

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 05/20/09
STAMPS: Issued in Compliance with Order of PSC in Case 08-G-0609 dated 05/15/09.

LEAF: 98
REVISION: 5
SUPERSEDING REVISION: 3

GENERAL INFORMATION

17. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF PURCHASED GAS: (continued)

17.9 Stranded Capacity Costs:

17.9.1 Stranded Capacity Costs are costs to the Company of pipeline and storage capacity, including costs of capacity that are not assigned, that are not offset by capacity release revenues or off-system sales and that are no longer necessary for sales customers (including standby service transportation customers) due to migration and that, prior to the migration, were recovered from such customers.

17.9.2 The Company's recovery of such costs will be funded through a volumetric surcharge to the Gas Delivery Service Rates of Service Classification Nos. 1, 2, 3, 5, 7, 12 and 13 and through an adjustment to the Service Classification No. 8 D1 Demand Charge. The cost assigned to the Service Classification No. 8 customers will be a ratio of their elected D1 Demand for Standby Service to the forecasted system peak day demand multiplied by the total stranded cost. There will be no gap in the Company's recovery of Stranded Capacity Costs during the settlement period.

18. GAS FIRED EMERGENCY ELECTRIC GENERATION:

18.1 Company will allow the attachment of gas-fired emergency electric generators under the following conditions:

18.1.1 Only sufficient emergency electric generation may be installed to provide minimum requirements for safety and health.

18.1.2 The customer shall pay all costs associated with meter installation, inspection fees, and, if necessary, system reinforcement, mains and service lines. The cost of the inspection fee shall be set forth on a statement and will be duly filed with the Public Service Commission apart from this rate schedule not less than three (3) days prior to the date on which the statement is effective.

18.1.3 When the Company has sales restrictions, the emergency electric generation customer will be penalized for excessive usage.

18.1.3.1 Excessive usage will occur when the customer exceeds his existing annual limitation for other uses plus an annual emergency electric generation allotment allowing one-half (1/2) hour testing each week and estimated use during verifiable power outages.

Issued By: Thomas B. King, President, Syracuse, New York