

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 10/01/06

LEAF: 174
REVISION: 3
SUPERSEDING REVISION: 2

**SERVICE CLASSIFICATION NO. 11
LOAD AGGREGATION (CONTINUED)**

CREDITWORTHINESS:

1. Each entity must qualify on an individual basis. The currently effective UBP Addendum, Section 3, sets forth the creditworthiness standards that apply to ESCO's and Direct Customers.
 - A. A Marketer/Direct Customer's participation in the Company's Supplier Select Program is contingent upon the Marketer/Direct Customer meeting the credit requirements set forth in the currently effective UBP Addendum, Section 3.
 - B. Direct Customers, participating in Daily Balancing, who are dropped from their marketer's pool either through a voluntary or involuntary action and cannot demonstrate an ability to deliver gas, will have their credit requirement computed in accordance with Section 1B3 of Service Classification No. 11 as set forth on Tariff Leaf No. 178 in lieu of the credit requirements set forth in the currently effective UBP Addendum.

MARKETER DEPOSITS AND PREPAYMENTS:

1. Marketers are required to provide evidence of creditworthiness to the Company before they will be allowed to request prepayments or security deposits from residential and small commercial customers participating in the Gas Supplier Select Program. Residential customers are defined as those Supplier Select customers taking service under Service Classification No. 1 and Service Classification No. 2 with a residential revenue classification. Small commercial customers are defined as those Supplier Select customers taking service under Service Classification No. 2 with a commercial revenue classification. The evidence of creditworthiness provided under this rule will be separate and apart from that provided by a Marketer to become an eligible Marketer in Niagara Mohawk's service territory.
 - A. Marketers will be allowed to accept prepayments from customers if they, or a parent company, if the parent agrees to act as guarantor for the Marketer, submit the required evidence of a minimum bond rating of "BBB" from S&P or Fitch, or a "Baa2" from Moody's by August 1 of each year.
 - B. Marketers will be allowed to accept deposits from customers if they, or a parent company, if the parent agrees to act as guarantor for the Marketer, submit the required evidence of a minimum bond rating as set forth in Rule 1a above, or an escrow account, or letter of credit from an "A" rated financial institution.
2. Marketers are required to maintain records of customer deposits and prepayments. Marketers should be prepared to make this information available for inspection upon request by the Public Service Commission. The Marketers should be prepared to file a report in the manner and form requested by the Public Service Commission.
3. Marketers are required to provide notice to a new customer before the customer makes a deposit or prepayment with the Marketer. Marketers shall notify existing customers before the customer makes a deposit or prepayment with the Marketer by providing copies of revised disclosure statements and/or contracts that contain the information in the notice. Marketers must file an example of the revised disclosure statements and/or contract with the Public Service Commission prior to providing it to customers.

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