

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

LEAF: 121
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION

29. CASHOUT OF IMBALANCES: (continued)

29.3.1.3 Additional Charges - If the absolute value of the Marketer's Percent Imbalance is greater than 50% for any given day, additional charges may be assessed. The first time the absolute value of the Marketer's Percent Imbalance is greater than 50%, the Company will issue a notice via email to the Marketer concerning the penalty for such imbalances. The second time the absolute value of the Marketer's Percent Imbalance is greater than 50%, the Company will issue a warning via email to the Marketer that the next occurrence will result in a penalty. The Marketer will then be assessed a \$5.00 penalty for each dth of the Cashout Volume for the third occurrence and each occurrence thereafter in the month.

29.3.1.3.1 At the end of the month, an All Pools comparison of actual usage to nominations will be calculated. The chart below indicates the applicable cashout rates for individual marketers, depending on whether the All Pools imbalance is less or greater than a 2% tolerance. Each Marketer's Remaining Imbalance will be cashed out at the applicable rates as stated below. When the Marketers' Remaining Imbalance is an underdelivery, the Marketer will be subject to an additional charge for all dekatherms of Remaining Imbalance at the effective DTI GSS withdrawal rate. When the Marketers' Remaining Imbalance is an overdelivery, the Marketer will be subject to an additional charge for all dekatherms of Remaining Imbalance at the effective DTI GSS injection rate. The issuance of an Operational Flow Order will nullify All Pools Balancing for the day.

29.3.1.3.2 For Under Deliveries:

Monthly Imbalance Level	All Pools < 2% Imbalance	All Pools > 2% Imbalance
0 to 2%	Gas Daily CNG North Point Mid Point Average	Gas Daily CNG North Point Mid Point Average
> 2%	Gas Daily CNG North Point Mid Point Average	120% of Gas Daily CNG North Point Mid Point Average

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