

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION

INITIAL EFFECTIVE DATE: ~~APRIL 1, 2018~~ MAY 1, 2019

STAMPS: Issued in Compliance with Order in Case 17-E-0238 Issued ~~March 15~~ April 24, 2019~~8~~.

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GENERAL INFORMATION

46. SUPPLY SERVICE CHARGES (Continued)

46.1.3.3 For each hour, the forecasted cost, in \$/kWh, of NYISO charges under all applicable OATT schedules; plus

46.1.3.4 For each hour, the forecasted NYISO NYPA Transmission Adjustment Charge (NTAC) rate, in \$/kWh.

46.1.3.5 The sum of each item shall be adjusted by the Local Transmission Efficiency Factors set forth in Rule 39.18.1.1 for the applicable distribution delivery voltage level and by the Average Unaccounted for Energy Factor set forth in Rule 39.18.1.2 plus any applicable taxes.

46.1.3.6 Any billing adjustment from the NYISO may be flowed through this Rule 46 based on the tariff rules in effect on the date service was rendered.

46.1.3.7 Effective May 1, 2012, a customer-specific peak load demand charge shall be calculated based on the customer's unique Capacity Tag assigned for the duration of each NYISO Capability Year and on the forecasted NYISO Capacity Spot Market price; and shall be assessed in each monthly billing period.

46.1.3.8 Effective July 1, 2019, the Company will perform a monthly reconciliation (Capacity Reconciliation) of the peak load demand charge to reconcile the forecasted NYISO Capacity Spot Market price in 46.1.3.7 to the actual NYISO Capacity Spot market price. Any under/ over collection will be charged based on the customer's unique Capacity Tag.

46.2 Legacy Transition Charge ("LTC"): Apart from the exceptions listed in Rule 46.2.4, the LTC is applicable to all delivery customers. The costs and benefits associated with the net market value of purchased power contracts executed prior to June 1, 2001, except for the one contract listed in Rule 46.2.7 and certain benefits of Service Classification No. 6 contracts executed after June 1, 2001, shall be calculated as follows:

46.2.1 The net market value of each Legacy Contract is defined as the monthly contract cost less the market value of the generation.

46.2.2 The LTC shall be calculated monthly and shall be based upon the sum of the monthly forecasted contract costs and forecasted market values of all of the Legacy Contracts plus any reconciliation balance from prior periods determined pursuant to Rule 46.2.3. The market value of the generation associated with Legacy Contracts will be determined based on the forecasted monthly market prices as set forth in 46.1.1. The LTC shall be calculated as the amount so determined divided by the forecasted kWh sales for the applicable month of all delivery service customers pursuant to Rule 46.2.4 below.

46.2.3 The LTC shall be subject to reconciliation in which the actual net market value shall be calculated and compared to the actual revenue billed by the LTC for the respective month. The actual net market value shall include actual avoided ancillary cost benefits of the Legacy Contracts and applicable avoided capacity and ancillary cost benefits of Service Classification No. 6 contracts. Any reconciliation balance, whether positive or negative, shall be included in the LTC in effect in subsequent periods.

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GENERAL INFORMATION

46. SUPPLY SERVICE CHARGES (Continued)

46.3.1.3 The New Hedge Adjustment factor shall be calculated monthly and shall be based upon the sum of the monthly forecasted contract costs and monthly forecasted market values of New Hedges, plus any applicable reconciliation balance from prior periods determined pursuant to Rule 46.3.1.4. The market value of the New Hedges will be determined based on the forecasted monthly market prices as set forth in 46.1.1. In addition, the New Hedge Adjustment shall include costs incurred by the Company in performing hedging activities, and such costs may take the form of costs of premiums for options, insurance premiums, letters of credit fees, and margining financial transaction costs. The New Hedge Adjustment shall be calculated as the amount so determined applicable for the zone(s) divided by the forecasted zonal kWh sales of customers on Service Classification Nos. 1 and 2 (Non Demand) receiving Electricity Supply Service from the Company.

46.3.1.4 The New Hedge Adjustment shall be subject to reconciliation in which the actual net market value for the zone(s) shall be calculated and compared to the actual revenue billed for the zone(s) for the applicable month. Any reconciliation balance, whether positive or negative, shall be included in the adjustment of subsequent periods pursuant to Rule 46.3.4.

46.3.2 Mass Market Adjustment – The variance in the forecasted monthly market prices upon which Mass Market customers are billed for a month and the actual monthly market prices for the same month and applicable to SC-1, with the exception of Special Provision L, and SC-2 (Non-Demand) customers taking Electricity Supply Service from the Company.

46.3.2.1 The Mass Market Adjustment shall be calculated monthly as the difference between the forecasted zonal monthly market prices determined pursuant to Rule 46.1.1 and the actual zonal monthly market prices for the same month, multiplied by the kWh sales billed to Mass Market customers during the applicable billing month.

46.3.2.2 The Mass Market Adjustment factor shall be calculated monthly as the amount determined pursuant to Rule 46.3.2.1 divided by the forecasted zonal kWh sales for the applicable month of customers on Service Classification Nos. 1 and 2 (Non Demand) receiving Electricity Supply Service from the Company. Any reconciliation balance, whether positive or negative, shall be included in the adjustment of subsequent periods pursuant to Rule 46.3.4.

~~Supply Service Adjustment – The reconciliation amount represented by the difference between actual monthly Electric Supply Costs and actual revenue billed through the ESCost pursuant to Rule 46.1 not otherwise recovered from customers through the LTC, NYPA Benefit, New Hedge Adjustment, and Mass Market Adjustment and is applicable to all customers taking Electricity Supply Service from the Company.~~

46.3.3 Supply Service Adjustment –

46.3.3.1 A Supply Service Adjustment will be determined for non-hourly priced customers and hourly priced customers defined respectively as customers served under the following service classes and provisions:

~~46.3.2.3 Actual monthly Electricity Supply Costs shall be all costs incurred by the Company in providing electric supply to its customers for an applicable service month. Electricity Supply Costs shall include the cost incurred under Legacy Contracts, New Hedges, NYPA R&D Contracts, Value Stack Energy Component credits determined in accordance with Rule 40.2.3, and for electricity purchased from NYISO in the Day Ahead and Real Time market, and shall include the cost of capacity and ancillary services and other supply related costs assessed to the Company; adjusted by~~

46.3.3.1.1 Service Classifications No. 1, Service Classification No. 1

Issued by ~~Kenneth D. Daly~~ John Bruckner, President, Syracuse, NY

(Special Provision L), Service Classification No. 1C, , No. 2 (Non-Demand), Service Classification No. 2 ND (Special Provision O), Service Classifications No. 2 Demand, and Service Classification No. 3 (excluding customers on Mandatory Hourly Pricing-Special Provision L and Voluntary Hourly Pricing-Special Provision N) and all Service Classifications of PSC No. 214 Customers ("Non-hourly Priced Customers"); and

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GENERAL INFORMATION

46. SUPPLY SERVICE CHARGES (Continued)

46.3.3.1.2. SC2D-Special Provision P (Effective June 1, 2013), SC3 Special Provision L - Mandatory Hourly Pricing Customers, SC3 Special Provision N (Effective June 1, 2013), and Service Classification No. 3A Customers ("Hourly Priced Customers")

46.3.3.2 Supply Service Adjustment for Non-hourly Priced Customers - The reconciliation amount represented by the difference between actual monthly Electric Supply Costs and actual revenue billed through the ESCost pursuant to Rule 46.1 not otherwise recovered from customers through the LTC, NYPA Benefit, New Hedge Adjustment, Mass Market Adjustment and Supply Service Adjustment for Hourly Priced Customers and is applicable to all Non-hourly Priced Customers taking Electricity Supply Service from the Company.

46.3.3.2.1 Actual monthly Electricity Supply Costs shall be all costs incurred by the Company in providing electric supply to Non-hourly Priced Customers for an applicable service month. Electricity Supply Costs shall include the cost incurred under Legacy Contracts, New Hedges, NYPA R&D Contracts, Value Stack Energy Component credits determined in accordance with Rule 40.2.3, and for electricity purchased from NYISO in the Day Ahead and Real Time market, and shall include the cost of capacity and ancillary services and other supply related costs assessed to the Company.

46.3.3.2.2 The actual monthly Electricity Supply Costs as specified in 46.3.3.2.1, shall be adjusted by the following:

46.3.3.2.2.1 Actual amount of the net market value associated with i) Legacy Contracts assessed through the LTC pursuant to Rule 46.2, ii) NYPA R&D Contracts assessed through the NYPA Benefit factor pursuant to Rule 46.2.6, and iii) New Hedges assessed through the New Hedge Adjustment factor pursuant to Rule 46.3.1; and

46.3.3.2.2.2 The Mass Market Adjustment determined pursuant to Rule 46.3.2; and the Supply Service Adjustment for Hourly Priced Customers pursuant to Rule 46.3.3.3.1; and any reconciliation balance from prior periods determined pursuant to Rule 46.3.3.2.4 below.

46.3.3.2.3 The Supply Service Adjustment factor for Non-hourly Priced Customers shall be calculated monthly as the amount determined in accordance with Rules 46.3.3.2.1 and 46.3.3.2.2, plus any over/under collection determined in Rule 46.3.3.2.4, divided by the forecasted kWh sales for the applicable month to the customers listed above receiving Electricity Supply Service from the Company.

46.3.3.2.4 The Supply Service Adjustment for Non-hourly Priced Customers shall be subject to reconciliation in which the reconciliation amount determined in accordance with Rules 46.3.3.2.1 and 46.3.3.2.2 shall be compared to the actual revenue billed by the Supply Service Adjustment factor for the applicable month. Any reconciliation balance, whether positive or negative, attributed to mass market customers shall be included in the adjustment of subsequent periods pursuant to Rule 46.3.4.

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GENERAL INFORMATION

46.3.3.3 Supply Service Adjustment for Hourly Priced Customers

46.3.3.3.1 Supply Service Adjustment for Hourly-Priced Customers shall be calculated monthly as the difference between the forecasted capacity rate as determined in rule 46.1.3.7 and the actual capacity rate for the same month, multiplied by the aggregate Capacity Tag KW billed to Hourly Priced Customers in the same month; plus the difference between the forecasted ancillary market prices (pursuant to Rule 46.1.3.3 and 46.1.3.4) and the actual ancillary market prices for the same month and adjusted for losses, multiplied by the kWh sales billed to Hourly-priced Customers during the applicable billing month; plus the Hourly-priced Customer share of the i) NYISO Day Ahead and Real Time balancing transaction costs and ii) other supply related costs assessed to the Company.

46.3.3.3.2 The Supply Service Adjustment factor shall be calculated monthly as the amount determined in accordance with Rules 46.3.3.3.1 (minus the Capacity Reconciliation as specified in Rule 46.1.3.8) plus any over/under collection as determined in Rule 46.3.3.3.3, divided by the forecasted kWh sales for the applicable month to the customers listed above receiving Electricity Supply Service from the Company.

46.3.3.3.3 The Supply Service Adjustment shall be subject to reconciliation in which the reconciliation amount determined in accordance with Rules 46.3.3.3.1 shall be compared to the actual revenue billed by the Supply Service Adjustment factor determined in Rule 46.3.3.3.2, plus the actual revenue billed by the Capacity Reconciliation determined in Rule 46.1.3.8 for the applicable month.

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GENERAL INFORMATION

46. SUPPLY SERVICE CHARGES (Continued)

~~46.3.3.2 The actual amount of the net market value associated with Legacy Contracts assessed through the LTC pursuant to Rule 46.2, NYPA R&D Contracts assessed through the NYPA Benefit factor pursuant to Rule 46.2.6, New Hedges assessed through the New Hedge Adjustment factor pursuant to Rule 46.3.1, the Mass Market Adjustment determined pursuant to Rule 46.3.2, and any reconciliation balance from prior periods determined pursuant to Rule 46.3.3.4 below.~~

~~46.3.3.3 The Supply Service Adjustment factor shall be calculated monthly as the amount determined in accordance with Rules 46.3.3.1 and 46.3.3.2 divided by the forecasted kWh sales for the applicable month to all customers receiving Electricity Supply Service from the Company.~~

46.3.3.4 The Supply Service Adjustment shall be subject to reconciliation in which the reconciliation amount determined in accordance with Rules 46.3.3.1 and 46.3.3.2 shall be compared to the actual revenue billed by the Supply Service Adjustment factor for the applicable month. Any reconciliation balance, whether positive or negative, shall be included in the adjustment of subsequent periods pursuant to Rule 46.3.4.

46.3.4 Supply Reconciliation Balance – The charges or credits associated with -supply reconciliations for Mass Market customers that are delayed from the typical two month lag.

46.3.4.1 Generally, reconciliations will be performed on a two month lag basis. Any delay in these reconciliations will be implemented through the Supply Reconciliation Balance. Any subsequent reconciliations of the Supply Reconciliation Balance caused by sales variances will occur within the reconciliation of the New Hedge Adjustment.

46.3.5 Clean Energy Standard Supply (“CESS”) Charge - All customers receiving supply service in accordance with Rule 46.1 will be subject to the Clean Energy Standard Supply (“CESS”) charge. The CESS will consist of:

46.3.5.1 Renewable Energy Standard (“RES”) charge – The costs associated with the CES RES program, where the Company procures qualifying RECs and/or remits ACPs as mandated by the CES Order in Case 15-E-0302. The RES charge also includes the costs associated with the purchase of ORECs as mandated by the OSW Standard in Case 18-E-0071. The annual RES cost will be calculated using available RES Compliance Year REC prices (\$/MWh) times the Company’s RES Compliance Year REC obligation percentage(s) times the Local Transmission Efficiency Factors for Secondary service Rule 39.18; plus the annual OREC cost, as determined by NYSERDA, for the applicable RES Compliance Year, divided by the forecast annual kWh sales of all customers receiving Electricity Supply Service from the Company for the applicable period.

46.3.5.2 Any costs associated with purchases of RECs or ACPs that have occurred or are forecasted to occur for the period of January 1, 2017 through March 31, 2018 will be included in the first year RES calculations beginning April 1, 2017. Commencing April 1 2018, the RES charge calculation will be performed on an annual basis for the upcoming April through March period.

46.3.5.3 Zero-Emissions Credit (“ZEC”) Charge – The costs associated with the CES ZEC requirements, where the Company is contractually obligated to purchase ZECs from NYSERDA during the ZEC Compliance Year. The annual ZEC cost, as determined by NYSERDA for the ZEC Compliance Year, will be divided by the forecast annual kWh sales of all customers receiving Electricity Supply Service from the Company for the applicable period.