

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 08/01/03

LEAF: 119
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION

29. CASHOUT OF IMBALANCES: (continued)

29.3.1.1 At the end of each day the All Pools Percent Imbalance will be calculated. If the absolute value of the All Pools Percent Imbalance is less than the then effective Imbalance Tolerance, there will be no daily cashout for any Daily Balancing Pool for that day. If the absolute value of the All Pools Percent Imbalance is greater than the effective Imbalance Tolerance and if the absolute value of the Marketer Percent Imbalance is less than the effective Imbalance Tolerance, that Marketer will not be cashed out. If both the absolute value of the All Pools Percent Imbalance and the absolute value of the Marketer Percent Imbalance is greater than the effective Imbalance Tolerance, that Marketer will be cashed out for their Cashout Volume.

29.3.1.2 Marketers' cashout volume in dekatherms will be cashed out at the daily cashout rates stated below. Each Marketer's cashout volume will be blocked according to the table below, up to the block containing the Marketers Percent Imbalance. The 0 - 5% block will not be used when the imbalance tolerance is 10% as set forth in Rule 29.2.4 of "Definitions". The charges will then be calculated for each block at the applicable effective cashout rate. Charges for under deliveries will be based on the midpoint of the Gas Daily CNG North Point common (mid-point) price plus DTI FT variable and fixed charges plus losses to the Company's city gate. Payment for over deliveries will be based on the Gas Daily CNG North Point common (mid-point) price.

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