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COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 4
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SERVICE CLASSIFICATION NO. 5
GAS TRANSPORTATION SERVICE (continued)

A) APPLICABLE TO S.C. NO. 5 FIRM AND INTERRUPTIBLE TRANSPORTATION SERVICES: (continued)
7) Service rendered hereunder shall be for a single Customer at a single location. Individual agreements are required for each location.

8) As between the Company and the Customer, the Company shall be deemed to be in control and possession of the gas to be transported hereunder upon receipt of such gas at the receipt point and until it has been delivered to the Customer. The Customer shall be deemed to be in possession and control of the gas prior to such receipt by the Company and after such delivery.

9) Each Customer under this Service Classification warrants that it will, at the time it delivers gas to the Company for transportation, have good and merchantable title to all such gas free and clear of all liens, encumbrances and claims whatsoever. The Customer shall indemnify the Company and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising out of the adverse claims of any or all persons to said gas including claims for any royalties, taxes, license fees or charges applicable to such gas or to the delivery of such gas to the Company for transportation.

10) The Company reserves the right to reject any application for service or nominations under this Service Classification where, in the sole discretion of the Company, the provision of service would or might result in a reduction in the Company's rights or ability to receive service, purchase gas or utilize capacity on the transmission system of its pipeline supplier(s), impair or interfere with the Company's operations, or impose costs in excess of those subject to recovery under these rates.

11) During the Term of Service Agreement, customer's equipment supplied with gas hereunder will not be supplied with gas purchased under another Service Classification.

12) Niagara Mohawk's obligations to deliver customer - owned gas are defined in Rule 3.2 of General Information.

B. APPLICABLE ONLY TO FIRM TRANSPORTATION SERVICE

1) Firm transportation service will be provided only when and to the extent that the Company in its sole judgment has sufficient capacity available.

2) Human Needs Customers as defined in Rule 3.2.1 of the General Information Section of this tariff must pay the Demand Cost Adjustment Rate per therm of Maximum Peak Day Quantity unless the customer certifies dual fuel capability to the Company. If a Human Needs Customer certifies dual fuel capability they will be treated as a Non-Human Needs Customer and the Demand Cost adjustment Rate is optional. Non-Human Needs Customers may retain the right to a "sales customer" status by paying an additional Demand Cost Adjustment rate for each Therm of the Customer's Maximum Peak Day Quantity. The Demand Cost Adjustment Rate per therm of MPDQ will be set forth on the Statement of Transportation Rate Adjustment.

The Demand Cost Adjustment Rate is not applicable if the Customer elects Balanced or Basic Aggregation Service according to Service Classification No. 11 since the associated capacity is assigned to the customers aggregator. Human Needs Customers participating in Balanced or Basic Aggregation will be charged a standby charge per therm of MPDQ as set forth on the Gas Transportation Rate Statement.

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