

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 11/01/07
STAMPS: Issued in Compliance with Order of PSC in Case 06-G-0059 dated 8/23/07.

LEAF: 31
REVISION: 3
SUPERSEDING REVISION: 2

GENERAL INFORMATION

3. PRIORITY OF SERVICE: (continued)

3.2.3 Customers purchasing Non-Niagara Mohawk gas supplies, other than residential and human needs customers described above or S.C. 8 standby sales service customers electing a D-1 demand, will not retain the right to return to Niagara Mohawk as the supplier of last resort. During a period of curtailment, if gas supply delivered by a Direct Customer or Marketer to Niagara Mohawk's city gate is inadequate to meet the consumption of the customer or the Marketer's pool of customers, Niagara Mohawk will curtail consumption and/or divert deliveries to that customer or pool of customers in a manner to protect core customers, consistent with the curtailment priorities set forth at Rule 3.6. To the extent that supplier's customers take volumes in excess of nominated and delivered volumes during a period of curtailment, penalty charges of Rule 3.3.1 will be applicable.

3.2.3.1 Definition of Core Customers:

Core customers are defined as customers that (1) do not have alternatives to the use of gas and (2) those who receive either (a) firm sales service, or (b) firm transportation service and participate in the Company's Monthly Balancing program, or (c) firm transportation service and purchase standby sales service. In the case of (c), a customer who receives firm transportation service and purchases standby sales service, the portion of the customer's usage that will be considered "core" is limited to the customer's elected Daily Contract Demand Level.

3.2.3.2 To the extent customers do not meet the definition of core customers as defined in Paragraph 3.2.3.1, they shall be deemed to be non-core customers.

3.3 Penalty Charges for Failure to Curtail During Periods of Interruption:

3.3.1 If a customer has been directed to curtail consumption, by telephone or otherwise, and refuses to comply with the directed reductions, sales customers may be subject to an additional charge equal to the greater of \$25 per Dth or 125% of the highest per Dth cost of gas purchased in the Company's gas supply portfolio during the calendar month of unauthorized usage; and non-utility suppliers or delivery only customers will be subject to the incremental cost of gas, plus an additional charge equal to the greater of \$25 per Dth or 125% of the highest per Dth cost of gas purchased in the Company's gas supply portfolio during the calendar month of unauthorized usage.

3.4 Alternate Fuel Requirements:

Alternate fuel requirements for S.C. 4 & S.C. 6 customers with non-distillate alternate fuels consisting of #4 fuel oil, #6 fuel oil, and propane are covered under existing Rule 3.1.2. S.C. 4 & S.C. 6 customers with distillate alternate fuels consisting of diesel, kerosene or No. 2 fuel oil and Human Needs Customers will be subject to the following alternate fuel requirements:

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