

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: 36
REVISION: 1
SUPERSEDING REVISION: 0

GENERAL INFORMATION

3. PRIORITY OF SERVICE: (continued)

3.6 Curtailment Priority:

In the event the Company is required to implement a curtailment interruption, the needs of core customers will be met first, regardless of whether the core customers are sales or transportation customers. In the event it is necessary to divert gas from non-core customers to supply the needs of core customers, except as otherwise provided pursuant to prior agreement with affected customer(s) or any pre-existing individually negotiated contract or service agreement, compensation to Marketers of non-core customers will be as set forth in Rule 3.6.1 below. When gas is diverted to serve firm sales service classifications, payments made by the Company will be recovered through the Monthly Cost of Gas in accordance with Rule 17.3.

3.6.1 Compensation for Diverted Gas:

Compensation to (1) Marketers of non-core customers or (2) direct customers for gas diverted to supply the needs of core customers will be at the Gas Daily DTI North Point Common (mid-point) price plus DTI FT variable and fixed charges plus losses to the Company's City Gate including any upstream pipeline penalties incurred in meeting core customer needs. When the Gas Daily DTI North Point midpoint price is not posted, the Gas Daily DTI South Point midpoint price will be used.

If the Marketer or Direct Customer can demonstrate, with adequate support as determined in the sole and absolute discretion of the Company, that a customer's contract with the Marketer specifies a price higher than the applicable market price, as defined above, the Marketer will be compensated at the contract price.

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