

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

LEAF: 122.2
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION

32. REVENUE DECOUPLING MECHANISM: (continued)

32.3.1 RDMB = AEB + CVR + INT

Where:

RDMB = The Revenue Decoupling Mechanism Balance for each of the six RDM Target Groupings

AEB = Account Ending Balance for prior month.

CVR = Current Month Variance where current month variance equals, for each rate class, the Revenue Per Customer Target for the current month minus the Actual Delivery Service Revenue Per Customer times the actual number of customers for the rate class.

INT = Interest on average monthly balance at the effective Other Customer Capital Rate as defined by the Public Service Commission effective January 1st, of each year.

Revenue Per
Customer

Target = A target average dollar amount per customer established for each month for SC1 Residential Non Heat, SC1 Residential Heat, SC2 Residential Heat and Non Heat Combined, SC2 Commercial Non Heat and Heat Combined, SC2 Industrial and SC7.

32.4 The RDM Adjustment for each grouping will become effective on the first day of the second calendar month following the end of the Rate Year for which the RDM adjustment is calculated and will be recovered over a period of twelve months. RDM adjustments plus any prior period over/under collection by grouping will be shown on the Statement of Revenue Decoupling Mechanism Adjustment. The Company will file such Statement with the Public Service Commission no less than three (3) days prior to the start of each twelve-month period that the RDM Adjustment is to be in effect (and no less than three (3) days prior to any change in the RDM Adjustment as set forth herein).

Should the projected reconciliation for the combined RPC groupings at any point during Rate Year 1 equal or exceed \$10 million, the Company will implement interim RPC Adjustments by group.

All refunds or surcharges billed to customers through the RDM adjustments shall be subject to reconciliation at the end of each reconciliation period.

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