

PSC NO: 218 GAS

LEAF: 133

NIAGARA MOHAWK POWER CORPORATION

REVISION: 6

INITIAL EFFECTIVE DATE: 11/01/03

SUPERSEDING REVISION: 5

STAMPS: Issued in Compliance with Order of PSC in Case 02-M-0515 dated 04/24/03.

GENERAL INFORMATION

30. Research and Development Surcharge

All Firm Sales and Firm Transportation Service Classifications (1, 2, 3, 5F, 7, 8, and 12) will be subject to a Research and Development Surcharge in order to fund Research and Development Programs as provided for by the Commission's Order issued and effective February 14, 2000 in Case 99-G-1369. The Research and Development Surcharge will not be greater than the decrement in the Federal Energy Regulatory Commission Surcharge used to support Research and Development by the Gas Research Institute (GRI). The Research and Development Surcharge shall be effective on the first day of January of each year and shall be collected over the following twelve-month period. The Research and Development Surcharge effective after January 1, 2004 will not be greater than \$.0174 per therm.

The effective rate shall be set forth on a statement and filed with the Public Service Commission apart from this rate schedule not less than three (3) days prior to the date on which the statement is proposed to be effective. The Research and Development Surcharge will include the cost of creating a web site for technical and financial reporting on funds collected and other administrative costs necessary to effectively manage the surcharge funded program. Any funds collected through the surcharge mechanism which are not actually spent on Research and Development Programs, within twenty-four months after the end of each collection period, will be refunded to Firm Sales and Firm Transportation Customers.

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