

NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: MARCH 1, 2015

STATEMENT TYPE: SC
WORKPAPER FOR STATEMENT NO. 39
Attachment 1
Page 1 of 5

"Balance of the ESRM"
Rule 46.3.2 and Rule 46.3.3

| Dollar Reconciliations | | | | | Cost Month January 2015 | |
|-------------------------------|--|---------------------|-------------------------|-----------------------|------------------------------------|------------------------|
| 1 | Rule 46.3.3.1 Actual Electricity Supply Costs | | | | \$ | 84,047,796.05 |
| | Actual Net Market Value (OMVC) of Self-Reconciling Mechanisms and Adjustments | | | | | |
| 2 | Actual OMVC of Legacy Hedges (excluding NYPA R&D Contracts) | | | | \$ | 3,330,991.66 |
| 3 | Actual OMVC of Nine Mile 2 RSA Agreement | | | | \$ | - |
| 4 | Actual OMVC of NYPA R&D Contracts | | | | \$ | (493,504.45) |
| 5 | Actual OMVC of New Hedges | | | | \$ | 5,782,688.45 |
| 6 | Subtotal | | | | \$ | 8,620,175.66 |
| 7 | Actual Market Cost of Electricity Supply (Line 1 minus Line 6) | | | | \$ | 75,427,620.39 |
| 8 | Rule 46.1 ESCost Revenue from All Commodity Customers | | | | \$ | 94,268,415.92 |
| 9 | Balance of the ESRM (Line 7 minus Line 8) | | | | \$ | (18,840,795.53) |
| | Rule 46.3.2 Mass Market Adjustment | | | | | |
| | Service Classification | ISO Zone (Subzone#) | Forecast Commodity Rate | Actual Commodity Rate | Actual Hedged Sales Volumes (kWh) | Mass Market Adjustment |
| 10 | S.C. No. 1 | A - West (1) | 0.07378 | 0.05414 | 200,118,092 | \$ (3,930,319.33) |
| 11 | | B - Genesee (29) | 0.07731 | 0.05428 | 70,047,310 | \$ (1,613,189.55) |
| 12 | | C - Central (2) | 0.08007 | 0.05660 | 174,923,793 | \$ (4,105,461.42) |
| 13 | | D - North (31) | 0.07369 | 0.05199 | 15,865,911 | \$ (344,290.27) |
| 14 | | E - Mohawk V (3) | 0.08213 | 0.05824 | 123,580,072 | \$ (2,952,327.92) |
| 15 | | F - Capital (4) | 0.10056 | 0.08172 | 294,693,554 | \$ (5,552,026.56) |
| 16 | S.C. No. 2ND | A - West (1) | 0.07368 | 0.05500 | 7,587,919 | \$ (141,742.33) |
| 17 | | B - Genesee (29) | 0.07728 | 0.05509 | 2,448,788 | \$ (54,338.61) |
| 18 | | C - Central (2) | 0.08010 | 0.05742 | 6,974,439 | \$ (158,180.28) |
| 19 | | D - North (31) | 0.07362 | 0.05270 | 623,168 | \$ (13,036.67) |
| 20 | | E - Mohawk V (3) | 0.08222 | 0.05905 | 5,079,696 | \$ (117,696.56) |
| 21 | | F - Capital (4) | 0.10085 | 0.08324 | 12,583,858 | \$ (221,601.74) |
| 22 | Sum Lines 10 through Line 21 | | | | | \$ (19,204,211.22) |
| 23 | Rule 46.3.3 Supply Service Adjustment (Line 9 minus Line 22) | | | | \$ | 363,415.69 |
| 24 | 'Balance of the ESRM' plus Sales Reconciliation, calculated for January 2015 Billing | | | | \$ | 288,468.73 |
| 25 | 'Balance of the ESRM' Billed in January 2015 | | | | \$ | 303,450.01 |
| 26 | Balance of the ESRM Sales Reconciliation for March 2015 billing (Line 24 minus Line 25) | | | | \$ | (14,981.28) |

| Rate Calculations | | | | | Billing Month March 2015 | |
|--------------------------|---|--|--|--|-------------------------------------|-----------------|
| 27 | Forecast Total Commodity Sales for Billing Month (kWh) | | | | | 1,141,864,250 |
| 28 | Supply Service Adjustment factor for all Commodity Customers ((Line 23 / Line 27) | | | | | 0.000318 |
| 29 | Balance of the ESRM Reconciliation Factor (Line 26/ Line 27) | | | | | (0.000013) |
| | Balance of the ESRM Rates (\$/kWh) | | | | | |
| 30 | Unhedged & MHP customers (Line 28 + Line 29) | | | | | 0.000305 |

| Balance of the ESRM Rates SC-1 and SC-2ND Customers(\$/kWh): | | | | | | | |
|--|--------------|------------------|-------------------------|-------------------------------|---------------------------|-----------------------|------------------------------------|
| | | | Forecast Commodity | Balance of the ESRM | | | |
| | | | Sales for Billing Month | Mass Market Adjustment Factor | Supply Service Adj Factor | Reconciliation Factor | Balance of the ESRM rates (\$/kWh) |
| 31 | S.C. No. 1 | A - West (1) | 178,347,281 | (0.022037) | 0.000318 | (0.000013) | (0.021732) |
| 32 | | B - Genesee (29) | 62,426,876 | (0.025841) | 0.000318 | (0.000013) | (0.025536) |
| 33 | | C - Central (2) | 155,893,865 | (0.026335) | 0.000318 | (0.000013) | (0.026030) |
| 34 | | D - North (31) | 14,139,861 | (0.024349) | 0.000318 | (0.000013) | (0.024044) |
| 35 | | E - Mohawk V (3) | 110,135,818 | (0.026806) | 0.000318 | (0.000013) | (0.026501) |
| 36 | | F - Capital (4) | 262,633,895 | (0.021140) | 0.000318 | (0.000013) | (0.020835) |
| 37 | S.C. No. 2ND | A - West (1) | 7,818,895 | (0.018128) | 0.000318 | (0.000013) | (0.017823) |
| 38 | | B - Genesee (29) | 2,523,329 | (0.021534) | 0.000318 | (0.000013) | (0.021229) |
| 39 | | C - Central (2) | 7,186,741 | (0.022010) | 0.000318 | (0.000013) | (0.021705) |
| 40 | | D - North (31) | 642,137 | (0.020302) | 0.000318 | (0.000013) | (0.019997) |
| 41 | | E - Mohawk V (3) | 5,234,322 | (0.022486) | 0.000318 | (0.000013) | (0.022181) |
| 42 | | F - Capital (4) | 12,966,910 | (0.017090) | 0.000318 | (0.000013) | (0.016785) |
| | | | 819,949,928 | | | | |

New Hedge Adjustment
Rule 46.3.1**Portfolio Zones A-E**

| | January 2015 | March 2015 |
|---|---------------------|-------------------------------------|
| 1 Forecast Net Market Value (OMVC) of New Hedges | | \$ 459,610.08 |
| 2 Actual Net Market Value (OMVC) of New Hedges | \$ 5,549,399.93 | |
| 3 Prior New Hedge Adjustment reconciliation calculated for January 2015 Billing | \$ 1,338,491.01 | |
| 4 Intended Billing (Line 2 + Line 3) | \$ 6,887,890.94 | |
| 5 New Hedge Adjustment Billed Revenue | \$ (3,061,284.64) | |
| 6 Reconciliation of Billed Revenue (Line 4 - Line 5) | | \$ 9,949,175.58 |
| 7 New Hedge Adjustment for March 2015 Billing (Line 1 + Line 6) | | \$ 10,408,785.66 |
| Rate Calculation | | Billing Month March 2015 |
| 8 Forecast SC-1 and SC-2ND Commodity Sales in Billing Month (kWh) | | 544,349,124 |
| 9 New Hedge Adjustment (Line 7/ Line 8) | | \$ 0.019122 |

Portfolio Zone F

| | January 2015 | March 2015 |
|--|---------------------|-------------------------------------|
| 10 Forecast Net Market Value (OMVC) of New Hedges | | \$ (485,261.08) |
| 11 Actual Net Market Value (OMVC) of New Hedges | \$ 233,288.52 | |
| 12 Prior New Hedge Adjustment reconciliation calculated for January 2015 Billing | \$ 651,942.91 | |
| 13 Intended Billing (Line 11 + Line 12) | \$ 885,231.43 | |
| 14 New Hedge Adjustment Billed Revenue | \$ (3,820,982.88) | |
| 15 Reconciliation of Billed Revenue (Line 13 - Line 14) | | \$ 4,706,214.31 |
| 16 New Hedge Adjustment for March 2015 Billing (Line 10 + Line 15) | | \$ 4,220,953.23 |
| Rate Calculation | | Billing Month March 2015 |
| 17 Forecast SC-1 and SC-2ND Commodity Sales in Billing Month (kWh) | | 275,600,805 |
| 18 New Hedge Adjustment (Line 16/ Line 17) | | \$ 0.015315 |

Legacy Transition Charge
Rule 46.2
(exclusive of the Rule 46.2.6 NYPA Benefit)

| | <u>January 2015</u> | <u>March 2015</u> |
|--|--------------------------|---|
| 1 Forecast Net Market Value (OMVC) of Legacy Hedges | | \$ 3,600,503.44 |
| 2 Scheduled Nine Mile 2 RSA Credit | | \$ - |
| 3 Actual Net Market Value (OMVC) of Legacy Hedges | \$ 3,330,991.66 | |
| 4 Nine Mile 2 RSA Credit | \$ - | |
| 5 Prior LTC reconciliation calculated for January 2015 Billing | <u>\$ (1,491,770.49)</u> | |
| 6 Intended Billing (Line 3 + Line 4 + Line 5) | \$ 1,839,221.17 | |
| 7 Legacy Transition Charge Billed Revenue | \$ 262,239.56 | |
| 8 Reconciliation of Billed Revenue (Line 6 - Line 7) | | <u>\$ 1,576,981.61</u> |
| 9 Legacy Transition Charge for March 2015 Billing (Line 1 + Line 2 + Line 8) | | \$ 5,177,485.05 |
| | | |
| <u>Rate Calculation</u> | | <u>Billing Month</u> <u>March 2015</u> |
| 10 Forecast Total Delivery Sales in Billing Month (kWh) * | | 2,492,370,145 |
| 11 Legacy Transition Charge (Line 9/ Line 10) | | \$ 0.002077 |

* exclusive of NYPA Replacement & Expansion Power, High Load Factor Power, Preservation Power, Empire Zone Rider and Excelsior Jobs Program loads

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Nine Mile 2 Revenue Sharing Agreement

Rule 46.2.7

Record of Quarterly Payments and Calculation of Interest on Deferred RSA Credits

| Billing Month | Beginning Balance | * RSA Collection from Constellation | Credit of Prior Month Interest | Credit One-Third RSA Collection | Interest Credited In Advance | TOTAL RSA CREDIT | Monthly Activity | Balance for Interest Calc | Customer Deposit Rate (Annual) | Customer Deposit Rate (Monthly) | Current Month Earned Interest | Ending Balance |
|---------------|-------------------|---|-----------------------------------|------------------------------------|---------------------------------|---------------------|---------------------|------------------------------|--------------------------------------|---------------------------------------|----------------------------------|-------------------|
| (A) | (B) | | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) |
| Jan-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Feb-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Mar-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Apr-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| May-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Jun-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Jul-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Aug-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Sep-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Oct-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Nov-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Dec-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Jan-14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.25% | 0.10% | \$0.00 | \$0.00 |
| Feb-14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.25% | 0.10% | \$0.00 | \$0.00 |
| Mar-14 | \$0.00 | \$8,518,453.44 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$8,518,453.44 | \$4,259,226.72 | 1.25% | 0.10% | \$4,411.48 | \$8,522,864.92 |
| Apr-14 | \$8,522,864.92 | \$0.00 | (\$4,411.48) | (\$2,839,484.48) | \$0.00 | (\$2,843,895.96) | (\$2,843,895.96) | \$7,100,916.94 | 1.25% | 0.10% | \$7,354.75 | \$5,686,323.71 |
| May-14 | \$5,686,323.71 | \$0.00 | (\$7,354.75) | (\$2,839,484.48) | \$0.00 | (\$2,846,839.23) | (\$2,846,839.23) | \$4,262,904.10 | 1.25% | 0.10% | \$4,415.29 | \$2,843,899.77 |
| Jun-14 | \$2,843,899.77 | \$9,887,451.47 | (\$4,415.29) | (\$2,839,484.48) | \$0.00 | (\$2,843,899.77) | \$7,043,551.70 | \$6,365,675.62 | 1.25% | 0.10% | \$6,593.22 | \$9,894,044.69 |
| Jul-14 | \$9,894,044.69 | \$0.00 | (\$6,593.22) | (\$3,295,817.16) | \$0.00 | (\$3,302,410.38) | (\$3,302,410.38) | \$8,242,839.50 | 1.25% | 0.10% | \$8,537.49 | \$6,600,171.80 |
| Aug-14 | \$6,600,171.80 | \$0.00 | (\$8,537.49) | (\$3,295,817.16) | \$0.00 | (\$3,304,354.65) | (\$3,304,354.65) | \$4,947,994.48 | 1.25% | 0.10% | \$5,124.87 | \$3,300,942.02 |
| Sep-14 | \$3,300,942.02 | \$0.00 | (\$5,124.86) | (\$3,295,817.16) | \$0.00 | (\$3,300,942.02) | (\$3,300,942.02) | \$0.00 | 1.25% | 0.10% | \$0.00 | \$0.00 |
| Oct-14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.25% | 0.10% | \$0.00 | \$0.00 |
| Nov-14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.25% | 0.10% | \$0.00 | \$0.00 |
| Dec-14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.25% | 0.10% | \$0.00 | \$0.00 |
| Jan-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |
| Feb-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |
| Mar-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |
| Apr-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |
| May-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |
| Jun-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |
| Jul-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |
| Aug-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |
| Sep-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |
| Oct-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |
| Nov-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |
| Dec-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |

* If an RSA Collection is received during the billing month, it will be recorded on Attachment 1 of the next billing month's workpapers, which will revise the interest calculation.

NYPA Hydropower Benefit Mechanism ("NYPA Benefit")
Rule 46.2.6

| NYPA R&D CONTRACTS | | |
|---|-----------------------|-------------------------------------|
| | January 2015 | March 2015 |
| 1 Forecast Net Market Value (OMVC) of NYPA R&D Contracts | | \$ (375,493.19) |
| 2 Actual Net Market Value (OMVC) of NYPA R&D Contracts | \$ (493,504.45) | |
| 3 Prior NYPA R&D reconciliation calculated for January 2015 Billing | <u>\$ 409,715.58</u> | |
| 4 Intended Billing (Line 2 + Line 3) | <u>\$ (83,788.87)</u> | |
| 5 NYPA Benefit (R&D Contracts) Billed Revenue | \$ (536,563.16) | |
| 6 Reconciliation of Billed Revenue (Line 4 - Line 5) | | <u>\$ 452,774.29</u> |
| 7 NYPA Benefit (R&D Contracts) for March 2015 Billing (Line 1 + Line 6) | | \$ 77,281.10 |
| Rate Calculation | | Billing Month March 2015 |
| 8 Forecast SC-1 and SC-1C Delivery Sales in Billing Month (kWh) | | 1,026,558,125 |
| 9 NYPA Benefit (R&D Contracts) rate (Line 7/ Line 8) | | \$ 0.000075 |

| RECHARGE NY RESIDENTIAL CONSUMER DISCOUNT (RCD) PAYMENT | | |
|---|--------------------------|-------------------------------------|
| | January 2015 | March 2015 |
| 10 RCD Payment for upcoming billing month | | \$ (2,146,233.33) |
| 11 Actual RCD Payment Booked | \$ (2,146,233.33) | |
| 12 Prior RCD Payment reconciliation calculated for January 2015 Billing | <u>\$ (65,833.80)</u> | |
| 13 Intended Billing (Line 11 + Line 12) | <u>\$ (2,212,067.13)</u> | |
| 14 NYPA Benefit (RCD) Billed Revenue | \$ (2,157,659.15) | |
| 15 Reconciliation of NYPA RCD Billed Revenue (Line 13 - Line 14) | | <u>\$ (54,407.98)</u> |
| 16 Actual RAD payment Booked | \$ (276,933.33) | |
| 17 NYPA Benefit (RAD) Billed Revenue | <u>\$ (219,325.63)</u> | |
| 18 Reconciliation of Billed Revenue (Line 16 - Line 17) | | <u>\$ (57,607.70)</u> |
| 19 NYPA Benefit (RCD) for March 2015 Billing (Line 10 + Line 15+ Line 18) | | \$ (2,258,249.01) |
| Rate Calculation | | Billing Month March 2015 |
| 20 Forecast SC-1 and SC-1C Delivery Sales in Billing Month (kWh) | | 1,026,558,125 |
| 21 NYPA Benefit (RCD) rate (Line 19/ Line 20) | | \$ (0.002200) |

| RESIDENTIAL AGRICULTURAL DISCOUNT (RAD) PAYMENT | | |
|---|-------------------|-------------------------------------|
| | March 2015 | |
| 22 NYPA RAD Payment for upcoming billing month | \$ (276,933.33) | |
| Rate Calculation | | Billing Month March 2015 |
| 23 Forecast SC-1 and SC-1C RAD Customers Sales in Billing month (kWh) | | 4,909,818 |
| 24 NYPA Benefit (RAD) rate (Line 22/ Line 23) | | \$ (0.056404) |