

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: MARCH 25, 2011
STAMPS: Issued in Compliance with Order of the PSC in Case No. 10-E-0050 Issued January 24, 2011

LEAF: 222.1
REVISION: 2
SUPERSEDING REVISION: 1

GENERAL INFORMATION

42. MERCHANT FUNCTION CHARGE (CONTINUED)

42.3.2 Electricity Supply Credit and Collection

42.3.2.1 The Electricity Supply Credit and Collection rates shall become effective February 1, 2011 and shall be adjusted pursuant to Rules 42.3.2.2 and 42.3.2.3.1 below.

42.3.2.2 The Electricity Supply Credit and Collection rate will be reset January 1, 2012 and each January 1 thereafter by dividing the revenue requirement of \$7,211,554 by the forecasted sales of full service customers for that period and the forecasted sales of ESCo's customers who are participating in the Company's Purchase of Receivables Program.

42.3.2.3 As a result of the MFC's February 1, 2011 effective date, for the period February 1, 2011 through December 31, 2011, the billed revenue generated from the Electric Supply Credit and Collection rate will be reconciled to \$6,610,591 (11/12 of the annual amount).

42.3.2.3.1 Any over/under collections related to Electricity Supply Credit and Collections for a calendar year shall be divided by the forecast sales of full service customers and the forecasted sales of ESCo's customers who are participating in the Company's Purchase of Receivables Program for the following calendar year and added to the Electricity Supply Credit and Collections rates effective January 1 of that following calendar year.

42.3.2.4 ESCos who are participating in the Company's Purchase of Receivables Program are subject to the Electricity Supply Credit and Collection rates.

42.3.2.5 The total per kWh Electricity Supply Credit and Collections Rate, which equals the over/under collection related to Electricity Supply Credit and Collections for the previous calendar year added to the current year Electricity Supply Credit and Collections, shall be included in the filed Statement of Merchant Function Charge not less than three (3) days prior to their effective date.

42.3.3 Electricity Supply Uncollectible Expense

42.3.3.1 The Electricity Supply Uncollectible Expense rates will be determined separately for non-demand, demand and street lighting customers. The rates will be calculated by multiplying the uncollectible percentage factor by the Electricity Supply Cost on customer's bills. The uncollectible percentage factor will be 1.96% for non-demand customers, 0.27% for demand, and 0.03% for street lighting customers and will be applied to customers Electricity Supply Cost.

42.3.3.2 ESCos who are participating in the Company's Purchase of Receivables Program are subject to the Electricity Supply Uncollectible Expense rates in Rule No. 42.3.3.1 above.

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