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PSC NO: 219 GAS NIAGARA MOHAWK POWER CORPORATION INITIAL EFFECTIVE DATE: 02/01/04

STATEMENT NO: 7 PAGE 1 OF 1

STATEMENT TYPE: DTR

STATEMENT OF DEMAND TRANSFER RECOVERY RATE Effective to Billing Commencing February 1, 2004 Applicable to Billing for Service Classification No. 11

Pursuant to Service Classification No. 11 of Niagara Mohawk Power Corporation's PSC No. 219, the storage gas transfer rate shall be the sum of:

(1) The Company's estimated weighted average commodity cost of gas in storage as of January 31, 2004 \$0.51040

(2) Demand Transfer Recovery Rate (DTR Rate) = \$0.05053

Per Therm

RESULTING IN THE:

TOTAL EFFECTIVE STORAGE TRANSFER RATE PER THERM: \$0.56093

Issued By: William F. Edwards, President, Syracuse, New York