

PSC NO: 219 GAS

LEAF: 122.14

NIAGARA MOHAWK POWER CORPORATION

REVISION: 0

INITIAL EFFECTIVE DATE: 04/01/18

SUPERSEDING REVISION:

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

GENERAL INFORMATION**39. Gas Safety and Reliability Surcharge**

- 39.1 The Gas Safety and Reliability Surcharge ("GSRS") allows the Company to recover (i) the cost to replace incremental leak prone pipe ("LPP"), and (ii) the cost to repair additional leaks.
- 39.2 The surcharge will be calculated by first allocating the return on investment and depreciation expense associated with incremental LPP investment and leak repair costs to each firm service class by forecast delivery revenues established in the Joint Proposal in Case 17-G-0239, then developing a per therm rate. The GSRS will be reconciled annually and included in the DSA recovered from SC 1, 2, 3, 5, 7, 8, 12 and 13 firm sales and firm transportation customers beginning the following August 1st (adjusted for the Company's pre-tax WACC defined in Rule 1.1). The GSRS will appear on the Statement of Gas Safety and Reliability Surcharge to be filed not less than three (3) days prior to the effective date.

40. Earnings Adjustment Mechanism

- 40.1 The Earnings Adjustment Mechanism ("EAM") allows the Company to recover earned gas EAM positive revenue adjustments through an EAM surcharge over the twelve months beginning April 1, 2019 (adjusted for the Company's pre-tax WACC defined in Rule 1.1).
- 40.2 The per Therm rate will be calculated by allocating the earned incentives to SC 1, 2, 3, 5, 7, 8, 12 and 13 firm sales and firm transportation customers service class based on percentage of gas deliveries, exclusive of EZR and EJP. The EAM will appear on the Statement of Earnings Adjustment Mechanism to be filed not less than three (3) days prior to the effective date.
- 40.3 The EAM Allocators are as follows:

Service Class:	EAM Allocation %:
SC-1 Residential	46.0661%
SC-2 Small General	18.7839%
SC-3 Large General	0.8661%
SC-5 Firm Transport	6.9624%
SC-7 Small Firm Transport	5.5813%
SC-8 Standby Sales	20.4993%
SC-12 Distributed DG- Non Residential	1.2406%
SC-13 DG Residential	0.0003%