



Pamela B. Dise
Manager – Electric Pricing

December 21, 2011

Honorable Jaclyn A. Brillling, Secretary
State of New York
Public Service Commission
Office of the Secretary, 19th Floor
Three Empire State Plaza
Albany, NY 12223

Dear Secretary Brillling:

Enclosed herewith for filing in accordance with the requirements of the Public Service Commission, State of New York is a copy of the following Statement issued by Niagara Mohawk.

Merchant Function Charge (“MFC”) Statement No. 3

To P.S.C. 214 Electricity

Effective: January 1, 2012

This Merchant Function Charge (“MFC”) Statement No. 3 is being filed per Rule No. 42—Merchant Function Charge of PSC No. 220 Electricity. Specifically, Rule No. 42.3.1.3.1 and Rule No. 42.3.2.3.1 states that any over/under collections related to Electricity Supply Procurement and Electricity Supply Credit and Collections will be added to the Electricity Supply Procurement Rate and Electricity Supply Credit and Collections rate to be effective January 1 of each year.

Attachment 1 included with this filing display the derivation of these rates.

Please notify me of any action taken in regards to this filing.

Sincerely,

Pamela B. Dise
Manager—Electric Pricing

PBD
Attachments

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PSC NO. 214 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: JANUARY 1, 2012
STAMPS: Issued in Compliance with Order of the PSC in Case No. 10-E-0050 Issued January 24, 2011

STATEMENT TYPE: MFC
STATEMENT NO. 3

MERCHANT FUNCTION CHARGE ("MFC") STATEMENT
APPLICABLE TO BILLINGS UNDER P.S.C. NO. 214 ELECTRICITY

Electricity Supply Uncollectible Expense Factor	0.03%
Working Capital on Purchased Power Costs Factor	0.344%
Electricity Supply Procurement Charge	\$0.00017
Electricity Supply Credit and Collection Charge	\$0.00001

Note: The Electricity Supply Uncollectible Expense Factor and Working Capital for Purchased Power Factor will be multiplied by the Electricity Supply Charge on Customer's bills.

Service Classifications subject to the Merchant Function Charge Rate of Adjustment are defined in Rule No. 42 of P.S.C. No. 220 Electricity, General Information Section.

Rate of Adjustment shown is exclusive of Gross Receipt Taxes.

Issued by: Kenneth D. Daily, President, Syracuse, New York

Niagara Mohawk Power Corporation
Merchant Function Charge - Annual Reconciliation

Supply Procurement

	2011 Annual Revenue <u>Requirement</u> (a)	Supply Procurement Revenue (b)	(Over) / Under collection (c)	2012 Annual Revenue <u>Requirement</u> (d)	Adjusted 2012 Annual Revenue <u>Requirement</u> (e)	2012 Forecasted Sales (kWh) (f)	2012 Rate (g)	2011 Rate (h)	Rate Change Inc/(Dec) (i)
<i>Supply Procurement</i>	\$ 1,964,185	\$ 1,692,562	\$ 271,623	\$ 2,142,747	\$ 2,414,370	14,320,325,426	\$ 0.00017	\$ 0.00015	\$ 0.00002

- (a) 11/12 of Annual Revenue Requirement per PSC No. 220 Rule 42.3.1.3
 (b) MFC Revenue (Feb-Nov actuals + Dec forecast)
 (c) Column (a) - Column (b)
 (d) Annual Revenue Requirement per PSC No. 220 Rule 42.3.1.2
 (e) Column (c) + Column (d)
 (f) Forecasted kWh sales excluding load served by NYPA
 (g) Column (e) / Column (f)
 (h) 2011 Supply Procurement Rate effective 2/1/2011 per MFC Statement No. 2
 (i) Column (g) - Column (h)

Credit & Collections

	2011 Annual Revenue Requirement <u>Full Service Cust</u> (a)	Credit & Collections Revenue <u>Full Service Cust</u> (b)	(Over) / Under collection <u>Full Service Cust</u> (c)	2011 Annual Revenue Requirement for <u>POR Customers</u> (d)	Credit & Collections Revenue (POR cust) (e)	(Over) / Under collection <u>POR Cust</u> (f)	2012 Forecasted Sales Full Svc & POR (g)	2012 Proposed Rate adjustment (h)	2012 Annual Revenue Requirement (i)	2012 Forecasted Sales (kWh) (j)	2012 Rate (k)	2011 Rate (l)	Rate Change Inc/(Dec) (m)
<i>Credit & Collections</i>													
Non-Demand	\$ 6,265,254	\$ 5,737,192	\$ 528,062	\$ 1,664,852	\$ 1,410,878	\$ 253,974	11,795,954,137	\$ 0.00007	\$ 6,834,823	9,813,484,583	\$ 0.00076	\$ 0.00070	\$ 0.00006
Demand	\$ 344,383	\$ 269,174	\$ 75,209	\$ 91,512	\$ 176,080	\$ (84,568)	6,615,730,621	\$ (0.00000)	\$ 375,690	4,385,648,138	\$ 0.00008	\$ 0.00009	\$ (0.00001)
Streetlighting	\$ 954	\$ 892	\$ 62	\$ 254	\$ 130	\$ 124	135,312,520	\$ 0.00000	\$ 1,041	121,192,705	\$ 0.00001	\$ 0.00001	\$ (0.00000)
Total Credit & Collections	\$ 6,610,591	\$ 6,007,258	\$ 603,333	\$ 1,756,618	\$ 1,587,088	\$ 169,530	18,546,997,278		\$ 7,211,554	14,320,325,426			

- (a) 11/12 of Annual Revenue Requirement for Full Service Customers per PSC No. 220 Rule 42.3.2.3
 (b) MFC Revenue for Full Service Customers (Feb-Nov actuals + Dec forecast)
 (c) Column (a) - Column (b)
 (d) 11/12 of Annual Revenue Requirement for ESCO POR Customers (Case 10-E-0050, Exhibit RDCM-6, Sched 1, Sheet 4)
 (e) Credit & Collections component of POR Discount (Feb-Nov actuals + December forecast)
 (f) Column (d) - Column (e)
 (g) 2012 Forecast kWh sales for Full Service customers and ESCO POR customers
 (h) Column (c) + Column (f) / Column (g)
 (i) Annual Revenue Requirement for Full Service Customers per PSC No. 220 Rule 42.3.2.2
 (j) 2012 Full Service kWh Sales forecast excluding load served by NYPA
 (k) Column (i) / Column (j) + Column (h)
 (l) 2011 Credit & Collection Rate effective 2/1/2011 per MFC Statement No. 2
 (m) Column (k) - Column (l)