

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 10/1/08
STAMPS: Issued in Compliance with Order of PSC in Case 08-G-0609 dated 09/18/08.

LEAF: 122.1
REVISION: 3
SUPERSEDING REVISION: 2

GENERAL INFORMATION

31. SYSTEM BENEFITS CHARGE:

31.1 Expedited Fast Track Program Per Ordering Paragraph 6 of June 23, 2008 Order In Case 07-M-0548

For the period October 1, 2008 through September 30, 2009, and for annual periods thereafter continuing through December 31, 2011, a System Benefits Charge (SBC), applicable to Service Classification Nos. 1, 2 and 7, will recover costs associated with the energy efficiency program authorized by the Public Service Commission's June 23, 2008 Order in Case 07-M-0548. Any over/under collections will be included in the development of the rate for the next time period.

The Company will calculate this rate by dividing the annual cost of \$404,592, plus over- or under-recoveries from the prior period, if any, of all efficiency programs for the upcoming program period by the projected weather normalized delivery volumes for Service Classification Nos. 1, 2 and 7 for the same time period.

The effective rate shall be set forth on a statement and filed with the Public Service Commission apart from this rate schedule not less than three (3) days prior to the date on which the statement is proposed to be effective.

31.2 Interim Energy Efficiency Programs Per Joint Proposal Filed August 1, 2008 in Case 08-G-0609

For the period October 1, 2008 through September 30, 2009, a System Benefits Charge (SBC), applicable to Service Classification Nos. 1, 2 and 7, will recover costs associated with the energy efficiency programs authorized by the Public Service Commission's Order in Case 08-G-0609 dated September 18, 2008. Such costs will include program costs, plus carrying charges equal to the currently effective other customer capital rate as determined by the Public Service Commission, and lost revenue as determined in Rule 31.2.1 below. Any over/under collections will be included in the development of the rate for the next time period.

31.2.1 Lost Revenue Associated With Eight Month Interim Programs

The Company will be allowed to defer its lost revenue net of the associated deferred New York State and federal income taxes, plus carrying charges at the same rate as the allowance for funds used during construction (AFUDC). The Company's full recovery of lost revenue will occur immediately following the reconciliation filing to be made by the Company 90 days after the Commission acts upon the Company's rate filing in Case 08-G-0609 but no later than September 18, 2009. The lost revenue for the eight month Interim Energy Efficiency Programs may not exceed \$25,000 absent clear and convincing support for the amount claimed by the Company.

Issued By: Thomas B. King, President, Syracuse, New York