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 COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 3
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SERVICE CLASSIFICATION NO. 11
 LOAD AGGREGATION (continued)

Pooled Balancing Service (continued)

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

(i) Maximum Delivery Quantity MDQ. Prior to the beginning of each month, Niagara Mohawk will notify the Customer or Marketer of their MDQ for the upcoming month. The Customer or aggregator will then have the right to request a change in their MDQ. Customers may request changes to the MDQ during the month but such changes will be made at the sole discretion of Niagara Mohawk. Niagara Mohawk has the right to change the MDQ during the month on notice to the Customer or Marketer no later than 3:00 p.m. Eastern Time on the second day prior to the effective date of the change. For any deliveries in excess of the MDQ during the month the Company may reject the excess nomination or purchase the excess quantities at the following prices:

| Daily Imbalance Level | Payment Per Therm |
|--------------------------|-------------------|
| 0 to 2% | WACCOG |
| >2% to 10% | 90% of WACCOG |
| >10% to 15% | 80% of WACCOG |
| >15% to 20% | 70% of WACCOG |
| >20% | 60% of WACCOG |

WACCOG is equal to the Average Commodity Cost of Gas as defined in Rule No. 17.10.3.1.

(ii) Monthly. A Marketer will be subject to a 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. Pooled Aggregation customers will be charged a monthly balancing rate per therm calculated in accordance with Rule 17.12 of this tariff multiplied by their MPDQ.

(iii) 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 Pooled Balancing Service must not

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