

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

LEAF: 222
REVISION: 0
SUPERSEDING REVISION:

SERVICE CLASSIFICATION NO. 14
GAS TRANSPORTATION SERVICE FOR DUAL FUEL ELECTRIC GENERATORS (CONTINUED)

SPECIAL PROVISIONS: (continued)

- C. Upstream Transportation and Gas Supply - Customer will be responsible for obtaining all gas supply and transportation upstream of the Receipt Point.
- D. Limitation of Service - The transportation gas must be for the customer's own use at a single location and will not be re-metered, sub-metered, resold, assigned or otherwise disposed to another or others, except as provided in the Service Agreement.

Service rendered hereunder shall be for a single customer at a single location. Individual agreements are required for each location.

- E. In addition to the applicable interruptibility provisions stated above or in the Service Agreement, Gas transported hereunder may be interrupted due to Force Majeure emergencies to the extent of the Maximum Daily Delivery Quantity at the sole discretion of the Company at any time by prior oral or written notice to customer, and customer shall thereupon discontinue service as ordered.

When the Company is in a short-term "Force Majeure" supply shortage with its supplier(s), the Company has the right to purchase the customer's own gas supply. Unless otherwise agreed to under a Peak Shaving Agreement, the price paid will be the Company's weighted average commodity cost of gas from its supplier(s) for the month.

8. Price and Payment:

- A. The cost per dekatherm of transportation service shall consist of four components. The sum of components 1, 2 and 3 shall not be less than \$.010 per therm.
1. Contribution to overall system cost, established at \$0.010 per therm of gas transportation service.
 2. Marginal system costs which should reflect the unitized long run incremental costs of building transmission and high capacity distribution plant, which may be updated from time to time. The current value is \$.017 per therm of gas transportation service.
 3. Real-time Value Adder, whose rate would reflect the increases/decreases in wholesale market price of electricity relative to changes in the cost of gas for generation. The value component would be triggered by an increase/decrease in the spread between the cost of gas and electricity. Initially the Real-Time Value Adder will be set at zero. This value adder shall be calculated daily. The customer shall be notified of the value for the initial spark spread.

The Real-Time Value Adder shall be calculated on a daily basis according to the following:

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