all or part of its Citygate allocation on Texas Eastern to another Marketer, so long as the aggregate entitlement for deliveries on Texas Eastern among all Marketers remains below 25% of the combined total allocation.

For the Winter Period commencing on November 1, 2002 and all succeeding Winter Periods, Marketers with non-recallable, firm, primary delivery point capacity are required to deliver their gas in accordance with the following delivery point allocations:

1. Marketers with a firm Peak Month Daily Delivery Quantity of less than 1,000 dth/day have no Daily Delivery Point Allocation requirement.
2. For Marketers with a firm Peak Month Daily Delivery Quantity greater than 1,000 dth/day but less than 5,000 dth/day, the following Daily Delivery Point Allocations apply:

Transco	60%
Texas Eastern	25%
Tennessee	15%
3. For Marketers with a firm Peak Month Daily Delivery Quantity greater than 5,000 dth/day the following Daily Delivery Point Allocations apply:

Transco	58%
Texas Eastern	22%
Tennessee	12%
Iroquois*	4%
Algonquin*	4%

\* For deliveries on Iroquois and Algonquin, Marketers may deliver 4% on each pipeline as indicated above or deliver the total 8% on either the Iroquois pipeline or the Algonquin pipeline.

(b) **Load Following Service, Daily Delivery Service: (a) Prior Day Notification Option or (b) Same Day Notification Option:**

1. Every Seller serving a Firm Customer or Firm Group is required to deliver to the Company Receipt Point(s) the following quantities of gas each month for a 12-month period:
  - (a) For Load Following Service, the Customer's Seller is required to deliver the Daily Load Following Service Quantity.
  - (b) For Daily Delivery Service – Prior Day Notification, the Customer's Seller is required to deliver the Daily Load Quantity and for Daily Delivery Service – Same Day Notification, the Customer's Seller is required to deliver the Daily Load Quantity and to schedule intra-day changes to the Daily Load Quantity to meet the Revised Daily Load Quantity, as explained in the Company's Gas Tariff.
2. The Company shall provide the Load Following Service Quantity via monthly posting on the Internet (TCIS) no later than five (5) business days prior to the applicable pipeline nomination deadline. Should the Customer/ Seller disagree with the monthly quantities established, the Customer/Seller should provide the additional information it would like considered to Gas Supply – Transportation services no later than four (4) business days prior to the applicable pipeline deadline (please send via e-mail at [gaschoice@coned.com](mailto:gaschoice@coned.com) or [tcis@coned.com](mailto:tcis@coned.com)).
3. For Daily Delivery Service – Prior Day Notification, the Company shall provide the Daily Load Quantity via posting on the Internet (TCIS) no later than 9:00 AM on the day prior to the applicable pipeline nomination deadline. For weekends and Company Holidays, the Daily Load Quantity will be posted by 9:00 AM on the business day preceding the weekend and Company Holiday.
4. For Daily Delivery Service -- Same Day Notification the Company shall provide a Daily Load Quantity via posting on the Internet (TCIS) no later than 9:00 AM on the day prior to the applicable pipeline nomination deadline. The Company shall provide a Revised Daily Load Quantity via posting on the Internet (TCIS) no later than 9:00 AM on the day gas is being delivered. The Revised Daily Load Quantity shall include the increase/decrease Daily Load Quantity and the new total Daily Load Quantity. For weekends and Company Holidays, the Daily Load Quantity will be posted by 9:00 AM on the business day preceding the weekend and Company Holiday.
5. For the Load Following Service:

The Company may require the Seller to reduce deliveries of the Daily Load Following Quantity on one or more days during any winter month to prevent surplus deliveries when the temperature is projected to be higher than normal. The table below outlines the delivery requirement based on Central Park average daily temperature forecast. The Daily Load

Following Services Quantity should only change if it is above the maximum requirement for a particular day.

For warm days in a colder winter month, the Company may reduce the Customer's Daily Load Following Service Quantity for that day only. This requirement may be imposed on Customers whose Daily Load Following Service Quantity for that month is above the Maximum Service Quantity and shall not be set below the summer peak month Daily Load Following Service Quantity:

<b>Temperature Forecast Degrees Fahrenheit</b>	<b>Maximum Requirement (% of seasonal peak month)</b>
45 degrees or below	No Maximum
46-55 degrees	80%
56 degrees or above	60%

The Company will notify the Seller if it is unable to render the service nominated by fax or e-mail. No notice will be issued if the nomination is accepted by the Company.

A notice of rejecting a pre-month nomination will be sent no later than 5:00 PM of the business day preceding the applicable pipeline nomination deadline. Rejected pre-month nominations must be re-submitted no later than one hour prior to the applicable pipeline nomination deadline.

Human Needs Customers must subscribe to take Load Following Service or Daily Delivery Service.

## **C. Nominating Procedures**

### **1. Pre-Month Nominations**

- (a) Every Seller shall provide to the Company for each Firm Customer or Firm Group that it is serving a pre-month nomination equal to the Customer's or the Group's Daily Load Following Service Quantity as determined by the Company. A Seller providing service to a Group must submit pre-month nominations for the Group as a whole and not for individual Customers in the Group.
- (b) Sellers shall submit pre-month nominations via fax and through the Company's Internet (TCIS). For access to the Internet, a Seller should contact Gas Supply - Transportation Services.
- (c) Pre-Month nominations shall apply to the first Gas Day of the month and to each subsequent Gas Day until superseded by a changed daily nomination or the next month's pre-month nomination.
- (d) Each pre-month nomination shall include the following information:
  1. name of the Customer or the Small Customer Aggregation Group identification number from the SC 20 application,
  2. name of the transporting pipeline(s),

3. pipeline(s) contract number(s) and pipeline(s) activity or service number(s) associated with the transaction,
  4. Daily Quantity by Receipt Point, and
  5. any other information required by a pipeline's nominating procedures.
- (e) Pre-Month nominations must be received by Con Edison no later than 2:00 PM of the business day preceding the applicable pipeline nomination deadline for business commencing the following calendar month.
- (f) The Company will notify the Seller if it is unable to render the service nominated due to constraints at Citygate receipt points. No notice will be issued if the nomination is accepted by the Company.

A notice of rejecting a pre-month nomination will be sent no later than 5:00 PM of the business day preceding the applicable pipeline deadline. Rejected pre-month nominations must be re-submitted no later than one hour prior to the applicable pipeline nomination deadline.

**2. Daily Nominations**

- (a) Load Following Service and Daily Delivery Service - Prior Day Notification.
- (b) Daily nominations must be submitted to the Company via the Internet by 2:00 PM on the business day preceding the Gas Day for which the nomination is applicable. The information specified in paragraph 1. (d) above is required for daily nominations.
- (c) Daily Delivery Service - Same Day Notification

Daily nominations must be submitted to the Company via the Internet (TCIS) by 2:00 PM on the business day preceding the Gas Day for which the nomination is applicable. Daily nominations of the Revised Daily Load Quantities, as specified in paragraph (b) 1, must be submitted by 1:30 PM on the same day gas is being delivered. The information specified in paragraph 1 (d) above is required for daily nominations.

The Company will accept daily nominations during weekends and holidays, provided the nominations are faxed to Con Edison's Gas Control Department (212-799-0919).

- (d) Every Seller serving a Firm Customer or Firm Group that has Selected Load Following Service, Daily Delivery Service - Prior Day Notification or Same Day Notification shall submit an aggregated daily nomination for the Group as a whole.

**3. Daily Cashout Service**

Sellers of Small Customer Aggregation Group(s) must provide both individual nominations for each Customer and a total nomination for all Customers in a Small Customer Aggregation Group or Imbalance Aggregation Group. This is required to properly allocate the correct imbalance charges to a Seller, in the

event the electronic recording device that is used to transmit daily and reading either fails or transmits an erroneous reading.

(a) **Pre-Month Nominations**

Every Seller serving a Firm Customer or Firm Group that has selected the Daily Cashout Service option shall provide to the Company for each Firm Customer or Firm Group that it is serving a pre-month nomination equal to, as nearly as may be possible, the Firm Customer's or Firm Group's Daily Delivery Quantity for the first day of the following month. Every Seller serving a Firm Group shall submit an aggregated pre-month nomination for the Group as a whole. Sellers shall submit pre-month nominations via fax or through the Company's Internet (TCIS). For access to the Internet, a Seller should contact Gas Supply - Transportation Services.

(b) Pre-month nominations shall apply to the first Gas Day of the month and to each subsequent Gas Day until superseded by a changed daily nomination or the next month's pre-month nomination.

(c) Each pre-month nomination shall include the following information:

1. name of the Customer or the Small Customer Group identification number from the SC20 application,
2. name of the transporting pipeline(s),
3. pipeline(s) contract number(s) and pipeline(s) activity or service number(s) associated with the transaction,
4. Daily Quantity by Receipt Point, and
5. any other information required by a pipeline's nominating procedures.

(d) Pre-month nominations must be received by Con Edison no later than 2:00 PM by the business day preceding the applicable pipeline nomination deadline for business commencing the following calendar month.

(e) The Company will notify the Seller if it is unable to render the service nominated by phone, fax or e-mail. No notice will be issued if the nomination is accepted by the Company. A notice of rejecting a pre-month nomination will be sent no later than 5:00 PM of the business day preceding the applicable pipeline nomination deadline. Rejected pre-month nominations must be re-submitted no later than one hour prior to the applicable pipeline nomination deadline.

4. **Daily Nominations**

(a) Daily nominations must be submitted to the Company via the Internet (TCIS) by 2:00 PM on the business day preceding the Gas Day for which the nomination is applicable. The information specified in paragraph 3 (c) above is required for daily nominations.



- (b) Every Seller serving a Firm Customer or Firm Group that has selected the Daily Cashout Service option shall provide to the Company for each Firm Customer or Firm Group that it is serving a daily nomination equal to, as nearly as may be possible, the Firm Customer's or Firm Group's Daily Delivery Quantity. Every Seller serving a Firm Group shall submit a daily nomination for each Customer in the Group and an aggregated pre-month nomination for the Group as a whole.
- (c) The Company will accept daily or intra-day nominations during weekends and holidays, provided the nominations are faxed to Con Edison's Gas Control Department at 212-799-0919. The imbalance report prepared by the Company for the Customer or Seller, as applicable, will not reflect daily or intra-day nominations made on a weekend or a Con Edison holiday until the first business day following the weekend or holiday.

**5. NAESB Standards**

Transaction schedules and procedures upstream of the Company's citygate are controlled by the FERC Regulations and NAESB Standards. Where designated herein, the NAESB Standards also apply to transaction schedules and procedures at the citygates.

The following table shows the current NAESB Daily Nomination Cycle –

**Daily Nomination Cycle - Eastern Time (Central Time)**

Nomination Type	Deadline for Shipper Nomination	Deadline Upstream/ Downstream Confirmation	Deadline for Scheduled Quantities or Bump Notices	Effective Time to Flow Gas
Timely Nomination	12:30 p.m. (11:30 a.m.)	4:30 p.m. (3:30 p.m.)	5:30 p.m. (4:30 p.m.)	10:00 a.m. (9:00 a.m.)
Intra-Day 1 Nomination	11:00 a.m. (10:00 a.m.)	2:00 p.m. (1:00 p.m.)	3:00 p.m. (2:00 p.m.)	6:00 p.m. (5:00 p.m.)
Intra-Day 2 Nomination	6:00 p.m. (5:00 p.m.)	9:00 p.m. (8:00 p.m.)	No Bumping	10:00 p.m. (9:00 p.m.) (same gas day)
Evening Nomination	7:00 p.m. (6:00 p.m.)	10:00 p.m. (9:00 p.m.)	11:00 p.m. (10:00 p.m.)	10:00 p.m. (9:00 p.m.)

**6. Holidays Observed by Con Edison**

January	New Year's Day Martin Luther King, Jr.'s Birthday
February	President's Day
May	Memorial Day
July	Independence Day
September	Labor Day

October	Columbus Day
November	Veterans' Day Thanksgiving Day Day After Thanksgiving
December	Christmas

**D. Capacity Release****1. Capacity Release Service**

In accordance with the terms of Con Edison's gas tariff and this section, the Company will offer a Capacity Release Service commencing November 1, 2001 and ending October 31, 2004, as follows:

- a) A Firm Customer electing Capacity Release Service must choose a Capacity Release Seller to act on its behalf and execute an Agency Agreement with that Seller (**this form Agreement can be found in Appendix C or on the internet at [www.coned.com](http://www.coned.com) - choose ESCO/MARKETER CENTRAL from shortcut menu**).
- b) Following execution of the Agency Agreement a Capacity Release Seller may elect to obtain a portion of the Company's available interstate pipeline capacity to serve that Firm Customer for either a 12, 24 or 36 month period, commencing November 1, 2001, as follows:
  - Capacity Release Seller must make a binding commitment by sending the completed Binding Commitment form (**found in Appendix C or on the internet at [www.coned.com](http://www.coned.com) - choose ESCO/Marker Central from drop down menu**), executed by its duly authorized representative, by facsimile to 212-529-1452 **by 5:00 p.m. EDT on the later of August 8, 2001 or 14 days following issuance of the order approving the Company's Capacity Release Service. Seller's Binding Commitment will specify** the quantity of capacity in Dekatherms that it intends to obtain on its own, the quantity of capacity it intends to obtain from the Company and the period selected for this Capacity Release Service (12, 24 or 36 months). Utilizing this information, the Company will provide the Marketer the quantity of capacity to be released up to the total estimated Maximum Daily Quantities of all of Seller's firm transportation customers as of November 1, 2001.
- c) For the period November 1, 2001 through October 31, 2002, the quantity of capacity that the Company determines to be available for release on the Transco and Texas Eastern Pipelines will be released pro rata to the Capacity Release Sellers, (e.g. if a Capacity Release Seller's elected quantity of capacity will give it 5% of the total quantity released to all Capacity Release Sellers, then that Seller will be entitled to receive 5% of the quantity of capacity made available on the Transco, Texas Eastern and Tennessee Pipelines). The Company will update this subsection prior to November 1, 2002 and 2003.

- d) The Company will send a Capacity Release Service Agreement to the Capacity Release Seller by facsimile on the later of **August 22, 2001 or 28 days following issuance of the Commission's Order approving the Company's Capacity Release Service** specifying the following information:
1. The Transco and Texas Eastern pipeline receipt and delivery point(s) and the quantities of capacity associated with each point.
  2. The term (which shall be one, two or three years) commencing November 1, 2001. If a Capacity Release Seller elects Capacity Release Service for a 24- or 36-month period commencing November 1, 2001,
  3. The Company will, to the extent necessary, issue an addendum to the Capacity Release Service Agreement to reflect any change in pipeline capacity and receipt and delivery points.
  4. The quantity of capacity, based on the Seller's Binding Commitment as set forth in (b) above.
- e) A Capacity Release Seller must sign and return the Capacity Release Service Agreement via facsimile (212-529-1452) on the later of August 30, 2001 or 36 days following issuance of the Commission's Order approving the Company's Capacity Release Service,
- f) Capacity Releases will be made available on the Pipeline Bulletin Boards no later than seven (7) calendar days prior to the effective date of November 1, 2001 and each November thereafter, as applicable.
- g) Requests for additional capacity by a Capacity Release Seller to serve incremental load after November 1, 2001 (made in accordance with the provisions in the Company's gas tariff) should be sent to **gaschoice@coned.com**. The Company will provide confirmation via facsimile that such request for additional capacity is permitted or rejected within three (3) days of Seller's request and will send Seller a Modification to its Capacity Release Service Agreement for the confirmed additional capacity that will be released by the Company commencing the first day of the following calendar month.
- h) During the Winter Period, Capacity Release Sellers ("Sellers") will be required to utilize the capacity released by the Company to deliver gas to their firm customers behind Con Edison's Citygate that elected Capacity Release Service when the temperature is forecast to be at or below a level at which the Company expects to experience peak conditions on its gas distribution system ("Temperature Threshold"). Prior to November 1, the Company will post to the TCIS web site and send to the Sellers via e-mail the Temperature Threshold initially applicable during the Winter Period. The Temperature Threshold may be adjusted as the Winter Period progresses. The forecast temperature will be based on the forecasted temperature for Central Park forty-eight hours in advance. The Company will issue a notice to Sellers at least twenty-four (24) hours in advance of a day on which the Company expects the Temperature Threshold to apply.

**E. Imbalance Charges**

**1. Citygate Delivery Imbalance – Daily Cashout Service**

The SC 20 tariff leaves describe the Charges for Citygate Delivery Imbalances applicable to Daily Cashout Service on any day in which the Daily Transportation Quantity (confirmed scheduled quantity) exceeds the actual quantity of gas delivered by the pipeline to the Receipt Point for the Customer's account (Citygate Delivery Imbalance).

The following are the currently effective charges for Citygate Delivery Imbalances:

First 2%.....No Charge  
 over 2% (Summer).....\$1.00 per therm  
 over 2% (Winter).....\$1.00 per therm or the actual charge  
 by the pipeline, whichever is higher.

All Delivery Imbalance charges will be applied to the Firm Transportation Customer's Seller. Delivery Imbalance Charges shall not be applicable during an OFO period during which the Customer or the Seller is subject to Charges for Unauthorized Use.

**2. Load Following Service and Daily Delivery Service**

The SC 9 and SC 20 tariff leaves describe the Company's Load Following Service and Daily Delivery Service for Firm Transportation Customers and Seller requirements. The Seller is responsible for imbalance and cashout charges and credits.

The following are the currently effective daily imbalance charges:

	<b><u>Charge per Therm</u></b>
<i>Surplus Imbalances</i>	\$0.10 per therm

**Deficiency Imbalance During A Summer Period**

up to 2%.....	100% of cost of gas
greater than 2% but less than 5%.....	110% of cost of gas
5% and above.....	120% of cost of gas
plus	\$0.10 per therm

**Deficiency Imbalance During A Winter Period**

<b><u>Deficiency Imbalance</u></b>	<b><u>Charge per Therm</u></b>
up to 2%	100% of cost of gas
greater than 2% but less than 5%	110 % of cost of gas
5% and above	120% of cost of gas plus \$1.00 per
therm	

**Deficiency Imbalance During An OFO Period**

A charge equal to the higher of \$4.50 per therm or 120% of the cost of gas plus \$1.00 per therm. The cost of gas used in calculating the Deficiency Imbalance Charge for Marketers serving Customers taking Load Following or Daily Delivery Services will be based on the Daily High Spot Citygate Price at Transcontinental Pipeline Zone 6 as set forth in the publication entitled "Gas Daily" for the day on which the imbalance was incurred.

For Sellers subscribing to Daily Delivery Service – Same Day Notification, the imbalance charges will be applied to:

- (i) the difference between the Prior Day Daily Load Quantity and the Prior Day Daily Transportation Quantity confirmed by 9:00 AM of the delivery day and,
- (ii) the difference between the Revised Daily Load Quantity and the Revised Daily Transportation Quantity.

**3. Cashout Charge/Credit**

- (a) The SC 9 and SC 20 tariff leaves describe how a Cashout Charge or Credit is calculated and applied to the Load Following Service, Daily Delivery Service and the Daily Cashout Service.
- (b) Monthly Cashout – Load Following Service and Daily Delivery Service

The derivation of the Citygate cost of gas used to calculate a Net Surplus or Deficiency is as follows:

The Citygate cost will equal the arithmetic average of the Citygate Pooling Price, Mid-Atlantic Citygates Transco, Zone 6, FT posted price for each day of the calendar month, as set forth in the publication entitled "Gas Daily".

The derived cost will be provided to each Seller within five (5) business days after the end of the delivery month.

**5. Daily Cashout Service**

**(a) Daily Surplus Imbalance**

The Wellhead price used to calculate a net Surplus will be the lower of the arithmetic average of the last three days closing prices for the "NYMEX" Futures contracts for the delivery month or the daily low spot price at Zone 3, Station 65, Transcontinental Pipeline as set forth in the publication entitled "Gas Daily".

The variable transportation costs will be the actual variable transportation charges as stated in the Transcontinental Pipeline tariffs from Station 65 to Con Edison's Citygate. Such charges currently include transportation charges, Annual Commission Adjustment (ACA), Great Plains Adjustment (GPS), and Gas Research Institute (GRI), and pipeline fuel charges.

(b) **Daily Deficiency Imbalance**

The derivation of the Citygate cost of gas used to calculate a net Deficiency is as follows:

The Citygate cost shall be equal to the higher of the average cost of gas to firm customers for the delivery month or the daily high spot Citygate price at Zone 6, Transcontinental Pipeline, as set forth in the publication entitled "Gas Daily". The average cost of gas will be set forth on the monthly Statement of Gas Cost Factor applicable to Firm Sales Customers.

6. A Seller may aggregate Monthly Load Following Service Quantities and Daily Delivery Quantities for two or more individual customers for purposes of minimizing cashout quantities by providing written notice to Gas Supply – Transportation Services no later than 30 days prior to the first day of the delivery month for which the Seller will be aggregating cashout quantities.
7. For a Seller serving a Group of Load Following Service Customers the Cashout Charge/Credit will be based upon the Group's aggregate consumption and aggregate Monthly Load Following Service Quantities.

8. **Imbalance Trading Service**

Effective April 1, 2001 Marketers serving Firm, Interruptible or Off-Peak Firm, or Power Generation customers under Service Classification No. 9 or Direct Customers will be permitted to trade end-of-month imbalances with other Marketers/Direct Customers at specific pipeline Citygate Receipt Points. Any imbalances not traded will be subject to imbalance charges and cashout credits and surcharges applicable under Service Classification No. 20.

This service will terminate on March 31, 2002 unless extended by the Company with the approval of the Public Service Commission.

Imbalance trading will be limited to imbalances incurred during the same calendar month. Marketers/Direct Customers electing to trade firm and interruptible or off-peak firm imbalances are responsible for the full risk of their trade, since consumption data for firm customers (and therefore their imbalance position) will not be determined until the second calendar month following the month in which the imbalance occurred.

By 4:00 PM on the 12<sup>th</sup> business day of each month, the Company will post monthly imbalance information from the previous month on its TCIS Internet Site. Only the imbalance positions for Marketers serving Interruptible or Off-Peak Firm and Power Generation customers under Service Classification No. 9 or Direct Customers will be posted since consumption data for firm customers will not be determined until the second calendar month. The posting will include a list of Marketers with telephone and e-mail information, the pipeline on which the imbalance occurred, and a + or – sign to indicate the direction of each Marketer's imbalance for the prior month. The actual monthly imbalances of Marketers will not be disclosed. It will be the responsibility of the Marketer to review the imbalance information on TCIS and to contact Marketers with whom a monthly imbalance trade appears feasible. Marketers will have three business days from the time of the posting to contact the Company with their imbalance trading results. Imbalance trading results will be communicated back to the Company via e-mail at [tcis@coned.com](mailto:tcis@coned.com) or by facsimile at 212-529-1452. Imbalance trading results must be authorized by both trading partners in order to be

considered valid by the Company. Trading results not received within the three business day period will not be processed by the Company.

If a Marketers/Direct Customer's cashout position changes as the result of an adjustment to a customer's bill that leaves the Marketer/Direct Customer short for that month, the imbalance trade for that month will only be adjusted at the agreement of both Marketers/Direct Customers involved in the trade.

#### 9. Virtual Storage Option Service

Effective April 1, 2001, the Company will offer Virtual Storage Option Service ("VSOS") to Gas Marketers serving a Firm Transportation Customer or Firm Small Customer Aggregation Group and to Direct Customers taking firm transportation service in conjunction with the Load Following, Daily Delivery Service, or Daily Cashout firm balancing options. Such Marketer / Direct Customer will be referred to, in this section, as "VSOS Participant."

Under the Company's VSOS Program, a VSOS Participant can deliver gas to the Company's citygate between April and October of each year in excess of its daily delivery quantity. During the Winter Season (November – March), a VSOS Participant may draw upon virtual storage quantities to supplement its deliveries to meet its daily delivery quantity requirements for its Customers during those months.

The daily delivery quantities are as follows:

Load Following Service -	Daily Load Following Quantity
Daily Delivery Service -	Daily Load or Revised Daily Load Quantity
Daily Cashout Service -	Daily Delivery Service Quantity

The Company shall provide by February 15 via e-mail the virtual storage capacity available, the Maximum Daily Injection Quantity, and the Maximum Daily Withdrawal Quantity to each VSOS Participant, as indicated in the following example;

Storage Capacity Available: 76,509 Dth

Maximum Daily Injection Quantity:

Apr	May	June	July	Aug	Sept	Oct
332	346	383	370	370	383	321

Maximum Daily Withdrawal Quantity

Nov	Dec	Jan	Feb	Mar
383	494	617	683	370

The VSOS Capacity available to each VSOS Participant will be based on a fixed percentage of the sum of each of its Firm Customer's historical average daily summer usage, for June through September of the preceding year, multiplied by the number of days in the winter period (151 days). A VSOS Participant, at its discretion, may elect to subscribe to the entire VSOS Capacity allocated, or a lesser amount.

The aggregate quantity of VSOS Capacity, that the Company will make available to VSOS Participants for the April 1 2002 through March 31, 2003 season, is 3,000,000 Dth and will be allocated on a pro-rata basis to VSOS Participants.

VSOS Participant must elect VSOS by March 1 in order to begin virtual storage deliveries on April 1. If a VSOS Participant subscribes to VSOS after April 1, or seeks to increase its VSOS allocation based on a net increase in its firm customer(s)' usage, and additional VSOS Capacity is available, the Company may, at its discretion, allow the VSOS Participant to buy gas for its VSOS account from the Company, if available, to allow the VSOS Participant to make up for the gas that it could have delivered had it started VSOS on April 1. The purchase price will be the average first of the month Index for Transco Zone 3, as published by "Inside FERC", for the period of April 1 until the VSOS Participant commences VSOS.

#### **Injection / Withdrawal Schedule**

A VSOS Participant must notify the Company of its intention to inject and the injection quantity via facsimile at **212-529-1452** no later than two business days prior to the first of the month in which the injection will be made. Injection quantities must be nominated in TCIS, in equal daily quantities for the month, and shall not exceed the Maximum Daily Injection Quantity, which will be provided prior to February 15.

Each VSOS Participant's Maximum Daily Injection Quantity for the period April through October 2002 is derived using the following injection schedule:

April	13%
May	14%
June	15%
July	15%
August	15%
September	15%
October	13%

For the injection period, VSOS Participants will be allowed to increase their average daily delivery by the incremental amount declared for storage injection. Such incremental increases are to be in equal daily amounts for the month. The Company will credit the delivered volume, adjusted for fuel, to the VSOS account.

The fuel adjustment will be based on Transco's Zone 4 to Zone 6 fuel rate (currently 4.27%) less the storage injection rate (currently 1.61%). The current fuel adjustment is equal to 2.66%. For example; if a VSOS Participant delivers to the Company's citygate an incremental daily amount of 1,000 Dth, its VSOS account will be credited by 1,026.6.

A VSOS Participant must notify the Company of its intention to withdraw from its VSOS account, via facsimile at **212-529-1452**, no later than two business days prior to the first of the month in which withdrawals will be made. Withdrawal quantities must be nominated in TCIS, in equal daily quantities for the month, and shall not exceed the Maximum Daily Withdrawal Quantity, which will be provided prior to February 15.



Each VSOS Participant's Maximum Daily Withdrawal Quantity for the period November 1, 2002 through March 31, 2003 is derived using the following withdrawal schedule:

November	10%
December	20%
January	25%
February	25%
March	15%

A VSOS Participant will have the option of electing any of the Receipt Points in the Production Area listed below, when drawing from its VSOS account. The Company will deliver gas to the following receipt points as elected by the VSOS Participant.

Transco	-	Station 54, or 65
Texas Eastern	-	Ragley, Interconnect with Transco
Tennessee	-	Kinder, Interconnect with Transco

**Note:** The Ragley and Kinder Interconnects would require an additional fee for backhaul service.

The Company reserves the right to adjust the Injection/Withdrawal Quantities in the event of OFO's or for other operating conditions that will affect the integrity of the Con Edison distribution system.

#### **Charges Applicable to Virtual Storage Option Service**

A VSOS Participant taking VSOS will be subject to the following charges:

1. Virtual Storage Charge – this will be computed by applying a fixed charge to the VSOS Participant's elected VSOS Capacity. For a VSOS Participant commencing VSOS on April 1, the charge will be in equal monthly installments over the twelve-month period commencing April 1 of each year. This charge is currently \$0.189 per Dth.

For a VSOS Participant commencing VSOS after April 1 but no later than September 30, the virtual storage charge that would otherwise have been due had VSOS commenced on April 1<sup>st</sup> will be payable in one lump sum prior to the date of commencement, and the remainder of the virtual storage charge will be in equal monthly installments over the remaining months ending March 31 of each year.

If a VSOS Participant terminates their participation in VSOS at any time during the year, the remaining installments of the virtual storage charge will become payable in full on the termination date.

The virtual storage charge will be revised annually based on pipeline deliverability and capacity charges associated with the Company's Production Area Storage that is used to provide VSOS, plus any applicable taxes.

2. Seasonable Variable Delivery Charge – this charge consists of:
  - (a) a charge applied to the monthly quantity of gas credited to the VSOS Participant's virtual storage account in each month during the Summer Period. This charge is currently \$0.0054 per Dth.

(b) a charge applied to the monthly quantity of gas redelivered by the Company from the VSOS Participant's virtual storage account in each month during the Winter Period. This charge is currently \$0.0054 per Dth.

3. VSOS Participant will be subject to a backhaul charge when the Company re-delivers gas utilizing either the Ragley or Kinder pipeline interconnects of Texas Eastern or Tennessee respectively. The current backhaul charge based on Transco's pipeline tariff rate is as follows:

**Effective 10/1/01**

Re-delivery to Kinder	-	\$0.0182 per dekatherm
Re-delivery to Ragley	-	\$0.0182 per dekatherm

**Cashout**

Any gas remaining in VSOS Participant's virtual storage account by March 31 may, at the VSOS Participant's option, either be carried over to the next Winter Period in VSOS Participant's storage account provided VSOS Participant has subscribed to VSOS, for an equal or greater quantity, for the following year, or cashed out by the Company. The quantity of gas that is rolled over will reduce a VSOS Participant's daily delivery entitlements for the following Summer Period.

The Cashout price shall be the lowest Daily Spot Price for Transco Zone 3 as published in "Gas Daily" during the month of March.

**F. Summary of Applicable Fees, Charges and Penalties**

**1. Billing Questions and Disputes**

- (a) All Marketer questions concerning their invoices should be directed to Transportation Services (212) 460-4794. This department will direct the inquiry to the appropriate area of responsibility and procure the necessary answers and/or explanations.
- (b) Claims that invoices are not correct must be made in writing and postmarked no later than three months after the disputed invoice was mailed or provided electronically.
- (c) Responses to billing inquiries will be acknowledged in writing or by electronic transmission promptly, but no later than five working days from Con Edison's receipt of the inquiry. Con Edison will investigate and respond to the complaint, in writing, no later than 20 calendar days from the receipt of the inquiry.

**2. Invoices**

Invoices will be issued to a Marketer for Marketer's monthly imbalance services, extraordinary Customer data provided on request (over and above the information provided without charge), meter-related charges, to prior invoices, and other services provided on request.

**3. Terms of Payment**

Bills are payable upon presentation of invoice and are subject to a late payment charge. The Marketer must pay the full amount stated in the invoice, without deduction, set-off or counterclaim, within 20 calendar days ("grace period") from the date of the invoice transmittal. On the first day following the grace period, late payment charges at the rate of 1.5% per month will be applicable to all overdue-billed amounts, including arrears and unpaid late payment charges. Upon failure of the Marketer to make any payment when due, the Company may apply any security that may be available.

**Application of Payments**

Unless otherwise specified by the Marketer, payments will be applied to the oldest open invoice with a matching amount. If a match is not found, payments will be applied to the oldest open invoice and any residual amount will search for a match. This process will continue until the entire payment is applied.

**4. Overpayments**

- (a) Overpayments made by a Marketer as a result of an inaccurate invoice or as determined through the Dispute Resolution Process, shall be credited to the Marketer's account if a prior shortage exists or be refunded otherwise. Such credit or refund must occur within five calendar days of a determination that an overpayment occurred. Such overpayments shall earn interest at the rate of 1.5% per month from the date of the overpayment until the date of the credit or repayment, whichever applies. The refund shall be rendered to the Marketer by electronic funds transfers.
- (b) Overpayments made voluntarily by a Marketer/Direct Customer shall be credited to the Marketer's account and shall not earn interest unless the overpayment is applied to the security deposit account.

**5. Dispute Resolution Process**

- (a) This process is to be used to address all retail access disputes/complaints between a Marketer and the Company with respect to the Retail Choice program. Disputes involving retail customers, of either the Marketer or of the Company, are not addressed by this process. The Marketer shall designate specific personnel to be responsible for responding to complaints and disputes under this process. The Gas Transportation Services Group in Gas Supply is the responsible party for the Company relating to Marketer disputes/complaints. The parties may also pursue other legal mechanisms to address complaints and disputes.
- (b) A Marketer or the Company may initiate the dispute resolution process by presenting a written description of the dispute/complaint, and a proposed resolution, to the other party(ies) involved in the dispute, sent in a manner that will verify its receipt.
- (c) The other party(ies) must, as soon as possible, but in no case more than 15 calendar days following receipt of the complaint, provide a written response to the complaining party(ies), with an alternative resolution proposal if the complaining party's(ies) proposed resolution is deemed

unacceptable or with the results of any informal resolution that may have been reached with the other party(ies) prior to that date.

- (d) If the initial exchange of written material does not resolve the dispute, the complaining party(ies) may request a meeting(s) to discuss the matter further. The responding party(ies) must agree to such a meeting(s) to be held within 15 calendar days following the request.
- (e) The parties may agree to a different time frame or to use alternative dispute resolution techniques with mutually agreed-upon time frames that may differ from those defined in the dispute resolution process.
- (f) If a resolution is not obtained within 45 calendar days after the initial complaint letter or the mutually agreed-upon time frame, either party may file the complaint with the DPS for resolution.
- (g) If a Marketer or the Company believes that special circumstances (such as an emergency involving public safety, system reliability or significant financial risk) exist that would require more expeditious resolution of a dispute or complaint than might be expected under the process described here, it may submit its complaint to the DPS, with a copy provided to the other party(ies) involved in the dispute. The DPS will respond to such a filing by expeditiously resolving the dispute, or advising that the standard dispute resolution process described above be followed.
- (h) If a dispute involves the accuracy of invoiced charges, the invoiced charges must be paid, subject to refund with the applied interest (1.5% per month). This interest is only payable when associated with a finding of deficiency on the part of the party holding the funds determined to be due the other party.
- (i) If any reasonable resolution between a Marketer, including the Company's affiliate, and the Company results in generic competitive benefits, those benefits should also be available to other Marketers, including the affiliate of the Company, where applicable.
- (j) All correspondence or documents to be delivered from one party to another under this process must be sent in a manner that provides verification that it is received within the time periods specified by this dispute resolution process.

**6. Charges to Marketers from the Company**

Con Edison may charge Marketers/Direct Customer for the following:

- (a) Gas imbalances, based on the Company's Tariff and/or Operating Procedures.
- (b) Penalties on gas imbalances during an OFO.
- (c) Late payment charges, at a rate of 1.5% per month, applicable to all overdue-billed amounts, including arrears and unpaid late payment charges and to underbilled amounts, as determined through the Dispute Resolution process. Interest on the latter is only payable when

associated with a finding of deficiency on the part of the party holding the funds determined to be due the other party.

- (d) Additional historical customer usage, billing and credit information available upon request under the Historic Customer Information Section of the Uniform Business Practices.
- (e) A special meter reading charge of \$19 shall be imposed per account, per field visit (Marketer/Direct Customer or converting customer). Con Edison will perform a special meter reading upon the request of a Marketer with two days' prior notice.
- (f) **Dual-Service (Gas and Electric) Account Separation Charge**  
  
The Company will charge \$34.50 to separate a dual-service electric and gas account into two accounts.
- (g) Other rates and charges approved by the Public Service Commission and set for in the tariff, including, but not limited to, transportation or distribution rates, miscellaneous surcharges and taxes.
- (h) **Capacity Release Service Adjustment:** A customer electing Capacity Release Service is subject to a Capacity Release Service Adjustment to its SC 9 transportation rate to the extent that the maximum rate on the pipelines on which capacity is released varies from the Company's weighted average cost of capacity, which includes the cost of capacity associated with bundled Citygate purchases ("WACOC"). The Customer's Capacity Release Seller, acting on the Customer's behalf, will receive a credit or pay a charge, as further explained in the SC 9 and SC 20 Tariffs.

**SECTION V. GAS DELIVERY MANAGEMENT PROCEDURES FOR INTERRUPTIBLE AND OFF-PEAK FIRM CUSTOMERS – SALES AND TRANSPORTATION**

**A. Customer Eligibility/Enrollment Procedures**

**1. Customer Eligibility/Enrollment**

**(a) Marketers Applying for Service Classification No. 20 Transportation Receipt Service**

A Marketer or Direct Customer seeking to qualify as a Seller in Con Edison's service area must initially complete Parts A through D of the "New Application for SC 20 Transportation Receipt Service" contained in Appendix C. Parts E and F, which relate to, respectively, balancing service options and firm transportation capacity requirements, may be submitted at a subsequent date when the Seller is ready to serve prospective SC 09 customer(s) or when the Direct Customer is ready to commence service. All parts may be completed and submitted at the same time if the Seller has SC 09 customers ready to take service. The Seller must re-submit Part E each time it forms a new Small Customer Aggregation Group or Imbalance Aggregation Group. Once the application is approved, the Company will provide the Seller an account number and access to the Internet for Seller to establish its Customer Group.

- (b)** Service to a Service Classification No. 20 Seller shall commence on the first day of the calendar month following receipt of a completed and executed Transportation Receipt Service application, and establishment of Seller's creditworthiness or receipt of any financial security, if required, from Seller.

**2. Applications for Service**

- (a)** New Interruptible service customers, applying for Transportation Service under Service Classification No. 09, and/or Sales Service under Service Classification No. 12, themselves or through their Marketer shall submit the appropriate application form and other required information by mail or by fax at any of the Con Edison Energy Service Offices listed in Section II, page four.

The applicant or Marketer must provide information and/or a deposit sufficient to meet any other requirements imposed by the Company tariff or this procedure.

**3. Applicants for Service Classification No. 09 Interruptible or Off-Peak Firm Sales and Transportation Service**

- (a)** New Customers or their Marketer who are applying for Transportation Service under Service Classification No. 09, and/or Sales Service Classification No. 12 shall submit the appropriate application form and other required information at any of the Con Edison Energy Service Offices listed in Section II, page four.
- (b)** An existing Interruptible or Off-Peak Firm Sales Service Customer transferring to Transportation Service shall submit the application form and other required information by mail or by fax to the address listed below.  
An applicant (Seller) for Transportation Receipt Service under Service Classification No. 20 shall submit the application form and other required information to:

Con Edison  
Section Manager – Retail Choice Operations  
4 Irving Place, 9FI SE  
New York, NY 10003

(c) **Existing Sales Service Customers**

A Customer who is now receiving gas service under Service Classification No. 12 of Con Edison's Schedule for Gas Service, or an Existing Firm Customer, who wishes to convert to SC 09 Interruptible or Off-Peak Firm Transportation Service must complete the "Application for SC 09 Interruptible or Off-Peak Firm Transportation Service For Existing Customers Transferring From other Service Classifications" contained in Appendix C.

- (d) An applicant who is not now a Con Edison gas customer must complete the "New Customer Application For SC 9 and SC 12 Interruptible or Off-Peak Firm Transportation and Sales Service" contained in Appendix C.

4. **Switching Between Interruptible/Off-Peak Firm Service and Firm Service**

If a Customer voluntarily switches from Interruptible or Off-Peak Firm Sales or Interruptible or Off-Peak Firm Transportation service to Firm Sales or Firm Transportation service, that Customer will be precluded from returning to Interruptible or Off-Peak Firm service for one year.

5. **Applicants for Service Classification No. 09 CNG, Bypass, or Power Generation Transportation Service**

An applicant must complete the appropriate application listed above and all other material deemed necessary by the Company in connection with the service to be provided (e.g. for a bypass Customer, the information necessary to evaluate the Customer's ability to physically and economically bypass the Company's facilities).

6. **Commencement of Service**

For new applicants, services will commence after all connections are complete in accordance with provisions of the Company's tariff.

- (a) Service to an SC 09 or SC 12 Customer shall commence upon the later of:

1. The first day of the calendar month that occurs no less than 10 Days after completion of the application process, or on the first of the month after the installation of any required metering equipment, recording devices, dedicated phone lines, and the like.

- (b) Service to a Service Classification No. 20 Seller shall commence on the first day of the calendar month following receipt of a completed and executed Transportation Receipt Service application, and establishment of Seller's creditworthiness or receipt of any financial security, if required, from Seller.

7. **Initiation of Service Fees, Deposits, or Other Requirements**

Any fees, deposit requirements, or other charges identified in the Company's Tariff will apply to initiation of service to new transportation customer applicants.

**B. Delivery Quantity Determination Procedures**

**1. Interruptible and Off-Peak Firm Transportation Services**

**(a) Forming a Small Customer Group**

1. A Seller is required to apply for SC 20 service each time it forms a new Small Customer Group. For a Seller who is currently serving an existing Small Customer Group, the Company may waive the credit approval process.
2. A Group may be comprised of Firm, Interruptible or both Firm and Interruptible Transportation Customers whose aggregate annual requirements are at least 50,000 therms. Additionally, all members of the group shall be required to select the same Balancing Service option. A Group comprised of both Firm and Interruptible Transportation Customers must subscribe to either (i) Load Following Service and/or Daily Delivery Service in conjunction with Interruptible Monthly Balancing Service; or (ii) Firm Daily Cashout Service in conjunction with Interruptible Daily Balancing Service.

**2. Making Changes to a Small Customer Group**

- (a) Seller shall submit in writing to Gas Supply – Transportation Services additions to or deletions from a Small Customer Group at least 30 days before the commencement of the month of delivery. The information for each Customer shall be the same as that required on the SC 20 application.
- (b) The tariff describes the Seller's responsibility for maintaining a Small Customer Group with aggregate annual requirements of at least 50,000 therms.

**3. Imbalance Reports**

**(a) Individual Customers**

The Company shall provide through the Internet or to each customer an Imbalance report as soon as reasonably possible after the end of each Gas Day. The report shall reflect the most accurate data then available to the Company. The data which is used to calculate cashout volumes shall be subject to adjustment to reflect subsequent reconciliations by the pipeline and any corrections to reflect operation or metering circumstances. Whenever daily metering information is not available an estimated metered volume will be substituted for that day and imbalance charges will be applied to the estimated metered volume.

If the Company fails to perform in accordance with the foregoing procedures, and if that failure causes a customer to incur an unauthorized use penalty or imbalance charges under the Company's tariff, the penalty or charge shall be waived. Such penalties or charges shall not be waived, however, if the customer could have taken steps to avoid their occurrence.



(b) **Groups**

For customers who are members of an Imbalance Aggregation Group, the Company shall provide through the Internet the report to Seller. The report will show the aggregated deliveries and aggregated consumption of the Customers in the Group.

4. **Aggregated Groups Of Firm and Interruptible Customers**

The SC 9 and SC 20 tariff leaves describe how the balancing charges and cashout charges and credits are calculated and applied, and explain whether the customer or the Seller is the responsible person. This section will describe the method by which balancing charges and cashout charges and credits will be applied to Small Customer Aggregation Groups or Groups Aggregating Imbalances comprised of a combination of Firm, Interruptible or Off-Peak Firm Customers.

- (a) For an Aggregated Group of Firm, Interruptible or Off-Peak Firm Customer in which all members have elected either Daily Cashout Service (Firm) or Daily Balancing Service (Interruptible and Off-Peak Firm), the following rules apply:
1. Firm Customers will be subject to Citygate Imbalance Charges
  2. The Seller shall submit one daily nomination for all Customers in the Group.
  3. The Daily Transportation Quantity will first be applied to the Daily Delivery Quantity of all Firm Customer in the Group.
  4. If the Daily Transportation Quantity is less than the Daily Delivery Quantities of Firm Customers in the Group, the Seller shall be subject to: (i) Daily cashout Charges or the difference between the total Daily Delivery Quantities of all Firm Customers in the Group and the total Daily Transportation Quantities, and (ii) Daily Imbalance Charges and Cashout Charges for the total Daily Delivery Quantity for the Interruptible and Off-Peak Firm Customers in the Group.
  5. If the Daily Transportation Quantity is greater than the Daily Delivery Quantities for Firm Customers but less than the Daily Delivery Quantities for the Interruptible and Off-Peak Firm Customers, the Seller shall be subject to: Daily Imbalance Charges and Cashout Charges for the Interruptible and Off-Peak Firm Customers in the Group based on the difference between the Daily Delivery Quantity and the Daily Transportation Quantity for all Customers in the Group.
  6. If the Daily Transportation Quantity is greater than the sum of Daily Delivery Quantities for Firm, Interruptible and Off-Peak Firm Customers in the Group, the Seller shall be subject to: Daily Imbalance Charges and Cashout Credits for the Interruptible and Off-Peak Firm Customers in the Group based on the difference between the Daily Transportation Quantity and the Daily Delivery Quantity for all Customers in the Group.

5. For an Aggregated Group of Firm, Interruptible, or Off-Peak Firm Customers in which all Firm members have elected Load Following Service and Interruptible and Off-Peak Firm members have elected Monthly Balancing Service, the following rules apply:
- (a) Con Edison shall provide to Seller the Load Following Service Quantity for all Firm Customers in the Group.
  - (b) The Seller shall submit one Daily Transportation Quantity for all customers in the Group. This quantity shall not be less than the sum of the Load Following Service Quantity and the quantities applicable to the Interruptible and Off-Peak Firm Customers in the Group.
  - (c) Con Edison shall apply the Daily Transportation Quantity first to the Load Following Service Quantity and then to the quantities delivered to the Interruptible and Off-Peak Firm Customers in the Group.
  - (d) If the Daily Transportation Quantity is greater than the Load Following Service Quantity for Firm Customers in the Group but less than the quantities for Interruptible and Off-Peak Firm Customers in the Group, the Seller shall be subject to: Minimum Delivery Charges for Interruptible and Off-Peak Firm Customers, and Cashout Charges for Interruptible and Off-Peak Firm Customers, on the difference between the total Daily Delivery Quantities and the total Daily Transportation Quantities for all Customers in the Group.
  - (e) If the Daily Transportation Quantity is greater than the sum of the Load Following Service Quantity and quantities for Interruptible and Off-Peak Firm Customers in the Group, the Seller shall be subject to: Minimum Delivery Charges for Interruptible and Off-Peak Firm Customers and Cashout Credits for Interruptible and Off-Peak Firm Customers on the difference between the total Daily Transportation Quantities and the total Daily Delivery Quantities for all the customers in the Group.

**C. Nominating Procedures**

**1. Pre-Month Election of Sales or Transportation Service**

- (a) Prior to each calendar month, all Interruptible and Off-Peak Firm Transportation Customers must elect either SC 12 sales service or SC 9 transportation service for the entire following calendar month.
- (b) For Off-Peak Firm Customers, on the fourth business day prior to the first day of the following month, the customer shall be notified by the Company of the new citygate sales rate applicable to the following calendar month through the use of internet, by fax, or by telephone. By 5:00 PM of the next business day, the customer must elect sales service or transportation service and daily balancing or monthly balancing for the entire calendar month. The Company, at its discretion, may post subsequent prices that differ from the initial price, the last of which will be posted no later than 2:00 PM of the third business day prior to the first day of the following month. Customers may lock into any price offered by the Company until 5:00 PM of the third business day. Once a customer locks into a price, that price will be unaffected by any price posted thereafter.
- (c) Customers must make their election to take either Sales or Transportation service by supplying all of the information required

through the Internet, or by fax document, which must be returned by 5:00 PM of the third business day prior to the first day of the following calendar month. Customers who fail to make a timely election shall be deemed to have elected Interruptible Sales Service, unless the Customer previously advised the Company in writing that Transportation Service should be its default service.

- (d) The Company will notify Customers by fax of any rate decrease occurring during the month at least 24 hours prior to the effective date of the rate change.

**2. Nominations**

Sellers of Small Customer Aggregation Group(s) or Imbalance Aggregation Group(s) must provide a total nomination for all Customers in a Small Customer Aggregation Group or Imbalance Aggregation Group.

**3. Pre-Month Nominations**

- (a) Each Interruptible and Off-Peak Firm Transportation Customer or Seller acting on behalf of a Group must submit a pre-month nomination.
- (b) A Seller shall submit a total pre-month nomination for all of the Customers in a Small Customer Aggregation Group or an Imbalance Aggregation Group.
- (c) A pre-month nomination shall be submitted through the Company's internet (TCIS). For instructions and access to the Internet a Customer or Seller should contact Gas Supply - Transportation Services.
- (d) The following information is required for pre-month and daily nominations:
- name of the Customer or Group identification number from the SC 20 application, for a Small Customer Aggregation Group or Imbalance Aggregation Group.
  - name of the Customer's Agent or Seller, as applicable,
  - name(s) of the transporting pipeline(s),
  - pipeline contract number(s) and pipeline activity or service number(s) associated with the transaction
  - Daily Transportation Quantity by Receipt Point for the first day of the month (pre-month nomination), and
  - any other information required by a pipeline's nominating procedures.
- (e) Pre-month nominations shall apply to the first Gas Day of the month and to each subsequent Gas Day until superseded by a changed daily nomination or the next month's pre-month nomination.

- (f) Pre-month nominations must be received by Con Edison no later than 2:00 PM of the business day preceding the applicable pipeline nomination deadline for business commencing the next month.

**4. Daily Nominations**

- (a) Daily nominations must be submitted to the Company via the Internet (TCIS) by 2:00 PM on the business day preceding the Gas Day for which the nomination is applicable. The information specified in 3 (d) above is required for daily nominations.
- (b) A Seller shall submit a total daily nomination for all of the customers in a Small Customer Aggregation Group or an Imbalance Aggregation Group.
- (c) The Company will accept daily or intra-day nominations during weekends and holidays, as long as the nominations are faxed to Con Edison's Gas Control Department at 212-799-0919. The imbalance report prepared by the Company for the Customer or Seller, as applicable, will not reflect daily nominations made on a weekend or a Con Edison holiday until the first business day following the weekend or holiday.
- (d) On a day when the Company is testing its interruption systems the Company will notify the Seller that certain of its dual fuel customers are expected to use less gas than usual that day. If the test is for less than twenty-four (24) hours, Seller will be permitted to carry over any surplus gas delivered on the day of the test to a subsequent day within the month and imbalance charges for the day of the test will be automatically waived.

**5. When a Pre-Month or Daily Nomination Cannot Be Accepted**

- (a) The Company will notify the customer or the Customer's Agent or Seller, as applicable, if it is unable to render the service nominated by phone, fax or e-mail. No notice will be issued if the nomination is accepted by the Company.
- (b) Notification of the rejection of a pre-month nomination will be made no later than 5:00 PM of the business day preceding the applicable pipeline nomination deadline. A notice rejecting a daily nomination will be made as soon as possible prior to the applicable pipeline nomination deadline.

**6. NAESB Standards**

Transaction schedules and procedures upstream of the Company's citygate are controlled by the FERC Regulations and NAESB Standards. Where designated herein, the NAESB Standards also apply to transaction schedules and procedures at the citygates.

The following table shows the current NAESB Daily Nomination Cycle –

Daily Nomination Cycle - Eastern Time (Central Time)				
Nomination Type	Deadline for Shipper Nomination	Deadline Upstream/ Downstream Confirmation	Deadline for Scheduled Quantities or Bump Notices	Effective Time to Flow Gas
Timely Nomination	12:30 p.m. (11:30 a.m.)	4:30 p.m. (3:30 p.m.)	5:30 p.m. (4:30 p.m.)	10:00 a.m. (9:00 a.m.)
Intra-Day 1 Nomination	11:00 a.m. (10:00 a.m.)	2:00 p.m. (1:00 p.m.)	3:00 p.m. (2:00 p.m.)	6:00 p.m. (5:00 p.m.)
Intra-Day 2 Nomination	6:00 p.m. (5:00 p.m.)	9:00 p.m. (8:00 p.m.)	No Bumping	10:00 p.m. (9:00 p.m.) (same gas day)
Evening Nomination	7:00 p.m. (6:00 p.m.)	10:00 p.m. (9:00 p.m.)	11:00 p.m. (10:00 p.m.)	10:00 p.m. (9:00 p.m.)

**7. Holidays Observed by Con Edison**

January	New Year's Day Martin Luther King, Jr.'s Birthday
February	President's Day
May	Memorial Day
July	Independence Day
September	Labor Day
October	Columbus Day
November	Veterans' Day Thanksgiving Day Day After Thanksgiving
December	Christmas

**D. Balancing – Daily/Monthly, Tolerances, Penalties**

**1. Currently Effective Imbalance Charges**

**(a) Daily and Monthly Balancing Options**

Customers and/or Sellers can choose between Daily or Monthly balancing on a month-to-month basis. The SC 9 and SC 20 tariff leaves describe the Company's daily balancing and monthly balancing options and explain whether the Customer or the Seller is responsible for imbalance charges.

For a Seller serving a Group, the Company will apply the applicable charges to the net imbalance for the Group.

The currently effective charges per therm for imbalance for the daily balancing and monthly balancing options are as follows:

**Daily Balancing**

Surplus Imbalances

- (1) up to 10%.....\$0.000 per therm
- (2) next 10%.....Per Statement
- (3) over 20% (Summer).....Per Statement
- (4) over 20% (Winter).....Per Statement

Deficiency Imbalances

- (1) up to 10%.....\$0.000 per therm
- (2) next 10%.....Per Statement
- (3) over 20% (Summer).....Per Statement
- (4) over 20% (Winter).....Per Statement

**Monthly Balancing**

- (a) Balancing Charge

The customer shall be required to deliver no less than the Minimum Daily Transportation Quantity on each day of the month. The Customer or Seller shall have the option each month to choose a Minimum Daily Transportation Quantity equal to 70%, 80% or 90% of the Customer's Daily Delivery Quantity ("Minimum Delivery"). The customer shall pay a per therm Balancing Charge on all gas consumed during the billing period as follows:

- (1) 70% Minimum Delivery.....\$0.0105
- (2) 80% Minimum Delivery.....\$0.0070
- (3) 90% Minimum Delivery.....\$0.0020
- (b) Minimum Delivery Charge

The Customer or Seller shall pay a Minimum Delivery Charge on under-delivery quantities on any day, which the Daily Transportation Quantity is less than the minimum delivery quantity ("under-deliveries") as follows:

Under-deliveries

- (1) Summer.....Per Statement
- (2) Winter.....Per Statement

**2. Imbalance Trading Service**

Effective April 1, 2001 Marketers serving Firm, Interruptible or Off-Peak Firm or Power Generation customers under Service Classification No. 9 or Direct Customers will be permitted to trade end-of-month imbalances with other Marketers/Direct Customers at specific pipeline Citygate Receipt Points. Any

imbalances not traded will be subject to imbalance charges and cashout credits and surcharges applicable under Service Classification No. 20.

This service will terminate on September 30, 2004 unless extended by the Company with the approval of the Public Service Commission.

Imbalance trading will be limited to imbalances incurred during the same calendar month. Marketers/Direct Customers electing to trade firm and interruptible or off-peak firm imbalances are responsible for the full risk of their trade, since consumption data for firm customers (and therefore their imbalance position) will not be determined until the second calendar month following the month in which the imbalance occurred.

By 4:00 PM on the 12<sup>th</sup> business day of each month, the Company will post monthly imbalance information from the previous month on its TCIS Internet Site. Only the imbalance positions for Marketers serving Interruptible or Off-Peak Firm and Power Generation customers under Service Classification No. 9 or Direct Customers will be posted since consumption data for firm customers will not be determined until the second calendar month. The posting will include a list of Marketers with telephone and e-mail information, the pipeline on which the imbalance occurred, and a + or - sign to indicate the direction of each Marketer's imbalance for the prior month. The actual monthly imbalances of Marketers will not be disclosed. It will be the responsibility of the Marketer to review the imbalance information on TCIS and to contact Marketers with whom a monthly imbalance trade appears feasible. Marketers will have three business days from the time of the posting to contact the Company with their imbalance trading results. Imbalance trading results will be communicated back to the Company via e-mail at [tcis@coned.com](mailto:tcis@coned.com) or by facsimile at 212-529-1452. Imbalance trading results must be authorized by both trading partners in order to be considered valid by the Company. Trading results not received within the three business day period will not be processed by the Company.

If a Marketers/Direct Customer's cashout position changes as the result of an adjustment to a customer's bill that leaves the Marketer/Direct Customer short for that month, the imbalance trade for that month will only be adjusted at the agreement of both Marketers/Direct Customers involved in the trade.

### 3. Cashout Charge/Credit

#### Monthly or Daily Balancing Service

- (a) The SC 9 and SC 20 tariff leaves describe how a Cashout Charge or Credit is calculated and applied and explain whether the Customer or the Seller is the responsible person.
- (b) For a Seller serving a Group, the Company will apply the applicable Cashout Charge/Credit to the net imbalance for the Group.
- (c) Surplus Imbalance Cashout

The derivation of the (i) wellhead charge and the (ii) variable transportation costs used in calculating a Net Surplus imbalance is as follows:

- (i) The wellhead price will be the lower of the arithmetic average of the last three days closing prices for the "NYMEX" Futures

contracts for the delivery month or the lowest weekly spot price at Zone 3, Station 65, Transcontinental Pipeline as stated in the publication entitled Natural Gas Week.

- (ii) The variable transportation costs will be the actual variable transportation charges as stated in the Transcontinental Pipeline tariffs from Station 65 to Con Edison's Citygate.

**The derived price will be provided to each Seller within five (5) business days after the end of the delivery month via Internet.**

The Monthly cashout Credit on the Net Surplus Imbalance Quantity shall be equal to the product of (i) the wellhead price (WP) for gas plus variable transportation costs (VTC) and (ii) the applicable percentage as follows:

<u>Net Surplus Imbalance</u>	<u>Credit Per Therm</u>
up to 10%.....	100% of sum of WP and VTC
greater than 10% but less than 20%.....	90% of sum of WP and VTC
20% and above.....	80% of sum of WP and VTC

**(d) Deficiency Imbalance Cashout**

As provided in the tariff, the "average cost of gas applicable to Interruptible or Off-Peak Firm Customers" will be used in calculating a Net Deficiency Imbalance Cashout. For a Group, such charge will be the higher of the average cost of gas for interruptible customers or the average cost of gas for Off-peak Firm Customers applicable to a member of the Group.

The Monthly cashout Charge on the net Deficiency Imbalance Quantity shall be equal to the product of the otherwise applicable average cost of gas and the applicable percentage, as follows:

<u>Net Deficiency Imbalance</u>	<u>Charge Per Therm</u>
up to 10%.....	100% of cost of gas
greater than 10% but less than 20%.....	110% of cost of gas
20% and above.....	120% of cost of gas

**4. Aggregating Imbalances**

**(a) Customers Purchasing Gas From Sellers**

A Seller may form an Imbalance Aggregation Group for purposes of minimizing imbalance and cashout charges by completing an SC 20 application form. Changes to an existing Imbalance Aggregation Group must be submitted to Gas Supply – Transportation Services no later than three (3) business days prior to the start of the delivery month. The Seller shall be responsible for reimbursing the Company for any applicable SC9 rates and charges not paid by the SC 9 Customer(s) the Seller is representing.



(b) **Customers Purchasing Gas From Con Edison**

1. A customer who requests to become part of an aggregation group must check off the appropriate box on its monthly SC 12 Off-Peak or SC 19 price quotation form which will be posted on the Internet or is faxed by the Company three days before the next calendar month. The customer's selection of Group balancing will be effective on the next calendar month.
2. The service charge applicable to any month will be included on the monthly Statement of Balancing Charges.
3. **Terms and Condition of Service**
  - (i) The Service Charge will be applied to all gas consumed during the month. The Company will assume the responsibility for all daily surplus and deficiency imbalance charges.
  - (ii) Customers opting for this service will not be subject to the end-of-month cashout charges or credits.
  - (iii) Customers will be required to provide an estimate of their monthly usage on the monthly price quotation form but will not be required to make daily nominations.

E. **Dual-Fuel Sales Services**

1. **Rate Information**

(a) **Interruptible Sales and Transportation Rates**

The monthly rate(s) for Interruptible Sales and Transportation Service (SC12 Rate 1 and SC 9 Rate 1) effective on the first day of the following calendar month will be available on or before the 3<sup>rd</sup> business day prior to the start of the new month. A Customer may obtain this rate information through the Company's Internet ([www.coned.com](http://www.coned.com) - choose document center from the drop menu). In the event that customer does not have Internet access rate information may be obtained by contacting an Energy Services representative at one of the Company's offices listed in Section B. If the Company revises its effective Interruptible or Off-Peak Firm sales and/or transportation rates during the month, affected Customers will be notified by fax no later than 24 hours prior to the effective date of the rate change. The Internet will be updated accordingly.

Posted interruptible rate categories shall be changed no more frequently than once every calendar quarter, with 30 days prior notice to all affected SC12 Rate 1 customers. The Company will establish, at its sole discretion, a single rate or multiple rate levels applicable to each rate category, effective on the first calendar day of each month.

(b) **Off-Peak Firm Sales Rate**

The Company will advise all Off-Peak Firm Sales Service Customers (SC12 Rate 2) of the monthly Off-Peak firm sales rate by use of the Internet, by fax, or by telephone.

A Customer may also obtain this rate information through the Company's Internet site or by contacting an Energy Services representative at one of the Energy Services offices listed in Section B.

The monthly rate(s) for Off-Peak Firm Sales Service (SC12 Rate2) will be effective on the first day of the following calendar month. On the fourth business day prior to the first day of the following month, the Customer shall be notified by the Company of the new Citygate sales rate. By 5:00 PM of the next business day, the Customer must elect sales service or transportation service and daily balancing or monthly balancing for the entire calendar month. The Company, at its discretion, may post subsequent prices that differ from the initial price, the last of which will be posted no later than 2:00 PM of the third business day prior to the first day of the following month. Customers may lock into any price offered by the Company until 5:00 PM of the third business day. Once a Customer locks into a price, that price will be unaffected by any price posted thereafter.

## **2. Interruption Options**

- (a) An Interruptible Sales Customer may elect either notification or temperature-control as its method of service interruption. Prior to each heating season, the Company will submit a Pre-Season Notification letter and Affidavit of Alternate Fuel/Energy Source. The letter will include the specified outdoor temperature at which the Customer electing temperature-control shall switch to its alternate energy source.
- (b) If a Customer elects temperature-control, it is required to obtain, install in a location approved by the Company, and maintain an adjustable temperature-control device that will allow the Customer to switch to its alternate energy source. The Customer is required to set its temperature sensing equipment to the Company prescribed temperature within five (5) business days after receipt of the Company's notice.
- (c) An Off-Peak Firm Customer or an Interruptible Customer who elects notification, must provide telephone and/or fax numbers for both normal business and non-business hours, including weekends and holidays, which the Company will use to notify the Customer of any gas curtailment. The telephone number must not require an extension or be connected to an answering machine.
- (d) Should any of these numbers change, the Interruptible or Off-Peak Firm Customer must promptly notify the Company of the new telephone and/or fax number, as applicable, by fax (212-529-1452) to Gas Supply – Transportation Services. Any change in telephone or fax number will not relieve the customer of the responsibility to interrupt its gas usage during a Company curtailment.
- (e) No later than October 1 of each year, a Customer may change its method of interruption for the annual period commencing November 1 by written notification to its local Energy Service representative.
- (f) A Temperature Control Customer that switches from sales service to transportation service will automatically become a Notification Customer and must provide the Company telephone and fax numbers for both normal business and non-business hours, including weekends and holidays, which the Company will use to notify the Customer of any gas interruption.

**3. Pre-Season Customer Notification**

Prior to November 1 of each year, the Company will notify all Interruptible and Off-Peak Firm Customers in a certified letter, return receipt requested, of the operating requirements for the coming heating season. The notice will include the current rates and charges for any unauthorized gas use and the Company's plan to conduct inspections and/or a test prior to November 1, as well as the Company telephone numbers and contact personnel to call in the event that an equipment failure prevents the customer from switching to its alternate fuel during a service interruption or curtailment. Also included in the Pre-Season Customer Notification letter is a form of Affidavit for Service Classification Nos. 9 & 12 that provides information on the customers' alternate fuel supply and attests to customers' satisfying their responsibilities as an Interruptible or Off-Peak Firm gas customer. This form must be completed by all Interruptible and Off-Peak Firm Sales and Transportation Customers, as well as a Form to update Customer contact information. For Temperature-Control Customers, the notice will also include the prescribed temperature settings for both interruption and resumption of gas service for the upcoming winter period.

**4. Determination of an Interruptible or Off-Peak Firm Customer's Annual Usage**

- (a) A customer's annual gas requirements will be determined as follows:
1. For a Customer using oil, the customer's historical operating usage will be converted to therms based on the type of fuel oil used.
  2. For a Customer using service at a premises not previously supplied by gas or oil, the usage will be estimated based on the information used to size and meter the Customer's equipment.
  3. For a Customer adding new load, the annual usage will be increased by the estimate of the input ratings of the equipment to be installed.
  4. For an existing customer who alternates between the use of oil and gas throughout the year, the annual usage will be based on a review of the Customer's oil use converted to therms in addition to the amount of gas consumed during the year.
  5. For all Customers, the Company will consider input from the Customer regarding changes in the Customer's annual gas usage.

**5. Reserve Requirements for Interruptible, Off-Peak Firm and Power Generation Customers**

Interruptible, Off-Peak Firm and Power Generation Customers must conform to the following additional requirement.

- (a) By October 1 of each year, all Interruptible, Off-Peak Firm and Power Generation Customers are required to demonstrate to the Company that, by November 1 of that year, they have adequate reserves of their alternate fuel or energy source based on each Customer's peak winter period requirements. A Customer may meet the reserve requirement through a combination of on-site storage capacity and by providing satisfactory proof to the Company that a relationship exists with the alternate fuel or energy provider to supply the Customer with the additional amount required to meet the Customer's reserve requirement.

- Interruptible Temperature Control Customers whose alternate fuel is diesel, propane, No. 2 oil, No. 4 oil, and/or No. 6 oil must have a seven-day reserve.
- Interruptible or Off-Peak Firm Notification Customers whose alternate fuel is diesel, propane, No. 2 oil, No. 4 oil, and/or No. 6 oil (hereinafter referred to as "alternate fuel") must have a ten-day reserve.
- To the extent a Customer relies on energy sources other than alternate fuel ("alternate energy source"), there must be in place one or more executed contracts with one or more supplier(s) for such alternate energy source during the Winter season in quantities which meet the Customer's alternate energy requirement based on peak winter requirements. The alternate energy requirement for Interruptible Temperature Control Customers is seven days of reserves. For Interruptible or Off-Peak Firm Notification Customers, the alternate energy requirement is ten days of reserves.
- Power Generation Customers must maintain operable Emergency Low Gas Inlet Pressure Trip Switch, Gas Telemetry Equipment, and any other equipment the Company deems necessary to provide service.

A new Interruptible or Off-Peak Firm Customer with alternate fuel capability, commencing service on and after November 1, 2001, must have as part of its applicable reserve requirement three days or more of on-site inventory of its alternate fuel, based upon the Customer's peak winter period requirements. The Customer's peak winter period requirements will be determined on the basis of the Customer's peak day energy requirements during the prior Winter Period. (See Section V - E.4 – Determination of an Interruptible or Off-Peak Firm Customer's Annual Usage)

The Company may, in its sole discretion, grant a waiver of the alternate fuel or energy requirements under this service classification where the Customer does not have available an easily convertible alternate fuel or energy option and is willing to have gas service interrupted as otherwise provided in the service agreement. The Customer must reimburse the Company for all costs associated with the installation of equipment to monitor compliance with a gas interruption.

#### 6. Charges For Failure To Conform To Reserve Requirements

Customers that fail to conform to the above stated reserve requirements or that fail to keep their dual-fuel facilities operational will be subject to the following penalties:

- (a) Interruptible or Off-peak Firm Customers with inadequate alternate fuel or energy reserves will be billed for the difference between (a) 130% of the higher of the applicable alternate fuel price, or the applicable Interruptible or Off-Peak Firm sales rate, and (b) the applicable Interruptible or Off-Peak Firm sales rate. The charge shall be applied to all gas consumed during the billing period in which there is non-compliance with the interruption and for any subsequent billing periods during which the non-compliance continues. Any Interruptible or Off-Peak Firm Customer with inadequate alternate fuel or energy reserves as of November 1 of each year will similarly be subject to the above-described charge.

***The alternate fuel price shall be based on the average New York City "Posted Tank Wagon Delivery – Fuel Oil" cost for the applicable fuel oil, as published in The Journal of Commerce on the first day of each month commencing November 1 and continuing until such month that the Customer is in compliance.***

- (b) Power Generation Customers with inadequate alternate fuel or energy reserves who fail to interrupt gas service at any time during the first ten (10) days of interruption in any winter season, will be billed for the difference between (a) 130% of the applicable alternate fuel price and (b) the cost of gas used in generating electricity as recognized in determining the real time value component of the applicable power generation rate. The charge shall be applied to all gas consumed during the billing period in which there is non-compliance with the interruption and for any subsequent billing periods during which the non-compliance continues. Any Power Generation Customer with inadequate alternate fuel or energy reserves as of November 1 of each year will similarly be subject to the above-described charge.

***The alternate fuel price shall be based on the average New York Harbor "Spot Product Prices" for the applicable fuel oil, as published in The Journal of Commerce on each day of the month commencing November 1 and continuing until such time that the Customer is in compliance.***

- (c) Customers with inoperable dual-fuel facilities, including associated Customer installed phone lines, will be entitled to a ten day grace period to correct the condition, after which time they will be billed for the difference between (a) 130% of the higher of the applicable alternate fuel prices, or the applicable Interruptible or Off-Peak Firm sales rate, and (b) the applicable Interruptible or Off-Peak Firm sales rate. The charge will be applied to all gas consumed during the billing period in which there is non-compliance with the interruption and for any subsequent billing periods during which the condition is not corrected. In addition, if the customer is unable to operate this equipment during periods of interruption, it would also be subject to an Unauthorized Use Charge equal to the higher of \$4.50 per therm or \$2.50 per therm plus an indexed "market gas price" (For Market Gas Price see Section V.F.2 – Unauthorized Use of Gas).

***The alternate fuel price shall be based on the average New York City "Posted Tank Wagon Delivery – Fuel Oil" cost for the applicable fuel oil, as published in The Journal of Commerce on the first day of each month commencing November 1 and continuing until such month that the Customer is in compliance.***

- (e) To the extent required by the Order Directing Utilities To File Revised Interruptible Gas Service Tariffs, issued and effective August 24, 2000, in Case 00-G-0996, the Company will consider, on a case-by-case basis, requests to be exempt from the applicable reserve requirement from individual Customers that elect to shut down operations during critical periods for as long as gas service is interrupted, where the Customer agrees to (i) install or to have installed, all equipment (including an automatic shut-off valve and communications equipment) deemed necessary by the Company, at Customer's sole cost and expense, (ii) reimburse the Company for any other costs incurred by the Company in connection with such election and its implementation, and (iii) execute all documents deemed necessary by the Company to consider such election to be verifiable.

**F. Interruption of Firm, Off-Peak Firm, Power Generation and Interruptible Sales and Transportation Services**

Section III, Paragraph 14 "Gas Service Curtailments" of the General Information section of the Company's Tariff describes the order of curtailment of Sales and Transportation Customers related to gas supply deficiencies (sub-paragraph B) and transportation capacity deficiencies (other than interstate pipeline transmission losses) (sub-paragraph C), and the diversion of Customer owned gas in the event of a short-term interruption or force majeure condition (sub-paragraph D). In the event of a long-term curtailment where an SC20 Seller has insufficient supplies to serve its SC9 Transportation Customer, the order of curtailment and diversion of gas among the Seller's Customers will be implemented according to the plan submitted by each Seller for its Customers. Each Seller must submit its plan in writing, before the commencement of each heating season, listing the order of curtailment and diversion of gas among all its customers with human needs customers accorded the highest priority of service.

To the extent that a Firm, Interruptible or Off-Peak Firm Transportation Customer takes volumes in excess of nominated and delivered volumes during any curtailment or OFO declared by the Company, the Customer or its SC20 Seller shall be subject to balancing and penalty charges. In the event of a long-term curtailment, the Company will establish for each transportation customer a base level of usage, above which a penalty will be assessed. The base level of usage will be calculated by averaging historical weather normalized usage over three years or estimated based on the average of available historical weather normalized usage.

**1. Notification of Service Interruptions**

- (a) The Company will provide six (6) hours advance notice of a service interruption to Interruptible Sales Customers who have opted for notification, to Off-Peak Firm Sales Customers, and Interruptible and Off-Peak Firm Transportation Customers by:

**1. Mass Notification by Telephone**

An automated telephone message will provide the date and time of an interruption and any necessary Company contact information. The Customer is required to confirm receipt of the interruption notice by entering a verification code given at the end of the message.

and/or

**2. Fax Notification**

A fax message containing interruption information will be sent to each customer.

- (b) The Company will use these same methods to notify Customers that they may resume using natural gas when an interruption is concluded.

The Company will use at least one of the methods listed above to notify customers.

- (d) In the event that the automated telephone message is not successful, a representative of Energy Services will attempt to contact the customer via a telephone call.

- (d) During the Winter Period, the Company will maintain a telephone hotline where a Customer can obtain information on a pending or existing interruption. This recorded message can be accessed by calling **(212) 460-3459**.
- (e) The Company will notify the Director of the Office of Gas and Water at the New York State Department of Public Service. This notification will be done via e-mail and telephone.

**2. Unauthorized Use of Gas**

- (a) Except as noted below, an Interruptible or Off-Peak Firm Sales or Transportation Customer subject to notification who fails to switch to its alternate energy supply during a period of interruption, or Temperature-Control Customer who continues to use gas below the temperatures specified in the pre-season Customer notification letter, will be subject to an Unauthorized Use Charge of equal to the higher of \$4.50 per therm or \$2.50 per therm plus an indexed "market gas price".

The market gas price shall be equal to the absolute high price of Transco Zone 6 (NY) gas as set forth in the publication entitled "Gas Daily" on the day of interruption

For Temperature Control Customers, the Unauthorized Use Charge shall apply to gas consumed during a Gas Day in which the violation occurs. For Interruptible or Off-Peak Firm Notification Customers, the unauthorized Use Charge shall apply to all gas consumed in excess of 10 therms during the hours of a service interruption.

For Power Generation Transportation Customer, Unauthorized Use shall apply to all gas consumed during the hours of a service interruption.

- (b) The following exceptions apply to the Unauthorized Use of Gas as provisions set forth above:
  - 1. Pilot Fuel – up to 10 therms per day of a gas usage for pilot/ignition purposes will be allowed during a service interruption to Interruptible or Off-Peak Firm Customers.
  - 2. Equipment failure – if a Customer is unable to switch from gas to its alternate fuel or energy source due to an equipment failure, and the Customer notifies the Company prior to or within one hour of the start of an interruption, the Customer shall be billed at one-half of the Charge for Unauthorized Use during the first four hours of interruption. Thereafter, the Customer shall be billed at the full charge. The telephone number to notify the Company of an equipment failure will be included in the pre-season notification letter.
- (c) Charges for Unauthorized Use shall be increased by the applicable percentage Increase in Rates and Charges, in accordance with General Information Section VIII of the Gas Tariff.
- (d) Any Customer receiving SC9 Transportation Service when a service interruption is in effect on the Company's system is responsible for verifying that the nominated volume of gas was actually delivered. Any usage above the Daily Transportation Quantity will be subject to Charges for Unauthorized Use. If the

Company is interrupting SC9 service due to a condition on its local facilities, the interruption notification will so state.

**3. Short-Term Interruptions and Force Majeure**

In the event of (a) a short-term interruption or force majeure condition threatens to impair deliveries and/or sales to firm Customers, and (b) gas supply is otherwise available and received by the Company for delivery to non-firm Customers, the Company shall have the right to divert such gas supply as necessary to avoid such impairment of deliveries and/or sales to firm Customers. Gas Marketers of dual-fuel transportation Customers will be notified through the Internet, by fax or phone as timely as conditions allow that their gas deliveries shall be diverted to firm Customers.

The Customer(s) from whom gas supply is diverted will be compensated in accordance with the following methodology. Except as otherwise provided pursuant to prior agreement with the affected Customer(s) or any pre-existing negotiated contract service agreement, such compensation shall be based on the replacement cost of fuel. If gas is diverted from a Customer who must switch to an alternate fuel, the replacement cost of fuel shall be the market value of the equivalent quantity of such alternate fuel on the days(s) of such diversion. When gas is diverted to serve firm sales service classifications, payments made by the Company will be recovered through the gas adjustment clause. When gas is diverted to serve a firm transportation Customer, that Customer will reimburse the Company for its payments.

**G. Summary of Applicable Fees, Charges and Penalties**

**1. Billing Questions and Disputes**

- (a) All Marketer questions concerns invoices should be directed to Transportation Services (212) 460-4794. This department will direct the inquiry to the appropriate area of responsibility and procure the necessary answers and/or explanations.
- (b) Claims that invoices are not correct must be made in writing and postmarked no later than three months after the disputed invoice was mailed or provided electronically.
- (c) Responses to billing inquiries will be acknowledged in writing or by electronic transmission promptly, but no later than five working days from Con Edison's receipt of the inquiry. Con Edison will investigate and respond to the complaint, in writing, no later than 20 calendar days from the receipt of the inquiry.

**2. Invoices**

Invoices will be issued to a Marketer for Marketer's monthly imbalance services, extraordinary Customer data provided on request (over and above the information provided without charge), meter-related charges, adjustments to prior invoices, and other services provided on request.

**3. Application of Payments**

Unless otherwise specified by the Marketer, payments will be applied to the oldest open invoice with a matching amount. If a match is not found, payments



will be applied to the oldest open invoice and any residual amount will search for a match. This process will continue until the entire payment is applied.

**4. Overpayments**

- (a) Overpayments made by a Marketer as a result of an inaccurate invoice or as determined through the Dispute Resolution Process, shall be credited to the Marketer's account if a prior shortage exists or be refunded otherwise. Such credit or refund must occur within five calendar days of a determination that an overpayment occurred. Such overpayments shall earn interest at the rate of 1.5% per month from the date of the overpayment until the date of the credit or repayment, whichever applies. The refund shall be rendered to the Marketer by electronic funds transfers.
- (b) Overpayments made voluntarily by a Marketer/Direct Customer shall be credited to the Marketer's account and shall not earn interest unless the overpayment is applied to the security deposit account.

**5. Charges to Marketers from the Company**

Utilities may charge Marketers/Direct Customer for the following:

- (a) Gas imbalances, based on the Company's Tariff and/or Operating Procedures.
- (b) Penalties on gas imbalances during an OFO.
- (c) Late payment charges, at a rate of 1.5% per month, applicable to all overdue-billed amounts, including arrears and unpaid late payment charges and to underbilled amounts, as determined through the Dispute Resolution process. Interest on the latter is only payable when associated with a finding of deficiency on the part of the party holding the funds determined to be due the other party.
- (d) Additional historical customer usage, billing and credit information available upon request under the Historic Customer Information Section of the Uniform Business Practices.
- (e) A special meter reading charge of \$19 shall be imposed per account, per field visit (Marketer/Direct Customer or converting customer). Con Edison will perform a special meter reading upon the request of a Marketer with two days' prior notice.
- (f) Other rates and charges approved by the Public Service Commission and set for in the tariff, including, but not limited to, transportation or distribution rates, miscellaneous surcharges and taxes.

**Section VI. COMMUNICATIONS PROTOCOLS**

**A. Objective**

The objective of this protocol is to enhance communications among LDCs, Pipelines, Marketers<sup>1</sup> and Direct Customers bringing gas to Con Edison's citygate. Underlying the protocol is the recognition that as increasing numbers of customers opt for transportation service, the traditional bilateral communication between LDCs and customers increasingly becomes a communication loop including LDCs, Pipelines, Marketers and Direct Customers.

The procedures and protocols described in this section are to be used by the Company, Marketers/Direct Customers and Pipelines as a vehicle for assuring ongoing communications between the parties in furtherance of the continuation of reliable gas service. Participation of all parties in an effective communication system will reduce errors and ensure that all parties understand and properly fulfill their responsibilities.

Communication among the Company, Marketers/Direct Customers will occur on a regular basis (daily, monthly, seasonally) and on an as-needed basis (clarifications, alerts, operational flow orders, etc.) through bi-annual "Reliability Forums", telephone, fax, e-mail and face-to-face meetings depending upon the circumstances and subject matter. The method and number of communications utilized will be responsive to the evolving needs of all market participants as the industry changes.

**B. Con Edison Website**

Marketers and Direct Customers serving Con Edison transportation customers must have computer Internet access. Until the implementation of a standardized Commission approved Electronic Data Interchange ("EDI") electronic communication system, use of internet e-mail and website will be the primary means of gas retail access customer enrollments, scheduling of monthly and daily gas deliveries, reconciliation of customer usage and deliveries and other communications between the Company and Marketers/Direct Customers.

Con Edison's Internet website for transportation services is located at:

<https://www.coned.com/tcis>

Con Edison will post on its Internet (TCIS) site the name, address, telephone and fax number and e-mail address of the contact persons at the Company responsible for the following gas transportation functions:

- retail access sales and related regulatory activities
- marketer billing and credit
- media relations
- gas supply and systems operations
- contacts for responding to System Alerts and OFOs.

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<sup>1</sup> As used throughout the communication protocol the term "marketer" can be a marketer, aggregator, or one operating as an agent for a marketer, aggregator or customer for the purpose of arranging the delivery of gas supplies to the LDC citygate. Marketers or customers that designate an agent to be their gas supplier shall communicate this to the LDC. The agent is then responsible for the flow of gas including proper responses to system alerts and operational flow orders.

- personnel contacts 24 hours a day, weekdays, weekends and holidays.

The website will list the same information for personnel representing Marketers/Direct Customers. It is the responsibility of the Marketers and Direct Customers to update this information as required. In addition, Con Edison gas tariffs, the Gas Sales and Transportation Operating Manual and information regarding the means of communicating customer enrollments, nomination procedures and scheduling of daily and monthly gas deliveries will be posted to the our website at <http://www.coned.com>.

The Company shall conduct a test of the communication procedure to verify e-mail and telephone contact numbers at least twice a year.

**C. Reliability Forums**

In order to facilitate an on-going communication with retail access participants, the Company will schedule a minimum of two (2) meetings with Marketers/Direct Customers and other interested parties each year (e.g., prior to the heating season and after the heating season). The meetings will provide a forum for Con Edison and Marketers/Direct Customers to review issues arising during the prior season, program procedure clarifications and other operational issues of concern. Con Edison will seek input from the other parties in formulating an agenda for each meeting fourteen (14) days prior to the scheduled meeting date.

**D. Conference Calls**

In addition to the reliability forums sponsored by the Company, telephone conference calls open to participation by Marketers/Direct Customers will be scheduled on a monthly basis by Con Edison. Additional conference calls may be requested by the Company or a Marketer/Direct Customer to discuss issues that require immediate attention. The cost of each conference call will be shared equally by the call participants.

**E. Daily Gas Flow and Program Enrollment Communication**

Access to Con Edison's Internet Home Page is <http://www.coned.com>. All historical as well as current gas rates can be found on the Natural Gas Sales and Services page. The Gas Sales and Transportation Operating Procedures ("GTOP") and Applications are also located on the page.

Daily communication with Con Edison for daily gas delivery quantities' schedules and constraints, customer enrollment, gas nominations, customer usage information and profiles are done via TCIS on the Internet (<https://coned.com/tcis>). Access to TCIS on the Internet is password specific. If you are an approved marketer in Con Edison's service area and need access to TCIS please call **212-460-2533**.

You may also communicate with Transportation Services at the following e-mail addresses: [tcis@coned.com](mailto:tcis@coned.com) or [gaschoice@coned.com](mailto:gaschoice@coned.com).

**Section VII. OPERATIONAL FLOW ORDERS (OFOs)**

**A. Critical Periods**

A Critical Period is a period of disruption to the physical integrity of the system or a force majeure event. A Critical Day exists when the Company declares an OFO. To improve all parties' understanding of roles during Critical Periods and to test communication procedures, the Company will conduct an annual critical day simulation exercise. The Company will determine the timing of this exercise with input from market participants.

**B. Operational Flow Orders**

A Critical Day occurs when the Company issues an Operational Flow Orders ("OFOs"). An OFO is issued at the sole discretion of the Company. An OFO is an action taken by the Company to alleviate particular conditions that threaten the physical integrity of the Company's system, prevent a short-term interruption and to maintain operations required to provide efficient and reliable firm service. OFOs are instituted when other actions have not eliminated reliability concerns. Economic considerations shall not be a basis for declaring an OFO. Other channels of communication are available for mitigating economic disparities. In maintaining system integrity, the Company shall first try to correct any problem through other options available to it.

Except in circumstances where an immediate response is needed there will be at least 24-hours notice for an OFO. When an OFO is preceded by a SA, the 24-hour notice begins with the issuance of the SA; however, there should still be a minimum of 8 hours notice when a SA is changed to an OFO.

It is impossible to detail all the conditions under which the Company may find it necessary to initiate an OFO. The following rules apply to OFOs and OFO notification:

1. The OFO notice shall meet minimum time requirements to designated Marketer or Direct Customer personnel and shall provide as much advance notice as possible. The date and time of issuance, date and time the OFO takes effect, and the estimated duration shall be included in the OFO notice.
2. The OFO notice should communicate clearly to designated Marketer or Direct Customer personnel the actions required, as well as the reason for the required actions, and provide periodic update to enable parties to continue their planning functions.
3. Actions required by the OFO should be limited both in duration and scope to meet the required objective.
  - (a) The required actions should be as localized as possible.
  - (b) The OFO should be applied on a nondiscriminatory basis to all similarly situated parties.
  - (c) The Company shall respond to reasonable requests for information by parties within a reasonable time after the OFO event.
  - (d) The OFO shall not be used to mitigate economic disparities.
  - (e) The Company shall notify the Director of the Office of Gas and Water of the Department of Public Service when an OFO is declared and when the situation returns to normal.

Failure of the Company to adhere to one or more of the above guidelines is not a basis for Marketers or Direct Customers not to comply with requirements of the OFO, but may provide the basis for a complaint to the Commission regarding the Company's behavior.

**C. System Alerts**

System Alerts ("SAs") are announcements of actual or pending events that, if unchecked, may result in an Operational Flow Order ("OFO") being issued. The SA advises Marketers/Direct Customers what actions are requested and what actions may be mandated if the voluntary response is not adequate. SAs may be directed to specific Marketers/Direct Customers, subject to the Company's obligation not to unduly discriminate, or to all Marketers/Direct Customers operating on the system. Marketers/Direct Customers are expected to respond to SAs as soon as practical, giving notice to the Company of their intended actions.

The Company is not obligated to issue a SA before an OFO, but will endeavor to do so and will be required to document why it was not able to do so.

SAs will be issued via e-mail to all Marketers/Direct Customers and posted to the Internet (TCIS).

**D. Responsibilities of Marketers/Customers and LDCs During An OFO or SA**

Some of the actions required by an OFO may include:

- Require Marketer to deliver gas to a specific point.
- Require Marketers to balance daily or to deliver a specified quantity of gas.
- Change daily nominations for customer groups being served with a flat monthly nomination.

Upon notice that an OFO will be issued, and for the duration of the OFO, the Company must make authorized personnel available on a 24-hours-a-day, 7-days-a-week basis to handle the submission and processing of evening cycle and intraday nominations to facilitate the Marketer's and Direct Customer's response to the OFO.

If during an OFO period the Company is aware of Marketers or Direct Customers that are not responding to the required actions, it should make all reasonable efforts to inform the non-responding Marketers and Direct Customers that required actions are not being taken. Lack of such notice shall not relieve any Marketer or Direct Customer of its obligations.

The Marketer, if necessary, should communicate with its customers to secure compliance with the conditions of a Company directed OFO. If the Marketer is aware of noncompliance of one or more of its customers, it shall notify the Company (Transportation Services at 212-460-6250) of the name(s), address and account number(s) of the end user(s).

At the next meeting of the Company, Marketers, and Direct Customers, there should be a review of any OFOs that may have been declared by the Company. However, any party that has a grievance concerning the necessity for, or individual treatment during, an OFO, may address those concerns immediately with the LDC. If after such discussions the party still is dissatisfied, it may bring its concerns to the attention of the staff of the Department of Public Service and, if necessary, to the Commission.

The Company shall provide, via e-mail, telephone, and posting to the Internet (TCIS), notice to all OFO recipients of upcoming events such as anticipated weather patterns and operational problems, which may necessitate the issuance of an OFO. The Company shall also notify the Director of the Office of Gas and Water of the Department of Public Service when an OFO is declared and when the situation returns to normal.

If a Marketer/Direct Customer fails to comply with an OFO issued by the Company, a penalty equal to the higher of \$4.50 per therm or 120% of the cost of gas plus \$1.00 per therm shall be assessed.

Glossary of Terms

For the purpose of this Operating Manual, the following terms have the meanings state below:

**Annual Period** is the 12 months beginning with the month in which the customer first receives service under the applicable Service Classification and each succeeding 12-month period.

**Annual Transportation Quantity** means the annual quantity of gas, including an amount to be retained as an allowance for losses, for which transportation service is requested in the customer's service application.

**Aggregation Group** means a group of customers who have contracted with a specific Marketer who combines the customers' load for purposes of nominations, scheduling, reconciliation of monthly imbalances and supplemental supply billing. (Equivalent to a Marketer Pool)

**Billing Agency, if extent the Company permits Billing Agency on or after June 1, 1999,** means a legal arrangement between a customer and a Marketer ("Billing Agency Agreement") in which a customer authorizes a marketer to act as "Billing Agent" to receive the customer's bills from the Company; consolidate those bills with the Marketer's charges; re-bill the entire amount to the customer; receive payments from the customer; and remit payments to Con Edison for its services. Marketers offering Billing Agency services may perform those services considered to be the customer's Billing Agent.

**Capacity Release Seller** means a Seller that receives Capacity Release Service as agent for a Firm Customer that enters into an SC9 Agency Agreement ("Agency Agreement") with Seller.

**Capacity Release Service** means the release of a Company entitlement to interstate pipeline transportation capacity to a Capacity Release Seller.

**Citygate** means a point of interconnection between the facilities of an interstate pipeline and the local facilities through which the Company receives deliveries from that pipeline.

**Contract Interruptible or Off-Peak Firm Industrial Customer** means an Interruptible or Off-Peak Firm Customer taking service under a negotiated contract whose actual or estimated annual gas usage exceeds 3,000,000 million therms and who demonstrates that 75% or more of the account's annual gas usage is used directly for manufacturing; Manufacturing for purposes of this Service Classification is a Customer whose facilities are classified by the Standard Industrial Manual (1987 ed. Or supplement thereto) as Manufacturing (Division D). Gas usage in manufacturing-related space includes usage in areas used for manufacturing, product design space, raw material storage, finished product storage, product packaging and shipping, mechanical equipment rooms, back-up machine and equipment storage. Gas usage in all other areas, including cafeteria, sales and accounting offices, common halls and lavatories does not qualify as manufacturing-related usage.

**Converting Customer** means a Service Classification ("SC") 1, SC2 Rate I, non-heating, SC2 Rate II heating, or SC3 customer electing Firm Transportation Service after taking service for a minimum of one year under SC1, 2, or 3. A customer who commences service under SC1, 2 or 3 may convert to Firm Transportation Service within 60 days of commencement of service.

**Cramming** means the addition of unauthorized charges to a customer's bill by a marketer or billing agent to a customer.

**Critical Day** means a day when the LDC declares an OFO

**Critical Period** means a period of operational stress or impending potential stress that may impact the integrity of the LDC's gas distribution system or a force majeure event.

**Customer** means a single account that may also be a member of a Small Customer Aggregation Group.

**Daily Delivery Quantity** means the quantity delivered by the Company to the Customer's meter and consumed by the Customer on any day.

**Daily Load Following Service Quantity (applicable to Load Following Service)** means daily quantity of gas that a Firm Transportation Customer, or a Seller to a Firm Transportation Customer or Firm Group, is obligated to deliver to the Citygate Receipt Point for the account(s) of its Firm Transportation Customer(s).

**Daily Transportation Quantity** means the confirmed scheduled quantity of gas delivered to the Receipt Point for the Customer's account on any day. For an aggregated group of two or more customer, the Seller is required to submit to the Company one confirmed scheduled quantity of gas representing deliveries to all Customers in the group.

**Deficiency Imbalance** means: (i) For Daily Balancing Service, the amount by which the Daily Transportation Quantity, exclusive of the allowance for losses, is less than the Customer's Daily Delivery Quantity, (ii) For Load Following Service, the amount by which the Customer's Daily Transportation Quantity, exclusive of the allowance for losses, is less than the Customer's Daily Load Following Service Quantity. (iii) For Daily Delivery Service, under the Prior Day Notification Option, the amount by which the Customer's Daily Transportation Quantity, exclusive of the allowance for losses, is less than the Customer's Daily Load Quantity. (v) For Daily Delivery Service, under the Same Day Notification Option, the amount by which the Customer's Daily Transportation Quantity, exclusive of the allowance for losses, is less than the Customer's Daily Load Quantity plus the amount by which the Customer's Revised Daily Transportation Quantity, exclusive of the allowance for losses, is less than the Customer's Revised Daily Load quantity.

The deficiency imbalance quantity shall not exceed the higher of the Daily Load Quantity or Revised Daily Load Quantity. For a small Customer Aggregation Group or a group aggregating imbalances, on deficiency Imbalance shall be determined for the entire group.

**Direct Customer** means a transportation customer with annual requirements in excess of 35,000 Therms, 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 is not subject to Commission oversight with respect to eligibility but must subscribe to SC20 Transportation Receipt Service and comply with the operating requirements that are contained in this Operating Manual. A Direct Customer does not have to file an application with the Department of Public Service to become eligible as a Marketer but must comply with the operating requirements that are contained in this Operating Manual. 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 placed on Direct Customers. A Direct Customer's rights and obligations are the same as a Marketer's or Seller's except as the context indicates otherwise. Customers served under the Company's tariff where redistribution is permitted are not precluded from being served as a Direct Customer.

**Energy Service Company ("ESCO")** means any non-utility entity that performs energy and customer service functions in a competitive environment, including the provision of energy and assistance in the efficiency of its use. An ESCO is an entity that is deemed eligible by the Department of Public Service to provide electricity and associated customer service functions to



end use customers in New York State. Also as it relates to this Operating Procedure can mean Marketer.

**Federal Energy Regulatory Commission (FERC) (Successor to the Federal Power Commission)** is an independent federal agency created in 1977 which regulates, among other things, interstate wholesale sales and transportation of natural gas at "just and reasonable" rates.

**Gas Day** means the twenty-four (24) hour period beginning at 10:00 AM.

**Group** means a Small Customer Aggregation Group or an Imbalance Aggregation Group.

**Human Needs Customer** means one who receives service under a firm service classification: (I) for the customer's own or another's residential uses and purposes whether involving temporary or permanent occupancy, which includes residential hotels, single room occupancies, prisons and living facilities of clergy, or (ii) in buildings having no alternate energy facilities that are acute care or nursing home providers housing patients or residents on an overnight basis including, nursing homes, hospitals, community residences, and shelters; as the same may be known to Con Edison as of May 1, 1997 of the Company's Tariff or as the applicant may state on the application for service thereafter.

**Imbalance Aggregation Group** means two or more Customers for whom a Seller is aggregating deliveries and consumption for purposes of calculating its responsibility for imbalance charges and cashout charges and credits.

**Involuntary Switch** means a process or situation where a Customer's gas supply provider, (i.e., a Marketer or the Company) changed without the Customer's authorization. This would include situations where a Customer returns to service under the Full Service Schedule as a result of a suppliers failure to deliver.

**Local Distribution Company (LDC)** is the company whose primary function is to distribute gas supply procured by it or by Marketers or Direct Customers, to retail gas users. LDCs also provide transportation service to retail end users as well as other services.

**Lockbox** means a collection mechanism agreed upon by the Company and a Marketer/Direct Customer which employs a third party to receive and disburse customer payments.

**Market Participants** means LDCs, Marketers or their agents, Direct Customers and Pipelines involved in bringing gas to an LDC's citygate.

**Marketer** means a Seller as defined under the definition "Seller" and is used interchangeable elsewhere in the Company's tariff and Operating Manual. A Direct Customer's rights and obligations are the same as a Marketer's or Seller's except as the context indicates otherwise. A Marketer may also be an ESCO participating in Con Edison's electric retail access program.

**Maximum Daily Transportation Quantity** means the highest Daily Transportation Quantity that the Company is obligated to accept at the Receipt Point(s) on any day.

**Monthly Load Following Service Quantity** means the monthly quantity that a Seller must deliver or cause to be delivered in equal daily increments to its Receipt Point (s) for a Firm Customer's account on every day of the month.

North American Energy Standards Board (NAESB) is a nonprofit North American industry association whose mission is "to develop and promote standards to simplify and expand

electronic communications, and to simplify and streamline business practices that will lead to a seamless marketplace for natural gas.”

**On Site Meter Reading** means a service provided to obtain an actual reading at an SC9 Customer's premises on the regularly scheduled meter reading date in the event that the Customer's phone line used for remote communications is not operational.

**Operational Flow Order (“OFO”)** means a directive by the Company to a customer(s) and/or its gas supplier(s) to adjust Citygate deliveries of gas to alleviate conditions that threaten the integrity of the system.

**Receipt Point** means the Citygate point(s) set forth in the Customer's service agreement.

**Seller** means a non-utility entity that subscribes to SC20 service and is determined eligible by the Department of Public Service to provide or arrange to provide natural gas supply and other services to a Customer or Group. The term “Seller” means a “Marketer” and is used interchangeably elsewhere in the Company's tariff and Operating Manual.

**Slamming** means where a retail customer is switched from one provider to another without the customer's authorization.

**Small Customer Aggregation Group (“Group”)** means two or more customers whose aggregate annual requirements are at least 50,000 therms, who purchase gas from the same supplier(s) and who are generally treated as a single customer for purposes of the Operational Matters section of Service Classification No. 9 of the Company's tariff.

**Source of Gas Supply** means gas delivered into an interstate pipeline system at: (i) a production area wellhead receipt point; (ii) a production area pooling point; or (iii) the following market area liquid trading point(s): Niagara, N.Y.

**Special Meter Reading** means a service provided to obtain an actual meter reading at the customer's premises on a date that is different than the customer's regularly scheduled meter reading date.

**Special Needs Customer** means a customer, as defined by the Home Energy Fair Practices Act (HEFPA), who requires electrically operated life-sustaining equipment, has a medical emergency, or is elderly, blind or disabled.

**Summer Period** means the period commencing at 10:00 AM on April 1 and ending at 10:00 AM on the following November 1.

**Surplus Imbalance** means (i) For Daily Balancing Service, Daily Cashout Service, and Monthly Balancing Service, the amount by which a Customer's Daily Transportation Quantity, exclusive of the allowance for losses, exceeds the Customer's Daily Delivery Quantity, (ii) for Load Following Service, the amount by which the Customer's Daily Transportation Quantity, exclusive of the allowance for losses, exceeds the Customer's Daily Load Following Service Quantity and (iii) for Daily Delivery Service, under the Prior Day Notification Option, the amount by which the Customer's Daily Transportation Quantity, exclusive of the allowance for losses, exceeds the Customer's Daily Load Quantity, and (v) for Daily Delivery Service, under the Same Day Notification Option, the amount by which the Customer's Daily Transportation Quantity, exclusive of the allowance for losses, exceeds the Customer's Daily Load Quantity plus the amount by which the Customer's Revised Daily Transportation Quantity, exclusive of the allowance for losses, exceeds the Customer's revised Daily Load Quantity. The surplus imbalance quantity shall not exceed the higher of the Daily Load Quantity or Revised Daily Load Quantity. For a Small Customer Aggregation Group or a group aggregating imbalances, one Surplus Imbalance shall be determined for the entire group.

**System Alert** means an announcement of actual or pending events that if unchecked may result in an OFO.

**Temperature Threshold** means when the temperature is forecast to be at or below a level at which the Company expects to experience peak conditions on its gas distribution system.

**Transportation Customer Information System (TCIS)** means an electronic database system used by Con Edison to provide customer, enrollment and usage information for Marketers/Direct Customers participating in the Retail Choice Program.

**Voluntary Switch** means a process or situation where a customer's gas supply provider is changed with the customer's direct authorization.

**Winter Period** means the period commencing at 10:00 AM on November 1 and ending at 10:00 AM on the following April 1.

**OIL TO GAS CONVERSION  
CUSTOMER INCENTIVE PROGRAMS**

The following is a description of three Oil to Gas Conversion Customer Incentive Programs currently available from Con Edison to qualified new applicants for gas service. This procedure describes the eligibility criteria for, and various key terms and conditions of, each program. Energy Services personnel will make a final determination of eligibility based upon the application for service and, if necessary, a field inspection of the Customer's premises.

**Application Procedure**

A customer interested in one or more of these programs should contact Con Edison's Energy Services Department through the Con Edison Energy Services website located at [www.coned.com](http://www.coned.com) or at one of the following locations:

Manhattan Gas Sales  
Tel- 212-460-6835  
Fax- 917-534-4082

Bronx-Westchester Gas Sales  
Tel- 914-925-6028  
Fax- 914-921-1072

Queens Gas Sales  
Tel- 718-802-5296  
Fax- 718-624-7060

**Availability**

The funding amount initially available for incentives under these programs is \$3.5 million annually. The Company, at its sole discretion, may modify the overall funding, or modify the amount of the incentives for any of these programs or terminate the availability of any of the incentive programs at any time. Upon modification or termination, the Company will promptly notify the NYS Department of Public Service and amend this procedure.

**General Eligibility for Customer Incentive Programs**

Any applicants for any of the three customer gas conversion incentive programs in Con Edison's gas service territory must be in good credit standing on their existing Con Edison accounts. If the gas service classification under which the Applicant is taking service is terminated or otherwise becomes unavailable during the term of the agreement, the Customer will be transferred to another gas service classification for which the customer is eligible. Gas service for all of the gas conversion incentive programs is available through gas transportation service or bundled gas sales service and participation in this program will not preclude an applicant from there after switching services in accordance with Retail Access Program requirements. The Applicant will be required to sign a rebate application and/or a contract with the Company that will specify the Applicant's responsibilities under the respective conversion program.

**Program #1- The Residential Gas Conversion Incentive Program**  
**(1 to 4 family buildings)**

**Purpose**

The Residential Gas Conversion Program is designed to stimulate oil to firm gas conversions in the 1 – 4 family dwelling markets. Under this program, the incentive may be cash payable to the homeowner, reduced rate financing from a financial institution provided the applicant meets the specific credit worthiness criteria, an extended warranty from the equipment manufacturer or another incentive or combination of incentives of similar value being offered at the time of application by Con Edison. The Applicant must agree to use firm natural gas service to meet its energy requirements for space heating.

**Eligibility – a Customer must meet ALL of the following:**

- An existing 1 – 4 family residential dwelling using oil as its current source of home heating fuel.
- The Applicant installs gas-only heating equipment to meet the entire space heating requirements of its residential dwelling.
- Gas service must be provided under an account in the name of the landlord. If there is an existing account in the name of the landlord for water heating for the premises, the additional service will be metered on the existing meter.
- If any law or regulation of a government authority having jurisdiction prohibits the addition of a meter at the premises when such a meter is required for this program, the applicant will be deemed ineligible for this program.
- The Applicant decommissions its existing oil storage tank in accordance with the applicable authorities having jurisdiction.
- The Applicant will take firm gas service and the premises must have an existing gas service that is adequate to handle the additional gas-heating load.

**Program Description**

- Eligible homeowners will receive various incentive options with a dollar value not to exceed \$1,000 upon commencement of gas service to the applicant's gas-burning equipment.
- Incentive options may include a cash incentive, reduced-rate bank financing, extended equipment warranty or service agreement, free heating or hot water equipment, or any combination thereof, based on the specific offerings during any promotional period. Assignment of the cash incentive to the contractor will not be permitted.
- The Company may, from time to time change the number of incentive options available during a promotion period, but at no time will the value of the offerings combined or separate, to any applicant exceed \$1,000.
- Customer notification of the program will be by mail to the owners on record of 1 – 4 family residences with an existing gas service; interested customers can respond by returning a postage-paid response card, using a 1-800-telephone number, calling one of the telephone numbers listed above, or through the Con Edison Energy Services website at [www.coned.com](http://www.coned.com).
- Respondents will be screened by Energy Services personnel to determine eligibility and will be provided with a listing of Approved Energy Service Companies participating in the Company's Gas Choice Program.
- Applicants who are interested in converting to gas heating and who do not have a contractor and request assistance will be provided the names of at least two contractors to perform the conversion.
- A field inspection may be necessary before the work has begun to determine

eligibility.

- Energy Services personnel will perform the final inspection before connection of the gas service, and will be available to answer any customer questions regarding the options available to the Applicant under the Company's retail choice program.
- An Applicant must commence receiving firm gas service for use in its new gas-burning equipment no later than two months after the application for rebate or application for service is received by the Company.

**Program #2- The Multi-Dwelling Gas Conversion Incentive Program**  
**(5 or more apartments)**

**Purpose**

The Multi-Dwelling Gas Conversion Program is designed to stimulate oil to firm gas conversions in residential multi-dwellings with 5 or more apartments. Under this program, Con Edison will provide a cash incentive payable to the Building Owner-Applicant, or enter into an agreement with a financial institution for reduced rate financing, or enter into an agreement for a manufacturers extended warranty, or any other incentive of similar value, or any combination thereof, in return for the Building Owner- Applicant's commitment to use firm natural gas service to meet its entire energy requirements for space heating.

**Eligibility – a Customer must meet ALL of the following:**

- An existing residential multi-family building of five or more apartments using oil as its current source of space heating fuel for the twelve months preceding the application for service.
- The Applicant installs gas-only heating equipment to meet the entire space heating requirements of the multi-dwelling location, along with any commercial space commonly heated by the heating system to be converted.
- The Applicant decommissions the existing oil storage tank in accordance with the applicable authorities having jurisdiction.
- Gas service must be provided under an account in the name of the landlord. If there is an existing account in the name of the landlord for water heating purposes for the premises, the additional service will be metered on the existing meter.
- Gas service must be provided under an account in the name of the landlord. If there is an existing account in the name of the landlord for redistribution of gas to tenants, a new meter must be installed and an additional account in the landlord's name must be opened for the heating service.
- The Applicant will take firm gas service for its entire space heating requirements for a period of five years and the premises must have an existing gas service that is adequate to handle the additional gas heating load.

**Program Description**

- If the equipment to be installed is a new natural gas-fired boiler or furnace, eligible building owners will receive various incentive options with a dollar value not to exceed \$500 per apartment, with a maximum of \$12,500, or the cost of installation of a new natural gas-fired boiler or furnace, whichever is less.
- If the equipment to be installed is a new natural gas-fired conversion burner, the eligible building owners will receive various incentive options with a dollar value not to exceed \$300 per apartment, with a maximum of \$7,500 or the cost of installation of a new natural gas-fired conversion burner, whichever is less.
- Incentive options may include a cash incentive, reduced-rate bank financing, extended equipment and service warranties, free space heating or hot water equipment, or any combination thereof, based on the specific offerings during any promotional period.
- The Company may from time to time, change the number of incentive options available during a specific promotion, but at no time will the value of the offerings, combined or separate, to any applicant exceed the maximum amount the applicant is eligible for.
- Any payment of a cash incentive will be directly to the Building Owner-Applicant upon commencement of gas service to the new gas-fired equipment; assignment of the cash incentive to the contractor will not be permitted.

- Customer notification of the program will be by mail; interested customers can respond by returning a postage-paid response card, using a 1-800-telephone number, calling one of the telephone numbers listed above, or through the Con Edison Energy Services website at [www.coned.com](http://www.coned.com).
- Respondents will be screened by Energy Services personnel to determine eligibility and will be provided with a listing of Approved Energy Service Companies participating in the Company's Gas Choice Program.
- Applicants who are interested in converting to gas heating and who do not have a contractor and request assistance will be provided the names of at least two contractors to perform the conversion.
- A field inspection may be necessary before the work begins to determine eligibility.
- Energy Services personnel will perform the final inspection before connection of the gas service, and will be available to answer any customer questions regarding the options available to the Applicant under the Company's Gas Choice Program.
- An Applicant must commence receiving firm gas service for use in its new gas-burning equipment no later than two months after the application for rebate or the application for service is received by the Company.



**Program #3- CUSTOMIZED GAS INCENTIVE PROGRAM**

**Purpose**

The Customized Gas Incentive Program is designed to meet Applicant specific needs associated with the installation of gas burning equipment. Con Edison may offer cash incentives, financing or project management to offset a portion of the Applicant's conversion or installation costs in return for the Applicant's commitment to use gas exclusively to meet energy requirements for specified uses for an agreed upon term.

**Eligibility – a Customer must meet ALL of the following:**

- An existing applicant location using oil as its current space heating energy source for the twelve months preceding application for service.
- The Applicant's estimated new or increased annual gas requirements can be either firm or interruptible gas service.
- Minimum new or incremental gas usage requirement for firm service eligibility is 4,000 therms annually.
- Minimum new or incremental gas usage requirement for interruptible service eligibility is 8,000 therms annually.
- The Company may require a credit check in order to evaluate the Applicant's ability to perform its obligations under this program.
- The Company may require applicants applying for a cash incentive in excess of \$50,000 to submit audited financial statements for the prior two tax years, and to provide acceptable financial security.
- Con Edison may deny an application for a cash incentive on the basis of the credit evaluation. An applicant under this program must also be in good standing with the Company on all of the applicant's existing Company accounts.
- Applicants applying for interruptible gas service under this program will be required to maintain an adequate amount of fuel oil back up, capable of supplying the entire requirements of the equipment (except for air-conditioning equipment) otherwise supplied directly or indirectly by gas.

**Program Description**

- The Company will consider the following factors and any other relevant factors when determining the offering of a cash or non-cash incentive:
  - the Applicant's gas usage commitment,
  - the Company's costs associated with providing gas service to the Applicant, and
  - the projected net revenue from the proposed installation.
- Applicants will be provided with a listing of Approved Energy Service Companies participating in the Company's Gas Choice Program.
- Applicants who are interested in converting to gas heating and who do not have a contractor and request assistance will be provided the names of at least two contractors to perform the conversion.
- The Applicant's contractor or an independent contractor designated by the Company will provide to the Company a reasonable cost estimate of the work to be performed.
- The Applicant must sign a service contract providing for bundled gas sales service or transportation service for a specified term. The service contract will obligate the Applicant to use gas to the extent agreed upon in terms of a minimum gas consumption quantity for firm or interruptible customers and a deficiency charge for interruptible or dual-fuel firm customers.
- The deficiency charge, if applicable, will be an additional sum equal to the product of (i) such shortfall, measured in therms, and (ii) a specific dollar value per therm to be

negotiated.

- The service contract will assure the Company projected net revenue to meet a simple payback period of less than three years and a minimum internal rate of return of 15% within a five-year term.
- The Company will evaluate all similarly situated applicants in the same manner.
- The cash incentive shall not exceed the applicant's cost of converting or installing its equipment.
- Con Edison may pay the Applicant the incentive in the following stages: 1/3 at the time the equipment is delivered, 1/3 upon completion of the installation, and the balance at the commencement of gas service to the new equipment.
- An Applicant must commence the new or increased gas service usage within six months of the signing of the service contract with Con Edison. The six-month time limit may only be extended with Con Edison's consent. If the Applicant is not connected in the agreed upon time and if the delay is caused by, or within the control of the Applicant, the Company may reduce or withdraw the cash incentive.
- A recipient of a cash incentive will provide the Company with such financial guarantees as the Company reasonably determines to assure satisfaction of the Applicant's obligations and payments under this program.

**Program #4- The Contractor Referral Conversion Program  
(1-4 family buildings)**

**Purpose**

The Contractor Referral Conversion Program is designed to stimulate customer participation in the Oil to Gas Conversion Programs. Under this program, Customers who are interested in converting to gas heating and who do not have a contractor will be provided the names of at least two contractors, if the customer requests our assistance, to perform the conversion. Contractor participation in the Program will be based on a Request for Proposal (RFP) that will be mailed by the Company. The criteria for participation in the Contractor Referral Conversion Program are simple and straightforward. The Program is open to licensed plumbers and HVAC contractors that respond to the RFP and are selected based on a low-bid process, fill out a zone survey form to indicate the zones in which they wish to participate, provide a copy of their license, and pay a \$500 fee for each geographic zone in which they wish to participate.

The purpose of the \$500 fee is to defray the Company's costs and expenses in administering this program, including mailings, periodic meetings, and incentive programs for the participating licensed plumbers and HVAC contractors.

**Eligibility**

1-) A Contractor must meet ALL of the following to apply for Program participation:

- Contractors working within New York City must have a valid NYC plumbing license.
- Contractors working in Westchester County must have a valid countywide plumbing license, or a plumbing license valid in at least three county municipalities.
- The Contractor must completely fill out the information requested in the RFP and return their response by the date indicated, along with a copy of their applicable license and a \$500 check for each geographic zone they wish to participate in.

2-) A Contractor selected for Program participation must meet ALL of the following to maintain a good standing within the Program:

- The Contractor will install gas-only heating equipment to meet the entire space heating requirements of the residential dwelling previously heated by oil.
- The Contractor will pursue all leads referred to them by Con Edison in the geographic areas they select in the RFP. The Contractor must call the Customer within two business days of receiving the lead, and an appointment offered within three business days of contact.
- The Contractor will plan to complete the gas conversion within ten business days after the start of the installation, conforming to all industry standards and Federal, State and Local Codes & Regulations and Con Edison specifications.
- The Contractor will ensure that the applicant decommissions its existing oil storage tank, completes any asbestos abatement, and installs any required chimney liner, all in accordance with the applicable authorities having jurisdiction.
- The Contractor will process program documents for the customer, if applicable, such as financing and warranty applications, and forward to Con Edison a copy of each applicant's accepted offer and final bill.
- The Contractor will maintain a log of applicant referrals and forward to Con Edison a weekly status report as described in the RFP.
- The Contractor, for those jobs he has installed, will agree to participate as a "Dealer" in the Television and Appliance Warranty, Inc. extended warranty program, or similar warranty program, and respond to customer heating complaints seven days a week, 24 hours per day.

- 3-) A Contractor who fails to maintain the eligibility requirements for good standing within the Program will be suspended from receiving any additional leads until the Company has fully investigated the alleged failures. The Company will complete their investigation and issue a written report of their findings to the Contractor no later than thirty days from the notice of suspension.

**Program Description**

- Contractor participation will be based on their response to the invitation to participate (RFP) that will be mailed to licensed plumbers and HVAC contractors.
- Contractors will have the opportunity to bid a cost estimate for performing basic services involved in a residential gas conversion utilizing a price multiplier applied to pricing published in the RFP.
- Contractors responding to the RFP will be asked to select specific geographic areas they would like to participate in for the program. The initial geographic areas to be selected from are Manhattan, Queens, the Bronx, southern Westchester (south of I-287), and northern Westchester (north of I-287).
- Contractors that respond to the RFP will indicate the zones in which they wish to participate, provide a copy of their license, and pay a \$500 fee for each geographic zone in which they wish to participate.
  
- Participating contractors will be chosen based on a low-bid procedure administered by Con Edison, with a minimum of three contractors assigned to each geographic area. The number of contractors assigned in northern or southern Westchester may increase based on the results of the responses received and the type of Westchester license held by the winning bidders.

FORMS – Appendix C

ALL FORMS MAY BE DOWNLOADED FROM THE CON EDISON WEB SITE AT  
[WWW.CONED.COM](http://WWW.CONED.COM) FROM THE DOCUMENT CENTER.