

PSC NO: 218 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 11/01/03

LEAF: 199
REVISION: 2
SUPERSEDING REVISION: 1

STAMPS: Issued in Compliance with Order of PSC in Case 02-M-0515 dated 04/24/03.

**SERVICE CLASSIFICATION NO. 12
DISTRIBUTED GENERATION SERVICE – NON-RESIDENTIAL (CONTINUED)**

MONTHLY DELIVERY SERVICE RATES: (continued)

Monthly Minimum Charge:

The minimum monthly charge shall be the sum of the applicable Customer Charge and Demand charge for the month. In addition to the minimum charge, customers may be required to pay a surcharge when service is taken from a main extension constructed in accordance with Rule 10, General Information

Incremental Expenses:

The Company's main extension and service extension policy set forth in Rule 10 and 11 of this rate schedule shall apply to service rendered hereunder. As stated in Rule 10.3.9, gas applications for firm sales and firm transportation service of 25,700 Dt or more per year and all levels of interruptible sales and interruptible transportation, the Company will require that the cost of the main extension and system improvements, if required, be justified by adjusted gas revenues within a two (2) year period. In the event that actual adjusted gas revenues within a two (2) year period do not equal or exceed the cost of the facilities installed in excess of the allowance provided in Rule 10.1, the customer will be required to pay a contribution for the cost of the facilities not covered by adjusted gas revenues. The amount of the required contribution will be set forth on Gas Main Extension Form C.

Determination of Demand:

The Monthly Peak Day Quantity (MPDQ) will be initially set based on the rated fuel requirements of the installed distributed generation equipment and the customer's electric requirements. Should the customer's actual daily usage on any day during the November through March winter period exceed the initial MPDQ, the MPDQ will be deemed to have changed in the service agreement. Thereafter, on April 1st of each year, the MPDQ will be recalculated at the highest actual daily volume served during the previous winter period November through March. In the event that 50% of the Summer Peak Demand is greater than the currently effective Monthly Billing Demand, the Billing Demand will be reset to 50% of the Summer Peak Demand.

MONTHLY COST OF GAS:

In addition to the above Delivery Service Charges, customers purchasing their Gas Supply Service from the Company will pay the Monthly Cost of Gas per Therm of gas supplied hereunder as explained in Rule 17 of this schedule.

MERCHANT FUNCTION CHARGE:

Customers purchasing their Gas Supply Service from the Company will be subject to the Merchant Function Charge of 2.222 cents per Therm.

Issued By: William F. Edwards, President, Syracuse, New York