

August 1, 1997

The Honorable John C. Crary
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

ORIG - FILED
C96-E-0948
24 copies
PER LIT

RE: PSC Case No. 96-E-0948
Compliance Filing

Dear Secretary Crary:

Niagara Mohawk Power Corporation hereby submits the enclosed tariff leaves in compliance with the requirements of the Public Service Commission pursuant to the Commission's Order dated June 23, 1997 in PSC Case No. 96-E-0948 (the "June 23 Order").

Forty-Third Revised Leaf No. 3
Second Revised Leaf No. 77-O
Second Revised Leaf No. 77-O1
Second Revised Leaf No. 77-O2
Second Revised Leaf No. 77-O3
Original Leaf No. 71-V
Original Leaf No. 71-W
Original Leaf No. 71-X
Original Leaf No. 71-Y
Original Leaf No. 71-Z
Original Leaf No. 71-Z1
Original Leaf No. 71-Z2
Original Leaf No. 71-Z4
Original Leaf No. 71-Z5
Original Leaf No. 71-Z6
Original Leaf No. 71-Z7
Original Leaf No. 71-Z8
Original Leaf No. 71-Z9

to P.S.C. No. 207 Electricity

Effective: August 2, 1997

These amendments are being filed in accordance with Ordering Clause 3 of the June 23 Order, which directed Niagara Mohawk to file by August 4, 1997 tariff leaves to become effective on a temporary basis on one day's notice to effectuate a retail access pilot program consistent with the decisions reached in that Order. These amendments are subject to change if any utility's filing is not in full compliance with the June 23 Order, and will not become effective on a permanent basis until approved by the Commission.

Niagara Mohawk also is submitting pursuant to the June 23 Order the Niagara Mohawk Power Corporation Program Plan for an Electric Retail Access Pilot Program for Farms and Food Processors (the "F&FP Pilot Plan"). The F&FP Pilot Plan explains in narrative form the procedures and policies that Niagara Mohawk intends to apply in implementing the F&FP Pilot. Many of the issues addressed in the F&FP Pilot Plan also are addressed in the proposed tariff leaves.

In accordance with the policy of the Federal Energy Regulatory Commission as established in a series of cases,¹ transmission services under the F&FP Pilot will be provided under Niagara Mohawk's FERC-jurisdictional Open Access Transmission Tariff ("OATT").² As explained further in Section 7 of the F&FP Pilot Plan, Niagara Mohawk will be seeking authority from the FERC for several modifications and waivers of its OATT for purposes of the F&FP Pilot to make the OATT more easily administrable. Niagara Mohawk also will file with the FERC a copy of this filing, both for informational purposes and to enable the FERC to monitor compliance with its requirement that transmission service under retail access pilot programs be provided under the OATT.

Ordering Clause 2 of the June 23 Order waives the requirements of the Public Service Law and 16NYCRR Section 136.70 that newspaper publication be completed before the effective date of these amendments. Niagara Mohawk will file with this Commission no later than six weeks from the issue date of these amendments, proof that a notice to the public of the changes proposed and their effective date has been published once a week for four successive weeks in a newspaper having general circulation in the areas affected by these amendments. Publication is scheduled to commence on August 14, 1997 and three weeks consecutively thereafter.

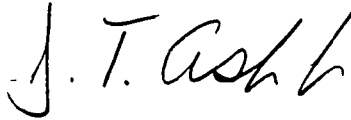
Please advise the undersigned of any actions taken with respect to this filing.

¹ See Washington Water Power Co., 78 FERC para. 61,178 (1997), Portland General Elec. Co., 78 FERC para. 61,21 (1997).

² See Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities and Transmission Utilities, Order No. 888, 61 Fed. Reg. 21,540 (May 10, 1996), on reh'g, Order No. 888-A, ___ Fed. Reg. ___, 78 FERC para. 61,220 (March 4, 1997).

Very truly yours,

NIAGARA MOHAWK POWER CORPORATION

A handwritten signature in dark ink, appearing to read "J. T. Ash Jr.", written in a cursive style.

Joseph T. Ash, Jr.

GAB
Enclosures

xc: Active Parties in Case 96-E-0948

STATE OF NEW YORK
BEFORE THE
PUBLIC SERVICE COMMISSION

Case 96-E-0948 - Petition of Dairylea Cooperative Inc. To Establish an Open-Access Pilot
Program for Farm and Food Processor Electricity Customers

**NIAGARA MOHAWK POWER CORPORATION
PROGRAM PLAN
FOR AN ELECTRIC RETAIL ACCESS PILOT PROGRAM
FOR FARMS AND FOOD PROCESSORS**

August 4, 1997

Joseph T. Ash, Jr.
Vice President
Niagara Mohawk Power Corporation
300 Erie Boulevard West
Syracuse, New York 13202
(315) 428-6427

TABLE OF CONTENTS

<u>TOPIC</u>	<u>Page</u>
INTRODUCTION	1
1.0 IMPLEMENTATION SCHEDULE	2
2.0 CUSTOMER ELIGIBILITY	3
3.0 ENROLLMENT PROCEDURES	3
4.0 PRICING	6
5.0 BILLING	6
6.0 DATA AVAILABILITY	9
7.0 TRANSMISSION SERVICES AND TRANSACTION SCHEDULING	9
8.0 COMMUNICATIONS	17
9.0 PROVIDER OF LAST RESORT	19
10.0 RECIPROCITY/AFFILIATE CODE OF STANDARDS	19
11.0 METERING REQUIREMENTS/LOAD SHAPES	21
12.0 EVALUATION PLAN	22
13.0 ESCO ELIGIBILITY	23
14.0 COMPLAINT RESOLUTION PROCESS	24
15.0 ESCO CREDITWORTHINESS	25
APPENDIX A - TARIFF	

INTRODUCTION

By order dated June 23, 1997, the New York State Public Service Commission ("Commission") ordered Niagara Mohawk Power Corporation ("Niagara Mohawk" or "Company") and three other Upstate New York utilities to file program plans and tariffs to establish electric retail access pilot programs for commercial farmers and food processors. Petition of Dairylea Cooperative, Inc. to Establish an Open Access Pilot Program for Farm and Food Processor Electricity Customers, Case No. 96-E-0948, Order Establishing Retail Access Pilot Programs (the "June 23 Order"), at 28. Niagara Mohawk submits this filing to introduce the Niagara Mohawk Farm and Food Processor Pilot Program ("F&FP Pilot") in compliance with that order. This filing is without prejudice to Niagara Mohawk's right to contest the propriety of the June 23 Order.

In a previous order issued in this proceeding, the Commission endorsed the general concept of a multi-utility retail access pilot program for farmers and food processors because it "offers an opportunity for developing the technical and administrative issues for retail access." Case No. 96-E-0948, Order Concerning Retail Access Proposals (issued February 25, 1997) (the "February 25 Order"), at 10-11. As the first electric utility in New York State, and perhaps the nation, to have offered voluntarily to open its system to electric retail access,¹ Niagara Mohawk is committed to implementing full retail access and looks forward to gaining, through F&FP Pilot, some knowledge of what works and what does not.

This filing reflects the direction provided to the utilities in the Commission's February 25 Order and June 23 Order. Niagara Mohawk also has considered, and taken into account as much as possible, the views expressed by the parties in a series of face-to-face meetings, letters, and

¹ See Niagara Mohawk Power Corporation, Case Nos. 94-E-0098, 94-E-0099, Multi-Year Electric Rate, Restructuring and Retail Access Proposal (served October 6, 1995).

informal communications over the course of this proceeding. Most recently, the parties met in Albany on July 10 to discuss with Staff the remaining details necessary to implement retail access pilot programs in light of the June 23 Order. In addition, the utilities, with the support of Staff and other parties at the July 10 meeting, developed and submitted to all the parties a proposed set of guidelines for the enrollment of customers in the retail access pilot programs.

Niagara Mohawk must emphasize, as it did in response to the February 25 Order,² that some features of F&FP Pilot would be unsuitable for system-wide retail access. For example, the imposition of a “discount” at the expense of the utility, while intended to promote the worthwhile goal of encouraging participation, would be financially unsustainable (at least for Niagara Mohawk) if it were imposed system-wide. Other features of F&FP Pilot have been proposed to speed implementation of the pilot program. The components of F&FP Pilot set forth in this filing accordingly should not be taken as evidence of Niagara Mohawk’s position on how retail access should be introduced system-wide.

1.0 IMPLEMENTATION SCHEDULE

The June 23 order requires that deliveries of power begin “no later than November 1, 1997.”³ Participating customers will begin receiving power under F&FP Pilot on their first meter reading date after November 1, 1997.

Niagara Mohawk will accept and begin processing an ESCo application to verify that it meets the company’s specific ESCo eligibility criteria even if the ESCo has not yet completed the New York State Department of Public Service certification process as set forth in Opinion 97-5. This may enable the F&FP Pilot to remain on schedule for ESCo delivery of energy

² See Case No. 96-E-0948, Proposal of Niagara Mohawk Power Corporation for Retail Access Pilot Program for Commercial Farms and Food Processors (filed April 11, 1997).

³ June 23 Order at 10.

services to eligible customers on their first meter read date after November 1, 1997.

2.0 CUSTOMER ELIGIBILITY

Eligible customers will include 1) farmers with annual gross income from farm operations at a minimum of \$10,000.00 per year, and 2) food processors. In keeping with New York's Agriculture Law, "farmer" will be defined to include nurserymen, orchardists, and kindred businesses. "Food processors" will be defined as businesses whose Standard Industrial Classification Code is 20xx.

A limited number of farmers and food processors will be ineligible to participate in F&FP Pilot because they already are taking power under a special rate program. Those programs include:

- Contract rates (S.C. No. 10, S.C. No. 11, optional tariff, Economic Recovery Incentive Rider ("ERIR"), or Economic Development Rate ("EDR")). Contracts for retail power sales must be honored by all parties. Customers voluntarily entered these contracts with full knowledge of the market and institutional environment, because the contracts provided incremental benefits relative to the standard tariff terms for which they were eligible. To achieve these benefits each customer consciously chose to forgo other options for the duration of the contract term. Of course, once an otherwise eligible customer's power purchase obligations have expired or been extinguished, the customer would be free to participate in F&FP Pilot.
- Economic Development Zone Rider ("EDZR") rates. EDZR customers already are receiving rate discounts. It is the Company's longstanding policy not to give multiple discounts to the same customer. More importantly, EDZR prices are based on the same marginal cost data used in the S.C. No. 6 prices and F&FP Pilot's marginal cost of energy back-out rates. If the marginal cost of energy back-out rates and the discount of either the 1.0 cents/kWh or 0.4 cents/kWh were deducted from EDZR prices, the resulting EDZR prices would in many cases be negative levels.

3.0 ENROLLMENT PROCEDURES

Central Hudson Gas & Electric, New York State Electric & Gas, Niagara Mohawk and Rochester Gas & Electric held a meeting on July 17, 1997 to discuss Staff's request that they attempt to reach consensus on procedures related to enrollment and switching. The utilities

agreed on a set of common principles that afford each utility some choice in the customer enrollment procedures it will seek to establish. The common principles were described in a letter circulated to the parties dated July 18, 1997.⁴

Within the framework established by those principles, Niagara Mohawk proposes the following procedures for customer enrollment in F&FP Pilot:

3.1 Documentation of Authorization for Service

Before enrolling a retail customer in F&FP Pilot, Niagara Mohawk will require an eligible ESCo to provide written certification that the customer has authorized the ESCo to supply its electric power requirements. The ESCo will be required to maintain written or audiotape records confirming the customer's request for services. Niagara Mohawk will have the right to suspend or terminate an ESCo's participation in F&FP Pilot for failure to comply with these requirements, as well as to audit the ESCo's customer records to ensure compliance with this provision.

Niagara Mohawk will not require a customer's prior authorization if a customer that has participated in F&FP Pilot chooses to have Niagara Mohawk supply its electric power requirements after the ESCo becomes ineligible or has breached its tariff or contract obligations to Niagara Mohawk. Niagara Mohawk will require customer authorization before it resumes supplying energy to a customer that, at its election and upon its own initiative, decides to switch from an ESCo to Niagara Mohawk.

3.2 Documentation of Customer Eligibility

An ESCo will be required to maintain documentary evidence of each customer's eligibility to participate in F&FP Pilot, in accordance with Tariff Rule 50.4.2 and in a signed agreement with Niagara Mohawk as described in Section 13. Niagara Mohawk will have the

⁴ See letter, Daniel C. Wiecek to Fred Carr dated July 18, 1997.

right to suspend or terminate an ESCo's participation in F&FP Pilot for failure to comply with these requirements, as well as to audit the ESCo's customer records to ensure compliance with this provision. Niagara Mohawk may backbill the ESCo for the net lost revenue for ineligible customers where the ESCo has not met the reasonable proof requirements.

3.3 Notification Obligations

Niagara Mohawk will notify an ESCo that its customer has chosen a replacement ESCo promptly upon receiving notice from the replacement ESCo that the customer has requested service from a replacement ESCo. Niagara Mohawk will notify an ESCo that its customer has chosen Niagara Mohawk promptly upon receiving notice from the customer. The supplying ESCo is required to notify the customer and Niagara Mohawk when their agreement to supply energy services to the customer terminates.

Niagara Mohawk will promptly notify the customer if its ESCo supplier becomes ineligible to provide service for any reason. The customer will have the option of choosing another ESCo or of resuming full service with Niagara Mohawk.

3.4 Switch Date

A customer's change in energy supplier will be effective upon Niagara Mohawk's reading of the customer's meter on the customer's scheduled meter reading date. Meter reading schedules will not be changed on account of F&FP Pilot. Niagara Mohawk does not propose to charge a switching fee, but will monitor switching costs to determine whether it may be appropriate to establish such a fee at a future date. Should switching costs prove burdensome, Niagara Mohawk will petition the Commission at a later date to impose switching fees.

3.5 Anti-Slamming Measures

Niagara Mohawk appreciates and shares the Commission's concern that customers eligible for the F&FP program not be subjected to "slamming," that is, that they not be enrolled

as customers of a particular service provider without their informed consent. The practice of slamming undermines the fundamental purpose of the F&FP Pilot, which is to test the mechanisms by which customers can be afforded a *choice* of supplier.

As a general matter, the requirement that ESCOs be certified by the Commission should provide a strong disincentive for any ESCo to engage in slamming. Provisions of the F&FP Pilot likewise will serve to minimize slamming by creating an auditable record of customer switches between one supplier and another. ESCOs will be required to maintain written or audiotape records of customer requests for service. Similarly, Niagara Mohawk will be required to obtain written customer authorization before it resumes serving a customer that has been participating in the F&FP Pilot in all circumstances, save where the customer's ESCo has breached its tariff or contractual obligations or otherwise been determined ineligible. Notification requirements furthermore should help reduce the incidence of slamming.

4.0 PRICING

Niagara Mohawk's delivery price under F&FP Pilot will be the Company's bundled price for retail service minus two components: 1) the marginal cost of energy and capacity, and 2) a Commission-imposed discount of 1.0 cents/kWh for farmers and 0.4 cents/kWh for food processors.⁵ Pursuant to the June 23 Order, Niagara Mohawk has elected to rely on its S.C. No. 6 "buyback" rates as the Commission approved measure of marginal energy costs. As further explained in Section 7.2.1, Niagara Mohawk also has committed to sell power to ESCOs for resale within its service territory at prices no higher than those rates.⁶ The Company's S.C. No. 6 rates are subject to change in future Commission proceedings.

5.0 BILLING

⁵ June 23 Order at 14.

⁶ See letter, J.J. Cifaratta to the Honorable John C. Crary, dated July 16, 1997.

5.1 Custom Billing

Niagara Mohawk will request that each eligible ESCo elect whether it will be responsible for billing for energy supply services (the “two-bill” option), or whether it wishes Niagara Mohawk, for a negotiated fee and term, to be responsible for billing on the ESCo’s account when Niagara Mohawk renders its own bill for delivery services (the “one-bill” option). If Niagara Mohawk bills for an ESCo’s account, the ESCo’s charges will be separately stated and explicitly identified on the Company’s bill. Niagara Mohawk will render bills based on its normal billing schedule, which is either monthly or bi-monthly.

If an ESCo requests that Niagara Mohawk bill on the ESCo’s behalf the following rules will apply:

- The commodity charge will be a factor times energy use.
- If the billing factor changes, the ESCo will be responsible for forwarding the new factor to Niagara Mohawk. This new factor will be used to calculate bills for any billing cycle ending at least 3 days after Niagara Mohawk’s receipt of the new billing factor. The ESCo may not change a billing factor more than once per month.
- Payments received will be applied toward Niagara Mohawk’s charges first, whether current or past due, and then toward the ESCo’s charges.
- Bills will display the ESCo’s name and customer service telephone number.
- Niagara Mohawk’s responsibilities as billing agent will be limited to issuing a two-part bill, processing payments, remitting any applicable receipts to the ESCo, and delivering to the ESCo monthly statements of accounts. Niagara Mohawk will not be responsible for billing for past-due amounts owed to ESCos or for applying penalties or interest or for performing collection services on the ESCo’s behalf.

Several parties raised the possibility of the ESCo’s rendering a single bill for itself and the utility. This option heretofore has been discussed only in the context of Rochester Gas and Electric Corporation’s retail pilot proposal. While Niagara Mohawk recognizes that ESCos eventually may be authorized to render a single bill (and to provide other services, as

deregulation proceeds), Niagara Mohawk cannot accommodate an ESCo single-bill option for the F&FP Pilot. If such an option were mandated now it would delay the effective date of F&FP Pilot by at least several months.

5.2 ESCo Billing

The terms and conditions for billing of ESCos for services provided by Niagara Mohawk are established in several documents, as described below. These documents specify the frequency by which bills will be issued, the time permitted for payment, any applicable charges or penalties for late payment, and similar details.

Type of Charges	Governing Document
Billing services for one-bill option	PSC No. 207 Electricity Tariff
Customer usage data beyond 14 months	PSC No. 207 Electricity Tariff
Transmission services	FERC Open Access Transmission Tariff
Energy purchased under the full-requirements option	FERC Wholesale Sales Tariff

For the purposes of this pilot, charges under the Open Access Transmission Tariff will be billed at the end of each month on an estimated basis, with adjustments made in a subsequent month when metered data become available to calculate actual ESCo loads.

5.3 Taxes

Energy services in New York are subject to a variety of state and local taxes that vary in applicability and in rates based on how service is structured and where transactions are deemed to occur. State and local gross receipts taxes are required to be reflected in the price offered to the customer. State and local sales taxes, as required by contract, are to be displayed as a surcharge on the customer's bill. As providers of energy services, ESCos will be responsible for

complying with all applicable state and local tax regimes.

6.0 DATA AVAILABILITY

Niagara Mohawk will make available to an eligible ESCo who is authorized by a customer to provide energy services and qualified by the Company, at no charge, up to 14 months' of data that has previously appeared on bills to the subject customer. The Company's normal policy is that it must directly receive a customer's written authorization in order to release such data to a third party. This policy is being waived for the limited purpose of the F&FP Pilot. Since the configuration of Niagara Mohawk's customer data records would make it time-consuming and costly to retrieve and supply billing data more than 14 months old, Niagara Mohawk will charge a fee to cover the cost of such additional data.

7.0 TRANSMISSION SERVICES AND TRANSACTION SCHEDULING

7.1 Transmission Service and Ancillary Services

Transmission service will be provided under Niagara Mohawk's Open Access Transmission Tariff (OATT), as filed with FERC, and modified as described below. This is consistent with FERC's expectation that retail wheeling customers will take service under the same FERC tariff that applies to wholesale customers.

Either the retail customers or the ESCos serving the retail customers may take service under the OATT. However, the administrative burden and complexity associated with scheduling transactions for thousands of individual customers makes it likely that the ESCos will take service under the OATT. The OATT offers three types of service: firm point-to-point, nonfirm point-to-point, and network. Point-to-point service is suited to deliveries from specific generators to specific individual loads, and would be cumbersome to implement for thousands of individual customers distributed widely over the electric system. Network service is more suitable for situations where an ESCo obtains supplies from a variety of identified generators for

delivery to customers dispersed on the distribution system. It is Niagara Mohawk's expectation that most ESCOs will elect to receive network service.

Any customer taking transmission service also will use "ancillary" services that have been unbundled, and that are governed by the OATT. Ancillary services that must be purchased from Niagara Mohawk include Scheduling and System Control and Dispatch Service and Reactive Supply and Voltage Control. Regulation and Frequency Response Service must be purchased from Niagara Mohawk at OATT-established rates unless the customer is capable of balancing deliveries and load on an essentially instantaneous basis ("dynamic scheduling"). Energy Imbalance Service likewise must be taken from Niagara Mohawk unless the customer is capable of dynamic scheduling; however, under the OATT customers may avoid penalties by scheduling transactions to offset load imbalances. Finally, Operating Reserve-Spinning Reserve Service and Operating Reserve-Supplemental Reserve Service may be purchased from Niagara Mohawk or supplied to Niagara Mohawk from another generating source. Any ancillary services procured from Niagara Mohawk under the OATT must be scheduled through the OASIS.

7.1.1 OATT Settlement Modification and FERC Waivers

Niagara Mohawk's OATT was patterned after the pro forma tariff contained in FERC Order No. 888, which was designed for large wholesale transmission deliveries. Application of the OATT to the large number of relatively small loads involved in F&FP Pilot presents challenges not otherwise evident for a limited number of large deliveries. Niagara Mohawk will seek authority from FERC to make use of the OATT in F&FP Pilot more practical.

7.1.1.1 OATT Settlement Modification

Niagara Mohawk will seek approval to apply to the customers in the F&FP Pilot all the provisions of the settlement agreement that was filed by Niagara Mohawk, and is currently pending before the FERC in Docket No. OA96-194. The settlement incorporates several

important features. First, it reflects a transmission revenue requirement that is lower than that reflected in the Company's original filing. Second, the settlement would simplify loss calculations. Third, the settlement would increase the size of the deviation band for energy imbalance service. Fourth, the settlement would simplify reserve requirements, thus making it easier for OATT customers to comply.

7.1.1.2 Billing Waiver

The first waiver deals with the billing of transmission service charges and certain ancillary service charges. Network transmission service charges under the OATT are calculated as the FERC approved annual revenue requirement multiplied by the customer's load ratio share (the 12-month rolling average of the customer MW load divided by the total demand on the Transmission System at the time of the monthly transmission peak). To ease the administrative burden of applying this formula to calculate and bill the applicable transmission charges under the OATT, and decreasing the distribution charge by that value, Niagara Mohawk will propose to the FERC that the Company not be required to break out the total delivery charge into a customer-specific OATT value and distribution charge. That is, the total delivery charge will be designed to recover both the transmission and distribution revenue requirements using PSC rules for the assignment of costs even as transmission service is provided under the terms and conditions of the OATT. The net transmission revenue to the Company will be unaffected by this approach. If granted, this waiver will permit the transmission service charges to remain bundled in the Company's charges to the customer.

Niagara Mohawk will request that the billing waiver include those ancillary services that must be taken from Niagara Mohawk (Scheduling and System Control and Dispatch Service, and Reactive Supply and Voltage Control). The benefit of backing out the prices for these services and then billing separately for them is negligible at best; the administrative burden of doing so is

substantial. Niagara Mohawk will further request that for the same reason the billing waiver include Regulation and Frequency Response Service. Niagara Mohawk expects that it will be asked to provide this service to all participating ESCOs; however, if an ESCO wants and is able to procure this service elsewhere, Niagara Mohawk will unbundle the bill on a case-by-case basis. In every case, ancillary services will be subject to all terms and conditions of the OATT other than billing.

In the course of finalizing this filing, Niagara Mohawk realized that it will be necessary to unbundle the relatively minimal charges for three ancillary services -- Energy Imbalance Service, Operating Reserve-Spinning Reserve Service, and Operating Reserve-Supplemental Reserve Service. Time does not permit the Company to determine the costs associated with each of these services that should be backed out of the Company's delivery prices. The Company will make a supplemental filing with the Commission once it has determined what those costs are.

7.1.1.3 Waiver of Minimum Charge for Underdeliveries

The OATT establishes the charge for imbalances (scheduled delivery minus actual load) outside a 2 MW deviation band at 110% of Niagara Mohawk's incremental energy costs, or \$100/MWh, whichever is greater. The second waiver that will be requested is the suspension, solely for F&FP Pilot, of the minimum \$100/MWh charge for imbalances resulting from under delivery. There will continue to be an incentive for participating ESCOs to schedule deliveries to match their loads accurately. Waiving the \$100/MWh minimum charge for all OATT applications other than the F&FP Pilot may represent an unacceptable potential loss of revenue to Niagara Mohawk. In the event that FERC grants a waiver of the \$100/MWh minimum charge conditioned on the extension of the waiver to all other OATT customers, Niagara Mohawk will withdraw the waiver request for this charge.

Niagara Mohawk will file a request for these waivers with FERC shortly. Should FERC

deny any of the waivers. Niagara Mohawk will make any necessary adjustments to the pilot program. The FERC's failure to grant the billing waiver would make it impossible to administer the OATT in conformance with FERC requirements by November 1st, and thus would delay implementation of F&FP Pilot as the Company made major adjustments to its billing operations.

7.1.2 Arranging Transmission Service

Point-to-point transmission service under the OATT must be arranged through the OASIS, where available transmission capability is posted. All point-to-point deliveries which cross regional transmission boundaries will require reserved transmission capability, in order for their schedules to be accepted.

Under network transmission service, deliveries need not be arranged through the OASIS. However, deliveries from sources not identified in the application for network service will be subject to transmission availability.

In both cases, deliveries that do not cross regional transmission boundaries identified on the OASIS do not require reserved transmission capability. All deliveries to loads within Niagara Mohawk's control area must be scheduled with Niagara Mohawk, regardless of whether transmission capability reservation is required or not.

7.2 Transaction Scheduling and Minimum Transaction Size

Established practices, procedures, metering and software tools used by Niagara Mohawk's system operators and those of the New York Power Pool do not accommodate the scheduling of transactions less than 1 MW in size. The minimum transaction that ESCos will be permitted to schedule through Niagara Mohawk will be 1 MW. As noted above, scheduling of certain transactions may also require transmission capability reservations obtained through the OASIS.

The limited size of F&FP Pilot makes it likely that some ESCos will, at least initially,

serve total loads that are less than 1 MW. As explained below, the 1 MW minimum transaction size will not be an impediment to these ESCos.

7.2.1 Full Requirements Option

Solely for the purposes of F&FP Pilot, Niagara Mohawk will offer to sell energy and capacity to the ESCos on a full requirements basis under the Company's Embedded Cost Cap wholesale sales tariff. Pricing for this supply will be based on the Company's S.C. No. 6 rates. Initially, the minimum commitment for service under this option will be six months, although the Company may consider shortening the term once it gains experience in administering the pilot program.

Those ESCos that select the full requirements option will not be required to schedule transactions. Niagara Mohawk will exactly match supply to actual load for full requirements ESCos, so that no imbalances will ever occur and thus the energy imbalance provisions of the OATT will never be activated. Therefore, the full requirements option is one alternative available to ESCos with small loads that otherwise would have to deal with the 1 MW minimum transaction size and the balancing requirements.

7.2.2 Intermittent Scheduling

Those ESCos that do not select the full requirements option will also be able to arrange power deliveries despite the 1 MW minimum transaction size. One way in which this may be accomplished is through intermittent scheduling methods. For example, an ESCo with a load of 200 kW for a five-hour on-peak period in a given day could schedule a 1 MW delivery in any one of those hours, and not schedule any delivery for the other four. The energy imbalances would total to zero, and no imbalance charges would apply because the imbalance in any given hour never exceeded the 2 MW deviation band (the maximum in the example would be 800 kW).

7.2.3 Scheduling Procedure

Except for those electing to take service under the full requirements option, all deliveries to ESCo loads within Niagara Mohawk's control area must be scheduled in advance with Niagara Mohawk's Power Control Department. Schedules for point-to-point deliveries will not be accepted unless corresponding transmission capacity has been reserved. In all cases, the provisions of the OATT will apply, including procedures for curtailment in the event of transmission system outages or other unforeseen circumstances.

When a transaction is scheduled, the generation source, scheduled output by hour, and delivery location must be identified. Under point-to-point service, specific delivery points must be provided; under network service, it is adequate to identify the point of entry into the Niagara Mohawk control area.

Two types of transactions may be scheduled: (a) transactions intended to serve load in the hour specified, and (b) transactions intended to reduce imbalances (within the 2 MW deviation band) incurred in a previous month. When an ESCo schedules a transaction, it must specify which of these applies. Imbalance repayment schedules must also align with the period (on-peak or off-peak) in which the original imbalance occurred. (Off-peak energy cannot be used to repay on-peak under deliveries.) Both types of transactions may be scheduled to occur within any given hour, if desired.

Transactions to reduce prior month imbalances will be scheduled within the reasonable ability of Niagara Mohawk's system operators to accommodate the deliveries. (It may not be feasible, for example, to accept repayment of an entire month's imbalance with a single very large delivery in one hour.) Niagara Mohawk will try to accept imbalance repayment schedules whenever possible.

When a schedule has been accepted, the delivery will be assumed to take place regardless of the actual output of the generation source. The schedule will be the basis for determining any

energy imbalances under the OATT. Deviations between scheduled output and actual generation from a generator are dealt with separately under inadvertent accounting and interchange agreements, as established in interconnection agreements between Niagara Mohawk and the generators within its control area, and the New York Power Pool and adjacent systems. The OATT does not apply to deviations in generator output from schedule.

7.3 Energy Imbalance Accounting and Settlement

The Energy Imbalance Service provisions of the OATT will be used to resolve imbalances between scheduled deliveries and actual loads. Key features of the OATT (as modified by Order No. 888-A or the proposed Settlement in Docket No. OA96-194) include the following:

- A deviation band of the greater of +/-1.5% or 2 MW applies, within which imbalances are tracked for repayment in kind. Niagara Mohawk will track these imbalances by month, separated into on-peak and off-peak accounts. Once notified of a given prior month's net imbalances, the transmission customer (ESCO) has 30 days in which to schedule offsetting transactions to bring the two accounts to zero. After 30 days, any residual imbalances for that month will be billed (at 110% of the company's increment cost, for underdeliveries) or refunded in cash (based on 90% of the company's decremental cost, for overdeliveries).
- Imbalances outside the deviation band will be billed at the greater of \$100/MWh or 110% of Niagara Mohawk's incremental costs. (As noted above, the Company will seek a waiver of the \$100 minimum.) Over deliveries will be paid for by Niagara Mohawk at 90% of its decremental costs.

In determining the actual loads for each ESCo for each hour of the month, Niagara Mohawk will utilize actual hourly metered load data where available. For those customers that do not have hourly metering, the Company will apply a customer class load shape to convert monthly or bimonthly kWh meter readings to estimated hourly loads. After adjustment for losses the hourly metered and estimated hourly loads will be summed by ESCo and compared with scheduled deliveries for each hour to determine the energy imbalances. Niagara Mohawk will complete the settlement process and notify the ESCOs of their imbalance status on a monthly

basis, as soon as practicable after the completion of each month. Customer's scheduled meter reading dates, which occur on either a monthly or bimonthly cycle, may result in a time lag of up to three months, in determining the actual usage and ESCo loads.

7.4 Statewide Independent System Operator (ISO)

The procedures established by Niagara Mohawk's OATT will apply until a statewide ISO is in place and is operating under a single statewide open access transmission tariff. At that point in time, Niagara Mohawk's OATT will be superseded by the ISO's OATT, and F&FP Pilot will be required to be administered in a manner consistent with the ISO's tariff and procedures.

Niagara Mohawk reserves the right to modify the procedures, terms and conditions of this pilot based upon the implementation of a statewide ISO or in compliance with an order of a court or regulatory agency of competent jurisdiction.

8.0 COMMUNICATIONS

Niagara Mohawk will work collaboratively with Staff and other parties to this proceeding to educate eligible customers about the Company's retail access pilot program. It is vital to the success of this program, and ultimately to the success of retail access system-wide, that the Company listen to and learn from its customers as it promotes awareness of retail choice and what choice means to the customer. F&FP Pilot program communication wherever possible will be integrated with established Company communications activities.

The communications tools the Company proposes to use include the distribution of new releases to more than 65 newspapers, radio stations and television stations within the Company's service territory. Editorial coverage is an excellent avenue for reaching Niagara Mohawk commercial farm and food processing customers. Opportunities include feature stories, letters to the editor and public affairs programs. To target the eligible customer population, the Company will give special emphasis to trade publications like farm and business magazines, as well as

Niagara Mohawk also will develop a “plain language” brochure that will be distributed to appropriate groups, such as Cooperative Extension, food processor trade associations, and farm cooperatives. The brochure will include a simple explanation of retail access, the role of Niagara Mohawk as a distribution and transmission company, the role of ESCOS, customer eligibility, consumer protections, and sample questions about how to choose an ESCo. Direct mail or paid advertising may be employed on a limited basis if high target audience penetration appears probable.

Other means of educating potential program participants include a speaker’s bureau targeted at chambers of commerce, farm bureaus, and agricultural associations; contacts with legislators and local officials; hyper-links on Niagara Mohawk’s home page; and regional public meetings that ESCos, as well as eligible customers, would be encouraged to attend. Information on the retail access pilot program will be made available at home shows, fairs, and farm events throughout the year, and will be included in regular Niagara Mohawk publications, such as Best of Energy (inserted in monthly/bi-monthly bills for all residential customers), Business and Energy News (for small commercial and industrial customers), Seniority News (focused on senior citizens), and NMGas Advantage (a large customer publication). For customers communicating by phone, the Company will develop a queue message and integrate voice response (IVR) for specific automated information, as well as train customer service representatives to respond effectively to inquires.

A crucial aspect of the pilot program will be ample communication between the company and participating ESCos. Consensus and understanding must be reached on a variety of issues from customer eligibility to billing to make the program as seamless as possible for the customer. This can be achieved through on-going contact and regular ESCo training and update sessions

similar to those offered through the NMGas Supplier Select program.

9.0 PROVIDER OF LAST RESORT

Niagara Mohawk will be the provider of last resort (POLR) to participating customers in the F&FP Pilot, in accordance with Commission Opinion No. 97-5.⁷ Niagara Mohawk will provide energy supply services for a participating customer, subject to all tariff provisions regarding service to customers, who is unable to appropriate energy services from an eligible ESCo participating in the F&FP Pilot.

10.0 RECIPROCITY/AFFILIATE CODE OF STANDARDS

The Commission stated in the February 25 Order that ESCos affiliated with utilities would be allowed to participate in the retail access pilot program conducted by their respective utility affiliates subject to appropriate conditions and safeguards.⁸ Niagara Mohawk's recently filed confidential *PowerChoice* restructuring settlement proposal sets forth the Company's position on what affiliate rules are necessary and appropriate to protect both customers and competition. For purposes of F&FP Pilot only, Niagara Mohawk's affiliates, Plum Street Enterprises and Plum Street Energy Marketing, Inc. (collectively, "PSEM") and Niagara Mohawk should be subject to the following rules:

1. As a general matter, all transactions between Niagara Mohawk and PSEM shall be conducted in a manner that Niagara Mohawk's customers are not disadvantaged and PSEM is afforded no unreasonable competitive advantage. For example, Niagara Mohawk will not condition the provision of distribution services on the purchase of power from PSEM, and neither PSEM nor Niagara Mohawk will

⁷ In the Matter of Competitive Opportunities Regarding Electric Service, Case No. 94-E-0952, Opinion and Order Establishing Regulatory Policies for the Provision of Retail Energy Services (issued May 19, 1997), slip op. at 15-16.

⁸ February 25 Order at 12-13.

make any presentation that distribution services provided by Niagara Mohawk would be of superior quality if power were purchased from PSEM.

2. Niagara Mohawk and PSEM will be operated as separate entities; appropriate cost allocation procedures will be followed to ensure the proper allocation of the costs of any utility personnel, property, or services used by PSEM.
3. PSEM will be permitted to identify itself as an affiliate of Niagara Mohawk, and to use Niagara Mohawk's corporate name and logo. Promotional material may identify PSEM as being affiliated with Niagara Mohawk. There will be no fee or royalty imposed; however, neither Niagara Mohawk nor PSEM may represent that any advantage will accrue to customers in the use of Niagara Mohawk's delivery services as a result of dealing with PSEM.
4. Niagara Mohawk will refrain from speaking on behalf of PSEM. Niagara Mohawk will not provide PSEM with sales leads regarding the brokering or marketing of gas and electricity; however, Niagara Mohawk may include PSEM on a list of approved marketers and brokers and will provide such a list upon the customer's request. If a customer requests information about any other service or product offered by ESCos Niagara Mohawk may provide a list of ESCos operating in the area that may include PSEM. If the product of service is other than the direct marketing or brokering of the electric commodity (e.g., energy management services), Niagara Mohawk can further ask the customer for permission to refer that customer to the affiliate and, upon receiving permission, may give the customer's name to the affiliate.
5. PSEM will be subject to Niagara Mohawk's tariffs, and will in all respects be treated the same as similarly situated ESCos for Niagara Mohawk's services.

6. Niagara Mohawk will seek authorization from the Federal Energy Regulatory Commission ("FERC") to sell wholesale power to one of Niagara Mohawk's affiliates for the limited purpose of this pilot. In the event Niagara Mohawk makes any such sales, the Company will offer the same price, terms and conditions to all ESCos participating in F&FP Pilot.

PSEM's participation in F&FP Pilot under the terms outlined above will provide a valuable demonstration of the benefits to competition that can be provided by a utility-affiliated ESCo.

11.0 METERING REQUIREMENTS/LOAD SHAPES

For any participant in F&FP Pilot who does not have an interval meter, the Company will employ a representative load shape for the customer's service classification to estimate the customer's hourly energy usage. Participating customers will not be required to pay for an interval meter and associated equipment as a condition for participation for the term of F&FP Pilot.

If the Company elects to install an interval meter and associated equipment at a customer's location, the Company will bear the cost of the interval meter and dedicated phone line and the associated installation expense. A customer may elect to have an interval meter installed; such a customer will be charged a one-time fee inclusive of the cost of the meter and associated installation expense. Any such customer also will be required to have installed, at its expense, a dedicated phone line for the transmission of metering data.

Niagara Mohawk's class-by-class load profiles were derived from ongoing load research, which provides the basis for the Company's Annual Base Year Load Study. To create load profiles for class total, subclasses, rate/revenue class combinations, and strata within those combinations, given populations were segmented by rate code to determine homogeneity.

Populations were then segmented by energy as well as demand and load factors, where appropriate. Load shapes were developed to determine similarities and differences which dictate the application of aggregate load profiles within each rate class, by voltage delivery levels.

Rate class load profiles will ultimately be scaled for magnitude by applying actual meter reading data to them. Respective time periods will be proportionately allocated based on a unitized 8760 (365 day x 24 hour) matrix which is calendar mapped to reflect the current year. Actual energy readings will define the magnitude relative to the respective matrix. Billing will be dictated by actual meter readings.

Niagara Mohawk will revise the representative load shape for each service classification as appropriate to more accurately reflect the eligible participants' actual energy usage and to ensure that costs are not shifted to non-participants or the Company. Niagara Mohawk may install interval meters at the Company's expense for the purpose of sampling F&FP Pilot participants to assist in the development and refinement of representative load shapes.

12.0 EVALUATION PLAN

Niagara Mohawk will support the plan developed by DPS staff to meet the objectives outlined in the February 25 Order and June 23 Order to evaluate the Company's effectiveness in educating customers and administering the program. This support will be in the form of providing customer data on participants and non-participants for survey administration and analysis, coordinating surveys of Niagara Mohawk employees and offering input on survey instrument design and data analysis.

The objectives that Niagara Mohawk seeks to realize from the evaluation are to:

- Construct a profile of participants and non-participants and understand the drivers of participation.
- Evaluate customers' understanding of the process (before and after) and the effectiveness of customer outreach education programs.

- Provide ongoing feedback and lessons learned to enhance program effectiveness during the pilot.
- Evaluate the effectiveness and customer satisfaction with the enrollment process.
- Evaluate service providers' satisfaction with Niagara Mohawk's support services.
- Measure overall program parameters that can be extrapolated to predict the success of a full scale implementation.

In addition to the DPS Staff evaluation initiatives, Niagara Mohawk has conducted customer focus groups during the pilot planning phase to solicit customer input on customer education and communication issues and to gain an understanding of customer awareness levels and expectations. It is Niagara Mohawk's belief that customer participation and satisfaction with the process will be strongly influenced by whether or not customers expectations were met.

It is Niagara Mohawk's objective to evaluate the overall success of the pilot from the customer's perspective about the process and how effective Niagara Mohawk was in educating customers and facilitating the ease of customer participation. Niagara Mohawk will seek to assist the DPS Staff evaluation process to provide this feedback and supplement the data as needed with its own customer research.

Niagara Mohawk also will track both the costs of implementing F&FP Pilot and the lost margins that will accrue due to the Commission-mandated delivery price discounts, and will address the recovery of program costs and lost margin in the Company's *PowerChoice* negotiations.

13.0 ESCO ELIGIBILITY

An ESCo must meet all terms and conditions specified in Tariff Rule 50.3. These include (1) the ESCo complying with the terms and conditions set forth in Opinion No. 97-5, as mandated in the June 25 Order (at 17), (2) Niagara Mohawk's creditworthiness standards and (3) submittal of an Open Access Transmission Service Agreement to procure transmission service

An ESCo participating in the F&FP Pilot will be required to enter into one or more agreements, mutually negotiated, with Niagara Mohawk specifying the respective rights and obligations of both parties as a condition of their participation in the F&FP Pilot. One or more agreements will address the following subjects:

1. ESCO compliance with Department of Public Service requirements
2. ESCO compliance with Niagara Mohawk Tariff Rule 50
3. Required notification to Niagara Mohawk
4. Documentation of customer eligibility and selection of ESCO
5. Suspension and/or termination of ESCo participation in the F&FP Pilot
6. The posting of security and other similar instruments
7. force majeure
8. Insurance
9. Indemnification
10. ESCO bankruptcy or other similar business interruptions or failures
11. Niagara Mohawk liabilities to ESCo (e.g., for billing errors, failure to deliver energy, power quality)
12. Billing and payment issues
13. The provision of transmission services
14. Third-party matters (e.g., NYPP, ISO)
15. ESCO liabilities to Niagara Mohawk (e.g., false certification)
16. Switching process and procedures
17. Intellectual Property (e.g., confidentiality)

14.0 COMPLAINT RESOLUTION PROCESS

Niagara Mohawk proposes to rely on existing informal and formal complaint resolution

procedures, which have been developed over many years of experience. The Commission's Regulations and the Public Service Law prescribe not only standards for utility service but also the procedures that a dissatisfied person may follow if he or she believes the Utility has failed to meet its service obligations. Further service standards and complaint procedures for the protection of residential utility customers are imposed by HEFPA.

Retail access introduces an entirely new class of retail electric service providers, namely ESCos, as well as the potential for customer confusion over the roles of ESCos and the Utility. Since this is a pilot program there likely will be some customer confusion and dissatisfaction over who is eligible to participate. Moreover, Niagara Mohawk and ESCos will have to develop an entirely new working relationship on terms that are fair to each and that promote the best possible service to customers.

Niagara Mohawk believes that, for purposes of the F&FP Pilot, existing complaint resolution procedures are adequate to handle complaints by customers against Niagara Mohawk, by an ESCo against the company, or by the company against an ESCo. Niagara Mohawk does not believe it would be appropriate or fair, however, to count against the company's PSC complaint-based incentive ratemaking penalty any complaints that arise from the F&FP Pilot. Implementation of this program creates considerable potential for increased customer complaints over matters for which the company may not properly be held responsible.

15.0 ESCO CREDITWORTHINESS

In accordance with the June 23 Order, the F&FP Pilot tariffs set forth creditworthiness criteria for ESCos to afford Niagara Mohawk reasonable protection against the credit risks it will face in dealing with ESCos. An ESCo's credit limit will be established as the monthly summation of the kilowatthours of all customers under each ESCo's service, multiplied by \$0.03553 per kilowatthour, multiplied by 1.30.

An eligible commercial farm's monthly kilowatthour summation, for credit limit determination purposes only, will be determined by computing the average of the three highest monthly kilowatthour consumptions or two highest bimonthly kilowatthour consumptions over the prior 12 months for a typical commercial farm's rate class and voltage level. An eligible food processor's monthly kilowatthour summation, for credit limit determination purposes only, will be determined by computing the average of the three highest monthly kilowatthour consumptions or two highest bimonthly kilowatthour consumptions over the prior 12 months for the eligible food processor.

APPENDIX A - TARIFF

Forty-Third Revised Leaf No. 3
Superseding Forty-Second " Leaf No. 3
(Forty-First Revised Leaf No. 3 Pending)

TABLE OF CONTENTS		LEAF NO.
GENERAL INFORMATION		
31.	Additional Rules and Regulations - 25 Hertz Service Roster of 25 Hertz Customers and the Maximum Power Allotment for Each	58-A
32.	Increase in Rates Applicable in Municipality Where Service is Supplied	59
33.	Payment of Interest on Customer Overcharges	67
34.	Economic Development Programs	68
35.	Cable Television Pole Attachment Rates	70
36.	Canceled	71
37.	Economic Revitalization Rider	71-A
38.	Economic Development Discount Limitation Clause	71-C
39.	Rule 39 - Voluntary Interruptible Pricing Program Rider	71-I
40.	Adjustments of Charges Pursuant to the Delivery of Power in Connection with the Sales of Preference Power to Certain Eligible Customers	71-J
41.	Canceled	71-O
42.	Canceled	71-P
43.	Adjustment of Charges Pursuant to the Measured Equity Return Incentive Term (MERIT)	71-P
44.	Adjustment of Charges Pursuant to the Niagara Mohawk Electric Revenue Adjustment Mechanism (NERAM)	71-P
45.	Adjustment of Charges Pursuant to S.C. No. 10 Revenue Recovery Mechanism	71-R
46.	Canceled	71-R
47.	Canceled	71-R
48.	Green Pricing Program	71-S
49.	Demand-Side Management Cost Adjustment (Pending)	71-U
50.	Retail Access Pilot Program	71-V
	Service Application Form A	72
	Application for Electric Overhead Line Extension Form B	72-A
	Application for Electric Underground Line Extension Form D	73-A
	Application for Low Income Distribution Line Extensions	
	Electric Service Form E	73-C
	Application for Service Form C	74
	Special Provision Rider	75
	Rider for Separate Meter	76
	Rider for Combined Metering and Billing	77
	Non-Residential Service Application	77-A
	Non-Residential Deferred Payment Agreement	77-E
	Irrevocable Letter of Credit	77-F
	Letter of Credit	77-G
	Surety Bond	77-H
	Non-Residential Customer Promise to Pay Bills Upon Receipt	77-I
	Application for Electric Service for Service Classification No. 10	77-L
	Customer Service Agreement for Service Classification No. 10	77-M
	Customer Service Agreement for Optional Pricing Schedules	77-N
	Application for Authorization to Act as an Energy Service Company (ESCO) for Retail Access Pilot Program	77-O
	ESCO's Request for Customer Enrollment for Retail Access Pilot Program	77-02
	Notification for Ceasing to Provide a Customer's Electricity Supply Service for Retail Access Pilot Program	77-03

Date of Issue: August 1, 1997

Date Effective: August 2, 1997

Issued by Albert J. Budney, Jr., President, Syracuse, New York

Issued in Compliance With Order of Public Service Commission Dated June 23, 1997 in Case 96-E-0948.

GENERAL INFORMATION

50.0 RETAIL ACCESS PILOT PROGRAM

50.1 TERM

The Retail Access Pilot Program has a term of two (2) years. The Pilot Program will terminate for a participant on the first meter reading date after November 1, 1999. Participating customers in the Pilot Program will be offered the option to be removed from the Pilot Program and be served under the Company's full retail access program when other Customers of their rate class, size, and voltage delivery level become eligible for retail access as a result of opening Niagara Mohawk's service territory to retail competition.

50.2 CUSTOMER ELIGIBILITY

Applicable to commercial farm and food processor customers located in the Company's service territory who purchase retail electricity supply from an Energy Service Company ("ESCO") also known as "alternative energy supplier", that has met ESCO eligibility requirements set forth in Section 50.3 below.

50.2.1 Such customers currently served on the retail rates of P.S.C. No. 207 Electricity, SC-1, SC-1B, SC-1C, SC-1H, SC-2, SC-3, SC-3A, and SC-4 qualify for participation.

50.2.2 Commercial farms are defined as entities with annual gross income from farm operations at a minimum of \$10,000 per year. A separately metered residential service located within the physical boundaries of an eligible Commercial farm facility is eligible to participate in the Pilot Program provided the occupant of the separately metered residential service is the same operator of the eligible Commercial farm participating in the Pilot Program.

50.2.3 Food Processors are defined as manufacturing enterprises that are classified under the Office of Management and Budget's Standard Industrial Class (SIC) number 20xx ("Food and Kindred Products").

50.2.4 A Customer served on an Economic Development Rider as defined in Rule Nos. 34 and 37 of the tariff or an Optional Pricing Schedule as stated under P.S.C. No. 207, SC-2, SC-3 and SC-3A, or a Special Contract rate with the Company is eligible to participate in the Pilot Program if the terms and conditions of their service agreements with the Company allow for termination and the Customer exercises the option to terminate in order to take service under this Pilot Program.

50.2.5 If a participating Customer has a portion of its electricity requirements provided on unmetered service, such service will not be eligible for the Pilot Program.

RETAIL ACCESS PILOT PROGRAM (Continued)

50.2 CUSTOMER ELIGIBILITY (Continued)

50.2.6 Participating Customers whose TERM provision under their standard retail Service Classification states a one year requirement for their initial period of service are waived of this requirement for the purposes of this Pilot Program. All other conditions as indicated in the TERM provisions of the eligible Service Classification's TERM provisions apply.

50.3 ESCo ELIGIBILITY

50.3.1 Any entity may hold itself out to the public as an Energy Service Company ("ESCo") to provide electricity supply service to end use Customers for this Pilot Program via the Company's T&D system, and may commence and continue to market or aggregate electricity for retail sales if:

50.3.1.1 The ESCo has complied with all the New York State Department of Public Service (DPS) oversight requirements as set forth in Opinion 97-5 dated May 19, 1997. The ESCo must notify the DPS at any time during the Pilot Program of any material change in information previously submitted to the DPS.

50.3.1.2 The ESCo applies to the Company for authorization to provide electricity supply service for this Pilot Program by submitting Form 1.

50.3.1.3 The ESCo complies with the set of consumer protections set forth in Opinion No. 97-5 dated May 19, 1997.

50.3.1.4 The ESCo meets the credit worthiness standards of the Company and maintains a credit limit with the Company or provides adequate security in lieu of such credit limit as set forth in Section 50.3.2. The amount of such credit limit or security is dependant upon services rendered.

50.3.1.5 The ESCo complies with all reporting requirements determined by subsequent Commission order(s).

50.3.1.6 The ESCo adheres to the policies and procedures contained in its filed disclosure statements.

50.3.1.7 The ESCo will be required to enter into one or more agreements with the Company that contain mutually acceptable terms and conditions governing the rights and obligations of the parties, and addressing such matters as billing and the procurement of transmission service under this Pilot Program. The agreement will also require the ESCo to comply with the terms and conditions set forth in the Company's Open Access Transmission tariff as filed with Federal Energy Regulatory Commission Docket No. OA96-194-000.

RETAIL ACCESS PILOT PROGRAM (Continued)

50.3 ESCo ELIGIBILITY (Continued)

50.3.2 The Company will establish credit limits for ESCos by applying on a consistent, non-discriminatory basis, the same financial evaluation standards it currently employs in determining credit worthiness based on its credit policies. Energy suppliers will be notified of the established credit limit within two weeks of receipt of a completed Form 1, accompanied by the two most current years of audited financial statements. Credit limits must be maintained and will be reviewed continually. If an entity is assigned a credit limit that is not sufficient to meet the requirements of this Rule, it may meet the requirements by paying any outstanding balances due to the Company and providing security in the form of (1) an advance deposit; (2) an irrevocable letter of credit in such form, and drawn upon such bank, as are satisfactory to the Company; (3) a security interest in collateral satisfactory to the Company; or (4) a performance and/or payment bond, in form acceptable to the Company, by another entity which is assigned a credit limit adequate to meet the requirements of this Rule. Such security must be in an amount at least sufficient to cover the difference between the credit limit assigned to the entity by the Company and the credit limit required by this Rule. In the event the level of credit indicates security is no longer required, and in conjunction with a credit worthiness evaluation, such security will be returned in kind. Security deposits held by the Company for energy suppliers will accrue interest at the Commission's Customer Deposit Rate. If the Company is unable to establish a credit limit based on information available from acceptable financial reporting agencies or commercial credit reporting organizations, and the financial statements noted above, an energy supplier must provide such supplemental financial and credit information as the Company may deem necessary. This may include information as the energy supplier's legal structure; its officers, partners or proprietors; trade references; bank references; recent financial statements; and such other credit information as might be reasonably be required in the exercise of due diligence by a potential creditor of the energy supplier.

50.3.2.1 As stated in Section 50.3.1.4, eligible ESCos are required to maintain a credit limit with the Company, or provide adequate security in lieu of such credit limit, in an amount that is equal to or greater than the monthly summation of the kilowatthours of all customers under each ESCo's service, multiplied by \$.03553 per kilowatthour, multiplied by 1.30.

50.3.2.2 Failure to provide the Company determined security may result in the automatic suspension or termination of participation in the Pilot Program.

50.3.2.3 An eligible commercial farm's monthly kilowatthour summation, for credit limit purposes only, will be determined by computing the average of the three highest monthly kilowatthour consumptions or two highest bimonthly kilowatthour consumptions over the prior twelve month period for a typical commercial farm's rate class and voltage level. If a typical commercial farm profile is not available for a particular rate class, the Company will use the "average customer's" profile by rate class and voltage level. This credit limit determination will be updated on a yearly basis.

RETAIL ACCESS PILOT PROGRAM (Continued)

50.3 ESCo ELIGIBILITY (Continued)

50.3.2.4 An eligible food processor's monthly kilowatthour summation, for credit limit purposes only, will be determined by computing the average of the three highest monthly billing cycle kilowatthour consumptions or two highest bimonthly billing cycle kilowatthour consumptions over the prior twelve month period for the eligible food processor. If a prior twelve month period does not exist, the monthly kilowatthour summation will be determined by computing the average of the highest three monthly kilowatthour consumptions or the highest two bimonthly kilowatthour consumptions over the prior twelve month period for an "average customer" of the same rate class and voltage level of the eligible food processor. This credit limit determination will be updated on a yearly basis.

50.3.2.5 The Company reserves the right to file with the Commission changes in the determination of monthly kilowatthour usage by farm or food processor.

50.3.3 Certain circumstances may warrant suspension or termination of an ESCo's participation in the Pilot Program and will be considered on a case-by-case basis by the Department of Public Service or the Company. The criteria to be considered to determine whether an ESCo should no longer participate includes the ESCos ability to meet and maintain the Company's credit limit policy as set forth in Section 50.3.2 and the additional criteria set forth in Opinion 97-5 dated May 19, 1997 and set forth in Sections 50.3.1.1, 50.3.1.3, and 50.3.1.5.

50.3.3.1 When the Company suspends or terminates an ESCos participation or is notified by the Department of Public Service of the suspension or termination of an ESCo, the Company shall notify the ESCo's customers of such action and their option to either select another eligible ESCo or receive electricity supply and delivery service from the Company once again, subject to all tariff provisions regarding service to Customers.

50.4 PROOF OF CUSTOMER ELIGIBILITY

50.4.1 Reasonable proof of eligibility shall be obtained by ESCos from customers.

50.4.2 ESCos planning to participate in the Pilot Program shall specify in their ESCo eligibility applications with the Department of Public Service and in an agreement with the Company the means by which they will obtain reasonable proof of eligibility from pilot Customers.

50.4.3 In addition, the Company reserves the right to request additional information or employ additional criteria to verify eligible Customers, if the Company deems it necessary.

50.4.4 The Company may backbill eligible ESCos for the net lost revenues for ineligible Customers where ESCos have not met the reasonable proof requirement and terminate ESCo participation in the Pilot Program.

RETAIL ACCESS PILOT PROGRAM (Continued)

50.5 ENROLLMENT GUIDELINES

- 50.5.1 An eligible Customer can only contract with one energy supplier, at a time. Multiple supplier situations are not allowed for this Pilot Program.
- 50.5.2 To receive service under this Pilot Program, the ESCo must contact the utility in writing and submit a completed Form 2 identifying the customer to be enrolled in the Pilot Program.

The Form must indicate the name and service address of the Customer along with the Customer's current account number for the service in order for the Customer to begin receiving electricity supply service from an ESCo. It will be assumed that the Customer has signed with the ESCo for the two year duration of the Pilot Program unless the Customer chooses to change ESCo's or elects to receive their electricity supply from the Company once again. Form 2 may be mailed, faxed, or electronically mailed to the Company at least 21 days prior to the next cycle meter reading. If the Company does not have access to the eligible Customer's meter, the Company will attempt to contact the Customer for a reading provided by the Customer. If a reading is not provided, conversion to the Pilot Program will not occur until the conditions stated in this Rule are met.

50.6 CHANGE IN SUPPLIER

Participating Customers may choose to change suppliers subsequent to their initial supplier selection during the term of the Pilot Program. Participating Customers will not be restricted to the number of times a change in supplier can occur provided the criteria set forth in this Rule are met. Participating customers may change their supplier by making service arrangements with other ESCos. Customers may discontinue participation in the Pilot Program at any time and receive their electricity supply from the Company, subject to all tariff provisions regarding service to customers.

- 50.6.1 For a change in supplier to another eligible ESCo to become effective, the new ESCo, designated by the participating Customer to serve its electricity supply needs, will be required to conform to the enrollment guidelines as set forth in Section 50.5.2.
- 50.6.2 If an ESCo no longer provides the electricity supply for a Customer, the ESCo must notify the Company by submitting a completed Form 3 that they will no longer serve a particular Customer. In this case, the Customer will immediately receive electricity supply service from the Company once again, subject to all tariff provisions regarding service to Customers, unless the Company is notified by another eligible ESCo using the enrollment guidelines as set forth in Section 50.5.2. If an ESCo chooses to cease providing electricity supply service to a particular customer, it is the responsibility of the ESCo to inform the Customer that they will no longer provide such service on behalf of that Customer.

Form 3 may be mailed, faxed, or electronically mailed to the Company at least 21 days prior to the next cycle meter reading. If the Company does not have access to the eligible Customer's meter, the Company will attempt to contact the customer for a reading provided by the Customer. If a reading is not provided, conversion to the another supplier will not occur until the conditions stated in this Rule are met.

RETAIL ACCESS PILOT PROGRAM (Continued)

50.6 CHANGE IN SUPPLIER (Continued)

50.6.3 A Customer who chooses to leave an ESCo and make arrangements for the Company to provide electricity supply service once again will be required to contact the Company by telephone or in writing.

50.6.3.1 The Customer must contact the Company at least 21 days prior to their next cycle meter reading. If the Company does not have access to the Customer's meter, the Company will attempt to contact the Customer for a reading provided by the Customer. If a reading is not provided, conversion will not occur until the conditions in this rule are met.

50.6.3.2 Customers who choose to return to the Company will receive the Company's service under the applicable bundled tariff, consistent with the Company's then current tariff, regardless of market price.

50.6.4 In the situation where an ESCo's eligibility is suspended or terminated, the Company will notify the Customer and the Customer will immediately receive electricity supply service from the Company once again, subject to all tariff provisions regarding service to Customers, unless the Company is notified by another eligible ESCo using the procedures set forth in Rule 50.5.2 that they will now provide electricity supply service to this Customer.

50.6.5 The Company will provide a log to eligible ESCos participating in the Pilot Program identifying those customers who have switched from them as a supplier.

50.6.6 The Company reserves the right to charge a switching fee when a change in suppliers occurs.

50.7 RATES TO BE PAID BY PARTICIPATING CUSTOMERS

50.7.1 All participating Customers shall be assessed the Customer Charge(s), Demand Charge, if any, and any minimum charge requirements of the Customer's otherwise applicable Service Classification as set forth in the tables below.

50.7.2 All participating Customers who receive their electricity supply from an eligible ESCo shall be assessed a Delivery Charge defined as the Energy Charge of the customer's otherwise applicable Service Classification less the Company's estimate of the market price for energy and capacity. The market prices for energy and capacity are expressed on a monthly per kilowatthour basis and therefore, the Delivery Charges will vary by month. The Delivery Charges by Service Classification are also set forth in the following tables.

Original Leaf No. 71-Z2

RETAIL ACCESS PILOT PROGRAM (Continued)
50.7 RATES TO BE PAID BY PARTICIPATING CUSTOMERS (Continued)
RESIDENTIAL S.C. 1

<u>Customer Charge</u>	\$9.36
<u>PER KWH:</u>	
January	\$0.07820
February	0.08195
March	0.08289
April	0.08241
May	0.08121
June	0.08253
July	0.08123
August	0.08207
September	0.08284
October	0.07840
November	0.07884
December	0.08330

RESIDENTIAL - S.C. 1-B
Customer Charge **\$25.34**
PER KWH:

	<u>On-Peak</u>	<u>Shoulder</u>	<u>Off-Season</u>	<u>Off-Peak</u>
January	\$ 0.11979	\$ 0.06397	-	\$ 0.04648
February	0.12859	0.07081	-	0.04847
March	-	-	\$ 0.05036	-
April	-	-	0.04988	-
May	-	-	0.04868	-
June	0.12589	0.07020	-	0.05020
July	0.12392	0.06898	-	0.04906
August	0.12615	0.06980	-	0.04954
September	-	-	0.05031	-
October	-	-	0.04586	-
November	-	-	0.04631	-
December	0.12824	0.07015	-	0.05076

Date of Issue: August 1, 1997

Date Effective: August 2, 1997

Issued by Albert J. Budney, Jr., President, Syracuse, New York

Issued in Compliance With Order of the Public Service Commission Dated June 23, 1997 in Case No. 96-E-0948.

RETAIL ACCESS PILOT PROGRAM (Continued)
50.7 RATES TO BE PAID BY PARTICIPATING CUSTOMERS (Continued)
RESIDENTIAL - S.C. 1-C
Customer Charge \$25.34

PER KWH:

	<u>On-Peak</u>	<u>Shoulder</u>	<u>Off-Season</u>	<u>Off-Peak</u>
January	\$ 0.16815	\$ 0.08302	-	\$ 0.04752
February	0.17695	0.08986	-	0.04951
March	-	-	\$ 0.05140	-
April	-	-	0.05092	-
May	-	-	0.04972	-
June	0.17425	0.08925	-	0.05124
July	0.17228	0.08803	-	0.05010
August	0.17451	0.08885	-	0.05058
September	-	-	0.05135	-
October	-	-	0.04690	-
November	-	-	0.04735	-
December	0.17660	0.08920	-	0.05180

SMALL GENERAL SERVICE - S.C. NO. 2

	<u>SC2ND</u>	<u>SC2D</u>
<u>Customer Charge</u>	\$14.16	\$ 26.35
<u>PER KW</u>		\$8.22

PER KWH:

January	\$0.10164	\$0.05254
February	0.10539	0.05629
March	0.10633	0.05723
April	0.10585	0.05675
May	0.10465	0.05555
June	0.10597	0.05687
July	0.10467	0.05557
August	0.10551	0.05641
September	0.10628	0.05718
October	0.10184	0.05274
November	0.10228	0.05318
December	0.10674	0.05764

Date of Issue: August 1, 1997

Date Effective: August 2, 1997

Issued by Albert J. Budney, Jr., President, Syracuse, New York

Issued in Compliance With Order of the Public Service Commission Dated June 23, 1997 in Case No. 96-E-0948.

RETAIL ACCESS PILOT PROGRAM (Continued)
50.7 RATES TO BE PAID BY PARTICIPATING CUSTOMERS (Continued)
LARGE GENERAL SERVICE - S.C. NO. 3

	<u>Secondary</u>	<u>Primary</u>	<u>Subtransmission</u>	<u>Transmission</u>
<u>Customer Charge</u>	\$250.00	\$419.00	\$530.00	\$550.00
<u>PER KW:</u>	\$14.32	\$12.14	\$8.25	\$7.90
<u>PER RKVA:</u>	\$.82	\$.82	\$.82	\$.82
<u>PER KWH:</u>				
January	\$ 0.03863	\$ 0.03777	\$ 0.03635	\$ 0.03681
February	0.04238	0.04144	0.03998	0.04032
March	0.04332	0.04236	0.04089	0.04120
April	0.04284	0.04189	0.04043	0.04075
May	0.04164	0.04071	0.03926	0.03963
June	0.04296	0.04201	0.04054	0.04087
July	0.04166	0.04073	0.03928	0.03964
August	0.04250	0.04156	0.04010	0.04044
September	0.04327	0.04231	0.04084	0.04115
October	0.03883	0.03796	0.03654	0.03699
November	0.03927	0.03839	0.03697	0.03741
December	0.04373	0.04276	0.04128	0.04159

LARGE GENERAL SERVICE - S.C. NO. 3A

	<u>Secondary</u>	<u>Primary</u>
<u>Customer Charge</u>	\$902.00	\$902.00
<u>PER KW:</u>	\$11.94	\$10.40
<u>PER RKVA:</u>	\$1.02	\$1.02
<u>PER KWH:</u>		
	<u>On-Peak</u>	<u>Off-Peak</u>
January	\$ 0.04240	\$ 0.03673
February	0.04961	0.03802
March	0.04846	0.04044
April	0.04881	0.03936
May	0.04559	0.03953
June	0.04811	0.04008
July	0.04649	0.03901
August	0.04806	0.03935
September	0.04904	0.03996
October	0.04211	0.03739
November	0.04119	0.03826
December	0.04895	0.04080

Date of Issue: August 1, 1997

Date Effective: August 2, 1997

Issued by Albert J. Budney, Jr., President, Syracuse, New York

Issued in Compliance With Order of the Public Service Commission Dated June 23, 1997 in Case No. 96-E-0948.

Original Leaf No. 71-Z5

RETAIL ACCESS PILOT PROGRAM (Continued)
50.7 RATES TO BE PAID BY PARTICIPATING CUSTOMERS (Continued)
LARGE GENERAL SERVICE - S.C. NO. 3A(Continued)

	<u>Subtransmission</u>		<u>Transmission</u>	
<u>Customer Charge</u>	\$1400.00		\$3172.00	
<u>PER KW:</u>	\$7.73		\$7.02	
<u>PER RKVA:</u>	\$1.02		\$1.02	
<u>PER KWH:</u>	<u>On-Peak</u>	<u>Off-Peak</u>	<u>On-Peak</u>	<u>Off-Peak</u>
January	\$ 0.04126	\$ 0.03493	\$ 0.03972	\$ 0.03265
February	0.04824	0.03618	0.04647	0.03386
March	0.04713	0.03851	0.04540	0.03613
April	0.04746	0.03748	0.04573	0.03512
May	0.04435	0.03764	0.04271	0.03528
June	0.04679	0.03817	0.04507	0.03579
July	0.04522	0.03713	0.04355	0.03478
August	0.04674	0.03746	0.04502	0.03511
September	0.04769	0.03805	0.04594	0.03568
October	0.04098	0.03556	0.03944	0.03327
November	0.04009	0.03641	0.03858	0.03409
December	0.04760	0.03887	0.04586	0.03647

UNTRANSFORMED SERVICE TO CUSTOMERS TAKING POWER FROM PROJECTS OF THE NEW YORK POWER AUTHORITY - S.C. NO. 4

	<u>Primary</u>	<u>Subtransmission</u>	<u>Transmission</u>
<u>Customer Charge</u>	\$400.00	\$400.00	\$425.00
<u>PER KW:</u>	\$11.19	\$8.89	\$8.32
<u>PER RKVA:</u>	\$.73	\$.73	\$.73
<u>PER KWH:</u>			
January	\$ 0.03505	\$ 0.03457	\$ 0.03436
February	0.03872	0.03820	0.03787
March	0.03964	0.03911	0.03875
April	0.03917	0.03865	0.03830
May	0.03799	0.03748	0.03718
June	0.03928	0.03876	0.03841
July	0.03801	0.03750	0.03719
August	0.03884	0.03832	0.03799
September	0.03959	0.03906	0.03870
October	0.03523	0.03476	0.03454
November	0.03567	0.03519	0.03495
December	0.04004	0.03950	0.03914

Date of Issue: August 1, 1997

Date Effective: August 2, 1997

Issued by Albert J. Budney, Jr., President, Syracuse, New York

Issued in Compliance With Order of the Public Service Commission Dated June 23, 1997 in Case No. 96-E-0948.

RETAIL ACCESS PILOT PROGRAM (Continued)

50.7 RATES TO BE PAID BY PARTICIPATING CUSTOMERS (Continued)

50.7.2.1 The rates set forth in Rule No. 50.7.2's tables are based on the monthly marginal energy and capacity data used to establish the Company's SC-6 rates for 1997 and are subject to update based upon the outcome of future SC-6 related proceedings.

50.7.3 As per Commission Order in Case No. 96-E-0948, a fixed priced amount of \$.01 per kilowatthour for participating Customers deemed eligible as commercial farmers and \$.004 per kilowatthour for participating Customers deemed eligible as food processors will be subtracted from the Delivery Charge kilowatthour prices stated in Rule 50.7.2 for the purposes of this Pilot Program only.

50.7.4 The delivery charges set forth herein shall be subject to a fuel adjustment per kilowatthour billed hereunder as described in Rule 29 of this Schedule.

50.7.5 All rates and charges for services supplied by the Company shall be increased pursuant to Rule No. 32 - Increase in Rates Applicable in Municipality Where Service is Supplied.

50.7.6 All participating Customers shall be subject to any additional charges as directed by the Commission that may occur during the term of the Pilot Program.

50.7.7 Participating Customers shall not be required to install an interval meter and associated equipment as a condition for participation for the term of the Pilot Program.

50.7.7.1 If the Company elects to install an interval meter and associated equipment at a Customer's location, the Company will bear the cost of the interval meter and dedicated phone line and the associated installation expense.

50.7.7.2 A Customer may elect to have an interval meter installed and such Customers will be charged a one-time fee inclusive of the cost of the meter and associated installation expense. Customers will also be required to have installed, at their expense, a dedicated phone line associated with the administration of an interval meter.

RETAIL ACCESS PILOT PROGRAM (Continued)

50.7 RATES TO BE PAID BY PARTICIPATING CUSTOMERS (Continued)

50.7.8 For those Customers without interval meters, the Company will utilize representative class load shape information for balancing and settlement purposes.

50.7.9 In addition to the Real Power Losses specified in the Company's Open Access Transmission Tariff ("OATT") on file with the Federal Energy Regulatory Commission, the Customer (or its ESCo) shall compensate the Company for the following distribution delivery losses for customers connected at voltages less than 23 Kv:

<u>Delivery Voltage</u>	<u>Loss Factor</u>
Primary	4.671 %
Secondary	6.845 %

50.8 BILLING

The Company shall provide the following billing options under the Pilot Program.

50.8.1 The Company shall perform the billing function for electric distribution service whereby only the Company specific charges of Customer, Demand and Delivery charges (inclusive of subtracting the fixed price amount in Section 50.7.3) will be displayed on the bill. The ESCo will directly bill the Customer for its electricity supply requirements.

50.8.2 The Company shall perform the billing function for electric distribution similar to the procedures set forth in Section 50.8.1 and include the ESCo's charges as a separately stated component of the bill to the participating Customer. If the Company and the ESCo mutually agree that the Company performs the billing function for an ESCo, the following will apply.

50.8.2.1 The commodity charge will be a factor times energy use only.

50.8.2.2 If the billing factor changes the ESCo will be responsible for forwarding the new factor to the Company 3 days prior to the effective date. The new factor will be used to calculate bills for any billing cycle after the Company's receipt of the new billing factor. The ESCo may not change a billing factor more than once per month.

50.8.2.3 The Company reserves the right to perform the billing function for an ESCo for a fee.

RETAIL ACCESS PILOT PROGRAM (Continued)

50.8 BILLING (Continued)

50.8.3 The selection of the billing options performed by the Company will be chosen by the ESCo and not the participating Customer. Each ESCo can select one of the options in Section 50.8.1 and 50.8.2 for all their Customers.

50.8.4 The Company will be responsible for reading the meters of participating Customers on their normally scheduled billing cycle, which is either monthly or bimonthly.

50.9 SPECIAL PROVISIONS

50.9.1 Participants (both ESCos and Customers) are required to periodically provide information deemed necessary to monitor and evaluate the Pilot Program.

50.9.2 The Company will act as the Provider of Last Resort(POLR) to Customers in the event of ESCo default.

50.9.2.1 In addition to the POLR responsibilities, the Company's obligation to serve consists of connection to the grid and delivery of electricity.

50.9.2.2 Only the Company will be permitted to terminate a customer's electric service. The Company will continue to comply with the provisions of HEFPA as applicable for any service termination. An ESCo will not be allowed to terminate service.

50.9.3 Customers may be reconnected to a delivery point at a higher voltage level if in the Company's sole judgement such reconnection will alleviate reliability or safety problems. The Company may permit such reconnection in other circumstances if the customer agrees to pay the differential in delivery charges

50.9.4 Information regarding customers will be provided only to the customers and/or their authorized representatives. An "authorized representative" is a person or entity whom the customer has designated in writing to the Company as being authorized to receive information and/or represent its account with the Company or in connection with charges for such service. Authorized representatives are to be treated in the same manner as the customers.

50.9.4.1 The Company will provide customer usage data to the customer or an authorized representative on a non-discriminatory basis. Data that has previously appeared in bills or notices sent to customers will be provided with out any restrictions regarding their use.

RETAIL ACCESS PILOT PROGRAM (Continued)

50.9 SPECIAL PROVISIONS (Continued)

50.9.4.2 The Company will provide fourteen (14) months of consumption data that has previously appeared on a bill at no charge. Thereafter, the Company reserves the right to recover direct costs associated with processing additional data requests.

50.9.4.3 Other information in the Company's possession will be released as necessary, as authorized under Federal Energy Regulatory Commission and NYS Public Service Commission regulations, subject to protection of confidential information, and under such terms and conditions as the Company deems appropriate.

50.9.5 Participating customers taking service under this Pilot Program are not eligible for service under an Economic Development Rider as defined in Rule Nos. 34 and 37 of the tariff or an Optional Pricing Schedule as stated under P.S.C. No. 207, SC-2, SC-3 and SC-3A, or a Special Contract rate with the Company while taking service under this Pilot Program.

50.9.6 Under this Pilot Program, the Company requests that it receive comparable access to Customers in other New York utilities service territories. The Company will not be required unconditionally to accommodate a transaction between a Company Customer and another utility (both investor and publicly owned), or a company affiliated with that utility, if that utility does not offer comparable access to customers in its service territory to the Company. The Company, upon request to accommodate such a transaction, is authorized to petition the Commission for an order requiring the other utility in question or its affiliated company(ies), including generating, energy services, or marketing companies, to provide the Company comparable access to customers located in the other utility's service territory. Upon filing that petition, the utility's participation in this Pilot Program immediately will be stayed pending the Commission decision on the petition.

FORM 1

**Application for Authorization to Act as an Energy Service Company (ESCO)
for Retail Access Pilot Program, as Ordered by
the NYS Public Service Commission in Case No. 96-E-0948**

Applicant hereby requests authorization from Niagara Mohawk Power Corporation to offer retail access services under Rule 50, "Retail Access Pilot Program", of PSC No. 207.

Applicant Name: _____

Mailing Address: Street _____

City _____ State _____ Zip Code _____

Contact Name _____ Telephone # (____) _____ - _____

Fax # (____) _____ - _____

Dun & Bradstreet No. _____

Applicant elects the following type of service: (Please Check One)

_____ Full Requirements

_____ Transmission Only

Applicant elects the following Billing Option: (Please Check One)

_____ Niagara Mohawk will issue the bill on behalf of the Applicant
("One Bill" Option)

_____ The Applicant will issue a separate bill for electricity supply service only.
Niagara Mohawk will issue the bill for transmission and delivery service.
("Two Bill" Option)

I, _____, _____
(Name) (Title)

am authorized to state that applicant has read, understands and agrees to abide by all provisions of Rule 50 of PSC No. 207, "Retail Access Pilot Program."

Applicant represents and warrants that he/she is in, and will continue to be in, full compliance with the following:

(1) Opinion No. 97-5 "Opinion and Order Establishing Regulatory Policies for the Provision of Retail Energy Services" in Case 94-E-0952.

Date of Issue: August 1, 1997

Date Effective: August 2, 1997

Issued by Albert J. Budney, Jr., President, Syracuse, New York

Issued in Compliance With Order of Public Service Commission Dated June 23, 1997 in Case 96-E-0948.

FORM 1

**Application for Authorization to Act as an Energy Service Company (ESCO)
for Retail Access Pilot Program, as Ordered by
the NYS Public Service Commission in Case No. 96-E-0948**

Page 2

- (2) Completed and Signed appropriate Service Agreement designating either Point-to-Point or Network Integration Transmission Service under Niagara Mohawk's Open Access Transmission Tariff ("OATT"), in FERC Docket No. OA96-194-000 and all the terms and conditions of said tariff, including OASIS requirements.
- (3) Will provide the necessary operational information (i.e.; schedules, points of receipt and delivery) to Niagara Mohawk to satisfy NYPP requirements.
- (4) Has provided two most current years of audited financial statements (Note: financial statements should be submitted concurrently with this application).
- (5) Will enter into negotiations with Niagara Mohawk to finalize an ESCo Agreement for the Retail Access Pilot Program defining the rights and obligations of the Parties. The Applicant understands and agrees that no authorization will be granted by Niagara Mohawk until the ESCo has established its financial qualification and until Niagara Mohawk and the Applicant have both signed a mutually agreed to ESCo Agreement.

ESCO Representative Signature

Date

ESCO Representative Title

Date of Issue: August 1, 1997

Date Effective: August 2, 1997

Issued by Albert J. Budney, Jr., President, Syracuse, New York

Issued in Compliance With Order of Public Service Commission Dated June 23, 1997 in Case 96-E-0948.

FORM 2

**ESCO's Request for Customer Enrollment for Retail Access Pilot Program,
as ordered by the NYS Public Service Commission
in Case No. 96-E-0948**

ESCO Name _____
(Please Print)

Customer Enrollment Information:

Niagara Mohawk Account No.: _____

Customer Name: _____

Service Address: Street _____

City _____ State _____ ZipCode _____

Mailing Address: _____

(Complete if different from Service Address)

Telephone Number: (____) _____ - _____

Contract Start Date _____

Contract End Date _____

I hereby certify that the customer noted has designated the ESCo recorded above as their energy service company to provide energy services which may include procurement of electricity and/or transmission service. As the customer's designated ESCo, we have verified the customer meets the eligibility requirements and agree to abide by all the terms and conditions as set forth in Rule 50 of P.S.C. No. 207 tariff, "Retail Access Pilot Program.

We accept the responsibility to provide documentation that indicates that the customer has selected our firm to supply electricity commodity service.

ESCO Representative Signature _____

_____ Date

ESCO Representative Title _____

FOR INTERNAL USE ONLY

(1) Date Form 2 was received By Niagara Mohawk: _____

(2) The above noted Customer will have an Effective Date of: _____

Date of Issue: August 1, 1997

Date Effective: August 2, 1997

Issued by Albert J. Budney, Jr., President, Syracuse, New York

Issued in Compliance With Order of Public Service Commission Dated June 23, 1997 in Case 96-E-0948.

FORM 3

**Notification for Ceasing to Provide a Customer's Electricity Supply Service
for Retail Access Pilot Program, as Ordered by the
NYS Public Service Commission in Case No. 96-E-0948**

ESCO Name: _____
(Please Print)

Customer Information:

Niagara Mohawk Account No.: _____

Customer Name: _____

Service Address: _____
Street _____
City _____ State _____ ZipCode _____

Mailing Address: _____
(Complete if different from Service Address)

Telephone Number: (____) _____ - _____

We request that the customer noted be taken off our firm's list of active electricity supply customers.

ESCO Representative Signature _____ Date _____

ESCO Representative Title _____

FOR INTERNAL USE ONLY

(1) Date Form 3 was received By Niagara Mohawk: _____

(2) Effective Date of Removal from above noted ESCo's Active Customer List: _____

Date of Issue: August 1, 1997

Date Effective: August 2, 1997

Issued by Albert J. Budney, Jr., President, Syracuse, New York

Issued in Compliance With Order of Public Service Commission Dated June 23, 1997 in Case 96-E-0948.