

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: FEBRUARY 1, 2011

LEAF: 263.3
REVISION: 1
SUPERSEDING REVISION:

STAMPS: Issued in Compliance with Order of the PSC in Case No. 10-E-0050 Issued January 24, 2011

GENERAL INFORMATION

57. REVENUE DECOUPLING MECHANISM ("RDM") (Continued)

57.1.2 (Continued)

Should customers in Rules 57.1.2.1 and 57.1.2.2 above no longer qualify for the provisions of SC-11, SC-12, and NYPA programs the ATR shall be adjusted to reflect the change in eligibility for these programs and the actual billed delivery service revenue for these customers shall be included in the RDM reconciliation.

Should energy efficiency programs be approved by the Commission for Street Lighting customers identified in Rule 57.1.2.3, a new Reconciliation Group shall be established for these customers and the RDM reconciliation shall reflect actual billed non-facilities delivery service revenue to the ATR represented by the revenue requirement for the Street Lighting class as approved by the Commission.

57.1.3 The RDM reconciliation period reflects a twelve month period for which actual billed delivery service revenues will be reconciled to the ATR for each Reconciliation Group in Rule No. 57.2. Annually, the Company shall calculate a credit or surcharge to be assessed to customers included in the RDM as follows:

57.1.3.1 If the RDM reconciliation has a positive balance, then the RDM adjustment will be a credit to customer's bills. If the RDM reconciliation has a negative balance, then the RDM adjustment will be a surcharge on customer's bills.

57.1.3.2 The RDM adjustment will be calculated by dividing the resulting difference for each Reconciliation Group by each Reconciliation Group's forecasted sales and applied on a volumetric basis, per kWh for Reconciliation Groups 1 and 2, and per kW for Reconciliation Groups 3, 4, and 5.

57.1.3.3 The RDM adjustment will be effective over a twelve month period ("RDM adjustment period") commencing with the February billing month in the year following the RDM reconciliation period.

57.1.3.4 Interest shall accrue on each Reconciliation Group's balance at the applicable other customer deposit rate commencing at the end of the RDM reconciliation period and ending at the end of the RDM adjustment period. Interest shall be estimated for the purpose of calculating the RDM adjustment.

57.1.3.5 The amount to be credited or surcharged to customers, plus interest through the refund/recovery period, shall be subject to reconciliation against actual amounts credited or surcharged and interest.

57.2 If in any month, the total of the cumulative monthly reconciliation balance, based on monthly actual billed delivery service revenue and an allocation of the ATR for the applicable RDM reconciliation period to the months in that period, for any of the Reconciliation Groups in Rule 57.1.2 above, is greater than 1.5% of the Company's ATR for that Reconciliation Group for that year, the Company will file an interim RDM adjustment for each affected Reconciliation Group for the remainder of the calendar year.

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