

PSC NO: 220 ELECTRICITY
 NIAGARA MOHAWK POWER CORPORATION
 INITIAL EFFECTIVE DATE: JULY 16, 2012

LEAF: 3
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GENERAL INFORMATION

29. DELIVERY CHARGE ADJUSTMENT – ~~Canceled THIS RULE EXPIRES MAY 30, 2012~~

~~29.1 The purpose of the Delivery Charge Adjustment (DCA) is to reconcile the Company's actual Electricity Supply Cost with the forecast Electricity Supply Cost upon which the Competitive Transition Charge (CTC)(s) was established, and adjusted for the Company's unhedged energy, capacity, and ancillary service cost and credits further described in Rule 29.2. The reconciliation shall consist of (i) the volumetric price of the forecast Electricity Supply Cost exclusive of Ancillary Services and NTAC which the CTC was based, minus (ii) the volumetric price of the actual Electricity Supply Cost which the customer is subject to at the time of billing exclusive of Ancillary Services and NTAC times (iii) the hedged percentage factor in Table 29.1:~~

~~Table 29.1 Hedged Percentage Factor~~

Service Class	2001,2002	2003	2004	2005		
SC 1,1C	0.95	0.95	0.95	0.95		
SC 2ND	0.95	0.95	0.95	0.90		
SC 2D	0.95	0.90	0.85	0.80		
PSC 214	0.95	0.90	0.85	0.80		
SC 3, SC 4, SC5						
less than 2 MW	0.80	0.50	0.20	0.00		
	2006	2007	2008	2009	2010	2011
SC 1, 1C	0.90	0.90	0.90	0.81	0.70	0.70
SC 2ND	0.90	0.90	0.90	0.72	0.55	0.55
SC 2D	0.80	0.80	0.45	0.00	0.00	0.00
PSC 214	0.80	0.80	0.00	0.00	0.00	0.00
SC 3, SC 4, SC5						
less than 2 MW	0.00	0.00	0.00	0.00	0.00	0.00

~~29.2 The DCA shall additionally be adjusted for deviations between actual costs for unhedged energy and capacity for purchased power costs applicable to periods following August 31, 2001, and ESS revenues realized by the Company. For each calendar month, the adjustment to the DCA hereafter referred to as the Commodity Adjustment Charge (CAC), shall include a calculation of:~~

~~29.2.1 Total purchased power costs exclusive of (i) Ancillary Services and NTAC (ii) New York Power Authority Power For Jobs, (iii) Economic Development Power, (iv) Expansion Power, (v) Replacement Power, (vi) Rural and Domestic residential hydro supplies each of which are scheduled as bilateral transactions in the NYISO to such customers, inclusive of (vii) NYISO energy true ups (for periods post August 31, 2001), (viii) NYPA Blenheim Gilboa, (ix) power supply and applicable hedging contracts, (x) NYISO purchases, (xi) Transmission Usage Charges, (xii) applicable TCC costs net of any associated congestion rents from those purchased TCCs, plus~~

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29. DELIVERY CHARGE ADJUSTMENT – ~~Canceled (Continued)~~

~~29.2.2 Amortized buyout or buy-down costs of IPP contracts provided that such monthly amortization schedule is established at the time of the buyout or buydown and is equal to the projected monthly purchased power savings until such time that either (I) the net present value of the amortization schedule inclusive of return at the Company cost of capital is equal to the buyout or buy-down cost or (II) the remaining amortization is included in any applicable CTC reset, minus~~

~~29.2.3 The over-market variable costs on Table 29.2.3 for the respective cost month, minus~~

TABLE 29.2.3
 (\$000)

(Amounts exclude purchase for resale programs' costs and NYPA residential costs)

January 2010	(\$3,696)	January 2011	(\$4,250)
February	(2,468)	February	(3,096)
March	(1,803)	March	(3,935)
April	(1,799)	April	(2,399)
May	(1,130)	May	(988)
June	(1,909)	June	(3,081)
July	(1,278)	July	(3,637)
August	(2,525)	August	(5,316)
September	(871)	September	(1,757)
October	(4,475)	October	(1,244)
November	(2,993)	November	573
December 2010	(\$ 987)	December 2011	\$1,633

~~29.2.4 The net sum of (1) Rule 46, less Ancillary Services and NTAC charged plus (2) Rule 29.1 revenues, which may be negative, from customers for the respective cost month inclusive of all applicable service classes, minus (3) the product of the actual NYPA Rural and Domestic ("R&D") residential Niagara hydro purchase supplies, times the market value of the NYPA R&D as measured by the product of (i) the NYPA Rural and Domestic ("R&D") residential hydro purchase supplies, in kWh times (ii) the forecast energy and capacity market price used to establish the over-market variable cost, minus~~

~~29.2.5 Commodity revenues received from SC 3A customers served under Option 2, minus~~

~~29.2.6 Wholesale sales revenues associated with wholesale sales by Niagara Mohawk during the respective cost month, plus or minus~~

~~29.2.7 Costs deferred from previous months pursuant to Rule 29.2.10.~~

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29. DELIVERY CHARGE ADJUSTMENT - ~~Canceled~~(Continued)

~~29.2.8 The actual CAC rate (positive or negative) shall be calculated for the service classification applicable to the DCA by taking the resulting revenues determined in accordance with Rule 29.2.1 through 29.2.7 times (ii) the service class billing sales, associated with the cost month, taking Standard Rate Service, times (iii) the applicable Hedged Percentage Factor in Table 29.1, divided by (iv) the summation of the product of the service class' billing sales, associated with the cost month, taking Standard Rate Service times the applicable hedged percentage factor in Table 29.1, divided by (v) the service class billing sales taking Standard Rate Service whereby each sales is based upon the forecast sales for the corresponding recovery month which the adjustment will be refunded or collected from customers. The CAC will be calculated on a cost month basis and recovered on a two month lag basis.~~

~~29.2.9 The CAC shall be calculated as one rate per kilowatthour for each class applicable to all customers in all service classifications, load zones and voltage levels eligible to receive the DCA.~~

~~29.2.10 The CAC shall be limited to \$0.004 per kilowatthour of hedged sales (where the hedged sales is the summation of the product of each class' billing sales times the applicable hedge percentage factor in Table 29.1) in aggregate not for each individual class, provided however, that if the four mill cap is reached for two consecutive months in a row, the cap will increase by three mills per kilowatthour to \$0.007 per kilowatthour, and if the seven mill cap is reached for another two consecutive months in a row, the cap will increase by three mills per kilowatt hour to \$0.010 per kilowatt hour, and any costs in excess of the applicable caps shall be deferred with a return at the Company's cost of capital. If at any point the \$0.010 cap or greater has been obtained, the CAC shall be set to \$0.0 for one month before the CAC reverses between a charge and a credit~~

~~29.2.10.1 The deferral shall continually be reduced and collected from or credited to customers in the CAC to the degree the CAC limit is not reached. If the total cost deferred exceeds \$40 million in the given years ending December 31, 2010 and December 31, 2011, the Company will be authorized to flow through the current costs in the CAC in the month after the \$40 million deferral limit is exceeded. This will avoid the accrual of any further deferrals, regardless of the caps set forth in this provision.~~

~~29.2.11 The CAC shall be added to the DCA value calculated in Rule 29.1 to determine the overall value of the DCA.~~

~~29.2.12 The CAC as determined in this Rule shall become effective with the first regular billing cycle of the second revenue month following the calendar month for which the DCA adjustment has been determined and shall continue to be in effect until the next billing cycle.~~

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29. DELIVERY CHARGE ADJUSTMENT ~~– Canceled (Continued)~~

~~29.2.13 The calculation and the resulting per kWh rate of the CAC shall be presented on statements filed with the Public Service Commission apart from this schedule not less than three (3) business days prior to its effective date. Such statements shall be coincident with the first billing cycle of each month.~~

~~29.3 Customers who are served under SC 1, SC 1C, SC 2, SC 3, and SC 4 (less than 2 MW per month) of P.S.C. No. 220 Electricity, service classifications of P.S.C. No. 214 Electricity, and may be applicable to PSC No. 220 SC Nos. 11 and 12 in accordance with the terms of their individual contracts, and the portion of an EZR's customer load served at Standard Tariff rates are subject to the application of the DCA contingent on the eligibility of the customer for the Standard Rate Service as described in Rule 48.~~

~~29.4 The DCA shall be calculated on a per kilowatthour basis and will be the sum of the value calculated in Rule 29.1 and the value calculated in Rule 29.2. As a result, the DCA will vary by Load Area as defined in this Tariff, by service classification when applicable, and by voltage level where applicable, for each month.~~

~~29.5 The DCA shall be applicable regardless of whether the ESS is provided by the Company or an alternative supplier.~~

~~29.5.1 Regardless of the supplier of the ESS, the DCA shall be calculated in the identical manner as to reconcile the Company's actual Electricity Supply Cost with the forecast Electricity Supply Cost upon which the CTC(s) was established.~~

~~29.6 The applicable DCA shall be applied to the customer's actual billed kilowatthour consumption.~~

~~29.6.1 The DCA may be either a positive or negative value depending on the result of the reconciliation described in Rule 29.1 and 29.2.~~

~~29.6.2 The DCA rate per kilowatthour and the resulting revenue collection or refund shall be shown as a separate line item on customers' service bills.~~

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GENERAL INFORMATION

34. ECONOMIC DEVELOPMENT PROGRAMS: (Continued)

34.1 Introduction (Continued)

34.1.2 Common Program Eligibility Requirements (Continued)

34.1.2.4 Customers must be current in their payment of all undisputed bills and the undisputed portion of all disputed bills for service rendered by the Company to be eligible to receive service under any program offered herein. Customers who have executed a deferred payment agreement with the Company and are in full compliance with the requirements of their DPA shall be eligible for these programs.

34.1.2.5 Bills are due and payable when rendered. Full payment must be received on or before the date shown on the bill to avoid a late payment charge of one and one-half percent (1 1/2) pursuant to Rule 26.4. The Company reserves the right to terminate the discounted service if the undisputed portion of the bills are not paid when due.

34.1.2.6 With the exception of Program 1, EDR, customers served under this Rule 34 shall be eligible for the Retail Access Program in accordance with Rule 39, Retail Access Program. Customers receiving service under Program 3-EDP, Program 4-PFJR, ~~and Program 5-RNY~~ shall not be eligible to receive Retail Access for that portion of their requirements supplied by EDP ~~or~~ PFJR ~~or RNY Power~~ under those programs.

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GENERAL INFORMATION

34. ECONOMIC DEVELOPMENT PROGRAMS (Continued)

34.6 Program 5 – Recharge New York (“RNY”) Power Program (**Effective July 1, 2012**)

34.6.1 Eligibility Criteria

34.6.1.1 Applicant or customer who qualifies must take service under and in accordance with the provisions (except as expressly provided herein) of Service Classification Nos. 2D, 3, 3-A, 4, 7, or 12 hereinafter referred to as the parent service classification, and

34.6.1.2 Customer's revitalization and expansion load requirements will be administered in accordance with New York State Economic Development Law, Article 6, Sections 1834 188-A, Public Authority's Law, as amended by Chapter 316 of the New York Laws of 1997 and the regulations of the Power Authority of the State of New York.

34.6.1.3 Applicant must complete the subscription procedure as described in Section 34.6.2.

34.6.2 Subscription Procedure

34.6.2.1 Applicant must apply to NYPA on forms provided by NYPA, and application must include written approval from the New York State Economic Development Power Allocation Board and the NYPA's Trustees regarding their RNY allocation, and;

34.6.2.2 Written verification of NYPA trustees award of RNY allocation should specifically state:

34.6.2.2.1 effective date of allocation of RNY power;

34.6.2.2.2 if customer is electing the total allocation of 50% low cost hydropower and 50% market power, or only low cost hydropower.

34.6.2.3 If customer elects an alternate supplier for their allocation of RNY market power other than NYPA, the customer must choose the same supplier that provides their supplemental load. If the Company bills for the alternate supplier chosen by the customer, the market power will be billed at the same rate as the supplemental load.

34.6.2.4 All RNY Service provided under this Program must be transmitted and delivered to the Company's distribution system pursuant to the provisions of the NYISO Tariff filed with and accepted by the Federal Energy Regulatory Commission, as that NYISO Tariff may be changed or modified from time to time.

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34. ECONOMIC DEVELOPMENT PROGRAMS: (Continued)

34.6 Program 5 - Recharge New York ("RNY") Power Program

34.6.3.4 LOAD FACTOR SHARING (Continued)

a) the customer's maximum metered demand in the billing period; in the case of a RNY customer served under S.C. No. 3-A, the maximum demand is defined as the non coincident (non-time differentiated) maximum metered fifteen minute demand.

b) the value (size in kW) of the RNY contract demand.

The calculated BDR value will then be greater than zero and less than or equal to 1.0.

DEMAND:

34.6.3.4.1.2 Calculate the portion of the customer's peak demand which is identified to have been met by RNY Service furnished by NYPA. The apportioned peak demand allocated to NYPA is the mathematical product of the **BDR** and the current month's maximum metered 15 minute (30 minute for SC-4) demand according to the parent service classification. This amount shall be considered to be the NYPA billing demand.

34.6.3.4.1.3 Calculate the portion of the peak demand which is identified to have been delivered by the Company. The apportioned peak demand delivered by the Company is the difference between the peak demand for the billing period and the RNY allocated demand in 34.6.3.4.1.2. This is the billing demand for Company load. For those customers served under S.C. No. 3A, the on-peak demand supplied by the Company shall be determined as the difference between the maximum metered on-peak demand supplied in the billing period and the RNY allocated demand determined in Rule 34.6.3.4.1.2, but in no case less than 0.00.

ENERGY:

34.6.3.4.1.4 In each interval, calculate the apportioned NYPA energy. The amount of the interval's total energy deliveries allocated to NYPA is the mathematical product of the **BDR** and the interval's total energy deliveries.

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34. ECONOMIC DEVELOPMENT PROGRAMS: (Continued)

34. Program 5 - Recharge New York ("RNY") Power Program

34.6.3.4 LOAD FACTOR SHARING: (Continued)

34.6.3.4.1 Determination of Billing Demand and Energy (Continued)

34.6.3.4.1.5 In each interval, calculate the apportioned Company energy. The amount of the interval's total energy deliveries allocated to the Company is the difference between the interval's total energy deliveries and that which was determined to have been generated by NYPA in 34.6.3.4.1.4.

34.6.3.4.1.6 For the billing period, aggregate the apportioned NYPA and Company billing energy. The aggregated billing units for each account are the sum of the NYPA and Company billing units for each interval of the billing period.

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37. NET METERING FOR RESIDENTIAL, FARM SERVICE AND NON-RESIDENTIAL WIND ELECTRIC GENERATING SYSTEMS AS DEFINED IN PUBLIC SERVICE LAW ("PSL") 66-L

37.6.3 Residential Wind and Farm Service Wind Customer-Generators- At the end of the net metering year (12 month period), defined as the 12 month period after the effective date of Form "K," or the alternative anniversary date selected by the Customer-Generator in accordance with Rule 37.6.3.1 below, and each 12 month period thereafter, any accumulated excess kWh production shall be converted to a cash value and paid to the Customer-Generator at the appropriate service classification's average avoided cost for the applicable period as calculated under Special Provision C of S.C. No. 6 of this tariff.

37.6.3.1 All eligible Residential Wind and Farm Service Wind Customer-Generators will have a one-time option to select an individual anniversary date for their annual cash-out of any accumulated excess kWh production.

37.6.4 Non-Residential Wind Customer-Generators will continue to have any excess kWh carried over each proceeding month in accordance with Rule No. 37.6.2.1 and Rule No. 37.6.2.2 above.

37.7 ~~37.6.5~~ For a Customer-Generator who has Solar, Farm Waste and/or Wind Electric Generating Equipment installed at the same location, the total combined rated capacity of these electric generating systems shall not exceed the limits set forth in Rule No. 37.1. The Company will review these net metering arrangements on a case by case basis to determine the interconnection and generation requirements that best accommodate the net metering arrangement presented by the Customer.

37.8 In the event that the total rated generating capacity of residential and/or farm service electric wind generating equipment that provides electricity through the same local feeder line exceeds 20 percent (20%) of the rated capacity of the local feeder line, the Company may require the customer to comply with reasonable measures to ensure the safety of the local feeder line.

37.9 Wind customers may not offset metering credits against bills for usage metered at locations other than the net metering delivery point with the exception of Rule No. 37.10 below.

37.10 Remote Net Metering for Farm and Non-Residential Wind Electric Customer-Generators

To qualify for remote net metering, the Customer-Generator must be:

- 1) A Farm Based Wind Customer-Generator, who own or operate wind electric generating equipment located and used on land used in agricultural production as defined in accordance with Rule No. 37.1.2; or
- 2) A non-residential Wind Electric Customer-Generator, who owns or operates wind electric generating equipment as defined in Rule 37.1.3.

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GENERAL INFORMATION

40. ~~ADJUSTMENT TO CHARGE PURSUANT TO THE NEW YORK POWER AUTHORITY (NYPA) HYDROPOWER BENEFIT RECONCILIATION MECHANISM — THIS RULE EXPIRES FEBRUARY 29, 2012~~ CANCELED

~~40.1 — Reconciliation Periods and Transition from Annual to Monthly Adjustment~~

~~40.1.1 — The adjustment to residential charges applicable for the NYPA reconciliation shall be implemented on a calendar year cost basis from September 1, 2001 through December 31, 2007 based upon the accumulation of monthly data. Such calendar year reconciliation shall produce 12-month reconciliation rate per kilowatt hour applicable to residential service bills effective March 1 of the subsequent year. In this adjustment, the Company shall true up the value of power delivered by NYPA allocated to the Company's residential class of customers, specifically, Niagara Firm, Niagara Peaking, St. Lawrence Firm, and residual Replacement Power not allocated and consumed by qualifying industrial customers, to the forecasted value of such power reflected in base rates.~~

~~40.1.2 — The adjustment to residential charges applicable for the NYPA reconciliation shall be implemented on a monthly cost basis commencing January 1, 2008 and continuing thereafter based upon each month's actual data. The foregoing monthly adjustment determined on a two-month lagged basis shall be applied in addition to the annual adjustment for calendar year 2007 determined in accordance with Rule 40.1.1 above on residential service bills from March 1, 2008 through February 28, 2009. In this adjustment, the Company shall true up the value of power delivered by NYPA allocated to the Company's residential class of customers, specifically, Niagara Firm, Niagara Peaking, and St. Lawrence Firm Power, to the forecasted value of such power reflected in base rates.~~

~~40.1.3 — Effective March 1, 2009, only the monthly adjustment determined in accordance with Rule 40.1.2 above shall apply and continue thereafter.~~

~~40.2 — For each reconciliation period, in accordance with Rule No. 40.1.1 or Rule No. 40.1.2, the Company shall adjust the volumetric delivery charge for SC 1 and SC 1C by a rate equal to the accumulation for the respective month in the reconciliation period:~~

~~+ Actual NYPA Residential Cost
 + Forecast NYPA Residential Cost
 + (Forecast NYPA Residential Supply — Actual Residential Supply) * (Market Price)~~

~~all divided by forecast sales for the upcoming 12-month recovery period in accordance with Rule No. 40.1.1 or divided by forecast sales for the upcoming one-month recovery period in accordance with Rule No. 40.1.2.~~

~~Where:~~

~~40.2.1 — Actual NYPA Residential Cost in dollars for the respective month is the cost paid by the Company to NYPA for power under Niagara Firm, Niagara Peaking, St. Lawrence Firm, and residual Replacement Power not allocated and consumed by qualifying industrial customers.~~

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40. ~~ADJUSTMENT TO CHARGE PURSUANT TO THE NEW YORK POWER AUTHORITY (NYPA)
 HYDROPOWER BENEFIT RECONCILIATION MECHANISM (Continued) CANCELED~~

~~40.2.2 Forecast NYPA Residential Cost in dollars for the respective month is the forecast cost (in Rule 40.4), used in the development of the rate plan approved in PSC Case No. 01-M-0075 which may be updated in CTC Resets, to paid by the Company to NYPA for delivery of power under Niagara Firm, Niagara Peaking, St. Lawrence Firm, and residual Replacement Power not allocated and consumed by qualifying industrial customers.~~

~~40.2.3 Forecast NYPA Residential Supply in MWh for the respective month is the forecast energy (in Rule 40.4) used in the development of the rate plan approved in PSC Case No. 01-M-0075 which may be updated in CTC Resets to be delivered by NYPA to the Company under Niagara Firm, Niagara Peaking, St. Lawrence Firm, and residual Replacement Power not allocated and consumed by qualifying industrial customers.~~

~~40.2.4 Actual NYPA Residential Supply in MWh for the respective month is the actual delivered energy by NYPA to the Company under Niagara Firm, Niagara Peaking, St. Lawrence Firm, and residual Replacement Power not allocated and consumed by qualifying industrial customers.~~

~~40.2.5 Market Price in \$/MWh for the respective month shall mean the forecast energy and capacity market price used to establish the over-market variable cost, as approved in PSC Case No. 01-M-0075.~~

~~40.3 In accordance with New York Public Authorities Law §1005, Subdivision 13 b Residential Consumer Discount Program, NYPA will use revenues from the sale of hydroelectric power and such other NYPA funds as deemed feasible and advisable by NYPA's trustees to fund monthly credits to residential customers' bills.~~

~~40.3.1 The credit will be reflected in the form of a per kWh amount equal to the monthly forecast of payments from NYPA divided by the month's forecasted sales.~~

~~40.3.1.1 The monthly credit provided to customers shall not exceed the total monthly electric utility bill for each customer.~~

~~40.3.2 The resulting factor will be shown as a separate line item on the monthly NYPA Hydropower Reconciliation Mechanism Statement.~~

~~40.3.3 Forecasted sales used for determining the monthly credit will be reconciled to actual sales on a two month lag basis, with any over/under amount collected/refunded to customers.~~

~~40.4 Filing of Reconciliation Rate Statements~~

~~40.4.1 In accordance with Rule No. 40.1.1, the annual reconciliation rate shall be shown on a statement filed annually with the Public Service Commission apart from the rate schedule not less than three (3) business days before its effective date.~~

~~40.4.2 In accordance with Rule No. 40.1.2, the monthly reconciliation rate shall be shown on a statement filed monthly with the Public Service Commission apart from the rate schedule not less than three (3) business days before its effective date.~~

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40. ~~ADJUSTMENT TO CHARGE PURSUANT TO THE NEW YORK POWER AUTHORITY (NYPA)
 HYDROPOWER BENEFIT RECONCILIATION MECHANISM (Continued) (CANCELED)~~

~~40.5 Forecast NYPA Residential Supply and Cost~~

Month	Year	MWh	Cost
January	2010	0	\$0
February	2010	0	\$0
March	2010	0	\$0
April	2010	0	\$0
May	2010	0	\$0
June	2010	0	\$0
July	2010	0	\$0
August	2010	0	\$0
September	2010	0	\$0
October	2010	0	\$0
November	2010	0	\$0
December	2010	0	\$0
January	2011	0	\$0
February	2011	0	\$0
March	2011	0	\$0
April	2011	0	\$0
May	2011	0	\$0
June	2011	0	\$0
July	2011	0	\$0
August	2011	0	\$0
September	2011	0	\$0
October	2011	0	\$0
November	2011	0	\$0
December	2011	0	\$0

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GENERAL INFORMATION

45. ~~NUCLEAR RETIREMENT ADJUSTMENT CLAUSE CANCELED~~

~~In the event that the Company announces its intent to retire or abandon a nuclear plant, the Company shall begin deferring for future recovery nuclear operation, maintenance and decommissioning costs, and shall pass through to customers its replacement power costs ("RPCs") as defined in this Rule 45. The deferrals and RPC passthroughs shall commence on: (1) the date on which the Company announces its intent to retire the plant, if the plant is not operating when the announcement is made, or (2) the date on which the nuclear plant is permanently shut down if the plant is still operating when the intent to close the plant is announced. A report summarizing the basis for this decision will be filed with the Public Service Commission no later than 60 days of such an announcement.~~

~~45.1 Operation, Maintenance and Decommissioning Cost Provision~~

~~The Company shall defer for later recovery or refund the difference between actual nuclear operation, maintenance and decommissioning costs incurred and the level of nuclear operation, maintenance and decommissioning costs embedded in rates. In any month where such deferral shows a net credit and the spot market price exceeds the nuclear plant's avoided fuel costs, the credit shall be used to offset the Nuclear Retirement Adjustment Surcharge for that month.~~

~~45.2 Determination of RPCs~~

~~45.2.1 Determination of RPCs For Customers with Floating CTCs~~

~~RPCs shall be determined by subtracting the costs of avoided nuclear fuel costs, and any net reductions in nuclear operating, maintenance and decommissioning costs, from the market price of electricity purchased or produced by the Company to replace the forecasted output of the nuclear plant~~

~~Where:~~

~~avoided nuclear fuel costs are nuclear fuel costs that can be saved as a result of not operating the plant, based on nuclear fuel costs embedded in rates, and~~

~~net nuclear operating, maintenance and decommissioning costs are the amount by which actual nuclear operating, maintenance and decommissioning costs in any month are less than the level of operating, maintenance and decommission costs embedded in rates.~~

~~45.2.2 Determination of RPCs For Customers with Fixed CTCs~~

~~RPCs for customers with fixed CTCs shall be calculated as in 45.2.1 except that the market price of electricity shall be based on forecasted market prices rather than on actual market prices, so that variations between actual and forecasted market prices shall not be flowed through to such customers. The forecasts of market prices to be used for this purpose shall be based on the CTC payment option chosen by each such customer.~~

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45. ~~NUCLEAR RETIREMENT ADJUSTMENT CLAUSE (Continued)~~CANCELED

~~45.3 Recovery of RPCs~~

~~45.3.1 General Rule~~

~~The Company shall calculate RPCs on a monthly basis and apply them on a volumetric basis (per kWh) to all customers that pay CTCs under its Tariffs P.S.C. No. 220 Electricity and P.S.C. No. 214 Outdoor Lighting (whether the CTC is billed on a bundled or unbundled basis) through temporary rates which shall be subject to refund, but shall not recover such costs from customers served under individually negotiated rate agreements under rate schedules S.C. No. 11 or S.C. No. 12 of its Tariff P.S.C. No. 220 Electricity unless such individually negotiated rate agreements specifically authorize the recovery of such nuclear RPCs. These rates shall become permanent upon a finding by the Commission that the retirement or abandonment of the nuclear plant in question was prudent and that the cost impacts of that action are justified.~~

~~45.3.2 Special Rule for Customers Served Under Rate Schedule S.C. No. 3A~~

~~RPCs for customers receiving service under rate schedule S.C. No. 3A shall be deferred in years 1 through 3 of the term associated with the Settlement Agreement in PSC Case Nos. 94 E-0098 and 94 E-0099 and will be recovered from such customers in year 4 and beyond, subject to the price caps on service to such customers established in the Settlement Agreement previously mentioned.~~

~~45.4 Revised Nuclear CTC and Unhedged Commodity Costs~~

~~Upon Commission approval of the retirement decision, the CTC for the nuclear plant shall be recalculated consistent with the intent (a) that unhedged commodity risk be shifted to customers who pay a floating CTC and (b) that the CTC for all customers who pay a fixed or floating CTC reflect revised nuclear costs, sunk costs and decommissioning costs (including rampdown and shutdown costs), and reduced operation and maintenance costs (including fuel cost savings).~~

46. SUPPLY SERVICE CHARGES

Any capitalized terms herein shall use the Definitions within this PSC No. 220 Tariff and definitions within the NYISO Tariff filed April 30, 1999 (as amended from time to time). The supply service charges shall include the following:

46.1 Electricity Supply Cost (ESCost) – Applicable to all customers taking supply service from the Company, ESCost shall be defined by the following rules.

46.1.1 ESCost for Service Classifications No. 1 and No. 2 (Non-Demand)

46.1.1.1 For each month, the forecasted LBMP in \$/kWh will be determined from available monthly forward trading on peak and off peak market prices prior to the forecast month; plus

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46. SUPPLY SERVICE CHARGES (Continued)

46.1.1.2 For each month the forecasted LBMCP in \$/kW-mo times the sum of one plus the Unforced Capacity Requirement of the NYISO, times the sum of one plus the Demand Curve Requirement of the NYISO divided by the number of on peak hours of the applicable month divided by the respective Class Load Factor will be added to the on peak price in Rule No. 46.1.1.1; plus

46.1.1.3 For each month, the forecasted cost, in \$/kWh, of NYISO charges under all applicable OATT ~~Schedules 1 through 6, 10 through 12, and any new applicable~~ schedules; plus

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

46.1.1.5 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.

46.1.1.6 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.

46.1.2 ESCost for Service Classification No. 1C, ~~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 all Service Classifications of PSC No. 214.~~

46.1.2.1 For each hour, the NYISO Day-Ahead LBMP in \$/kWh; plus

46.1.2.2 For each hour between 12:00 noon and 8:00 PM on weekdays (excluding any Holiday that falls on a weekday) the forecasted LBMCP in \$/kW-mo times the sum of one plus the Unforced Capacity Requirement of the NYISO, times the sum of one plus the Demand Curve requirement of the NYISO, divided by hours between 12:00 noon and 8:00 PM on weekdays (excluding any Holiday that falls on a weekday) of the applicable month divided by the respective Class Load Factor; plus

46.1.2.3 For each hour, the forecasted cost, in \$/kWh, of NYISO charges under all applicable OATT ~~Schedules 1 through 6, 10 through 12, and any new applicable~~ schedules; plus

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

46.1.2.5 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.

46.1.2.6 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.

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46. SUPPLY SERVICE CHARGES (Continued)

46.1.3 ESCost for ~~SC2D-Special Provision P (Effective June 1, 2012), SC3 Special Provision L - Mandatory Hourly Pricing Customers, SC3 Special Provision N (Effective June 1, 2013, -and Service Classification No. 3A.~~

46.1.3.1 For each hour, the NYISO Day-Ahead LBMP in \$/kWh; plus

46.1.3.2 Effective January 1, 2012 through April 30, 2012, for each hour between 12:00 noon and 8:00 PM on weekdays (excluding any Holiday that falls on a weekday) the forecasted LBMCP in \$/kW-mo times the sum of one plus the Unforced Capacity Requirement of the NYISO, times the sum of one plus the Demand Curve requirement of the NYISO divided by hours between 12:00 noon and 8:00 PM on weekdays (excluding any Holiday that falls on a weekday) of the applicable month divided by the respective Class Load Factor; plus

46.1.3.3 For each hour, the forecasted cost, in \$/kWh, of NYISO charges under all applicable OATT ~~Schedules 1 through 6, 10 through 12, and any new applicable~~ 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.

46.2 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, 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 two months prior 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. Any

reconciliation balance, whether positive or negative, shall be included in the LTC in effect two months later.

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56. INCREMENTAL STATE ASSESSMENT SURCHARGE ("ISAS"):

56.1 The rates and charges under PSC No. 220, Service Classifications 1, 1C, 2, 3, 3A, 4, 7 and all PSC No. 214 service classifications, shall be increased by a surcharge to recover the Temporary State Energy And Utility Service Conservation Assessment pursuant to Chapter 59 of the Laws of 2009, Public Service Law §18-a(6). Beginning July 1, 2009 and each July 1st thereafter, the Incremental State Assessment Surcharge ("ISAS") shall be designed to recover the Incremental State Assessment and other allowable associated costs as determined in Case 09-M-0311, "Implementation of Chapter 59 of the Laws of 2009 Establishing a Temporary Annual Assessment Pursuant to PSL §18-a(6)".

56.1.1 This surcharge may also be applicable to PSC No. 220 Service Classifications Nos. 11 and 12 in accordance with the terms of their individual contracts.

56.1.2 The surcharge will also be applicable to kW consumption associated with Empire Zone qualifying load and NYPA hydro sales under SC No. 4, Replacement and Expansion Power, Economic Development Power, Power for Jobs, Recharge New York Power, ~~and~~ Preservation Power, as well as Excelsior Jobs Program qualifying load.

56.2 The Incremental State Assessment shall be allocated to each service classification based on the percentage of each service classification's contribution to the total projected Intrastate Revenue (both delivery and supply) and delivery revenue associated with Rule No. 56.1.2, including estimated sales revenues for the electricity supply sold to end-use customers by ESCos.

56.2.1 The ISAS shall be calculated by dividing the amount of Temporary State Energy and Utility Service Conservation Assessment for each service class as determined in Rule 56.2 by the forecasted annual sales.

56.2.2 The ISAS will be collected on a volumetric basis, per kWh for non-demand classes and per kW for demand service classifications.

56.2.3 Recoveries resulting from the Incremental State Assessment Surcharge shall be reconciled as determined in Case 09-M-0311, "Implementation of Chapter 59 of the Laws of 2009 Establishing a Temporary Annual Assessment Pursuant to PSL §18-a(6)".

56.3 The ISAS will be shown on statements filed with the Public Service Commission not less than fifteen (15) business days before the date on which the statement is proposed to be effective.

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**FORM I
CUSTOMER SERVICE AGREEMENT
FOR SERVICE CLASSIFICATION NO. 12**

**FOR CUSTOMERS RECEIVING A STANDARDIZED DISCOUNT PURSUANT TO SECTION 5 OF
SERVICE CLASSIFICATION NO. 12**

This Customer Service Agreement (this "Agreement") effective as of the ____ day of _____, 20__ (the "Effective Date") witnesseth that:

WHEREAS, _____ (the "Customer"), Account Number _____, operates a facility located on the premises at _____ (the "Premises"); and

WHEREAS, Niagara Mohawk Power Corporation d/b/a National Grid (hereinafter called the "Company") presently operates a transmission and distribution system for electric power and is authorized to provide retail electric sales service to the Premises; and

WHEREAS, the Customer received, or is eligible to receive, electric service for use at the Premises from the Company under the Company's Electricity Tariff P.S.C. 220 (the "Tariff") - Service Classification No. ____; and

WHEREAS, the Customer desires to purchase electric service for use at the Premises from the Company if the Company will provide such service at a price that is competitive with the Customer's competitive alternative; and

WHEREAS, the Company has determined to its satisfaction that the Customer is eligible to receive service under the S.C. No. 12 _____ ("Program"); and

NOW, THEREFORE, in consideration of the commitments made herein and intending to be legally bound thereby, the Company and the Customer agree as follows:

1. OBLIGATIONS TO PURCHASE AND SELL

The Customer agrees to purchase up to its full requirements for electricity supply and delivery services at the Premises from the Company, and the Company agrees to supply and deliver up to the Customer's full requirements for electricity at the Premises for a _____ year period beginning with the first full Billing Period following the execution of this Agreement (hereinafter referred to as "the Contract Start Date") through _____, __ 20__.

2. INCORPORATION OF CERTAIN TARIFF PROVISIONS

The Company is providing discounted electric service under this Agreement pursuant to the terms of the Tariff. Except as expressly provided herein, the rights and obligations of the Company and the Customer under this Agreement shall be governed by the provisions of Service Classification No. 12 of the Tariff (Parent Service Classification No. ____). Nothing in this Agreement shall be interpreted as restricting the Company's right to propose any change to the Tariff which the Company may deem necessary or appropriate, nor shall anything herein be interpreted as restricting Customer's right to oppose such changes to the Tariff which the Customer may deem necessary or appropriate.

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Attachment 1
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CUSTOMER SERVICE AGREEMENT
FOR SERVICE CLASSIFICATION NO. 12 (Continued)

7.3. TERMINATION

Except as otherwise expressly provided in this Section, the Customer may terminate this Agreement at any time by providing the Company with thirty (30) days written notice.

Customer agrees that in the event it fails to make payment for electric service when due, and thereafter fails to make payment by the due date specified in a written notice of arrears issued by Company, which due date shall be at least ten (10) days after the date of the written notice, Company has the right, at its sole option, upon written notice to Customer:

To terminate this Agreement effective retroactive to the first date of the Billing Period covered by the unpaid Company invoice. Upon Company's termination of this Agreement, Customer shall pay for electric service at the applicable Parent Service Classification rates, as of the effective retroactive date of termination;

OR

To suspend the pricing provisions of this Agreement, effective retroactive to the first date of the Billing Period covered by the unpaid Company invoice, until the Customer's account is made current. Upon Company's suspension of the pricing provisions of this Agreement, Customer shall continue to receive and accept electric service in accordance with this Section 7, but shall pay for electric service at the applicable Parent Service Classification rates and not at the rates specified in Attachment A to this Agreement, as of the effective retroactive date of suspension. Once the Customer's account is made current, the pricing provisions of this Agreement will again be made applicable to the Customer's purchase of electric service, as of the first date of the Billing Period in which the Customer's account is made current. During the period of Company's suspension of the pricing provisions of this Agreement, Customer shall not have the right to terminate this Agreement, notwithstanding any other provisions to the contrary set forth in this Agreement.

Notwithstanding the foregoing, where the Customer's failure to pay all or part of its bill for electric service relates to the electric service rendered, Company shall not have the right to terminate this Agreement, or to suspend the pricing provisions of this Agreement, so long as Customer (1) pays any undisputed portion of the bill when due and in no event later than the late charge date indicated on the bill; (2) advises Company in writing, on or before the late charge date specified on the bill, of the specific grounds for withholding payment; and (3) places in escrow the disputed portion of the bill on or before the late charge date specified on the bill. If (1), (2) and (3) are not accomplished by the late charge date specified on the bill, Company has the right, at its sole option, either to terminate this Agreement, or to suspend the pricing and provisions of this Agreement, as provided above. If (1), (2) and (3) are accomplished on or before the late charge date specified on the bill, and the disputed portion of the bill is thereafter determined by Company to have been owed to Company, the escrowed sums shall be immediately released to Company and Customer shall promptly pay Company any late payment charges thereon. In the event the escrowed sums are not immediately released to Company, or in the event Customer fails to pay any late payment charges when due, Company has the right, at its sole option, to the extent allowed by law, to terminate this Agreement or suspend the pricing provisions of this Agreement, as provided above.

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CUSTOMER SERVICE AGREEMENT
FOR SERVICE CLASSIFICATION NO. 12 (Continued)

7. TERMINATION (Continued)

Notwithstanding the foregoing, Customer further agrees that, in the event it fails to make payment for electric service when due, except for those disputed sums as discussed above, by the due date specified in a written notice of arrears, Company, in addition to any other rights it may have in law or in equity, also has the right to terminate all electric service to Customer in accordance with 16 N.Y.C.R.R. §13.3, other applicable New York laws, and the Tariff.

84. BILLING PERIOD

The Billing Period will be set at the discretion of the Company.

95. TRANSFERABILITY

Neither party may assign its rights or obligations under this Agreement without the prior written consent of the non-assigning party, which consent shall not unreasonably be withheld. In no event shall any such assignment entitle the purchaser or its assignee to receive service under this Agreement at any location other than the Premises.

106. ENTIRE AGREEMENT

This Agreement, which consists of this "Customer Service Agreement for Service Classification No. 12", Attachment A, "Pricing Parameters", as may be amended, constitutes and expresses the entire understanding between the Company and the Customer with respect to the subject written hereof and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, whether express or implied, oral or written. This Agreement may only be amended by a written instrument signed by the Company and the Customer.

117. WAIVER

No waiver shall be deemed to be made by either party to this Agreement or any of its rights under this Agreement unless such waiver shall be in writing signed by the party to be bound thereby. Each waiver, if any, shall be a waiver only with respect to the specific instance or instances involved and shall in no way impair the rights of the party bound thereby in any other respect at any other time.

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CUSTOMER SERVICE AGREEMENT
FOR SERVICE CLASSIFICATION NO. 12 (Continued)

128. NOTICES

Any notice or other communication in connection with this Agreement shall be in writing and shall be deemed to have been duly given or mailed when personally delivered, or mailed by registered or certified mail, return receipt requested, postage prepaid, or to such other address as the party to whom the same is intended shall have specified in conformity with the following:

If to the Company,

Manager, Policy, Rates and Training, Niagara Mohawk Power Corporation,
300 Erie Blvd. West Syracuse, New York 13202

If to the Customer,

Title, Company Name

Address City, State, Zip

139. RESALES PROHIBITED

All services furnished under this Agreement are furnished for the sole use of the Customer at the Premises and not for resale or for furnishing to others. This requirement applies to all resales and furnishing of electric service to others, regardless of whether such resales or furnishing would be authorized under Rule 8 or any other provision of the Tariff in the absence of this requirement.

1410. MISCELLANEOUS

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without consideration of the conflict of laws and principles thereof. The parties hereto expressly consent to the jurisdiction of the courts of the State of New York as to any issues related to this Agreement, including the validity, enforceability or interpretation hereof. The headings in this Agreement are for the convenience of reference only and shall not alter or otherwise effect the meaning hereof.

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SERVICE CLASSIFICATION NO. 1 (Continued)

ADJUSTMENTS TO STANDARD TARIFF RATES AND CHARGES:

Customers served under this service classification may be subject to adjustments and applied in the manner described in each respective Rule.

~~Rule 29 – Delivery Charge Adjustment (Expires February 29, 2012)~~

~~Rule 40 – NYPA Hydropower Reconciliation Benefit Mechanism (Expires February 29, 2012)~~

Rule 32.2 – Municipal Undergrounding Surcharge

Rule 41 - System Benefits Charge

Rule 42 - Merchant Function Charge

Rule 43 - Transmission Revenue Adjustment

Rule 46 - Supply Service Charges

Rule 49 - Renewable Portfolio Surcharge

Rule 56 - Incremental State Assessment Surcharge

Rule 57 - Revenue Decoupling Mechanism

Rule 58 – Temporary Rate Adjustment Mechanism

Rule 59 – Temporary Deferral Recovery Surcharge

INCREASE IN RATE AND CHARGES:

The charges under this Service Classification, including minimum charge, will be increased by a tax factor pursuant to Rule 32.

TERMS OF PAYMENT:

Bills are due and payable when rendered. Full payment must be received on or before the date shown on the bill to avoid a late payment charge pursuant to Rule 26.4.

TERM:

One month and continuously from month to month thereafter until permanently terminated on three days notice to Company, or one year and thereafter until terminated as provided in the written application for service.

SPECIAL PROVISIONS:

A. Service under this Service Classification is primarily intended for residential customers residing in individual dwelling units.

1. When minor professional or commercial operations are conducted within the individual dwelling unit, service under this Service Classification will be permitted providing all of the following three qualifications are met:

- a. The minor professional or commercial operations must be exclusively by the residential customer residing at the individual dwelling unit served. Use of the professional or commercial area by another professional person or persons in addition to the resident disqualifies the customer to receive Electric Service or Electricity Supply Service under this Service Classification.
- b. The area used by the minor professional or commercial operations does not exceed 50 percent of the total cubical content of the individual dwelling unit.
- c. Not more than two (2) rooms of any size are contained within the 50 percent cubical content of the area used for professional or commercial operations.

Residential customers having professional or commercial operations within an individual dwelling unit that do not meet all of the three qualifications must take service under the General Service Classification. Such customers, however, can elect to separate the electrical use between the residential area and the area used for professional or commercial operations and to have the Company set an additional meter. The meter used to measure the electrical use in the professional or commercial operations area will be billed under the General Service Classification.

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SERVICE CLASSIFICATION NO. 1-C (Continued)

STANDARD TARIFF CHARGES:

Distribution Delivery Charges for all Load Zones:
 Basic Service Charge, for all Load Zones: \$30.00
 Income Eligible Basic Service Credit \$ 5.00
 Income Eligible Basic Service Credit
 (Electric Heat Customers) \$15.00
 Per kWh: \$ 0.02859

Company Supplied Electricity Supply Service Charges, per kWh:

Company supplied Electricity Supply Service ("ESS") charges shall be set according to the market price of electricity determined in accordance with Rule 46.1, Electricity Supply Service. Effective September 1, 2006, ESS charges shall be calculated as the daily class load shaped thirty-day weighted average market price for each Rate Period defined above, except that the Summer Off-Peak, Winter Off-Peak and/or Off-Season Rate Periods shall be considered one Rate Period for this purpose.

MONTHLY MINIMUM CHARGE:

\$30.00

ADJUSTMENTS TO STANDARD CHARGES:

Customers served under this service classification may be subject to adjustments and applied in the manners described in each respective Rule.

~~Rule 29 - Delivery Charge Adjustment (Expires February 29, 2012)~~

~~Rule 40 - NYPA Hydropower Reconciliation Benefit Mechanism (Expires February 29, 2012)~~

Rule 32.2 - Municipal Undergrounding Surcharge

Rule 41 - System Benefits Charge
 Rule 42 - Merchant Function Charge
 Rule 43 - Transmission Revenue Adjustment
 Rule 46 - Supply Service Charges
 Rule 49 - Renewable Portfolio Surcharge
 Rule 56 - Incremental State Assessment Surcharge
 Rule 57 - Revenue Decoupling Mechanism
 Rule 58 - Temporary Rate Adjustment Mechanism
 Rule 59 - Temporary Deferral Recovery Surcharge

INCREASE IN CHARGES:

The charges under this Service Classification, including the minimum charge, will be increased by a tax factor pursuant to Rule 32.

TERM:

One year from commencement of service under Service Classification No. 1-C and continuously from month to month thereafter until canceled upon written notice to the Company.

TERMS OF PAYMENT:

Bills are due and payable when rendered. Full payment must be received on or before the date shown on the bill to avoid a late payment charge pursuant to Rule 26.4.

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SERVICE CLASSIFICATION NO. 2 (Continued)

STANDARD TARIFF CHARGES FOR METERED DEMAND SERVICE:

Distribution Delivery Rates and Charges for all Load Zones:

Basic Service Charge	\$52.52
Basic Service Charge	
Special Provision P (Effective: June 1, 2013)	\$95.98
Distribution Delivery Charges, per kW:	\$ 9.31

Company supplied Electricity Supply Service Charges, per kWh:

Company supplied Electricity Supply Service charges shall be set according to the market price of electricity determined in accordance with Rule 46.1, Electricity Supply Cost. Electricity Supply Cost Customers subject to Special Provision P will be billed for Electricity Supply Service in accordance with Rule 46.1.3.

MONTHLY MINIMUM CHARGE: \$61.83

MONTHLY MINIMUM CHARGE:
 Special Provision P
 (Effective June 1, 2013) \$105.29

ADJUSTMENTS TO STANDARD TARIFF CHARGES:

Customers served under this service classification may be subject to adjustments and applied in the manner described in each respective Rule.

~~Rule 29 – Delivery Charge Adjustment (2 Non-Demand, Expires February 29, 2012)~~

~~Rule 32.2 – Municipal Undergrounding Surcharge~~

Rule 41 -System Benefits Charge

Rule 42 –Merchant Function Charge

Rule 43 -Transmission Revenue Adjustment

Rule 46 - Supply Service Charges

Rule 49 -Renewable Portfolio Surcharge

Rule 56 - Incremental State Assessment Surcharge

Rule 57 - Revenue Decoupling Mechanism

Rule 58 – Temporary Rate Adjustment Mechanism

Rule 59 – Temporary Deferral Recovery Surcharge

INCREASE IN RATES AND CHARGES:

The rates and charges under this Service Classification, including minimum charge, will be increased by a tax factor pursuant to Rule 32.

DETERMINATION OF DEMAND:

- A. A demand meter shall be installed whenever the monthly energy consumption for any four consecutive months of a customer exceeds 2000 kWh per month or whenever the connected load of customer indicates that the energy consumption will exceed 2000 kWh per month. A demand meter, once installed, shall not be removed until after the energy consumption has been less than 2000 kWh per month for twelve consecutive months, which requirement may not be avoided by temporarily terminating service.
- B. The Distribution Delivery demand shall be the highest average kW measured in a fifteen minute interval during the billing period, but not less than one kW nor less than the demand contracted for.

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SERVICE CLASSIFICATION NO. 3 (Continued)

MONTHLY MINIMUM CHARGE:

The monthly minimum charge is the charge computed under MONTHLY RATE, the demand being determined in accordance with the provisions included under Determination of Demand.

ADJUSTMENTS TO STANDARD RATES AND CHARGES:

Customers served under this service classification may be subject to adjustments and applied in the manner described in each respective Rule.

Rule 32.2 – Municipal Undergrounding Surcharge

Rule 41 - System Benefits Charges
Rule 43 - Transmission Revenue Adjustment
Rule 42 - Merchant Function Charge
Rule 46 - Supply Service Charges
Rule 49 - Renewable Portfolio Surcharge
Rule 56 - Incremental State Assessment Surcharge
Rule 57 - Revenue Decoupling Mechanism
Rule 58 - Temporary Rate Adjustment Mechanism
Rule 59 - Temporary Deferral Recovery Surcharge

INCREASE IN RATES AND CHARGES:

The rates and charges under this service classification, including System Benefits Charge and minimum charge, will be increased by a tax factor pursuant to Rule 32.

DETERMINATION OF DEMAND:

- A. The Distribution Delivery demand for delivery voltage up to 2.2 kV and 2.2-15 kV shall be based on the highest kW measured over any fifteen minute interval during the month, but not less than one-half of the highest such demand occurring during any of the preceding eleven months, nor less than the demand contracted for.
- B. The Distribution Delivery demand for delivery voltage 22-50 kV and Over 60 kV, shall be the highest kW measured over any fifteen minute interval during the month, but not less than the demand specified for.
- C. The Reactive Demand shall be based on the highest RkVA of lagging reactive demand measured over a fifteen minute interval during the month less one-third of the highest kW demand measured during the month. The Reactive Demand shall be determined:
 - 1. when a customer's demand has exceeded 500 kW for three consecutive months for service rendered before May 1, 2010; or
 - 2. when customer's demand has exceeded 500 kW in any two of the previous twelve months for service rendered on and after May 1, 2010; or
 - 3. when the connected load of the customer indicates that the kW demand may normally exceed 500 kW.

Reactive Demand determination shall continue until the demand has been less than 500 kW for twelve consecutive months.

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SERVICE CLASSIFICATION NO. 3A (Continued)

Company Supplied Electricity Supply Service Charges: Company supplied Electricity Supply Service Charges shall be set on an hourly basis according to the market price of electricity determined in accordance with Rule 46.1, Electricity Supply Cost.

ADJUSTMENTS TO STANDARD RATES AND CHARGES:

Customers served under this service classification may be subject to adjustments and applied in the manner described in each respective Rule.

Rule 32.2 – Municipal Undergrounding Surcharge

Rule 41 - System Benefits Charges
Rule 43 -Transmission Revenue Adjustment
Rule 42 - Merchant Function Charge
Rule 46 - Supply Service Charges
Rule 49 -Renewable Portfolio Surcharge
Rule 56 - Incremental State Assessment Surcharge
Rule 57 - Revenue Decoupling Mechanism
Rule 58 - Temporary Rate Adjustment Mechanism
Rule 59 – Temporary Deferral Recovery Surcharge

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SERVICE CLASSIFICATION NO. 12 (Continued)

5. STANDARDIZED DISCOUNT RATES (Continued)

5.1.1 Qualifying Customers Receiving a Portion of their Requirements from NYPA

The Company may, at its option, agree to permit Qualifying Customers receiving a portion of their requirements from NYPA to receive any electricity supplied to it by NYPA on a “first through the meter” basis, provided that the Company shall consider the benefit conferred on the customer by such an option in determining the discount it is willing to offer to the customer.

5.2 Determination of Loads Eligible to Receive Discount

5.2.1 Determination of Contestable Load: For each Qualifying Customer, the Company shall determine the customer’s Contestable Load as defined in Section 3.10 of this Service Classification No.12.

5.2.2 Application of Discounts: The discount percentages specified in Section 5.3 of this Service Classification No.12 shall apply only to the Qualifying Customer’s Contestable Load.

5.2.3 Administration of Discounts: Qualifying Customers shall have the option of separately metering their Contestable Load as provided in Section 5.2.3.1 or agreeing to the alternate billing methodology specified in Section 5.2.3.2.

5.2.3.1 Option 1: Separate Meters: If the customer elects to separately meter its Contestable Load, the Company shall install the required metering facilities at the customer’s expense, and discounted service shall only commence once the required metering facilities are in place and shall apply only to such Contestable Loads. The Company shall have the right to terminate discounted service under this Section 5.2.3.1 and to require the customer to receive its discounted service under Section 5.2.3.2 if the Company determines that any part of the customer’s Non-Contestable Load is receiving service through the meter assigned to the customer’s Contestable Load.

5.2.3.2 Option 2: Billing Based on Contract Loads: In the event that the customer does not elect to separately meter its Contestable Load, the Company shall estimate the customer’s Non-Contestable Load in each billing period for twelve consecutive months. The customer’s Contestable Load shall be deemed to be all usage in excess of the Non-Contestable Load (in kW ~~and kWh~~) in any billing period, and the customer’s discount percentage specified in Section 5.3 shall apply only to such Contestable Loads.