

PSC NO: 218 GAS

NIAGARA MOHAWK POWER CORPORATION

INITIAL EFFECTIVE DATE: 11/01/03

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

LEAF: 107

REVISION: 5

SUPERSEDING REVISION: 4

GENERAL INFORMATION

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

17.7.2 The amounts derived in 17.7.1 shall be divided by the quantities of gas purchased for Customers taking service under Service Classification Nos. 1, 2, 3 and 12 during the determination period to determine the surcharge or refund rates. Any refund or surcharge under this paragraph shall include simple interest at a rate to be determined from time to time by the Commission. The factor of adjustment as defined in Rule 17.1 will be applied to these amounts.

17.7.3 The determination period to be used in the computation of the surcharge or refund will be the twelve months ended August 31 of each year. The surcharge or refund computation will be filed with the Public Service Commission on or before October 15 of the calendar year in which it is to become effective.

17.7.4 The surcharge or refund will be effective with the January 1 Statement of Monthly Cost of Gas.

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