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 COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 0
 INITIAL EFFECTIVE DATE: 09/12/97 SUPERSEDING REVISION:
 STAMPS:
 Cancelled by 1 Rev. Leaf No. 124 Effective 08/01/2000
 RECEIVED: 07/03/97 STATUS: Cancelled EFFECTIVE: 09/12/97
 GENERAL INFORMATION

25. Economic Development Discount Limitation Clause

25.1 The Company will establish a cap on the maximum incremental discount amount of net revenue for new applicants the Company is willing to allow in any annual period. This limitation clause refers to customers served under Rule 24 of this Schedule.

25.2 The maximum incremental discount amount allowed in any annual period will be \$1.2 million in the aggregate for all qualifying applicants. This amount will remain in effect until superseded.

26. Gas Net Revenue Sharing Mechanism

26.1 By January 31, of each year, the Company will submit for review and approval by the Public Service Commission, its calculation of any net revenue refund or recovery as set forth in Rule 26.2. The Gas Net Revenue Sharing Rate will be based on net revenue targets approved by the Public Service Commission for Service Classification Nos. 4, 5I, 9 and Special Contract S.C. 5 customers in the most recently concluded rate proceeding for the subsequent November through October period. Net Revenue is defined as total revenue less any associated gas costs, less any associated refunds or surcharges, and less any associated revenue taxes. The targets are as follows for the 12 months ending October 31, 1997:

S.C. No. 4 --	\$690,000
S.C. No. 5I --	\$4,579,000
S.C. No. 9 & S.C. 5 Special Contract --	\$23,247,000
Total	\$28,516,000

These targets also will be applicable to the two subsequent Rate Years, 12 months ending October 31, 1998 and 12 months ending October 31, 1999.

26.2 Eighty percent (80%) of the difference between the net revenue target as defined in Rule 26.1 and the actual net revenues will be deferred to the Contingency Reserve Account as set forth in the Stipulation Agreement filed in Case 95-G-1095. Any short fall from the target of unregulated generators, in the amount of \$21,653,000 included in the \$23,247,000 target will be recovered by a surcharge equal to eighty percent of the deficiency, directly from sales class customers. The surcharge shall run from January 1 and ending December 31 following each of the 12 month periods ending October 31, 1997, 1998 and 1999. Any other results that deviate from the target will be deferred, at the eighty percent level, to the contingency reserve account.

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