

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 08/01/03

LEAF: 186
REVISION: 0
SUPERSEDING REVISION:

**SERVICE CLASSIFICATION NO. 11
LOAD AGGREGATION (CONTINUED)**

LOAD AGGREGATION SERVICE: (continued)

5. Minimum Storage Requirements:

Gas Marketers participating in Monthly Balancing Service must meet Minimum Storage Inventory Levels (MSIL) on released storage capacity upstream of Niagara Mohawk's city gates or, if a Gas Marketer chooses, provide additional financial security, in the form of a Standby Letter of Credit prescribed by the Company or Advance Cash Deposit for the winter season in lieu of the MSIL as follows:

A. Marketer Chooses to Maintain Minimum Storage Inventory Levels :

Gas Marketers choosing to meet Minimum Storage Inventory Levels (MSIL) must meet MSIL on released storage capacity upstream of Niagara Mohawk's city gates as follows:

October 1 through October 31	MSIL equals (Marketer MPDQ x 55% x 51.6 Days) x 65%
November 1 through January 31	MSIL equals (Marketer MPDQ x 55% x 51.6 Days) x 35%
February 1 through March 15	MSIL equals (Marketer MPDQ x 55% x 51.6 Days) x 15%

If at any time from October 1 through March 15, the Gas Marketer does not meet the Minimum Storage Inventory Levels set forth above, the Company will notify the Gas Marketer that it has ten (10) calendar days to cure the deficiency or provide financial security in accordance with item (B) below.

B. Marketer Chooses Not to Maintain Minimum Storage Inventory Levels :

Marketers choosing not to maintain the MSIL are required to post financial security in the form of a Standby Letter of Credit or Advance Cash Deposit for the duration of the winter season in an amount equal to the sum of Marketer's MPDQ times 55% times 51.6 days times the difference between the Three Year Winter Average of the Gas Daily DTI North Point/Midpoint Daily Price and the Company's weighted average cost of gas in storage. All or any unused portion of the financial security with applicable interest will be returned to the marketer within 30 days of March 31 of each year.

Gas Marketers participating in the Company's Monthly Balancing Service under this Service Classification will default to Option (A) and agree to authorize the Company to access Gas Marketers' storage balance information on upstream storage operator(s) unless:

1. Marketer provides in writing by September 1 of each year that it chooses Option (B) and does not agree to authorize the Company to access Gas Marketers' storage balance information on upstream storage operator(s) and,
2. Marketer provides by October 1 of each year the required security in the form of a Standby Letter of Credit or Advance Cash Deposit.

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