

PSC NO: 220 ELECTRICITY  
NIAGARA MOHAWK POWER CORPORATION  
INITIAL EFFECTIVE DATE: JANUARY 1, 2012

LEAF: 229.1  
REVISION: 0  
SUPERSEDING REVISION:

#### GENERAL INFORMATION

#### 46. SUPPLY SERVICE CHARGES (Continued)

46.2.4 The LTC shall not be assessed on Qualifying EZR Load or any portion of a customer's power that is supplied by NYPA, including Replacement and Expansion, Power For Jobs, Economic Development Power, and High Load Factor Fitzpatrick Power.

46.2.5 The LTC shall be assessed on a volumetric basis to applicable customers in all service classifications as a line item on delivery bills and will include the NYPA Benefit applicable to Service Classification Nos. 1 and 1-C per Rule 46.2.6.

46.2.6 NYPA Hydropower Benefit Mechanism ("NYPA Benefit") - The benefits associated with the net market value of NYPA Rural & Domestic (R&D) power is applicable to Service Classification Nos. 1 and 1-C only.

46.2.6.1 NYPA R&D Contracts are defined as Niagara Firm, Niagara Peaking, St. Lawrence Firm, and residual Replacement Power not allocated and consumed by qualifying industrial customers.

46.2.6.2 The net market value of each NYPA R&D Contract is defined as the monthly contract costs less the market value of the generation.

46.2.6.3 The NYPA Benefit shall be calculated monthly and shall be based upon the sum of the monthly forecasted contract costs and forecasted market values of the NYPA R&D Contracts, plus any reconciliation balance from two months prior determined pursuant to Rule

46.2.6.4. The market value of generation associated with the NYPA R&D Contracts will be determined based on the forecasted monthly market prices as set forth in 46.1.1. The NYPA Benefit factor shall be calculated as the amount so determined divided by the forecasted kWh sales for the applicable month of Service Classification Nos. 1 and 1-C customers.

46.2.6.4 The NYPA Benefit shall be subject to reconciliation in which the actual net market value shall be calculated and compared to the actual revenue billed by the NYPA Benefit factor for the applicable month. Any reconciliation balance, whether positive or negative, shall be included in the NYPA Benefit factor in effect two months later.

46.3 All customers receiving commodity service in accordance with Rule 46.1 will also be subject to the Electricity Supply Reconciliation Mechanism ("ESRM"). The ESRM will consist of:

46.3.1 New Hedge Adjustment – The costs and benefits associated with the net market value of New Hedges and applicable to Service Classification Nos. 1 and 2 (Non-Demand).

46.3.1.1 New Hedges are defined as all power purchase contracts executed on or after June 1, 2001, excluding NYPA contracts which are subject to Rule 46.2.6.

46.3.1.2 The net market value of each New Hedge contract is defined as the monthly contract cost less the market value.

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