

NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: JULY 31, 2014

STATEMENT TYPE: SC
WORKPAPER FOR STATEMENT NO. 32
Attachment 1
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"Balance of the ESRM"
Rule 46.3.2 and Rule 46.3.3

| Dollar Reconciliations | | Cost Month June 2014 |
|--|-------------|--------------------------------------|
| 1 Rule 46.3.3.1 Actual Electricity Supply Costs | | \$ 67,775,593.50 |
| Actual Net Market Value (OMVC) of Self-Reconciling Mechanisms and Adjustments | | |
| 2 Actual OMVC of Legacy Hedges (excluding NYPA R&D Contracts) | | \$ 4,639,944.06 |
| 3 Actual OMVC of Nine Mile 2 RSA Agreement | | \$ - |
| 4 Actual OMVC of NYPA R&D Contracts | | \$ (953,190.20) |
| 5 Actual OMVC of New Hedges | | \$ (2,184,681.00) |
| 6 Subtotal | | \$ 1,502,072.86 |
| 7 Actual Market Cost of Electricity Supply (Line 1 minus Line 6) | | \$ 66,273,520.64 |
| 8 Rule 46.1 ESCost Revenue from All Commodity Customers | | \$ 63,156,288.22 |
| 9 Balance of the ESRM (Line 7 minus Line 8) | | \$ 3,117,232.42 |
| Rule 46.3.2 Mass Market Adjustment | | |
| 10 Forecast Commodity Rate (\$/kWh) | 0.07282 | |
| 11 Actual Commodity Rate (\$/kWh) | 0.07053 | |
| 12 Actual Hedged S.C. 1 & S.C. 2ND Sales Volumes (kWh) | 615,946,056 | |
| 13 Mass Market Adjustment (Line 11 minus Line 10, multiplied by Line 12) | | \$ (1,410,516.47) |
| 14 Rule 46.3.3 Supply Service Adjustment (Line 9 minus Line 13) | | \$ 4,527,748.89 |
| 15 'Balance of the ESRM' plus Sales Reconciliation, calculated for June 2014 Billing | | \$ (36,377,351.74) |
| 16 'Balance of the ESRM' Billed in June 2014 | | \$ (28,637,338.19) |
| 17 Balance of the ESRM Sales Reconciliation for August 2014 billing (Line 15 minus Line 16) | | \$ (7,740,013.55) |
| ESRM adjustments related to methodology change * | | |
| 18 Mass Market adjustment related to ESRM Methodology Change (Attachment 2, Schedule 1) | | \$ 556,364.25 |
| 19 Supply Service adjustment related to ESRM Methodology Change (Attachment 2, Schedule 1) | | \$ 2,080,117.44 |
| 20 Total ESRM adjustment related to methodology change (Line 18 plus Line 19) | | \$ 2,636,481.69 |
| Rate Calculations | | Billing Month August 2014 |
| 21 Forecast Total Commodity Sales for Billing Month (kWh) | | 1,267,949,674 |
| 22 Supply Service Adjustment factor for all Commodity Customers ((Line 14+Line 19)/ Line 21) | | 0.005211 |
| 23 Forecast SC-1 and SC-2ND Commodity Sales in Billing Month (kWh) | | 899,322,463 |
| 24 Mass Market Adjustment factor ((Line 13+Line 18)/ Line 23) | | (0.000950) |
| 25 Balance of the ESRM Reconciliation Factor (Line 17/ Line 21) | | (0.006104) |
| Balance of the ESRM Rates (\$/kWh) | | |
| 26 Unhedged & MHP customers (Line 22 + Line 25) | | (0.000893) |
| 27 SC1 & SC2-ND Customers (Line 22 + Line 24 + Line 25) | | (0.001843) |

*equals 1/12th of one half of September 2013 supply costs shown in Attachment 2

New Hedge Adjustment
Rule 46.3.1

| | <u>June 2014</u> | <u>August 2014</u> |
|--|-------------------------|---|
| 1 Forecast Net Market Value (OMVC) of New Hedges | | \$ 3,275,674.00 |
| 2 Actual Net Market Value (OMVC) of New Hedges | \$ (2,184,681.00) | |
| 3 Prior New Hedge Adjustment reconciliation calculated for June 2014 Billing | <u>\$ 7,577,502.36</u> | |
| 4 Intended Billing (Line 2 + Line 3) | <u>\$ 5,392,821.36</u> | |
| 5 New Hedge Adjustment Billed Revenue | \$ 2,987,356.91 | |
| 6 Reconciliation of Billed Revenue (Line 4 - Line 5) | | <u>\$ 2,405,464.45</u> |
| 7 New Hedge Adjustment for August 2014 Billing (Line 1 + Line 6) | | \$ 5,681,138.45 |
| <u>Rate Calculation</u> | | <u>Billing Month August 2014</u> |
| 8 Forecast SC-1 and SC-2ND Commodity Sales in Billing Month (kWh) | | 899,322,463 |
| 9 New Hedge Adjustment (Line 7/ Line 8) | | \$ 0.006317 |

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

| | <u>June 2014</u> | <u>August 2014</u> |
|---|------------------------|--|
| 1 Forecast Net Market Value (OMVC) of Legacy Hedges | | \$ 2,020,342.00 |
| 2 Scheduled Nine Mile 2 RSA Credit | | \$ (3,304,354.65) |
| 3 Actual Net Market Value (OMVC) of Legacy Hedges | \$ 4,639,944.06 | |
| 4 Nine Mile 2 RSA Credit | \$ (2,843,899.77) | |
| 5 Prior LTC reconciliation calculated for June 2014 Billing | <u>\$ 2,243,432.53</u> | |
| 6 Intended Billing (Line 3 + Line 4 + Line 5) | \$ 4,039,476.82 | |
| 7 Legacy Transition Charge Billed Revenue | \$ 1,933,059.85 | |
| 8 Reconciliation of Billed Revenue (Line 6 - Line 7) | | <u>\$ 2,106,416.97</u> |
| 9 Legacy Transition Charge for August 2014 Billing (Line 1 + Line 2 + Line 8) | | \$ 822,404.32 |
| <u>Rate Calculation</u> | | <u>Billing Month</u> <u>August 2014</u> |
| 10 Forecast Total Delivery Sales in Billing Month (kWh) * | | 2,831,079,676 |
| 11 Legacy Transition Charge (Line 9/ Line 10) | | \$ 0.000290 |

* 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) |
| Dec-11 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.60% | 0.13% | \$0.00 | \$0.00 |
| Jan-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Feb-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Mar-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Apr-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| May-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Jun-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Jul-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Aug-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Sep-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Oct-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Nov-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Dec-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| 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 | \$0.00 | \$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 |

* 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 | | |
|--|------------------|--------------------------------------|
| | June 2014 | August 2014 |
| 1 Forecast Net Market Value (OMVC) of NYPA R&D Contracts | | \$ (1,105,681.11) |
| 2 Actual Net Market Value (OMVC) of NYPA R&D Contracts | \$ (953,190.20) | |
| 3 Prior NYPA R&D reconciliation calculated for June 2014 Billing | \$ 408,263.95 | |
| 4 Intended Billing (Line 2 + Line 3) | \$ (544,926.25) | |
| 5 NYPA Benefit (R&D Contracts) Billed Revenue | \$ (842,201.26) | |
| 6 Reconciliation of Billed Revenue (Line 4 - Line 5) | | \$ 297,275.01 |
| 7 NYPA Benefit (R&D Contracts) for August 2014 Billing (Line 1 + Line 6) | | \$ (808,406.10) |
| Rate Calculation | | Billing Month August 2014 |
| 8 Forecast SC-1 and SC-1C Delivery Sales in Billing Month (kWh) | | 1,151,848,389 |
| 9 NYPA Benefit (R&D Contracts) rate (Line 7/ Line 8) | | \$ (0.000702) |

| RECHARGE NY RESIDENTIAL CONSUMER DISCOUNT (RCD) PAYMENT | | |
|--|-------------------|--------------------------------------|
| | June 2014 | August 2014 |
| 10 RCD Payment for upcoming billing month | | \$ (3,461,667.00) |
| 11 Actual RCD Payment Booked | \$ (3,461,667.00) | |
| 12 Prior RCD Payment reconciliation calculated for June 2014 Billing | \$ 50,756.28 | |
| 13 Intended Billing (Line 11 + Line 12) | \$ (3,410,910.72) | |
| 14 NYPA Benefit (RCD) Billed Revenue | \$ (3,148,676.83) | |
| 15 Reconciliation of Billed Revenue (Line 13 - Line 14) | | \$ (262,233.89) |
| 16 NYPA Benefit (RCD) for August 2014 Billing (Line 10 + Line 15) | | \$ (3,723,900.89) |
| Rate Calculation | | Billing Month August 2014 |
| 17 Forecast SC-1 and SC-1C Delivery Sales in Billing Month (kWh) | | 1,151,848,389 |
| 18 NYPA Benefit (RCD) rate (Line 16/ Line 17) | | \$ (0.003233) |