

PSC NO: 220 ELECTRICITY  
NIAGARA MOHAWK POWER CORPORATION  
INITIAL EFFECTIVE DATE: SEPTEMBER 1, 2014

LEAF: 229.1.2  
REVISION: 0  
SUPERSEDING REVISION:

#### GENERAL INFORMATION

#### 46. SUPPLY SERVICE CHARGES (Continued)

46.2.7 The Nine Mile Unit #2 PPA converted to a Revenue Sharing Agreement (RSA), effective December 1, 2011. The RSA will provide the Company with a quarterly credit of eighty percent of the amount by which actual market prices exceed a specific schedule of floor prices as identified in the RSA. Any applicable payments received under the RSA for a contract quarter will be refunded to customers beginning in the calendar month following the month in which the payment is received. Such payments will be refunded to customers over three consecutive months. An allowance for carrying charges at the currently approved customer deposit rate in effect at the time of the payment will also be included. The monthly credits will be added to the net market value forecast of the other Legacy Contracts in Rule 46.2.2

46.3 All customers receiving commodity service in accordance with Rule 46.1 will also be subject to the Electricity Supply Reconciliation Mechanism ("ESRM"). The ESRM will consist of:

46.3.1 New Hedge Adjustment – The costs and benefits associated with the net market value of New Hedges and applicable to Service Classification Nos. 1 and 2 (Non-Demand).

46.3.1.1 New Hedges are defined as all power purchase contracts executed on or after June 1, 2001, excluding NYPA contracts which are subject to Rule 46.2.6.

46.3.1.2 The net market value of each New Hedge contract is defined as the monthly contract cost less the market value.

Issued by Kenneth D. Daly, President, Syracuse, NY