

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: 90.1.1
 REVISION: 1
 SUPERSEDING REVISION:

GENERAL INFORMATION

17. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF PURCHASED GAS: (continued)

17.1.6 System Performance Adjustment (SPA) (continued)

17.1.6.2.2 Subtracting the LAUF Target from the Dead Band Upper Limit if actual system LAUF exceeds the Dead Band Upper Limit.

17.1.6.2.3 Subtracting the LAUF Target from the Dead Band Lower Limit if actual system LAUF is less than the Dead Band Lower Limit.

17.1.6.3 The SPA per therm rate is calculated by dividing: 1) the Total SPA Amount determined per Rule 17.1.6.1 adjusted for simple interest at the Commission's other customer capital rate by; 2) the projected annual sales of the SC Nos. 1, 2, 3, 12 and 13 sales customers and the SC Nos. 1MB, 2MB, 5, 7, 8, 12MB, 12DB and 13MB transportation customers.

17.1.6.3.1 Effective for the 12-month period starting January 1, 2015 and each subsequent 12-month period starting January 1st thereafter, the SPA per therm rate is set forth on the: 1) Statement of System Performance Adjustment; and 2) Statement of Monthly Cost of Gas and included in; 3) Delivery Service Adjustments .

17.1.6.4 Recoveries of the SPA per therm rate will be reconciled initially for the 12-month period ending December 31, 2015 and each subsequent 12-month period ending December 31st thereafter.

17.1.6.4.1 The SPA Annual Reconciliation Adjustment per therm rate will be determined by dividing the SPA Annual Reconciliation Adjustment (adjusted for simple interest at the Commission's other customer capital rate) by the projected annual sales of the SC Nos. 1, 2, 3, 12 and 13 sales customers and the SC Nos. 1MB, 2MB, 5, 7, 8, 12MB, 12DB and 13MB transportation customers.

17.1.6.4.2 The SPA Annual Reconciliation Adjustment per therm rate will take effect initially for the 12-month period starting January 1, 2017 and each subsequent 12-month period starting January 1st thereafter to refund any over recoveries or recover any under recoveries of the SPA per therm rate implemented per Rule 17.1.6.2. The SPA Annual Reconciliation Adjustment per therm rate will be added to the SPA per therm rate in effect at that time.

17.2 Risk Management Costs:

17.2.1 Risk Management Costs are costs associated with transactions that are intended to reduce price volatility or reduce overall costs to customers. These costs include transaction costs, and gains and losses associated with transactions made in commodities exchanges or with other risk management entities.

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