

PSC NO: 219 GAS  
NIAGARA MOHAWK POWER CORPORATION  
INITIAL EFFECTIVE DATE: 01/01/04  
STAMPS: Issued in Compliance with Order of PSC in Case 02-M-0515 dated 12/03/03.

LEAF: 96  
REVISION: 1  
SUPERSEDING REVISION: 0

### GENERAL INFORMATION

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

##### 17.6.3.2 Refund Period:

17.6.3.2.1 All refunds received each month with interest will be combined and refunded over a 12-month period.

17.6.3.3 Any difference between the amounts to be refunded and amounts actually refunded at the end of the refund period, or refunds held by the Company because the amounts are too small to be credited separately, will be included in the next Annual Surcharge or Refund Computation Rule 17.7.

17.6.4 Where exceptional circumstances warrant, the Company may petition the Commission for a waiver or modification of the above refund plan.

##### 17.7 Annual Surcharge or Refund:

17.7.1 A surcharge or refund to recover Monthly Cost of Gas under-collections or to refund Monthly Cost of Gas overcollections will be computed for customers taking Gas Supply Service under Service Classification Nos. 1, 2, 3 and 12 by taking the cost of purchased gas as recorded on the books of the Company during the determination period increased/decreased by the cost of gas associated with the Dth by which the actual total system loss factor is below/above the allowed system loss factor as applicable to the determination period. This amount will then be reduced by amounts equal (a) the gross Monthly Cost of Gas revenues, exclusive of gross revenue taxes; (b) the previous year's over or under collection with interest to the extent not refunded or collected; (c) the cost of gas related to sales to Service Classification No. 4 and Service Classification No. 10 customers, the cost of gas for customers taking standby sales service under Service Classification No. 8 and supplemental service under Service Classification No. 9; (d) all revenues collected as a result of Rollover Balances from Service Classification No. 9 customers, cashout revenues collected from Marketers/Direct Customers under S.C. 11, (e) imbalance scheduling penalties collected from customers participating in Monthly Balancing under Service Classification 11; (f) standby charge revenues collected from Residential and Human Needs Delivery Service Customers; (g) Balancing Charge Revenues collected from marketers; (h) 85% of capacity release revenues excluding those associated with Post Aggregation Customers as defined in the Company's Gas Rate and Restructuring Agreement dated June 12, 2000; (i) capacity release revenues associated with NYSEG and Post Aggregation Customers; (j) Stranded Capacity Costs calculated in accordance with Rule 17.10 of the General Information Section of this schedule.

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