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 COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 0
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 Cancelled by 1 Rev. Leaf No. 197 Effective 10/08/1998
 RECEIVED: 07/03/97 STATUS: Cancelled EFFECTIVE: 09/12/97
 SERVICE CLASSIFICATION NO. 11
 LOAD AGGREGATION (continued)

j. Balancing Service. There are no daily or monthly balancing requirements for customers or aggregators participating in Basic Aggregation Service. All Balancing will be provided by Niagara Mohawk. Aggregators will be assessed a monthly balancing rate per therm of \$0.02838 multiplied by the sum of the Maximum Peak Day Quantities of the customers in the Aggregator's Pool. This rate will remain in effect through October 31, 1999, the end of the settlement term in the Company's Rate Proceeding Case No. 95-G-1095.

k. Return to Sales Service. A customer may return to Sales Service if Niagara Mohawk, in its judgment, has adequate supplies of gas available to serve the customer and the customer authorizes Niagara Mohawk to recall the upstream pipeline capacity previously released to the customer. If an aggregator's customers revert to Niagara Mohawk's sales service, the capacity will be recalled and stored gas associated with those customers will be purchased from the aggregator by Niagara Mohawk at Niagara Mohawk's average cost of gas in storage excluding capacity charges on the date the customer returned to sales service. If capacity allocated to a customer is recalled from the customer's aggregator pursuant to paragraph d. above, the customer will be provided Sales Service for the balance of the month in which the recall occurred, and for two months thereafter. A customer who does not obtain a qualified aggregator within this period, will be required to remain on Sales Service for the minimum term of one year calculated from the first day of the month in which the recall occurred.

l. Changing Aggregators. A customer may change aggregators effective on the first day of any month by providing notice to Niagara Mohawk on Aggregator Form 2 no less than 21 days prior to the requested effective date of the change. Aggregator Form 2 must be signed by the Customer and the Customer's new aggregator. If the term of the Customer's service agreement with the current aggregator, as specified on the Aggregator Form 2 submitted to Niagara Mohawk, has not expired as of the effective date of the change of aggregators, Niagara Mohawk will notify the current aggregator of the change, but will comply with the instructions of the Customer.

Special Conditions

A. Calculation of Upstream MDQ:

1. An Upstream MDQ will be calculated according to the following methodology:

"Daily Baseload" equals the Customer's total usage in the two months of lowest usage during the period of June through September, divided by the number of days in the two months. "Annual Baseload" equals Daily Baseload multiplied by 365. "Thermal Usage" equals total usage during the twelve month period minus Annual Baseload. "Degree Day Usage" equals Thermal Usage divided by the total number of degree days during the twelve month period. Upstream MDQ equals the product of Degree Day Usage multiplied by 42.7 (degree days for an average January day) plus Daily Baseload.

2. The upstream MDQ represents capacity released on CNG Transmission Corporation (CNG) and one upstream pipeline (adjusted for fuel).

B. Maximum Balancing Quantity

A customer's Maximum Balancing Quantity will be equal to the difference between the customer's Maximum Peak Day Quantity and the customer's Upstream MDQ on CNG.

C. Storage Allocation. A customer will be allocated CNG daily storage deliverability equal to the difference between the Customer's Maximum Peak Day Quantity and the Customer's Upstream MDQ on CNG. A customer will be allocated CNG storage capacity, equal to 51.6 times the daily storage deliverability quantity. The quantity of associated FTNN-GSS Pipeline Capacity out of storage will be equal to the daily storage deliverability.

Issued By: Albert J. Budney, Jr., President, Syracuse, New York