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COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 0  
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## GENERAL INFORMATION

17. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF PURCHASED GAS:  
(continued)

17.3.2 The total cost of purchased gas, used in the determination of the average cost of purchased gas as defined in Rule 17.3.1, is determined by applying the rates and charges of the Company's gas supplier or suppliers, which are or will be in effect as of the date the Gas Adjustment Clause becomes effective, to the respective quantities of gas taken from the supplier or suppliers by the Company for delivery to the Company's tariff customers during the twelve calendar months immediately preceding the computation date, except as may be modified in 17.3.2.1 below.

17.3.2.1 For new or substantially amended gas supply contracts under which gas has not been purchased during all the twelve calendar months immediately preceding the computation of the Gas Adjustment Clause, by applying the rates and charges of the Company's supplier or suppliers which are or will be in effect as of the date the Gas Adjustment Clause becomes effective to quantities estimated to be taken under each such contract for delivery to the Company's tariff customers.

17.3.2.2 Whenever any of the supply contracts with a term of twelve months or more terminates and such supply has been used in the above computation in 17.3.2.1 above, the supply will be excluded from the computation of the first month after deliveries until such contracts cease. If the term of the contract was for less than twelve months, the supply will be excluded from the computation beginning with the month following the twelfth month of its inclusion.

17.3.3 The cost of purchased gas for customers taking service under Service Classification No. 4, used in the determination in Rule 17.3.1, is determined by applying the average commodity cost of gas as defined in Rule 17.3.3.1, below, to the quantity of gas sold to Service Classification No. 4 customers during the twelve calendar months immediately preceding the computation date.

17.3.3.1 The average commodity cost of gas, used in the determination of the cost of purchased gas for customers taking service under Service Classification No. 4 in Rule 17.3.3 above and Service Classification No. 10, is determined by applying the rates and charges (exclusive of any refund credit rates, included

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