

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 06/23/08

LEAF: 163
REVISION: 1
SUPERSEDING REVISION: 0

**SERVICE CLASSIFICATION NO. 9
NEGOTIATED TRANSPORTATION SERVICE (CONTINUED)**

SPECIAL PROVISIONS: (continued)

- B. For contracts with an effective date after June 1, 1996:
- Under Deliveries will be subject to the appropriate terms of Daily Balancing under Service Classification No. 11. Customers balancing upstream of Niagara Mohawk will not be subject to Daily/Monthly Cashout under the terms of S.C. 11. Customers balancing upstream of Niagara Mohawk may not return to Daily Balancing on Niagara Mohawk.
9. As between the Company and the customer, the Company shall be deemed to be in control and possession of the gas to be transported hereunder upon receipt of such gas at the receipt point and until it has been delivered at the Delivery Point. The customer shall be deemed to be in possession and control of the gas prior to such receipt by the Company and after such delivery to the customer. Title to gas transported under the Service Agreement will, at all times, vest in customer.
10. Each customer under this Service Classification warrants that it will, at the time it delivers gas to the Company for transportation, have good and merchantable title to all such gas free and clear of all liens, encumbrances and claims whatsoever. The customer shall indemnify the Company and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising out of the adverse claims of any or all persons to said gas including claims for any royalties, taxes, license fees or charges applicable to such gas or to the delivery of such gas to the Company for transportation.
11. When the Company is in a short-term "Force Majeure" supply shortage with its supplier(s), the Company has the right to purchase the customer's own gas supply. Unless otherwise agreed to under a Peak Shaving Agreement, the price to be paid will be the Company's weighted average commodity cost of gas from its supplier(s) for the month.
12. The Company reserves the right to reject any application for service or nominations under this Service Classification where, in the sole discretion of the Company, the provision of service would or might result in a reduction in the Company's rights or ability to receive service, purchase gas or utilize capacity on the transmission system of its upstream pipeline(s), impair or interfere with the Company's operations, or impose costs in excess of those subject to recovery under this Service Classification.

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