

..DID: 20496
..TXT: PSC NO: 218 GAS LEAF: 192
COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 8
INITIAL EFFECTIVE DATE: 10/24/02 SUPERSEDING REVISION: 7
STAMPS:
Effective date postponed to 11/23/02. See Supplement No. 50
RECEIVED: 09/23/02 STATUS: Effective EFFECTIVE: 11/23/02
SERVICE CLASSIFICATION NO. 11
LOAD AGGREGATION (continued)

d. Minimum Storage Requirements (continued)

ten (10) calendar days to cure the deficiency or provide financial security in accordance with item (2) below.

(2) Marketer Chooses Not to Maintain Minimum Storage Inventory Levels

Marketers choosing not to maintain the MSIL are required to post financial security in the form of a Standby Letter of Credit or Advance Cash Deposit for the duration of the winter season in an amount equal to the sum of Marketer's MPDQ times 55% times 51.6 days times the difference between the Three Year Winter Average of the Gas Daily DTI North Point/Midpoint Daily Price and the Company's weighted average cost of gas in storage. All or any unused portion of the financial security with applicable interest will be returned to the marketer within 30 days of March 31 of each year.

Gas Marketers participating in the Company's Monthly Balancing Service under this Service Classification will default to Option (1) and agree to authorize the Company to access Gas Marketers' storage balance information on upstream storage operator(s) unless:

1. Marketer provides in writing by September 1 of each year that it chooses Option (2) and does not agree to authorize the Company to access Gas Marketers' storage balance information on upstream storage operator(s) and,
2. Marketer provides by October 1 of each year the required security in the form of a Standby Letter of Credit or Advance Cash Deposit.

If the Gas Marketer does not cure the storage deficiency or provide financial security within the ten (10) calendar day cure period the Company will, at its sole discretion, return the Gas Marketer's customers to sales service in accordance with Provision k of the Monthly Balancing Service section of this schedule. In the event the gas in storage is less than the volume required to be transferred back to the Company as described on Leaf 194.1 the Company will send an invoice to the Marketer for the insufficient volume times the difference between the Gas Daily DTI North Point/Mid Point Price and the Company's Weighted Average Cost of Gas in Storage (providing the DTI North Point/Mid Point Price exceeds the Company's Weighted Average Cost of Gas in Storage).

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