

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

LEAF: 175
REVISION: 0
SUPERSEDING REVISION:

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

CREDITWORTHINESS DETERMINANTS: (continued)

- D. If the Direct Customer's debt is not rated, by having its accounts with the Company current, and 24 months good payment history with the Company. This is defined as the Minimum rating.
 - E. The Marketer/Direct Customer posting security in an acceptable form as listed in this Service Classification.
 - F. The Company may require a Marketer to provide financial information for the sole purpose of verifying financial information, such as equity levels that are reported by Dun and Bradstreet.
2. The Company may require a Marketer to post security under the following conditions:
- A. A Marketer having a Minimum Rating will be required to post security for the amount by which the Company's Credit Exposure, as discussed in this service classification, for the Marketer exceeds 5% of the Company's total gas sales revenues for thirty (30) days.
 - B. For the full amount of the Company's credit exposure, as described in this Service Classification, if (1) the Marketer or its guarantor is at the Minimum Rating and is placed on credit watch with negative implications by any of the above-mentioned rating agencies or the Company receives information that indicates that the Marketer or its guarantor's credit rating could be downgraded below the Minimum Rating or (2) the Marketer's status as a billing agent is terminated by another New York utility for failing to render timely bills to customers or to make timely payments to the utility. If in (1) the Marketer or guarantor's credit rating is not downgraded during the ensuing 60 days, the security requirement will be lifted.
3. The Company may, at its discretion, reduce or eliminate any security requirements as long as this standard is applied equitably to all Marketers, existing and new.
4. Within 10 calendar days after the Company's receipt of the Marketer/Direct Customer's Supplier Select Form 1 the Company will notify the Marketer/Direct Customer of the results of its evaluation. The Company will provide the rationale for its determination and the calculation supporting the credit limit and any resulting security requirement. The Company will perform its credit evaluation and associated security calculation in a non-discriminatory manner.

CREDIT EXPOSURE/SECURITY CALCULATION:

- 1. If the Marketer/Direct Customer meets the requirements in this Service Classification no security will be required. If the Marketer/Direct Customer does not meet the credit requirements in this Service Classification, security in an amount equal to the credit exposure calculated in this Service Classification and associated with the gas imbalance risk of the Company will be required and must be provided in a format as set forth in this Service Classification.

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