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COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 1
INITIAL EFFECTIVE DATE: 10/01/99 SUPERSEDING REVISION: 0
STAMPS: Issued in Compliance with Order of PSC in C. 98-M-1343 dated 09/22/99.
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SERVICE CLASSIFICATION NO. 11
LOAD AGGREGATION (continued)

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.
2. The maximum security associated with natural gas balancing and settlement risk will be determined for each season. The seasons are defined as Summer (April 1 - October 31) and Winter (November 1 - March 31). This credit exposure may be no more than as determined by:
 - a. the maximum daily quantity (MDQ) of a Marketer*s customers* projected aggregate consumption (or Direct Customer*s projected consumption), based on the appropriate season of the past year; priced at the highest month*s average daily closing NYMEX price, at the Henry Hub, plus upstream capacity charges to the city gate, for the appropriate season of the past year; times 30 days. For example, 100 DT x \$2.00/DT x 30 days;
 - b. The Marketer may, at its option, elect to have the security determined annually, rather than seasonally in which case it will be based on the winter season. If the previous season or the past season does not exist, a Load Study provided by the Marketer and agreed to by the Company will be used to calculate the Marketer*s Customers maximum daily quantities. A Marketer/Direct Customer*s security requirements will be updated on a regular basis, and at least annually, by the Company.

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