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COMPANY: NIAGARA MOHAWK POWER CORPORATION REVISION: 3  
INITIAL EFFECTIVE DATE: 08/01/00 SUPERSEDING REVISION: 2  
STAMPS: Issued in Compliance with Order of PSC in C. 99-G-0336 dated 07/27/00.  
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GENERAL INFORMATION

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

17.7.1.(continued)

(a) the gross Monthly Cost of Gas revenues, exclusive of gross revenue taxes; (b) the previous year's over or under collection with interest to the extent not refunded or collected; (c) the cost of gas related to sales to Service Classification No. 4 and Service Classification No. 10 customers, the cost of gas for customers taking standby sales service under Service Classification No. 8 and supplemental service under Service Classification No. 9; (d) all revenues collected as a result of Rollover Balances from Service Classification No. 9 customers, cashout revenues collected from Marketers/Direct Customers under S.C. 11, (e) imbalance scheduling penalties collected from customers participating in Monthly Balancing under Service Classification 11; (f) standby charge revenues collected from Residential and Human Needs Delivery Service Customers; (g) Balancing Charge Revenues collected from marketers; (h) 85% of capacity release revenues excluding those associated with Post Aggregation Customers as defined in the Company's Gas Rate and Restructuring Agreement dated June 12, 2000; (i) capacity release revenues associated with NYSEG and Post Aggregation Customers; (j) Stranded Capacity Costs calculated in accordance with Rule 17.10 of the General Information Section of this schedule.

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