

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

LEAF: 218
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION

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

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 kilowatthour 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.

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