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..TXT: PSC NO: 218 GAS LEAF: 186.4
COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 0
INITIAL EFFECTIVE DATE: 06/01/99 SUPERSEDING REVISION:
STAMPS:
RECEIVED: 04/26/99 STATUS: Effective EFFECTIVE: 06/01/99

SERVICE CLASSIFICATION NO. 11
LOAD AGGREGATION (continued)

Security Instruments

1. Upon notification by the Company that the Marketer/Direct Customer has failed to satisfy the credit requirements or, subsequently, while participating in the Supplier Select Program, no longer satisfies the credit requirements, such Marketer/Direct Customer may still obtain or retain credit approval from the Company if it pays any outstanding balance due the Company for services rendered and elects to provide one of the following, as mutually agreed by the Marketer/Direct Customer and the Company:
 - a. prepayment or an advance cash deposit, which will accumulate interest at the applicable rate per annum approved by the PSC in the "Other Customer Capital Rate", as may be revised by the PSC;
 - b. a stand-by irrevocable letter of credit issued by a bank, insurance company or other financial institution with at least an "A" bond rating;
 - c. a security interest in collateral found to be satisfactory to the Company;
 - d. a guarantee, acceptable to the Company, by another party or entity with a satisfactory credit rating of at least "BBB" by S&P or Fitch or "Baa2" by Moody*s.
 - e. a lockbox mechanism as described in this Service Classification below (not applicable for Direct Customers);
 - f. a surety bond from a bank, insurance company or other financial institution with at least an "A" bond rating; or
 - g. other mutually acceptable means of providing or establishing adequate security (e.g., escrow accounts).

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