

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

LEAF: 122.8
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION

34. MERCHANT FUNCTION CHARGE: (continued)

- 34.1.4.1.3 The unitized rate per therm shall be computed by dividing the dollar amount determined in 34.1.4.1.2 by the throughput for customers taking service under Service Classification Nos. 1, 2, 3, 12 and 13 purchasing commodity from the Company.
 - 34.1.4.2 The Pre-tax Return Requirement on Gas Storage Inventory recovered from Service Classification Nos. 1, 2, 12 and 13 shall be reconciled to the Actual Pre-tax Return Requirement on Gas in Storage, for the twelve months ending March period of time.
 - 34.1.4.2.1 The Actual Return Requirement on Gas in Storage shall be determined by multiplying the Pre-tax Return Requirement Percentage of 11.99% by the actual average gas storage inventory balance for the twelve months ending March time period for SC1, 2, 12 and 13 customers.
 - 34.1.4.2.2 The resulting over/under collection shall be divided by estimated throughput for customers served under Service Classification Nos. 1, 2, 12 and 13 purchasing commodity from the Company and added to the Return Requirement on Gas Storage Inventory Component of the Merchant Function Charge effective June 1 of each year.
 - 34.1.4.3 The resulting rate shall be filed on the Statement of Merchant Function Charge not less than three (3) days prior to its effective date.
- 34.1.5 Return Requirement on Gas Purchase-Related Working Capital
 - 34.1.5.1 The Pre-tax Return Requirement on Gas Purchase-Related Working Capital Unitized Rate per therm to be recovered from Service Classification Nos. 1, 2, 12 and 13 customers shall be calculated monthly by:
 - 34.1.5.1.1 Multiplying the Pre-tax Return Requirement Percentage of 11.99% by
 - 34.1.5.1.2 the Lead-Lag rate of 5.66%
 - 34.1.5.1.3 by the actual Monthly Cost of Gas Rate per therm (MCG) as calculated in accordance with Rule 17.
 - 34.1.5.2 The resulting rate shall be filed on the Statement of Merchant Function Charge not less than three (3) days prior to its effective date.

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