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AGWAY ENERGY SERVICES, PO BOX 4819, SYRACUSE, NY 13221-4819

report

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Honorable Jaelyn Brillig
Secretary
NYS Public Service Commission
Three Empire Plaza
Albany, New York 12223

Dear Honorable Brillig:

Enclosed you will find an original and 5 copies of Away Energy Service's HEFPA filing including:

- Budget Billing Plan
- Quarterly Billing Plan
- Sample of Deferred Payment Agreement
- Sample Sales and Disclosure Agreement*
- Description of Termination Procedures

Please contact me if there are any questions and or recommended changes.

*We are enclosing our current Sales and Disclosure documents for review by Staff and we are awaiting guidance from Staff if there are any necessary changes.

Sincerely,

Terence X. McInerney
Director of Sales
Agway Energy Services, Inc
Phone: 315-449-6714
E-Mail: tmcinerney@agway.com

Agway Energy Services, Inc.

Budget Plan Billing Option

Agway Energy Services, Inc. offers customers a Budget Billing Option. Budget billing allows customers an even monthly payment plan for 12 months.

The Monthly budget payment is based on the customer's actual usage, where available for the prior 12 months adjusted for known changes. The monthly payment plan will be subject to regular review so conformity with actual billing and adjusted if necessary. At the end of a 12 month budget billing period, a "settlement" will be conducted. If the customer payments exceeded actual consumption a credit is applied towards future billings (or a check can be issued). If consumption exceeded customer payments the difference can be paid in a lump sum in the twelfth month payment or included in the new monthly budget payment for the next 12 months.

Agway Energy Services, Inc. Senior Citizens Quarterly Payment Plan

AES offers an alternative quarterly billing plan for customers who are 62 years or older and have average annual billings with AES that do not exceed \$150. Customers meeting these criteria have the option at their request, as an alternative to monthly billing to submit payment on a quarterly basis for natural gas and/or electric commodity service. A quarterly bill would be issued with all actual meter reads for that time period.

AGWAY ENERGY SERVICES, INC.

AGWAY ENERGY SERVICES, INC., PO BOX 4819, SYRACUSE NY 13221-4819
CUSTOMER INQUIRIES TELEPHONE NUMBER: 888-98-AGWAY (888-982-4929)

**RESIDENTIAL DEFERRED PAYMENT AGREEMENT
(IF FULL PAYMENT HAS ALREADY BEEN MADE, PLEASE DISREGARD THIS OFFER)**

CUSTOMER NAME	BT	DIST	PREMISE NO.
NAME OF INDIVIDUAL MAKING AGREEMENT	CONTACT TELEPHONE NO.		
SERVICE ADDRESS	DATE AGREEMENT OFFERED		

**PAYMENT AGREEMENT RULES AND INFORMATION.
PLEASE READ THE FOLLOWING CAREFULLY BEFORE YOU SIGN THIS AGREEMENT.**

1. AGWAY ENERGY SERVICES, INC. IS REQUIRED TO OFFER YOU A PAYMENT AGREEMENT THAT YOU ARE ABLE TO PAY.
2. NORMALLY, PAYMENT AGREEMENTS REQUIRE THAT YOU MAKE A DOWNPAYMENT, PAY YOUR CURRENT BILLS ON TIME AND MAKE AN INSTALLMENT PAYMENT EACH MONTH TOWARD YOUR ARREARS BALANCE. IF YOU CAN SHOW THAT YOUR PRESENT FINANCIAL CIRCUMSTANCES WILL NOT ALLOW YOU TO MAKE SUCH PAYMENTS, WE ARE PREPARED (WHERE APPROPRIATE) TO OFFER AGREEMENTS THAT DO NOT REQUIRE A DOWNPAYMENT AND WITH MONTHLY INSTALLMENTS AS LOW AS \$10 ABOVE THE AMOUNT OF YOUR CURRENT BILL.
3. IF A PERSONAL OR TELEPHONE INTERVIEW TAKES PLACE, WE MAY ASK QUESTIONS REGARDING YOUR INCOME, EXPENSES AND AVAILABLE ASSETS. YOU WOULD BE REQUIRED TO PROVIDE SUCH INFORMATION AND, IF REQUIRED, REASONABLE SUBSTANTIATION THAT THE INFORMATION YOU PROVIDE IS ACCURATE.
4. RECIPIENTS OF PUBLIC ASSISTANCE OR SUPPLEMENTAL SECURITY INCOME (SSI) MAY WISH TO CONSIDER CONTACTING THEIR LOCAL SOCIAL SERVICES OFFICE, AS THEY MAY BE ELIGIBLE FOR UTILITY BILL PAYMENT ASSISTANCE.
5. AFTER REVIEWING THE SPECIFIC TERMS OF THIS AGREEMENT (STATED BELOW) IF YOU FEEL YOU ARE NOT ABLE TO MAKE THE REQUIRED PAYMENTS - DO NOT SIGN THIS AGREEMENT. IF YOU HAVE QUESTIONS OR WISH TO DISCUSS THE TERMS WITH AN AGWAY ENERGY SERVICES REPRESENTATIVE, CALL 888-98AGWAY (888-982-4929).

AGWAY ENERGY SERVICES, INC

RESIDENTIAL DEFERRED PAYMENT AGREEMENT (CONTINUED)

HOW PAYMENTS WILL BE MADE IF YOU ACCEPT THIS AGREEMENT

AS OF ___/___/___, YOU OWE A PREVIOUS BALANCE OF \$ _____, ___ AND
CURRENT SERVICE CHARGES OF \$ _____, ___ FOR A TOTAL AMOUNT OWING
OF \$ _____.

A DOWNPAYMENT OF \$ _____, ___ MUST BE MADE, LEAVING A BALANCE OF
\$ _____.

THIS BALANCE IS TO BE PAID IN MONTHLY INSTALLMENTS OF \$ _____,
DUE BY THE ___ DAY OF EACH MONTH. IN ADDITION, ALL BILLS YOU WILL BE
RECEIVING FOR CURRENT SERVICE CHARGES DURING THE TIME THIS AGREEMENT IS IN
EFFECT MUST BE PAID BY THE DUE DATES SHOWN ON THE BILLS.

THIS AGREEMENT WILL NOT GO INTO EFFECT UNLESS YOU SIGN AND DATE ONE COPY OF
THE AGREEMENT AND RETURN IT TO AGWAY ENERGY SERVICES. THE SIGNED
AGREEMENT AND DOWNPAYMENT SPECIFIED (IF ANY) MUST BE RECEIVED BY
___/___/___ IN ORDER TO PREVENT TERMINATION OF COMMODITY AND SUSPENSION
OF DISTRIBUTION SERVICE.

*****PLEASE READ OTHER SIDE*****

AGWAY ENERGY SERVICE, INC

RESIDENTIAL DEFERRED PAYMENT AGREEMENT (CONTINUED)

WHAT HAPPENS IF YOU DO NOT MAKE THE PAYMENTS

IF YOU DO NOT MAKE ANY PAYMENT REQUIRED BY THE TERMS OF THE AGREEMENT, WE MAY INSIST UPON FULL PAYMENT OF ALL MONIES OWED TO US AND TAKE STEPS TO terminate commodity service and to suspend distribution service, UNLESS, THE REASON FOR NOT MAKING PAYMENT IS THAT YOUR FINANCIAL CIRCUMSTANCES (INCOME AND EXPENSES) HAVE CHANGED SIGNIFICANTLY DUE TO THE CONDITIONS YOU COULD NOT CONTROL.

WE WILL GIVE YOU A NEW AGREEMENT IF YOU TELL US EXACTLY WHAT HAS TAKEN PLACE AND CAN SHOW THAT THE REASONS FOR NOT MAKING PAYMENT WERE TRULY DUE TO CONDITIONS BEYOND YOUR CONTROL.

ASSISTANCE

IF YOU WISH TO SPEAK WITH AN AGWAY ENERGY SERVICES REPRESENTATIVE, PLEASE CALL US AT THE TELEPHONE NUMBER SHOWN ON THE OTHER SIDE OF THIS AGREEMENT. IF FURTHER HELP IS NEEDED, YOU MAY CALL THE NEW YORK STATE PUBLIC SERVICE COMMISSION AT 1-800-342-3377, 8:30 A.M. TO 4:30 P.M., MONDAY THROUGH FRIDAY.

BUDGET BILLING OPTION

IF YOU ARE NOT ALREADY ENROLLED IN OUR BUDGET BILLING (HELP PLAN), AND WISH TO ENROLL, PLACE A CHECK MARK IN THE BOX BELOW AND WE WILL START YOU ON THE PLAN. THE BUDGET BILLING PLAN ALLOWS YOU TO PAY THE TOTAL AMOUNT OF YOUR ANNUAL SERVICE CHARGES IN TWELVE (12) NEARLY EQUAL MONTHLY PAYMENTS. THIS PLAN PERTAINS ONLY TO NEW BILLS YOU WILL BE RECEIVING AND DOES NOT CHANGE THE SPECIFIC TERMS OF THE PAYMENT AGREEMENT.

YES, I WOULD LIKE TO BE PUT ON THE BUDGET BILLING PLAN.

ACCEPTANCE OF AGREEMENT

COMPANY ACCEPTANCE: BY THIS STATEMENT, AGWAY ENERGY SERVICES VERIFIES THAT SPECIFIC TERMS OFFERED ON THIS DOCUMENT ARE AN ACCEPTABLE AGREEMENT FOR PAYMENT OF MONIES OWING.

CUSTOMER ACCEPTANCE: TO INDICATE ACCEPTANCE; SIGN, DATE AND PRINT NAME.

I HAVE READ, UNDERSTAND AND ACCEPT THE TERMS OF THIS AGREEMENT.

SIGNATURE: _____ DATE: ___/___/___

PRINT NAME: _____

BY SIGNING AND RETURNING ONE COPY, YOU WILL BE AGREEING TO MAKE PAYMENTS ACCORDING TO THE TERMS OF THIS AGREEMENT, IN RETURN, AGWAY ENERGY SERVICES WILL AGREE NOT TO TERMINATE YOUR COMMODITY SERVICE OR SUSPEND YOUR DISTRIBUTION SERVICE FOR NON-PAYMENT, FOR AS LONG AS YOU CONTINUE TO HONOR THE TERMS OF THE AGREEMENT.

Agway Energy Services, Inc. HEFPA August 18, 2003

IF YOU DO NOT SIGN AND RETURN THE AGREEMENT (OR CONTACT US TO DISCUSS ALTERNATIVE TERMS) AND A FINAL TERMINATION NOTICE IS IN EFFECT, WE WILL TAKE NECESSARY STEPS TO TERMINATE YOUR COMMODITY SERVICE AND SUSPEND YOUR DISTRIBUTION SERVICE.

AGWAY ENERGY SERVICES, INC

RESIDENTIAL DEFERRED PAYMENT AGREEMENT (CONTINUED)

COMPANY REP: TO BE COMPLETED WHEN AGREEMENT IS MADE DURING PERSONAL CONTACT (OFFICE, FIELD OR TELEPHONE) WITH THE CUSTOMER.
COMPANY REPS NAME: _____

AGREEMENT TAKEN IN: _____ OFFICE _____ FIELD _____ TELEPHONE CONTACT
TERMS: _____ STANDARD _____ LONGER _____ SHORTER

August 2003

Account Number:

Dear:

Thank you for giving Agway Energy Products the opportunity to be your natural gas and electricity supplier!

We're excited to be providing you with this special offer. You have now joined in with thousands of other customers who have chosen Agway as their natural gas provider.

The Agway SmartRate Option will provide you with natural gas at an initial cost of 69.9 cents per therm. Throughout the term of your Agreement, we will provide you a monthly variable price.

Also, to give you optimal choice on your natural gas supply costs, you will have the one-time option of converting to a FixedRate plan at any time during the term of your Agreement. The FixedRate price will be established at the time of your call and will be determined by market conditions and the time remaining in your Agreement.

And, as an extra special bonus, you will have worry-free comfort on your furnace or boiler with our Home Heating Repair Program. No other supplier provides you with this value-added coverage. If you have any service problems, Agway Energy Products will come out and repair your natural gas furnace or boiler at no charge for covered parts and labor*. Please see enclosed brochure for details. And we're available to provide you with these services 24 hours a day, 7 days a week. Please see the enclosed 24-Hour Emergency Service Sticker, and apply it to your furnace or boiler in the event you need service.

Along with this offer, Agway will also include its competitively priced electricity. This will provide you with a four tenths of a cent per kilowatt-hour credit on your delivery portion of your bill.

By choosing Agway as your supplier, Niagara Mohawk will continue to provide safe, reliable energy delivery services and will respond in emergencies, regardless of your energy supplier. You will continue to receive one bill from Niagara Mohawk, and Agway's charge for the natural gas portion of your bill will be right on the same bill.

Please review the Terms, Conditions and Disclosure Statement found on the reverse side of this letter along with your Home Heating Repair Program Brochure and if you have any questions please call one of our customer service representatives from 8:00am to 4:30pm Monday through Friday at 1-888-982-4929.

Once again, thank you for your business. We look forward to serving you!
Sincerely,

Terence X. McInerney
Director of Sales Natural Gas and Electricity

*Please see enclosed brochure for details on covered parts. Agway Energy Services, Inc. HEFPA August 18, 2003

Terms, Conditions & Disclosure Statement
Electricity & Natural Gas Price Supply Agreement

Agway Energy Services, Inc. 8/18/2003 Agway Energy Services, Inc. HEFPA August 2003

New York State

1. **Term.** Customer will begin receiving electricity and/or natural gas at the time of the first scheduled meter reading by the Local Distribution Utility ("Utility") after the date on which Customer is eligible to participate in that Utility's Retail Access Program. Agway Energy Services' (Agway's) supply of energy to Customer shall continue until the first scheduled meter reading occurring 24 months thereafter ("Initial Term"). This Agreement shall automatically renew for successive one year periods ("Renewal Term") unless either party notifies the other party in writing thirty (30) days prior to the last meter reading date which is the annual date of termination.
2. **Price.** The prices listed in this offer shall remain in effect for the Initial Term and each Renewal Term unless Agway provides notice in writing to Customer at least forty-five (45) days before the end of the Initial or Renewal Term, as the case may be, of a new price that would go into effect at the beginning of the Renewal Term. For the SmartRate variable price customer, decreases or increases in price are determined by underlying wholesale commodity costs and may change monthly. We cannot predict whether the wholesale cost of natural gas will decrease or increase at any time. Customers who choose to exercise the option of converting to Agway's natural gas fixed rate may do so one time during the term of their Agreement. The fixed price will be determined at the time of their call and will remain in effect for the remainder of original term of their Agreement.
3. **Agency.** Customer hereby appoints Agway as agent for the purposes of acquiring the supplies necessary to meet your electricity and/or natural gas needs; arranging to deliver electricity and/or natural gas to You.
4. **Title.** All electricity and natural gas sold under this Agreement shall be delivered to a location considered the "Point of Delivery," which for gas shall be at a location outside the State of New York, and shall constitute the point at which the sale occurs. Title to and possession of all electricity and/or natural gas sold and delivered under this Agreement shall pass from Agway to Customer at the Point of Delivery.
5. **Measurement.** The measurement of the quantity of electricity and/or gas delivered under this Agreement shall be determined by the meter readings performed by the Utility.
6. **Billing and Payment.** Customer will be billed monthly by Agway and/or your Utility for electricity and/or natural gas delivered under this Agreement at the price agreed to herein, and Customer will pay each bill in full within twenty (20) days of the invoice date or be subject to a late payment charge of 1.5% per month. In the event Customer fails to provide payment when due, Agway will not terminate this Agreement without first providing Customer and their Utility with 15 days prior notice after the payment due date. Termination of service is allowed upon completion of such notification procedure. Agway reserves the right to pass along increases in Utility charges applied directly to Agway (e.g. accounts receivable billing charges, etc.) which are a result of Public Service Commission orders or actions.
7. **Switching Procedures.** Customer may choose Agway as an alternative energy provider via telephone which is confirmed through an independent third party verification service. Agway also confirms a switch by sending Customer a copy of this Agreement. This Agreement shall be deemed fully accepted and binding upon the first delivery of energy to Customer. Agway's completion of this delivery and Customer's acceptance of such delivery will cause this Agreement to be in full force and effect.
8. **Emergency Service Contacts.** In the event of a gas leak, electric power outage or other emergency, please use the following toll-free numbers to contact your utility: Central Hudson Gas & Electric 1-800-527-2714 Rochester Gas & Electric 1-888-243-8888 Niagara Mohawk Power Corp. 1-800-892-2345 NYS Electric & Gas 1-800-572-1131 National Fuel Gas 1-800-444-3130
9. **Dispute Resolution.** In the event of a billing dispute or a disagreement involving any essential element of this Agreement, Agway will use its best efforts to resolve the dispute. Customer is obligated to pay each bill in full while the dispute is pending. If Agway cannot resolve a billing dispute within forty-five (45) days, the billing dispute shall be brought before the court located nearest to where customer resides with jurisdiction over the amount and nature of the dispute.
10. **PSC Oversight and Consumer Protection.** The services provided by Agway are protected by the terms and conditions of this Agreement. The services provided by Your Utility are protected by the provisions of the Home Energy Fair Practices Act. Customer may obtain additional information by contacting Agway at 1-888-982-4929, or the Public Service Commission (PSC) at 1-800-342-3377, or by writing the PSC at: New York State Public Service Commission, Office of Consumer Education and Advocacy, Three Empire State Plaza, Albany, New York 12223, or through its website at: <http://www.dps.state.ny.us>. The PSC will monitor complaints against all energy companies. It will not resolve complaints, but an excessive number of complaints may result in an energy company no longer being eligible to supply electricity or natural gas in New York State. The PSC Complaint number is 1-888-697-7728.
11. **Default Liability.** Under no circumstances shall Customer or Agway be liable for any direct, punitive, incidental, consequential, exemplary, indirect, third-party claims or other damages whether such claims are based on contract, warranty, tort, negligence, strict liability or otherwise, or for lost profits arising from a breach of this Agreement.
12. **Choice of Laws.** Venue for any lawsuit brought to enforce any term or condition of this Agreement or to construe the terms hereof shall lie exclusively in the State of New York. This Agreement shall be construed under and shall be governed by the laws of the State of New York without regard to application of its conflicts of laws and principles.
13. **No Warranties.** Unless otherwise expressly set forth in this Agreement, Agway provides and Customer receives no warranties, express or implied, statutory, or in any other provision of this Agreement, or any other communication and Agway specifically disclaims any warranty of merchantability or fitness for a particular purpose.
14. **Force Majeure.** The term "Force Majeure" as used in this Agreement shall mean any act or cause not reasonably within the control of Agway and which by the exercise of due diligence, Agway is unable to prevent or overcome, including but not limited to, any act or cause which is deemed a "Force Majeure" by the Utility or any transportation or transmitting entity. If Agway is rendered unable, wholly or in part, by Force Majeure to perform or comply with any obligations or conditions of this Agreement, we shall give immediate notice to the maximum extent practicable in writing and provide reasonably full particulars to the other party. Such obligations or conditions, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused, and Agway shall be relieved of liability and shall suffer no prejudice for failure to perform the same during the period. If Agway claims suspension of obligations, we must in good faith attempt to mitigate and/or terminate the Force Majeure. If at some future date there is a change in any law, rule, regulation or pricing structure whereby Agway is prevented, prohibited or frustrated from carrying out the terms of the Agreement, then, at the sole discretion of Agway, this Agreement may be cancelled.
15. **Taxes and Laws.** Except as otherwise provided in the Agreement or provided by law, all taxes of whatsoever kind, nature and description, due and payable with respect to Customer's performance of it's obligations under this Agreement, shall be paid by Customer. The parties' obligations under this Agreement are subject to any validly issued present and future legislation, orders, rules, regulations of a duly constituted governmental authority having jurisdiction over this Agreement or the services to be provided herein.

Agway Energy Services, Inc.

Narrative Description of HEFPA Termination Procedures

Agway Energy Services, Inc. may terminate residential services if the customer:

- Fails to pay charges for commodity services rendered at any time during the preceding 12 months; or
- Fails to pay amounts due under a deferred payment agreement.

A final notice of termination will be sent no less than 15 days before the termination date shown on the notice. Agway Energy Services, Inc will include on the final notice of termination:

- The earliest date on which termination may occur;
- The reasons for termination, including the total amount required to be paid and the manner in which termination may be avoided.
- The address and phone number of the office to contact in reference to customer's account;
- Notice that suspension of the customer's distribution services can accompany the commodity termination, even if the customer's distribution utility portion of the bill is current. Notice will also include, where applicable, the amount which must be paid to restore commodity service and if different, the amount to end suspension of distribution service.

The following statement will be clearly visible on any final notice of termination from Agway Energy Services:

“THIS IS A FINAL TERMINATION NOTICE. PLEASE REFER TO THIS NOTICE WHEN PAYING THIS BILL.”

No termination of commodity services shall take place until at least 15 days after a final notice of termination is issued to customer.

Agway Energy Services will notify appropriate social service officials if a final notice of termination is sent to a customer that is known to be receiving public assistance, supplemental security income or additional state payments pursuant to Social Services law and for whom a guarantee of future payment has not been received. Special notification of social service officials will follow requirements as defined by Section 11.4, sub-section i of HEFPA Regulations.

Agway Energy Services will follow procedures and provide required information for residential customer termination as codified in the HEFPA Regulations, sections 11.4, 11.5 and 11.6