

PSC NO: 220 ELECTRICITY  
NIAGARA MOHAWK POWER CORPORATION  
INITIAL EFFECTIVE DATE: JANUARY 1, 2010

LEAF: 150  
REVISION: 1  
SUPERSEDING REVISION: 0

#### GENERAL INFORMATION

#### 29. DELIVERY CHARGE ADJUSTMENT (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 kilowatt-hour 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 \$0.003 per kilowatt-hour 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 three mill cap is reached for two consecutive months in a row, the cap will increase by one mill per kilowatt-hour to \$0.004 per kilowatt-hour, and if the four mill cap is reached for another two consecutive months in a row, the cap will increase by one mill per kilowatt-hour to \$0.005 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. 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.

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