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COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 0
INITIAL EFFECTIVE DATE: 10/01/00 SUPERSEDING REVISION:
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GENERAL INFORMATION

3.5 Verification of Alternate Fuel Requirements (continued)

In addition, the Company will conduct an on-site inspection for any customer who failed to switch to alternate fuel in the 1999/2000 heating season and in subsequent winter seasons. The details of the Company*s verification plan including the confirmation by the customer of 10 days of storage capacity and alternate fuel source, or lesser amounts as appropriate, will be set forth in the Company*s Gas Transportation Operating Procedures Manual.

3.6 Short Term Curtailment

Short Term curtailment is defined as those situations where the Company must essentially respond to protect system integrity in short time frames to protect core customers - those without alternatives in emergency situations and those situations that do not arise from inadequate deliveries.

In the event the Company is required to implement a short term curtailment interruption, the needs of core customers will be met first, regardless of whether the core customers are sales or transportation customers. In the event it is necessary to divert gas from non-core customers to supply the needs of core customers, except as otherwise provided pursuant to prior agreement with affected customer(s) or any pre-existing individually negotiated contract or service agreement, compensation to non-core customers will be at the replacement cost of fuel. If gas is diverted from a customer who must switch to an alternate fuel, the replacement cost of fuel shall be the market value of the equivalent quantity of such alternate fuel on the day(s) of such diversion. If gas is diverted from a customer who does not utilize an alternate fuel, the replacement cost of fuel shall be the market value of the diverted gas on the day(s) of such diversion. When gas is diverted to serve firm sales service classifications, payments made by the Company will be recovered through the Monthly Cost of Gas in accordance with Rule 17.3.

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