

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: OCTOBER 17, 2011

LEAF: 263.2
REVISION: 5
SUPERSEDING REVISION: 4

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. 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, and, for calendar year 2011, Competitive Transition Charges. Also included in delivery service revenue is the amortization of exit fees where amortization begins on or after January 1, 2011. 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

* Customers served under SC4 and SC7 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-11 and SC-12 customers; 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 ATR and billed delivery service revenue associated with the NYPA load of customers who receive NYPA power (Replacement, Expansion, High Load Factor, Economic Development, and Power for Jobs), subject to the provisions of this rule below; and

57.1.2.3 Street Lighting (All Service Classifications); therefore this class's ATR and billed revenue shall be excluded from the RDM, subject to the provisions of this rule below.

57.1.2.4 Empire Zone Rider ("EZR") customers shall not be subject to an RDM charge or credit on the EZR portion of their loads.

Customers identified in Rule 57.1.2.1 who also receive NYPA Expansion and Replacement power under Rule 57.1.2.2 have the option to participate in the RDM for delivery service revenue associated with their non-NYPA load to the extent they are also subject to the System Benefits Charge ("SBC") under Rule 41 or opt to become subject to the SBC.

Issued by Thomas B. King, President, Syracuse, NY