

PSC NO: 219 GAS
 NIAGARA MOHAWK POWER CORPORATION
 INITIAL EFFECTIVE DATE: 05/20/09
 STAMPS: Issued in Compliance with Order of PSC in Case 08-G-0609 dated 05/15/09.

LEAF: 113
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GENERAL INFORMATION

26. GAS NET REVENUE SHARING MECHANISM: (continued)

26.3.5 If Niagara Mohawk should renegotiate the contracts containing Imbalance Services associated with customer designation 6 as contained in its April 14, 2009 letter and Addendum, from the Manager of Revenue and Cost Allocation, Gas Pricing Department to the Records Access Officer of the Commission, recovery of any revenue shortfall shall be as follows: Customer 6 represents \$2,732,490 of the \$11,380,293 SC9 target. The actual amount of revenue received from the renegotiated contract will be compared to the target revenue amounts above each year. The difference will be the revenue shortfall. If the total revenues from all SC9 customers exceeds the target, no additional recovery will be allowed. If the total recovery from all SC9 customers is below the target, 50% of the shortfall related to the renegotiated contract, up to the target amount, shall be collected per Rule 26.3.1. Niagara Mohawk may petition the Commission for recovery of the remaining 50% shortfall related to the renegotiated contract by providing satisfactory evidence that the renegotiated contract is in the ratepayers' interests. If approved, recovery of the remaining 50% would be recovered per Rule 26.3.1.

26.3.6 For the purposes of these calculations, neither the Delivery Service Targets nor the actual Delivery Service Revenues will include the Incremental State Assessment Surcharge.

27. WEATHER NORMALIZATION ADJUSTMENT:

27.1 Applicability:

27.1.1 The rates for gas service to all heating customers under Service Classification Nos. 1, 2, 3, 5 and 7 shall be subject to a Weather Normalization Adjustment to reflect the impact of heating degree day variations from average 30 year normal levels, as determined on a revenue month basis, for the months of October through May inclusive.

27.1.2 The Weather Adjustment Factor will be applied to the customer's total consumption for the billing cycle. A new Weather Adjustment Factor will be calculated for each billing cycle. The monthly volume deviation shall be computed for each billing period for which adjustment is made using the formula described below.

27.2 Definitions:

$$WAF = M * \frac{DDF * (NDD - ADD)}{BL + (DDF * ADD)}$$

$$WNA\ R/S = (WAF) * (U)$$

27.3 Where:

27.3.1 WAF = Weather adjustment factor

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