

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 03/16/06

LEAF: 31
REVISION: 1
SUPERSEDING REVISION: 0

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. 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, as determined at the sole discretion of the Company, Niagara Mohawk will curtail deliveries to that customer or pool of customers in accordance with the curtailment plan provided by their supplier. In the event, it is infeasible to curtail customers of the supplier in accordance with the supplier's plan, or if the supplier's plan would result in the curtailment of core customers, the Company will curtail customers of the supplier at its sole discretion in a manner designed to protect core customers. To the extent that supplier's customers take volumes in excess of nominated and delivered volumes, balancing and penalty charges of Rule 3.3.1 will be applicable. If the supplier does not provide a curtailment plan, Niagara Mohawk will use its discretion to curtail customers of that supplier in a manner designed to protect 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:

3.4.1 S.C. 4 & S.C. 6 customers utilizing distillate alternate fuels and Human Needs Customers must maintain 10 days of provable storage capacity and alternate fuel except when the conditions covered under 3.4.1.1 and 3.4.1.2 below occur.

3.4.1.1 Customers with available storage capacity of less than 10 days may elect to prove to the Company's sole satisfaction that the difference between the supply on hand and the 10 days of requirement can be met by an alternate fuel provider. The customer must show that a relationship exists with an alternate fuel provider for the difference between the fuel on hand and the 10 days of requirement. The customer may not rely on spot market purchases for the replenishment of the alternate fuel storage requirement required herein.

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