

..DID: 8680
..TXT: PSC NO: 218 GAS LEAF: 206.24
COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 0
INITIAL EFFECTIVE DATE: 05/16/99 SUPERSEDING REVISION:
STAMPS: Issued in Compliance with order of PSC in C. 98-G-0122 dated 03/17/99.
RECEIVED: 05/15/99 STATUS: Effective EFFECTIVE: 05/16/99

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

Special Provisions (continued)

M. Security (continued)

2. Requirements of letter of Credit (continued)

b. Customer shall be responsible for maintaining a Letter of Credit in full force and effect during the entire term of this Service Agreement and replacing any such Letter that is to expire with a new one no later than thirty (30) Days prior to the date of expiration of the previous Letter of Credit.

c. The sole drawing conditions under the Letter of Credit shall be the delivery to the Issuer, with a copy to Customer, of a certificate signed by a duly authorized officer of Niagara Mohawk, certifying that (i) the Service Agreement has been terminated (ii) Customer has failed to deliver to Niagara Mohawk a Letter of Credit or replacement Letter of Credit in accordance with the immediately preceding Special Provisions - Security subparagraph 2, or (iii) Customer has failed to make payment to Niagara Mohawk for transportation services under this Service Classification and is in arrears by thirty (30) Days or more. The amount of the Letter of Credit Niagara Mohawk draws down will represent Niagara Mohawk's estimation of damages from termination, the full amount required to replace an expiring Letter of Credit, or Customer's actual arrearage to date, as the case may be. Multiple draw downs will be permitted up to the full value of the Letter of Credit.

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