PSC NO: 220 ELECTRICITY NIAGARA MOHAWK POWER CORPORATION INITIAL EFFECTIVE DATE: APRIL 27, 2009

SERVICE CLASSIFICATION NO. 3 (Continued)

MONTHLY MINIMUM CHARGE:

The monthly minimum charge is the charge computed under MONTHLY RATE, the demand being determined in accordance with the provisions included under Determination of Demand.

ADJUSTMENTS TO STANDARD RATES AND CHARGES:

Customers served under this service classification shall be subject to adjustments and applied in the manner described in each respective Rule.

Rule 41 - System Benefits Charges Rule 42 -Customer Service Backout Credit Rule 43 -Transmission Revenue Adjustment Rule 49 -Renewable Portfolio Surcharge

INCREASE IN RATES AND CHARGES:

The rates and charges under this service classification, including System Benefits Charge and minimum charge, will be increased by a tax factor pursuant to Rule 32.

DETERMINATION OF DEMAND:

- A. The Distribution Delivery and Competitive Transition Charge demand for delivery voltage up to 2.2 kV and 2.2-15 kV shall be based on the highest kW measured over any fifteen minute interval during the month, but not less than one-half of the highest such demand occurring during any of the preceding eleven months, nor less than the demand contracted for.
- B. The Distribution Delivery demand and Competitive Transition Charge demand for delivery voltage 22-50 kV and Over 60 kV, shall be the highest kW measured over any fifteen minute interval during the month, but not less than the demand specified for.
- C. The Reactive Demand shall be based on the highest RkVA of lagging reactive demand measured over a fifteen minute interval during the month less one-third of the highest kW demand measured during the month. The Reactive Demand shall be determined when customer's demand has exceeded 500 kW for three consecutive months or when the connected load of customer indicates that the kW demand may normally exceed 500 kW. Reactive Demand determination shall continue until the demand has been less than 500 kW for twelve consecutive months.

HIGH VOLTAGE DELIVERY

When a customer provides the high voltage equipment to accept a service voltage higher than 2.2 kV, the service voltage will be the Company's incoming line voltage. When the Company provides all or part of the high voltage equipment, the service voltage will be the secondary voltage of the Company's transformers.