

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 03/15/06
STAMPS: Issued in Compliance with Order of PSC in Case 03-G-1392 dated 11/23/05.

LEAF: 218
REVISION: 1
SUPERSEDING REVISION: 0

**SERVICE CLASSIFICATION NO. 14
GAS TRANSPORTATION SERVICE FOR DUAL FUEL ELECTRIC GENERATORS (CONTINUED)**

DEFINITIONS:

For the purposes of this service classification, the following terms have the meaning stated below:

“Base Year Spark Spread” - The simple average of the Spark Spread for all 8784 hours of the Base Year. The Base Year is defined as the first full year of the operation of the NYISO starting December 1, 1999

“Contract Year” - The 365 consecutive Days beginning on the first day of the month following the Effective Date, and each subsequent 365-Day period, or 366 Days for leap years.

“Cove Point LNG Adjustment” - An adjustment to the rate to collect a surcharge being imposed upon the Company by CNG Transmission Corporation. In Docket No. CP83-75-000, the FERC authorized Consolidated System LNG to amortize and recover costs associated with the abandoned LNG terminal, in Cove Point, Maryland. The Cove Point LNG adjustment Rate currently reflected in rates is \$0.00115 per therm.

“Customer’s Heat Rate” – There will be four different proxy heat rates depending on what technology the Customer’s unit employs.

- Tier 1 – 17.5 mmBTU/Mw-hour for older, simple cycle peaking units (those units which commenced operation prior to December 31st, 1998)
- Tier 2 – 11.0 mmBTU/Mw-hour for Rankine Cycle steam units
- Tier 3 – 10.0 mmBTU/Mw-hour for new, simple cycle peaking units
- Tier 4 - 7.4 mmBTU/Mw-hour for combination cycle plants

“Customer’s Mwh Generated Output” - The Mwh resulting from the division of the customer’s hourly therm consumption divided by the Customers Heat Rate for the applicable tier level.

“Day” - Any consecutive twenty four (24) hour period commencing at 10 a.m. Eastern Time.

“Dekatherm” (DT) - 1,000,000 British Thermal Units (1 MMBTU).

“Delivery Point” - The metered interconnection owned and maintained by the Company between the facilities of the Company and the customer.

“Delivery Quantity” - The quantity of customer-owned gas transported by the Company minus the amount retained by the Company for Losses and actually delivered to customer at the Delivery Point.

“Effective Date” - The first Day following the later of (a) thirty (30) days after an executed contract has been on file with the New York Public Service Commission (PSC), (b) the start date specified in the Service Agreement for which the term would be effective, and (c) satisfaction of all conditions precedent listed in the Service Agreement.

“Effective Period” - The Effective Period for the initial Value Added Charge is March 15, 2006 through April 30, 2007. Beginning 2007, the Effective Period is May 1st of each year through April 30th of the following year.

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