

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: 131.1

REVISION: 1

SUPERSEDING REVISION: 0

GENERAL INFORMATION**29. CASHOUT OF IMBALANCES: (continued)**

- e. Marketer Percent Imbalance - The percentage resulting from the division of the over-under delivery imbalance by the marketer's city gate usage.
- f. Cashout Volume - For purposes of Daily Cashout, the Cashout Volume is the under/overdelivery imbalance minus the product of the City Gate Usage multiplied by the percentage of Imbalance Tolerance. If the Marketer Percent Imbalance for a given marketer is less than the applicable Imbalance Tolerance percentage the Cashout Volume shall be zero.
- g. All Pools Imbalance - the volume resulting from the subtraction of the Total City Gate use for all Daily Balancing Pools for a given day, from the total quantity of gas delivered to the Niagara Mohawk system for a given day for all Daily Balancing Pools.
- h. All Pools Percent Imbalance - the percentage resulting from the division of the All Pools Imbalance for a given day by the total city gate usage of all Daily Balancing Customers for a given day.
- i. Remaining Imbalance - The Marketers Remaining Imbalance will be equal to the Marketers Imbalance less the Marketers Cashout Volume, if any.

Daily Cashout:

Applicable to customers taking Daily Balancing Service under Service Classification No. 11 according to the table below.

- a. 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.
- b. 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 greater than 5% as set forth in Rule 29.d of "Definitions". The charges will then be calculated for each block at the applicable effective cashout rate. Charges for underdeliveries 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 overdeliveries will be based on the Gas Daily CNG North Point common (mid-point) price.

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