

PSC NO: 220 ELECTRICITY
 NIAGARA MOHAWK POWER CORPORATION
 INITIAL EFFECTIVE DATE: SEPTEMBER 1, 2020
 STAMPS:

LEAF: 235
 REVISION: 10
 SUPERSEDING REVISION: 9

GENERAL INFORMATION

49 Earnings Adjustment Mechanism

49.1 The Earnings Adjustment Mechanism ("EAM") allows the Company to recover earned EAM positive revenue adjustments through an annual EAM surcharge.

49.2 The Company will allocate the earned incentive to the following service classes: SC1, SC1C, SC2ND, SC2D, SC3, SC3A, SC4, SC7, SC12 in accordance with each SC12 customer's specific contract, and all service classes of PSC No. 214. The Company will allocate:

(i) the Peak Reduction and Load Factor EAMs based on the transmission demand allocator (i.e., single coincident peak) from the Company's most current ECOS per Rule 43.6;

(ii) the Share the Savings EAM using the Energy allocator from the Company's most current ECOS; and

Energy Allocators:

Residential	34.99%
Residential TOU	0.90%
Small Gen No Dem	1.97%
Small Gen Demand	11.90%
Large Gen-Sec	12.28%
Large Gen-Pri	5.73%
Large Gen-Tran	2.19%
Large Gen TOU-S/P	2.97%
Large Gen TOU-SubT	4.87%
Large Gen TOU-Tran	21.61%
Lighting	0.59%

(iii) the Distributed Energy Resources Utilization, Managed Electric Vehicle Charging, Building Electrification, Transportation Electrification, Low and Moderate Income Customer Savings, and School Bus Electrification EAMs using the transmission demand (Rule 43.6), Non-Coincident Peak at Primary Voltage (Rule 45.2.3), and Energy allocators (Rule 49.2 (ii)), all from the Company's most current ECOS and each with equal weight.

The EAM surcharge will also be applicable to NYPA load.

49.2.1 Empire Zone Rider qualifying load and Excelsior Jobs Program qualifying load will not be subject to the EAM.

49.3 The EAM will be collected from customers on a per kW basis for demand billed customers and a per kWh basis for non-demand billed customers.

49.3.1 The EAM surcharge shall be calculated by dividing the earned incentive for each service classification as determined in Rule 49.2 above by the forecast sales or demand for that service classification.

49.3.2 The EAM surcharge collected from customers will be subject to an annual reconciliation for any over or under collections from the previous year. The EAM reconciliation's over or under collections will be credited or surcharged to customers, which will include interest at the Company's pre-tax WACC.

49.3.3 The EAM surcharge will appear on the Statement of Earnings Adjustment Mechanism to be filed with the PSC not less than fifteen (15) days prior to the effective date.