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Cancelled by 7 Rev. Leaf No. 189 Effective 03/01/2002
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SERVICE CLASSIFICATION NO. 11
LOAD AGGREGATION (continued)

Daily Balancing Service (continued)

b. Direct Customer (continued)

(ii) If by the enrollment deadline for the second month, the customer has not been enrolled by another marketer participating in Daily Balancing, the customer will then default to Daily Balancing as a Direct Customer with both Daily and Monthly Cashout Provisions set forthe in paragraph c(i) below and Rule 29 being applicable.

In both b(i) and b(ii) above, if the customer does not have a gas supplier, the Company will supply the gas on a best efforts basis, subject to Interruption in the case of SC 6 customers or Operational Flow Orders for other transportation classes.

c. Balancing Requirements The balancing obligations of a Marketer operating a Daily Balancing Service pool are as follows:

(i) Daily & Monthly Cashout. A Marketer will be subject to daily and monthly cashout and/or imbalance trading in accordance with Rule 29 of this tariff based on the difference between the aggregate usage of the customers in the Marketer*s pool during the month and the total deliveries of gas to the Niagara Mohawk system by or on behalf of the customers in the pool during the month. Daily Balancing customers will be charged a monthly balancing rate per therm calculated in 0accordance with Rule 17.5.1 of this tariff multiplied by their MPDQ through December 31, 2000. Commencing January 1, 2001, Marketers will be subject to a Monthly Balancing Charge per therm of MPDQ at a rate per therm calculated in accordance with Rule 17.5 of this tariff.

(ii) Forced Balancing Operational Flow Order. During any period in which the Company's ability to accommodate imbalances is restricted or impaired, Niagara Mohawk may, upon eight hours advance notice, impose a Forced Balancing Operational Flow Order ("Forced Balancing OFO"). When a Forced Balancing OFO is imposed for underdeliveries, usage by customers for whom a Marketer is providing Daily Balancing Service must not exceed deliveries by more than 2-50% as specified in the OFO. When a Forced Balancing OFO is imposed for overdeliveries, a Marketer*s deliveries must not exceed usage by customers for whom the marketer is providing Daily Balancing Service by more than 2-50% as specified in the OFO. Direct Customers are also subject to Forced Balancing OFO requirements for under and overdeliveries. Marketers/Direct Customers will be assessed a penalty of $2.50 per therm, per day for imbalances that exceed the OFO limit. Forced Balancing OFO*s will not be used to simultaneously restrict overdeliveries and underdeliveries.

Issued By: Darlene D. Kerr, Executive Vice President, Syracuse, New York

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