

PSC NO: 218 GAS
 NIAGARA MOHAWK POWER CORPORATION
 INITIAL EFFECTIVE DATE: 09/01/03
 STAMPS: Issued in compliance with order in Case 01-M-0075 dated 12/03/2001

LEAF: 131
 REVISION: 3
 SUPERSEDING REVISION: 2

GENERAL INFORMATION

29. CASHOUT OF IMBALANCES:

When this tariff provides for a cashout of imbalances, Niagara Mohawk will pay the Marketer/Direct Customer involved for any net overdeliveries of gas, and will charge the Marketer/Direct Customer for any net underdeliveries.

Definitions:

- a. Marketer Underdelivery Imbalance - an underdelivery exists when the quantity of gas delivered to the Niagara Mohawk system during the applicable balancing period by or for a customer, or group of customers served by a marketer is less than the product of the quantity of gas consumed during the period by the customer or group of customers, multiplied by the Factor of Adjustment defined in Rule 17.1 of this tariff.
- b. Marketer Overdelivery Imbalance - An overdelivery exists when deliveries exceed consumption multiplied by the Factor of Adjustment.
- c. Marketer Nominations - The nominations for a marketer on behalf of a customer are equal to the Dths of deliveries confirmed to be delivered to the Company's city gate for the applicable day.
- d. Imbalance Tolerance - The tolerance stated as a percent of city gate usage allowed before charges occur in the Company's daily cashout procedure.

The Storage Capacity Balances are those in effect on April 1st of each year. The Storage Capacity Balance will be equal to the Company's contracted Storage Capacity for those storage fields utilized for capacity release less any capacity released to marketers. If the Storage Capacity Balance is projected to drop below 10,000,000 Dth at any time during the year, tolerance levels will be renegotiated for both the November 1st to March 31st and April 1st to October 31st periods.

November 1 – March 31

April 1 – October 31

+ or - 5%

<u>Storage Capacity Balance</u>	<u>Allowed Tolerance</u>
Greater than or equal to 18,000,000 Dth	10%
Greater than or equal to 16,000,000 and less than 18,000,000 Dth	8%
Greater than or equal to 14,000,000 and less than 16,000,000 Dth	7%
Greater than or equal to 12,000,000 and less than 14,000,000 Dth	6%
Greater than or equal to 10,000,000 and less than 12,000,000 Dth	5%

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