

PSC NO: 219 GAS

LEAF: 122.5.2

NIAGARA MOHAWK POWER CORPORATION

REVISION: 3

INITIAL EFFECTIVE DATE: 04/01/18

SUPERSEDING REVISION: 1

STAMPS: Issued in compliance with order in Case No. 17-G-0239 dated March 15, 2018.

GENERAL INFORMATION**33. MERCHANT FUNCTION CHARGE: (continued)**

33.1.3 Commodity Related Uncollectible Expenses (continued)

33.1.3.2 Sales Customers taking service under SC Nos. 1, 2, 3, 12 and 13

33.1.3.2.1 The Commodity Related Uncollectible Expenses per therm rate is determined monthly for each sales class by multiplying: 1) the Monthly Cost of Gas calculated per Rule 17.3 and set forth on the Statement of Monthly Cost of Gas by; 2) the applicable Uncollectible Rate.

33.1.3.2.2 The resulting per therm rate will be filed on the Statement of Merchant Function Charge not less than two business days prior to the date on which the statement is proposed to be effective.

33.1.3.3 Marketers participating in the Company's Purchase of Receivables Program that serve SC Nos. 1MB, 2MB, 5, 7, 8, 12DB, 12MB and 13MB transportation customers.

33.1.3.3.1 The applicable Uncollectible Rate will be applied as a discount to the Marketer's purchase of receivables.

33.1.4 Return Requirement on Gas Storage Inventory

33.1.4.1 Effective April 1, 2018

33.1.4.1.1 Applicable to SC Nos. 1, 2, 3, 12 and 13 sales customers.

33.1.4.1.2 The Return Requirement on Gas Storage Inventory will be projected initially for the 12-month period starting April 1, 2018, then each subsequent 12-month period starting September 1, 2018 by multiplying: 1) the Pre-tax WACC defined in Rule 1.1 by; 2) the projected monthly average cost of storage inventory for the corresponding period.

33.1.4.1.3 The Return Requirement on Gas Storage Inventory per therm rate will be calculated by dividing the Return Requirement on Gas Storage Inventory by the projected sales of the SC Nos. 1, 2, 3, 12 and 13 sales customers.

33.1.4.1.4 The Actual Return Requirement on Gas in Storage will be determined initially for the 12-month period starting April 1, 2018, then each subsequent 12-month period starting September 1, 2018 by multiplying: 1) the Pre-tax WACC defined in Rule 1.1 by; 2) the actual monthly average cost of storage inventory for the corresponding period.