

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 09/01/03
STAMPS: Issued in Compliance with Order of PSC in Case 01-M-0075 dated 12/03/01.

LEAF: 94
REVISION: 1
SUPERSEDING REVISION: 0

GENERAL INFORMATION

17. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF PURCHASED GAS: (continued)

17.4 Statement of Monthly Cost of Gas:

17.4.1 The Monthly Cost of Gas applicable to Service Classification Nos. 1, 2 and 3 computed as herein, will become effective the first day of the calendar month following the computation date, provided however, that the Monthly Cost of Gas will be prorated based on the days in the customer's billing cycle. The Monthly Cost of Gas will continue in effect until changed. The statement shall contain the schedules and service classifications to which the adjustment applies, the present average cost of purchased gas, the refunds or surcharges to be applied to the Monthly Cost of Gas, the date at which and the period for which the present average cost of purchased gas was determined, the Net Monthly Cost of Gas per Therm, the date when the Monthly Cost of Gas rate shall become effective. Such statement will be available to the public at Company offices at which applications for service may be made.

17.4.2 The Monthly Cost of Gas resulting from this provision will be 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.

17.5 Balancing Charges:

17.5.1 Charge to Marketers - Effective September 1, 2003:

Marketers/Direct Customers taking Daily Balancing Service under Service Classification No. 11 will be subject to a Monthly Balancing Charge of \$.024433 per therm of MPDQ for all customers contained within their Daily Balancing Pool.

17.5.1.1 Effective September 1, 2003, the \$.024433 Balancing Charge will be subject to a downward adjustment of up to \$.012 per therm. If there has been a downward adjustment in a previous statement filed with the Public Service Commission, the Balancing Charge can be adjusted upward or downward of up to \$.012 per therm. The methodology for calculation of this adjustment is set forth in Appendix E, Schedule 1, paragraphs 6, 7 and 8 of the Company's Gas Rate and Restructuring Settlement Agreement dated June 12, 2000. The resulting rate will be set forth on a Statement to be filed with the Public Service Commission apart from this rate schedule not less than three (3) days prior to any change in the effective rate.

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