

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: 215
REVISION: 1
SUPERSEDING REVISION: 0

**SERVICE CLASSIFICATION NO. 12
DISTRIBUTED GENERATION SERVICE – NON-RESIDENTIAL**

APPLICABLE TO USE OF SERVICE FOR:

Any Non-Residential customer using distributed generation technologies not otherwise provided under Rule 18 of this Rate Schedule, including, but not limited to, microturbines, internal combustion engines and fuel cells. Service is firm service and is applicable to baseload DG units. Service is not available to DG units operating on a peaking basis. Service is available to customers who demonstrate the ability to operate at a minimum load factor of 50%, within the first year of service, and have Distributed Generation units with capacity of less than 50 MW. The electricity generated must be used solely to supply all or part of a customer's, or specific customers within a defined geographical location, on-site electrical requirements. The customer may not use the output of the unit to supply customers offsite. Load factor is defined as annual usage divided by (winter peak day use multiplied by 365 days). The distributed generation technologies must be installed and fully operable before taking service under Service Classification No. 12.

The Delivery Service rates available under this Service Classification will be the ceiling price in effect until thirty-six months after the initial effective date of this Service Classification.

CHARACTER OF SERVICE:

Customers Purchasing Gas Supply from an Alternate Supplier:

Delivery of customer-owned gas, pipeline quality, on a firm basis from a receipt point within the Company's service territory to which this schedule applies to the facilities at the customer's existing delivery point, as specified in the customer's Application for Firm Transportation Service. Customer-owned gas to be transported by the Company must have a minimum BTU value of 1,000 British Thermal Units per cubic foot on a dry basis. The gas quality must meet the Public Service Commission's rules and regulations regarding concentrations of hydrogen sulfide, total sulfur and ammonia. Filtration of dust and liquid hydrocarbons, and water removal will be required. Delivery pressure will be determined at the sole discretion of the Company but will not be less than four (4) inches, water column.

Customers Purchasing Gas Supply from Niagara Mohawk:

Continuous, natural gas or a mixture of natural gas and other gas of not less than 1,000 British Thermal Units per cubic foot on a dry basis. Delivery pressure will be determined at the sole discretion of the Company but will not be less than four (4) inches, water column. The Company reserves the right to reject any application for service under this Service Classification where, in the sole discretion of the Company, the provision of service would require the purchase of incremental capacity on the transmission system of its pipeline suppliers.

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