

NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: FEBRUARY 28, 2014

STATEMENT TYPE: SC
WORKPAPER FOR STATEMENT NO. 27
Attachment 1
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"Balance of the ESRM"
Rule 46.3.2 and Rule 46.3.3

Dollar Reconciliations		Cost Month January 2014
1 Rule 46.3.3.1 Actual Electricity Supply Costs		\$ 174,022,160.24
Actual Net Market Value (OMVC) of Self-Reconciling Mechanisms and Adjustments		
2 Actual OMVC of Legacy Hedges (excluding NYPA R&D Contracts)		\$ (9,862,645.70)
3 Actual OMVC of NYPA R&D Contracts		\$ (2,855,022.60)
4 Actual OMVC of New Hedges		\$ (44,015,829.34)
5 Subtotal		\$ (56,733,497.64)
6 Actual Market Cost of Electricity Supply (Line 1 minus Line 5)		\$ 230,755,657.88
7 Rule 46.1 ESCost Revenue from All Commodity Customers		\$ 124,258,450.67
8 Balance of the ESRM (Line 6 minus Line 7)		\$ 106,497,207.21
Rule 46.3.2 Mass Market Adjustment		
9 Forecast Commodity Rate (\$/kWh)	0.09024	
10 Actual Commodity Rate (\$/kWh)	0.16707	
11 Actual Hedged S.C. 1 & S.C. 2ND Sales Volumes (kWh)	994,800,348	
12 Mass Market Adjustment (Line 10 minus Line 9, multiplied by Line 11)		\$ 76,430,510.74
13 Rule 46.3.3 Supply Service Adjustment (Line 8 minus Line 12)		\$ 30,066,696.47
14 'Balance of the ESRM' plus Sales Reconciliation, calculated for January 2014 Billing		\$ 7,882,339.70
15 'Balance of the ESRM' Billed in January 2014		\$ 8,302,846.09
16 Balance of the ESRM Sales Reconciliation for March 2014 billing (Line 14 minus Line 15)		\$ (420,506.39)
ESRM adjustments related to methodology change *		
17 Mass Market adjustment related to ESRM Methodology Change (Attachment 2, Schedule 1)		\$ 556,364.25
18 Supply Service adjustment related to ESRM Methodology Change (Attachment 2, Schedule 1)		\$ 2,080,117.44
19 Total ESRM adjustment related to methodology change (Line 17 plus Line 18)		\$ 2,636,481.69
Rate Calculations		Billing Month March 2014
20 Forecast Total Commodity Sales for Billing Month (kWh)		1,142,886,628
21 Supply Service Adjustment factor for all Commodity Customers ((Line 13+Line 18)/ Line 20)		0.028128
22 Forecast SC-1 and SC-2ND Commodity Sales in Billing Month (kWh)		819,287,486
23 Mass Market Adjustment factor ((Line 12+Line 17)/ Line 22)		0.093968
24 Balance of the ESRM Reconciliation Factor (Line 16/ Line 20)		(0.000368)
Balance of the ESRM Rates (\$/kWh)		
25 Unhedged & MHP customers (Line 21 + Line 24)		0.027760
26 SC1 & SC2-ND Customers (Line 21 + Line 23 + Line 24)		0.121728

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

New Hedge Adjustment
Rule 46.3.1

	<u>January 2014</u>	<u>March 2014</u>
1 Forecast Net Market Value (OMVC) of New Hedges		\$ (9,960,586.00)
2 Actual Net Market Value (OMVC) of New Hedges	\$(44,015,829.34)	
3 Prior New Hedge Adjustment reconciliation calculated for January 2014 Billing	<u>\$ (1,863,815.89)</u>	
4 Intended Billing (Line 2 + Line 3)	<u>\$(45,879,645.23)</u>	
5 New Hedge Adjustment Billed Revenue	\$(10,239,734.48)	
6 Reconciliation of Billed Revenue (Line 4 - Line 5)		<u>\$(35,639,910.75)</u>
7 New Hedge Adjustment for March 2014 Billing (Line 1 + Line 6)		\$(45,600,496.75)
		<u>Billing Month</u>
		<u>March 2014</u>
8 Forecast SC-1 and SC-2ND Commodity Sales in Billing Month (kWh)		819,287,486
9 New Hedge Adjustment (Line 7/ Line 8)		\$ (0.055659)

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

	<u>January 2014</u>	<u>March 2014</u>
1 Forecast Net Market Value (OMVC) of Legacy Hedges		\$ 42,899.98
2 Scheduled Nine Mile 2 RSA Credit		\$ -
3 Actual Net Market Value (OMVC) of Legacy Hedges	\$ (9,862,645.70)	
4 Nine Mile 2 RSA Credit	\$ -	
5 Prior LTC reconciliation calculated for January 2014 Billing	\$ 42,989.35	
6 Intended Billing (Line 3 + Line 4 + Line 5)	\$ (9,819,656.35)	
7 Legacy Transition Charge Billed Revenue ⁽¹⁾	\$ 104,554.16	
8 Reconciliation of Billed Revenue (Line 6 - Line 7)		\$ (9,924,210.51)
9 Legacy Transition Charge for March 2014 Billing (Line 1 + Line 2 + Line 8)		\$ (9,881,310.53)
<u>Rate Calculation</u>		<u>Billing Month</u> <u>March 2014</u>
10 Forecast Total Delivery Sales in Billing Month (kWh) *		2,500,195,511
11 Legacy Transition Charge (Line 9/ Line 10)		\$ (0.003952)

* exclusive of NYPA, 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	Ending Balance Before Interest	Balance for Interest Calc	Customer Deposit Rate (Annual)	Customer Deposit Rate (Monthly)	Current Month Earned Interest	Ending Balance
(A)	(B)	(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	\$0.00	\$0.00	1.25%	0.10%	\$0.00	\$0.00
Apr-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
May-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
Jun-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
Jul-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
Aug-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

* 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 2014	March 2014
1 Forecast Net Market Value (OMVC) of NYPA R&D Contracts		\$ (930,698.72)
2 Actual Net Market Value (OMVC) of NYPA R&D Contracts	\$ (2,855,022.60)	
3 Prior NYPA R&D reconciliation calculated for January 2014 Billing	\$ 195,487.55	
4 Intended Billing (Line 2 + Line 3)	\$ (2,659,535.05)	
5 NYPA Benefit (R&D Contracts) Billed Revenue	\$ (890,198.35)	
6 Reconciliation of Billed Revenue (Line 4 - Line 5)		\$ (1,769,336.70)
7 NYPA Benefit (R&D Contracts) for March 2014 Billing (Line 1 + Line 6)		\$ (2,700,035.42)
Rate Calculation		Billing Month March 2014
8 Forecast SC-1 and SC-1C Delivery Sales in Billing Month (kWh)		1,040,503,627
9 NYPA Benefit (R&D Contracts) rate (Line 7/ Line 8)		\$ (0.002595)

RECHARGE NY RESIDENTIAL CONSUMER DISCOUNT (RCD) PAYMENT		
	January 2014	March 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 January 2014 Billing	\$ (45,717.89)	
13 Intended Billing (Line 11 + Line 12)	\$ (3,507,384.89)	
14 NYPA Benefit (RCD) Billed Revenue	\$ (3,798,515.00)	
15 Reconciliation of Billed Revenue (Line 13 - Line 14)		\$ 291,130.11
16 NYPA Benefit (RCD) for March 2014 Billing (Line 10 + Line 15)		\$ (3,170,536.89)
Rate Calculation		Billing Month March 2014
17 Forecast SC-1 and SC-1C Delivery Sales in Billing Month (kWh)		1,040,503,627
18 NYPA Benefit (RCD) rate (Line 16/ Line 17)		\$ (0.003047)