

PSC NO: 219 GAS  
NIAGARA MOHAWK POWER CORPORATION  
INITIAL EFFECTIVE DATE: 04/01/13  
STAMPS: Issued in compliance with order in Case No. 12-G-0202 dated March 15, 2013

LEAF: 122.5.2  
REVISION: 1  
SUPERSEDING REVISION:

### GENERAL INFORMATION

#### 33. MERCHANT FUNCTION CHARGE: (continued)

##### 33.1.3 Commodity Related Uncollectible Expenses (continued)

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 May 15, 2012 to March 31, 2013

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

33.1.4.1.2 The Actual Return Requirement on Gas Storage Inventory will be calculated by multiplying: 1) the Return Requirement Percentage of 10.69% by; 2) the weighted average cost of storage inventory using monthly volumes that total to 103,347,356 dth priced out at the Company's actual weighted average cost of gas in storage, and multiplied by; 3) 0.990828212 to exclude Service Classification No.3.

33.1.4.1.3 The Return Requirement on Gas Storage Inventory recoveries for the corresponding 10 ½ month period will be reconciled to the Actual Return Requirement on Gas Storage Inventory.

33.1.4.1.4 The resulting over or under collection (adjusted for simple interest at the Commission's other customer capital rate) will be divided by the projected annual sales of the SC Nos. 1, 2, 12 and 13 sales customers to determine a per therm credit or surcharge to be refunded or recovered from the SC Nos.1, 2, 12 and 13 sales customers over the 12-month period starting June 1, 2013. The per therm credit or surcharge will be added to the Return Requirement on Gas Storage Inventory per therm rate in effect at that time.

Issued By: Kenneth D. Daly, President, Syracuse, New York