

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 06/23/08

LEAF: 92
REVISION: 2
SUPERSEDING REVISION: 1

GENERAL INFORMATION

17. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF PURCHASED GAS: (continued)

17.3.5 The total commodity cost of purchased gas, used in the determination of the Average Commodity Cost of purchased gas as defined in Rule 17.3.3, is determined by:

17.3.5.1 Applying the variable rates and charges of the transporters, storage providers and suppliers to the billing determinants associated with transportation, storage, and gas supply, for the forecasted Weather Normalization of gas to be taken for delivery to the Company's own sales customers during the month in which the Monthly Cost of Gas will be in effect.

17.3.5.2 Applying the average unit cost of gas in storage at the date of computation to the quantities of gas estimated to be withdrawn from storage for the Company's own sales customers during the month in which the Monthly Cost of Gas will be in effect.

17.3.6 The total Demand Cost of Purchased Gas used in the determination of the Average Demand Cost of Gas as defined in Rule 17.3.4 is determined by:

17.3.6.1 Applying the fixed rates and charges to the transporter's storage providers, and suppliers to the billing determinants associated with pipeline capacity, storage capacity and producer reservation charges.

17.3.7 Risk Management Costs, as defined in Rule 17.2, may be included in Paragraphs 17.3.5 and 17.3.6.

17.3.8 The cost of purchased gas for customers taking service under Service Classification No. 4, used in the determination in Rule 17.3.3, is determined by applying the Average SC 4 Commodity Cost of Gas as defined in Rule 17.3.8.1, below, to the quantity of gas sold to Service Classification No. 4 customers during the twelve calendar months immediately preceding the computation date.

17.3.8.1 The Average SC 4 Commodity Cost of Gas, used in the determination of the cost of purchased gas for customers taking service under Service Classification No. 4 in Rule 17.3.8 above is determined by applying the variable rates and charges of the transporters, storage providers, and suppliers to the monthly billing determinants associated with transporter's storage and gas supply for the forecasted weather normalized quantities of gas to be taken for delivery by the Company's own sales customers during the month the Monthly Cost of Gas will be in effect (and adjusting the result so obtained by the Factor of Adjustment as defined in Rule 17.1.)

Issued By: William F. Edwards, President, Syracuse, New York