

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: APRIL 27, 2009

LEAF: 222
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION

42. CUSTOMER SERVICE BACKOUT CREDIT MECHANISM

42.1 The purpose of the Customer Service Backout Credit (CSBC) Mechanism is to provide a credit to customers on their service bills if they elect to take ESS from a third-party ESCo or as a Direct Customer.

42.2 The credit rates presented below shall be used to calculate the CSBC applicable to any customer who takes ESS from a third-party ESCo or as a Direct Customer.

42.2.1 The credit rates below are effective through October 20, 2007.

<u>PSC No. 220</u>	<u>Credit Rate</u>
SC 1, SC 1-B, SC 1-C, 2ND	\$0.004/kWh
All other service classifications	\$0.002/kWh

<u>PSC No. 214</u>	
All service classifications	\$0.002/kWh

42.2.2 The credit rates below are effective on and after October 21, 2007:

<u>PSC No. 220</u>	<u>Customers Not in Purchase Of Receivable Program</u>	<u>Customers in Purchase of Receivable Program</u>
SC 1, SC 1-C, 2ND	\$0.0027/kWh	\$0.0004/kWh
All other service classifications	\$0.0005/kWh	\$0.0005/kWh
<u>PSC No. 214</u>		
All service classifications	\$0.0005/kWh	\$0.0005/kWh

Customers who are eligible to receive a CSBC credit may also receive a Metering Backout Credit as set forth in Rule 25.1.1.1 and a Billing Backout Credit as set forth in Rule 39.11.1 provided they also meet the eligibility requirements set forth in each individual rule respectively.

42.3 The credit rates presented in Rule 42.2 shall be multiplied by non-NYPA billed energy consumption in a given billing cycle to produce the CSBC amount shown on each customer individual service bill.

42.4 For the period commencing February 1, 2002 through December 31, 2011, the Company shall defer the difference between the actual credit amounts distributed in each year and the estimated avoided costs.

42.4.1 Effective April 20, 2006, the deferred amounts shall be determined in accordance with Order in Case Nos. 05-M-0333, 99-G-0336 and 98-M-1343.

42.4.2 If the deferral exceeds \$20 million, the amount in excess shall be collected in accordance with Section 1.2.4.9 of the Merger Joint Proposal, Case No. 01-M-0075, as approved by the Public Service Commission in Opinion No. 01-6.

42.5 Commercial Farms who participated in the Company's Retail Access Pilot Program shall continue to receive the backout credits associated with the Pilot Program as stated in Rule No. 39.8.2 of this Tariff.

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