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COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 2
INITIAL EFFECTIVE DATE: 11/16/98 SUPERSEDING REVISION: 1
STAMPS: Issued in Compliance with order of PSC in C. 98-G-1590 dated 11/04/98.
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SERVICE CLASSIFICATION NO. 11
LOAD AGGREGATION (continued)

Basic Aggregation Service (continued)

d. Allocation of Storage. All customers electing Basic Aggregation Service will be allocated storage capacity on the CNG Transmission Corp. system and firm transportation capacity sufficient to transport the maximum withdrawal quantity associated with the allocated capacity. The quantity of storage capacity and firm transportation allocated will be determined in accordance with Special Condition C.

e. Release of CNG Capacity/Storage. All CNG capacity/storage allocated to the Basic Aggregation Service customers of a single aggregator will be released by Niagara Mohawk to the aggregator at maximum demand rates in accordance with the capacity/storage release provisions of the tariffs of the applicable pipelines. The term of each such release will be up to one year. All releases will be made subject to the following conditions: (1) the capacity/storage is recallable by Niagara Mohawk when a customer elects to change aggregators; (2) the capacity/storage is recallable by Niagara Mohawk when an aggregator fails to perform its obligations under this tariff; (3) the capacity/storage is recallable by Niagara Mohawk when an aggregator ceases to meet the credit or security requirements of this service classification; and (4) the capacity/storage of an aggregator is recallable by Niagara Mohawk if the customer discontinues service under this Service Classification.

f. Open Enrollment. Prior to April 1 of each year the aggregator may request assignment of capacity from the Company based upon the customers that comprise the aggregators pool. After April 1, the aggregator is assigned storage space with the gas that has been injected on the customer's behalf as of the date of assignment. The cost of the gas inventory will be the higher of the Company's average gas inventory costs or market price. Any differences between the market value of storage gas and the Company's average inventory gas cost plus unrecovered fixed costs for gas transferred to aggregators will be credited to the Company's Annual Surcharge/Refund Calculation as set forth in Rule 17.13. To this cost will be added unrecovered fixed charges. Unrecovered fixed charges are the difference between the fixed pipeline capacity and storage charges the customer would have incurred had the capacity been assigned beginning April 1, less the amount of capacity charges actually recovered volumetrically through sales service during the time from April 1, and the date of conversion.

g. Capacity Release Surcharge/(Credit). Aggregators accepting assignment of capacity upstream of CNG or storage capacity will be subject to the Capacity Release Credit Surcharge. A Capacity Release Surcharge/(Credit) will be applied each month to the total monthly quantity of pipeline and storage capacity released by the Company to the Aggregator. The per therm charge is calculated by subtracting the Aggregator's actual cost per therm of released pipeline capacity or storage capacity from the Company's weighted average cost of pipeline capacity or storage capacity. The Company's weighted average cost of pipeline and storage capacity will be determined monthly and will be filed with the New York State Public Service Commission. The Company's weighted average cost of pipeline capacity will include peakshaving as a source of supply. This calculation results in a per therm surcharge when the difference yields a positive result; and a per therm credit when the difference is negative. The Capacity Release Surcharge/(Credit) will be billed to the Aggregator monthly.

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