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COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 2
INITIAL EFFECTIVE DATE: 01/28/02 SUPERSEDING REVISION: 1
STAMPS:
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SERVICE CLASSIFICATION NO. 2
SMALL GENERAL DELIVERY SERVICE AND GAS SUPPLY SERVICE
OR
SMALL GENERAL DELIVERY SERVICE ONLY (continued)

SPECIAL PROVISIONS: (continued)

F. Customers who supply gas service to end-use residential customers in multi-family structures that convert to gas space heating without complying with the Company's minimum insulation requirements, Rule 4.10.3 or found in non-compliance with the appropriate minimum insulation requirements for new dwellings Rule 4.10.2, will be required to pay a surcharge of 25 percent of their total bill for electric and/or gas services. Refer to Rules 4.10.2.5 or 4.10.3.4, Penalties for Non-Compliance, for the application of the surcharge.

G. Service taken under this Service Classification may be eligible for a limited-duration bill reduction treatment as described in Rule 22, Economic Development Rider and Rule 23, Empire Zone Rider.

H. Budget bills will be computed in accordance with Rule 15.7.6.

SPECIAL PROVISIONS APPLICABLE TO DELIVERY SERVICE ONLY CUSTOMERS:

A. Full cooperation is required from customer and Company's gas supplier so that the Company may accurately determine the quantities of customer-owned gas delivered into the Company's distribution system by the customer and those quantities of customer-owned gas actually transported to the customer by the Company.

B. As between the Company and the customer, the Company shall be deemed to be in control and possession of the gas to be transported hereunder upon receipt of such gas at the receipt point and until it has been delivered to the customer. The customer shall be deemed to be in possession and control of the gas prior to such receipt by the Company and after such delivery.

C. 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 or might result in a reduction in the Company's rights or ability to receive service, purchase gas or utilize capacity on the transmission system of its pipeline supplier (s), impair or interfere with the Company's operations, or impose costs in excess of those subject under these rates.

Issued By: Darlene D. Kerr, Executive Vice President, Syracuse, New York