

PSC NO: 220 ELECTRICITY

LEAF: 263.2

NIAGARA MOHAWK POWER CORPORATION

REVISION: 15

INITIAL EFFECTIVE DATE: MAY 24, 2018

SUPERSEDING REVISION: 14

STAMPS: Issued in Compliance with Order in Case 17-E-0238 Issued March 15, 2018.

GENERAL INFORMATION

57. REVENUE DECOUPLING MECHANISM ("RDM")

57.1 The Revenue Decoupling Mechanism reconciles actual billed delivery service revenues for the RDM reconciliation period to annual target revenues ("ATR") for delivery service as approved in the Company's most recent rate case for each Reconciliation Group subject to the RDM defined in Rule 57.1.1 and as adjusted by the delivery service revenue associated with exempt customers identified in Rule 57.1.2. RDM targets will be adjusted, as applicable, to exclude credits applied to customer accounts pursuant to Rule 26.14. The RDM reconciliation shall determine the difference between actual billed delivery service revenues and the ATR for any Reconciliation Group listed in Rule 57.1.1 in each annual RDM reconciliation period and forms the basis of the RDM adjustment for that Reconciliation Group.

57.1.1 Delivery service revenue shall be defined as charges associated with distribution and transmission rates (customer, demand, reactive, and energy charges) applicable to retail delivery service customers subject to this RDM.

57.1.1.1 For the Street Lighting Reconciliation Group, delivery service revenues will also include facility charges. In the event that the Company transfers street lighting assets to one or more municipalities, the targets will be reduced to reflect changes in facilities charge revenues resulting from such sales.

For the first month after a delivery service rate change, the "billed delivery service revenues" will be defined as the product of actual sales and rate year rates.

The RDM reconciliation shall be performed for the following Reconciliation Groups:

1. SC-1, SC1-C
2. SC-2 Non Demand
3. SC-2 Demand
4. SC-3
5. SC-3A
6. Street Lighting (PSC 214)

* Customers served under SC4, SC7, and SC12 customers whose contracts provide exclusively for an alternative billing methodology, will be included in the RDM of their parent service classification.

57.1.2 Exempt/excluded from the RDM are the following:

57.1.2.1 SC-12 customers whose contracts do not provide exclusively for an alternative billing methodology for a NYPA allocation; therefore the ATR and billed delivery service revenue shall be excluded from the RDM, subject to the provisions of this rule below;

57.1.2.2 NYPA customers, including Recharge New York ("RNY") customers, will not be subject to the RDM on the NYPA/RNY portion of their load, however, ATR and billed delivery service revenue associated with the NYPA load of customers who receive NYPA/RNY power will be included in the RDM, subject to the provisions of this rule below; and

57.1.2.3 Empire Zone Rider ("EZR") and Excelsior Jobs Program ("EJP") customers shall not be subject to an RDM charge or credit on the EZR/EJP portion of their loads.