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COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 0
INITIAL EFFECTIVE DATE: 09/12/97 SUPERSEDING REVISION:
STAMPS:
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GENERAL INFORMATION

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

17.3.3.1 (continued)

therein) of the Company's gas supplier or suppliers, which are or will be in effect as of the date the Gas Adjustment Clause becomes effective, to the respective commodity volumes of gas purchased for delivery to customers during the twelve calendar months immediately preceding the computation date, and dividing the dollars of gas cost so obtained by the quantity of gas used in the computation of said cost, and adjusting the result so obtained by the Factor of Adjustment as defined in Rule 17.1.

17.3.4 Eighty-five percent of any demand charge revenues received for releasing or reassigning capacity reserved on interstate pipelines will be flowed back to Service Classification Nos. 1, 2, 3, 5 DCA, 7 DCA and S.C. No. 8 Standby Customers. The applicable demand charge revenue will be apportioned between the GAC classes and the transportation classes based on total Demand Charges included in the current month's Statement of Gas Adjustment Calculation. The total demand charge refundable to the Gas Adjustment Classes - Service Classification Nos. 1, 2 and 3 will be subtracted from the calculation of the average cost of gas as set forth in Rule 17.3.1.

17.4 Statement of Gas Adjustment Clause

The Gas Adjustment Clause, applicable to billings under Service Classification Nos. 1, 2 and 3 computed as herein, will become effective the first day of the calendar month following the computation date, provided however, that the Gas Adjustment Clause will be prorated. The Gas Adjustment Clause will continue in effect until changed. Not less than three (3) days prior to any change in the Gas Adjustment Clause resulting from this provision for adjustments of rates according to changes in the cost of purchased gas, a statement of the Gas Adjustment Clause will be duly filed with the Public Service Commission apart from this rate schedule. The statement shall contain the service classifications to which the rate adjustment applies, the base cost of purchased gas, the present average cost of purchased gas, the date at which and the period for which the present average cost of purchased gas was determined, the amount of adjustment per Therm, the date when the increase or decrease in rates shall become effective and the period that the rate adjustment will remain in effect. Such statement will be available to the public at Company offices at which applications for service may be made.

Issued By: Albert J. Budney, Jr., President, Syracuse, New York