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VIA ELECTRONIC FILING

December 20, 2013

Honorable Kathleen H. Burgess
Secretary
New York State Department of Public Service
Three Empire State Plaza, 19th Floor
Albany, NY 12223

Re: Case 12-E-0201 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric Service

Dear Secretary Burgess:

In accordance with the Order issued on March 15, 2013 by the Public Service Commission (the “Commission”) in the above-captioned case,¹ attached please find the proposal of Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid” or the “Company”) to offer time differentiated delivery and commodity rates to residential customers. Please contact the undersigned if you have any questions regarding this filing.

Very Truly Yours,

/s/ Kara J. Krueger

Kara J. Krueger

Enclosure

cc: Active Parties in Case 12-E-0201 (via DMM)

¹ Cases 12-E-0201, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid*, Order Approving Electric and Gas Rate Plans in Accord with the Joint Proposal (issued and effective March 15, 2013), at 46.

NIAGARA MOHAWK POWER CORPORATION

D/B/A NATIONAL GRID

CASE NO. 12-E-0201

**COMPLIANCE FILING FOR THE RESIDENTIAL VOLUNTARY TIME OF USE
OFFERING**

DECEMBER 20, 2013

I. PURPOSE OF FILING

Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid” or the “Company”) respectfully submits this filing in accordance with the March 15, 2013 Order of the New York State Public Service Commission (“Commission”) in Case 12-E-0201 (“2012 Rate Case”). In that Order, the Commission directed the Company to file a report summarizing the appropriateness and feasibility of improved time differentiated commodity and delivery rates for residential customers by December 20, 2013.¹ The Company met with Staff and interested parties and has developed a proposal that offers residential customers time differentiated commodity and delivery rates. The Company respectfully requests that the Commission approve the proposal as set forth herein.

II. BACKGROUND

In the 2012 Rate Case, the Company proposed a time-of-use commodity pricing offering for interested residential customers receiving service under the Company’s Service Classification 1 (“SC-1”). SC-1 is the only service classification that does not have a time-of-use electricity commodity rate. Currently, any SC-1 customer who wishes to receive a time-of-use electricity commodity rate must first be reclassified as a Service Classification 1C (“SC-1C”) customer. However, the SC-1C delivery rate design and time-of-use rate periods are not beneficial for typical residential customers and rather are designed to benefit larger use customers with usage exceeding 800 kWh with a substantial portion of the customer’s load occurring in the off-peak period. Furthermore, the SC-1C monthly customer charge is nearly double the current SC-1 monthly customer charge. In addition, the SC-1C time-of-use periods are fairly complex and consist of on-peak, off-peak, and shoulder-peak time periods that have seasonal distinctions.

¹ Case 12-E-0201, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid*, Order Approving Electric and Gas Rate Plans in Accord with the Joint Proposal (issued and effective March 15, 2013), at 46.

Therefore, in the 2012 Rate Case, the Company proposed to offer a commodity time-of-use rate that would be more attractive to typical residential customers. In response to the Company's proposal, Staff requested that the Company also consider a time differentiated delivery rate option for residential customers. In the 2012 Rate Case Joint Proposal, the signatory parties agreed that interested parties would meet to discuss the feasibility of a combined time-differentiated commodity and delivery rate option and that the Company would subsequently file a report summarizing the outcome of those discussions with the Secretary. The Joint Proposal, as filed, did not preclude the Company from bifurcating commodity and delivery rate offerings.

In its Order approving the Joint Proposal with modifications, however, the Commission expressed concerns that bifurcated roll-outs of commodity and delivery options may not be the optimal approach. Accordingly, the Commission directed the Company to complete its efforts involving the combined delivery/commodity option so that a new rate design could be implemented on April 1, 2014.

III. SUMMARY OF RESIDENTIAL VOLUNTARY TIME OF USE PROPOSAL

Consistent with the Commission's Order, the Company has developed a combined time differentiated commodity and delivery rate option for residential customers. The primary goal of this Residential SC-1 Voluntary Time of Use ("SC-1 VTOU") offering is to support New York State's Plug-in Electric Vehicle ("PEV") initiatives and to encourage off-peak charging. For this reason, the SC-1 VTOU rate will include three rate periods: on-peak, off-peak and super-peak. Delivery rates will be charged based on a customer's on-peak (including super-peak) and off-peak usage and commodity rates will be charged based on a customer's on-peak, off-peak and super-peak usage. There will be an incremental customer charge to recover the costs of the enhanced metering required to bill the SC-1 VTOU rate. In addition, the Company will offer a

price guarantee for PEV full service customers for the first twelve months on the SC-1 VTOU rate.

IV. ELIGIBILITY

Customers served under SC-1 or SC-1C will be eligible for the SC-1 VTOU rate. This voluntary offering will not be separately metered and is a rate applicable to the entire usage on the customer's SC-1 or SC-1C account. If a customer on SC-1C elects the SC-1 VTOU rate, the Company will reclassify that customer to SC-1 so that the customer charge is the same for customers electing the SC-1 VTOU rate. Customers will be required to remain on this rate for one year from commencement of service and will remain on the rate month to month thereafter until cancelled upon written notice to the Company. Customers will have the option to either take commodity service from the Company or choose an Energy Service Company. Customers will be permitted to switch commodity providers without limitation.

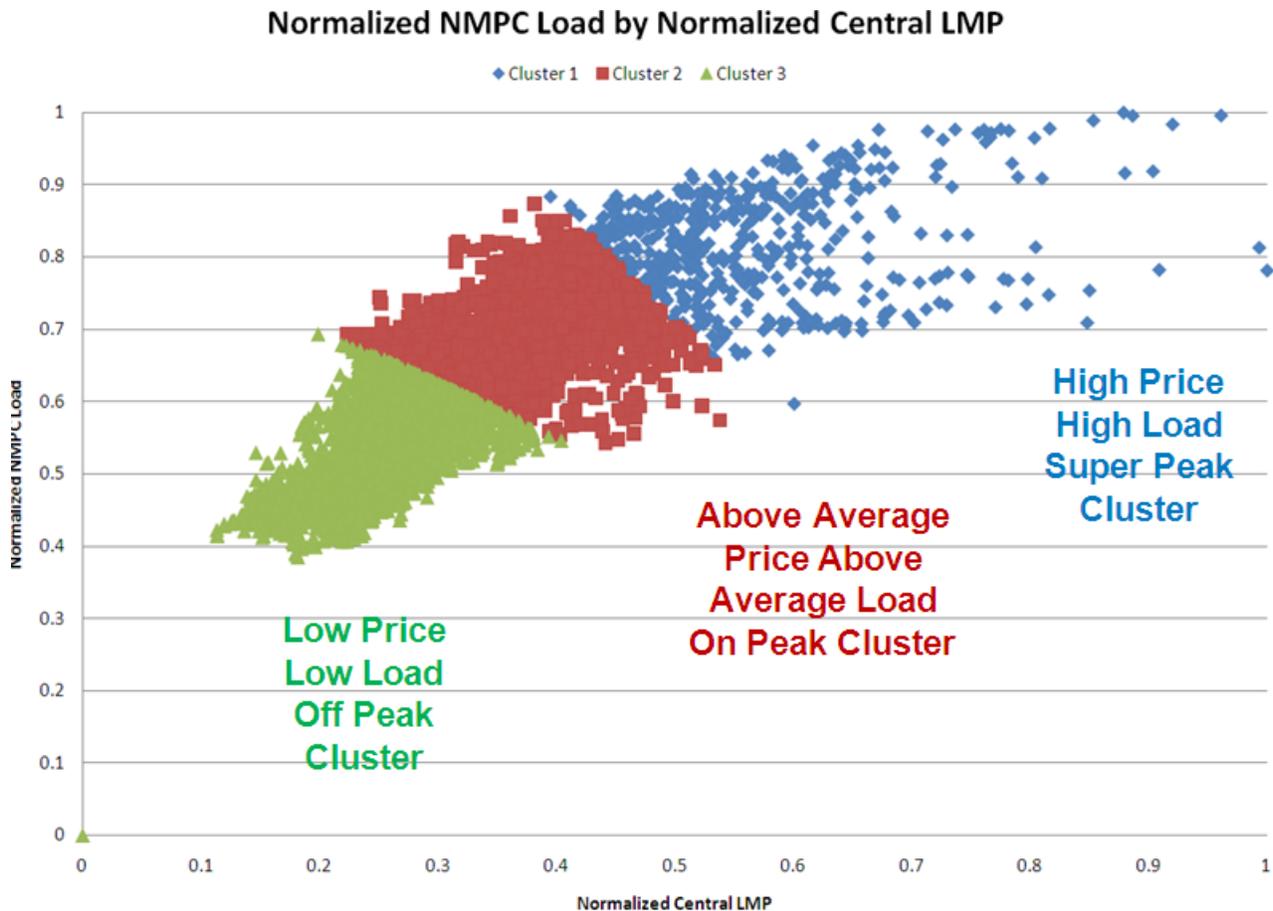
V. PROGRAM DETAILS

A. Time Periods

The Company considered several different factors when developing time periods for the SC-1 VTOU rate including commodity prices, load and the reliance on the distribution system and the practicality of the time periods for charging PEVs. These factors were analyzed using a mathematical approach, reviewing the relationship between market variables and the time of day. The impact on distribution assets was analyzed and the practicality of the time periods was considered.

The mathematical approach used cluster analysis to evaluate the relationship between multiple variables. Cluster analysis is done by mapping each hourly observation by variable and creating groups or clusters of observations. These groups are developed with two principles in mind: 1) observations within the same group must be as similar as possible; and 2) all groups

must be as distinct as possible from other groups. These groups are solved for by using a SAS program where a formula minimizes the distance between all observations in a cluster while simultaneously maximizing the distance between the centers of each of the clusters. Each observation must get assigned to a cluster. Cluster data is then reviewed looking for similar traits within in each group.



The cluster analysis resulted in three clusters that represent each of the different time periods: off-peak, on-peak, and super-peak. The cluster analysis review found that the highest market prices and system loads occurred in summer afternoons. Additionally, most of the peak loads for the New York Independent System Operator (“NYISO”) and for the Company occurred within the super-peak cluster. The on-peak cluster had both above average market prices and

above average loads. The majority of the on-peak cluster observations occurred during the afternoon hours seven days a week all year. The off-peak cluster had the lowest prices and the lowest loads. The off peak cluster observations mainly occurred during the night time and early morning hours all year.

The physical loading of the Company's distribution assets throughout the day were also considered. A sample of stations serving mainly residential areas was selected. Load shapes for each of the months were developed, which enabled the identification of times when National Grid's systems were most stressed and when there was capacity for additional load.

The Company also considered convenient time periods for charging PEVs and the policy goals and initiatives recently promoted by the Commission with respect to the use of electric vehicles.² Ultimately, the analysis led National Grid to develop the following time periods:

Rate	Timing	Rationale
Super-peak	June, July and August from 2:00-6:00 pm daily (including weekends)	<ol style="list-style-type: none"> 1. Cluster analysis confirmed that the highest prices and loads occurred in the summer late afternoons 2. ISO Peak loads that set the capacity requirements for each New York State Load Serving Entity ("LSE") for the following capability year usually occur during this period 3. Reasonable time period for customers to reduce non-essential consumption
On-peak	7:00 am to 11:00 pm all year round (Super-peak is a subset)	<ol style="list-style-type: none"> 1. Cluster analysis confirmed higher than average prices and loads in both system and distribution

² See Case 13-E-0199, *In the Matter of Electric Vehicle Policies*, Notice of New Proceeding and Seeking Comments (issued May 22, 2013), at 1 (discussing the need to ensure that the Commission's "regulations and policies promote the continuing evolution of the market for PEVs and for supporting services, while maintaining the safety and reliability of New York's electric grid").

		assets
Off-peak	11:00 pm to 7:00 am all year round	<ol style="list-style-type: none"> 1. Cluster analysis found lowest prices and loads late at night and early mornings 2. Considered to be the best time to add additional load on the distribution system 3. A long enough time period for customers to charge electric vehicles

A graphical representation of the SC-1 VTOU time periods is shown below.

Summer June, July & August

M	Off	On	SuperPeak	On	On	On	On	On	On	Off														
T	Off	On		On	On	On	On	On	Off															
W	Off	On		On	On	On	On	On	Off															
T	Off	On		On	On	On	On	On	Off															
F	Off	On		On	On	On	On	On	Off															
S	Off	On		On	On	On	On	On	Off															
S	Off	On		On	On	On	On	On	Off															
Hour Ending:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24

All Other Months

M	Off	On	Off																					
T	Off	On	Off																					
W	Off	On	Off																					
T	Off	On	Off																					
F	Off	On	Off																					
S	Off	On	Off																					
S	Off	On	Off																					
Hour Ending:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24

B. Commodity Rates and Applicable Reconciliation Mechanisms

1) SC-1 Rule 46.1 Electricity Supply Cost (“ESCost”) Commodity Rates

Residential customers served under SC-1 currently pay a flat price for their commodity during the month for each hour of the period. The Company hedges volatility associated with SC-1 commodity costs and credits or surcharges customers hedging gains

and losses through the New Hedge Adjustment. The goal of the SC-1 VTOU rate is to encourage customers, through proper market price signals, to move their load to lower cost, lower distribution usage hours. Under the proposed SC-1 VTOU rates, customers will pay the actual day ahead market price for the sub-period based on their consumption during that sub-period. To ensure the proper market price signals are sent, the Company will not hedge commodity for the SC-1 VTOU customers.

Residential SC-1 customers are currently charged the flat monthly commodity rate based on a forecast of NYISO Day Ahead prices in each Load Zone. The rate is derived using monthly forward trading market prices, such as New York Mercantile Exchange, approximately three business days prior to the forecast month. Reconciliations to the actual NYISO Day Ahead market prices for all fixed commodity-related mechanisms are done on a two month lag basis.

The monthly forecast fixed residential rate is comprised of energy, capacity, ancillary, and thermal losses. Attachment One shows how commodity prices are developed for SC-1 customers based on an electric futures market with on-peak and off-peak prices. The commodity price for SC-1 customers, as set forth in Rule 46.1.1, is constructed from energy (Section A), capacity (Section B), and ancillary services (Section C). In Section D, the prices are load weighted based upon the standard service class load shapes to account for sales occurring during on-peak and off-peak periods and then adjusted for thermal losses in order to develop a retail commodity rate.

Under the SC-1 VTOU proposal, the pricing of commodity will not be the fixed monthly price. Instead, commodity will be priced using a methodology similar to one currently used to bill other non-Mandatory Hourly Pricing (“MHP”) customers (for example, SC-2D customers). The methodology used for SC-2D customers uses the same

underlying mathematical concept as the fixed monthly residential rate; however, the calculation is performed hourly using actual NYISO Day Ahead energy prices. With an hourly price calculation applied against the customer's standard billing load shape, an hourly load weighted price can be derived. Capacity is added during the eight hours of the weekdays for each of the twelve months. All other hours of the year, the capacity component will have zero capacity costs. The billing system applies a customer's cumulative 30 day usage against the same previous 30 day load weighted actual NYISO DA prices.

Attachment Two presents a 48 hour example of the 30 day weighted calculation methodology, showing June 1st and 30th, representing the first day and last day of a 30 day billing period. In the example, the 30 day billing rate would be \$47.69 per MWh applied to usage in the 30 day billing period. However, under the SC-1 VTOU proposal, separate sub-period prices are necessary and can be calculated and applied to the customers' consumption specific to those sub-period time frames. Attachment Three provides an illustration of how the same calculation can summarize the commodity prices by the SC-1 VTOU sub-periods. The super-peak price would be \$98.16 per MWh, while the on-peak and off-peak rates would be \$39.67 and \$26.36, respectively. Pricing by sub-periods gives customers a better price signal specific to their sub-period consumption.

The Company proposes to utilize the commodity pricing methodology explained above for the SC-1 VTOU offering except during the summer months. For SC-1 VTOU service, the capacity costs during the summer months will be recovered over the super-peak period to create significantly higher commodity prices for those hours, which is intended to encourage customers to avoid consumption during that period. Super-peak hours, as discussed in Section (V)(A), will be from 2:00pm to 6:00pm every day within

the months of June, July, and August. Attachment Three demonstrates that the capacity was only added to four hours of each day, creating a higher price for those hours. Another difference in commodity rates between SC-1 and SC-1 VTOU is that capacity will be applied to every day of the week during the summer, including holidays³, as compared to only non-holiday weekdays. During the remaining nine months of the year, capacity costs will be applied over the eight hour period each weekday, similar to SC-2D customers.

All other commodity billing components will remain in-place for the SC-1 VTOU customers, as compared to the standard SC-1 customer, except for the New Hedge Adjustment (“NHA”) and Mass Market Adjustment (“MMA”) components of the Electricity Supply Reconciliation Mechanism (“ESRM”). The NHA mechanism applies to all mass market customers and represents the results of the Company’s volatility management program that hedges the exposure to volatile market prices. The intention of the volatility management program is to soften volatile price signals. In doing so, actual price signals can be muted from hour to hour, month to month and even year to year. The Company believes that muting such price signals could significantly alter the actual price signals that are necessary in the design of the SC-1 VTOU program and therefore these customers will not receive the NHA component in their monthly supply costs. The MMA adjustment is not necessary because SC-1 VTOU customers will be charged the actual NYISO Day Ahead prices (as compared to SC-1 customers who are charged a forecast of NYISO Day Ahead prices in their fixed monthly rates).

The table below provides a comparison of the differences between a standard SC-1 customer and an SC-1 VTOU customer’s commodity rates.

³ The 4th of July is the only holiday during the summer period.

Description	SC-1	SC-1 VTOU
Market prices of Energy used in ESCost	Forecast Month Ahead Energy prices	Actual Hourly NYISO DA prices
Reconciliation of Actual NYISO DA Market Prices	Mass Market Adjustment (MMA) component of ESRM	N/A
ESCost Billing Method	Monthly Fixed Rates	30 Day weighted average calculation based upon customer billing date
Capacity Market Price basis	Actual NYISO Monthly Auction price	Actual NYISO Monthly Auction price
Hours where capacity is applied	Weekdays every month (excluding holidays); 12:00pm – 8:00pm (8 hours per day)	Non-summer: * Weekdays every month (excluding holidays); 12:00pm – 8:00pm (8 hours per day) Summer: * Every day of the week (including holidays); 2:00pm – 6:00pm (4 hours per day)
ESRM Components	Includes MMA, NHA & SSA	Includes SSA
NYPA	Included in Delivery rates	Included in Delivery rates
LTC	Included in Delivery rates	Included in Delivery rates

2) Commodity Price Forecast Examples

Attachments Four and Five summarize the differences in commodity rates between a standard SC-1 customer and the sub-period commodity rates and capacity

billing rates to be used in billing the SC-1 VTOU customer. Attachment Four compares these rates developed using the actual 2012 energy, capacity, and ancillary prices. Note that 2012 capacity prices were lower than 2013 prices and forecast prices. Attachment Five compares the same commodity rates, but incorporates a forecast of capacity prices for the Winter 2013 and Summer 2014 capability periods. The Capacity Billing Rate is significantly higher with an average of \$91.19 per kWh as compared to the actual 2012 rate of \$40.57 per kWh. Using forecast capacity prices clearly illustrates how avoiding super-peak hours can significantly reduce annual commodity costs for SC-1 VTOU customers.

C. Delivery Rates

The Company developed delivery SC-1 VTOU rates for two time periods consistent with the commodity time periods: on-peak from 7am to 11 pm daily and off-peak encompassing all other hours. The proposed Fiscal Year 2015 on-peak rate is \$.05906/kWh and the proposed off-peak rate is \$.00904/kWh. Because the super-peak period is a subset of the on-peak period, the delivery charge during the super-peak hours will be the same as the on-peak rate. The calculation of the proposed Fiscal Year 2015 rates is shown in Attachment Six, Column B.

These delivery rates were designed to be revenue neutral so that a customer whose usage is the same as the SC-1 class average load shape will pay the same for delivery on the SC-1 VTOU rate. The Company used the Embedded Cost of Service study filed in Case 12-E-0201, which classified costs included in the SC-1 residential revenue requirement as either customer related or demand related. The customer related costs (less those collected in the customer charge and the merchant function charge) will be collected during all hours and the demand related costs will be collected only during the on-peak hours.

The proposed delivery rate design encourages off-peak charging behavior for PEV owners by offering relatively low off-peak rates throughout the year. This not only benefits customers by allowing them to pay less for delivery, but also benefits the distribution system by discouraging customers from adding additional consumption during higher cost on-peak periods and creating strain on the distribution assets.

D. Incremental Customer Charge

Residential customers that elect this rate will pay the SC-1 monthly customer charge of \$17. These customers will also be required to pay an incremental customer charge of \$3.36 per month to cover the cost of purchasing and installing a meter capable of accommodating the time-of-use pricing. As discussed in Section (V)(F) below, the Company proposes to use the same type of meters for the SC-1 VTOU program as are currently used for the SC-2ND Optional Time of Use customers. Accordingly, the Company proposes to apply the same incremental customer charge that was developed for the SC-2ND Optional Time of Use Rate filed with the Commission in Case 10-E-0050⁴ to SC-1 VTOU customers. The incremental customer charge is based on a revenue requirement developed to collect the costs of the installing the meters and the cost of updating the Customer Service System for the new meter.

E. Bill Impacts

As explained above, the Company has developed the SC-1 VTOU delivery and commodity rates to be revenue neutral for customers who have the same load shape as the typical SC-1 residential customer. PEV customers should be able to reduce their electricity costs simply by charging their vehicle in the off-peak period, which will more than offset the incremental customer charge of \$3.36 per month. However, non-PEV customers will need to shift some of

⁴ Case No. 10-E-0050, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation for Electric Service*, Compliance Filing – Voluntary Hourly Pricing Filing (filed September 16, 2011).

their on-peak and/or super-peak load from the typical load shape to lower their electricity costs on the SC-1 VTOU rate. The bill impacts shown in Attachment Seven are for an average residential customer that used 650 kWh per month in 2012 and a higher use customer that used 903 kWh per month in 2012.

These bill impacts demonstrate the potential savings for PEV owners that charge their vehicle in the off-peak hours and the breakeven point for non-PEV customers that can shift some of their usage from the on-peak and super-peak periods. There are two scenarios included: 1) using 2012 actual commodity and capacity prices and applicable commodity reconciliation surcharges; and 2) using 2012 commodity rates with a forecast of capacity prices for the annual capability period beginning November 1, 2013 for reasons discussed in Section (V)(B)(2) above.

Bill Impacts for an Average Use Customer (Assuming 2012 Actual Commodity and Capacity Prices)

- An average use customer (650 kWh per month) with a typical load shape who then adds a PEV (assuming 130 kWh per month) could save \$61 per year on SC-1 VTOU by charging the PEV during the off-peak period as compared to charging the PEV consistent with the average load shape on SC-1 Standard rates.
- An average use customer (650 kWh per month) with a typical load shape who then adds a PEV (assuming 360 kWh per month) could save \$211 per year on SC-1 VTOU by charging the PEV during the off-peak period as compared to charging the PEV consistent with the average load shape on SC-1 Standard rates.
- A non-PEV customer with average monthly usage of 780 kWh would need to shift 4.8% (306 kWh/year) from on-peak to off-peak and 1.3% (7 kWh/year) from super-peak to on-peak to break even on this rate.

Bill Impacts for an Average Use Customer (Assuming 2012 Actual Commodity with Forecasted Capacity Prices)

- An average use customer (650 kWh per month) with a typical load shape who then adds a PEV (assuming 130 kWh per month) could save \$52 per year on SC-1 VTOU by charging the PEV during the off-peak period as compared to charging the PEV consistent with the average load shape on SC-1 Standard rates.
- An average use customer (650 kWh per month) with a typical load shape who then adds a PEV (assuming 360 kWh per month) could save \$223 per year on SC-1 VTOU by charging the PEV during the off-peak period as compared to charging the PEV consistent with the average load shape on SC-1 Standard rates.
- A non-PEV customer with average monthly usage of 780 kWh would need to shift 9.0% (573 kWh/year) from on-peak to off-peak and 2.5% (14 kWh/year) from super-peak to on-peak to break even on this rate.

F. Metering Technology

The Company has determined that the General Electric kV2C meter equipped with an integrated Itron AMR module should be used for the SC-1 VTOU program. This specifically allows the Company's meter reading equipment to pick up three readings from these meters, similar to the way the SC-2ND Optional Time of Use Rate is handled. Registers for total kWh, on-peak kWh, and super-peak kWh will be retrieved during the meter reads, which allows for the calculation of the off-peak kWh values by the billing system. The Company submits that this meter is cost effective and also allows customers to participate in both the SC-1 VTOU rate and net metering, if applicable.

G. Outreach and Education

The Company is proposing to utilize a number of key customer channels to communicate this rate offering to residential customers with a focus on PEV owners. These channels include bill messaging, the customer newsletter, social media (*e.g.*, Twitter, Facebook, etc.), and a dedicated section on the Company website. The Company currently has a webpage dedicated to PEV information that provides customers with a wide variety of information about PEVs. The Company is considering incorporating information regarding the SC-1 VTOU rate to the page to increase awareness of the new rate.

In addition, the Company is also evaluating a potential outreach effort to local car dealerships that sell PEVs to educate the dealers about the Company's SC-1 VTOU offering, who could then pass this information along to customers considering buying a PEV. The Company will seek input from Staff on the development and finalization of the outreach plan and will work with Staff to adjust the plan as necessary.

H. Price Guarantee for PEV Owners

To encourage PEV customers to consider the SC-1 VTOU rate, the Company is proposing a one-time price guarantee for the first twelve months a customer elects the rate that will ensure the customer will not pay more on this rate than they would have paid under the SC-1 Residential rate. The price guarantee is only applicable to PEV full service customers and the customer must provide verification of a PEV at the premise by providing a copy of the vehicle registration to be eligible for the guarantee.

The price guarantee will compare what the customer's bills were under the SC-1 VTOU rate to what the customer would have been charged if he was a standard SC-1 customer

(excluding the incremental SC-1 VTOU customer charge and the NHA component of the ESRM mechanism).⁵

If the customer paid more under the SC-1 VTOU rate, a refund will be provided. Any customer refunds will be recovered through the Company's Revenue Decoupling Mechanism. At the end of the twelve month period, customers will have the option to go back on SC-1 Standard rates or remain on the SC-1 VTOU rate.

I. Program Implementation

As explained in Section B above, the Company is proposing to collect the June, July and August capacity costs during the super-peak hours and to collect the remaining capacity costs in all other months from 12:00-8:00 pm weekdays (excluding holidays). During collaborative discussions with Staff and interested parties, it was suggested that all capacity costs be collected only during the super-peak periods. The Company considered this option, but is not recommending this approach. The Company submits that collecting capacity costs only during super-peak periods could lead to customers manipulating the offering.

Specifically, the Company is concerned that if all capacity costs are collected only during the super-peak periods, which are the summer months, customers could "game" the rate by switching back and forth between full service and retail access and between standard rates and SC-1 VTOU to avoid the months with the higher capacity costs. To eliminate this potential for gaming, the Company could make the program requirements more strict and set up a relatively complicated decision matrix that would establish the guidelines and rules for when customers are permitted to migrate to or from full service SC-1 VTOU. This decision matrix would have to be incorporated in the Company's Customer Service System ("CSS") and customer representatives

⁵ The NHA is excluded from SC-1 VTOU supply costs, as explained in Section (V)(B) above, because the Company's volatility management program mutes the commodity prices and could alter the supply costs. Thus, it is only fair to exclude this component when performing the price guarantee calculations.

would have to be trained to ensure that customers remain off the SC-1 VTOU full service rate for a full twelve months before going back on the rate again. Customers would then be required to remain on the SC-1 VTOU rate for a minimum of twelve months. CSS is currently not equipped to perform the logic that would be required by the decision matrix and the programming enhancements would be costly. The Company does not believe the risk of gaming warrants the potentially significant costs required to enhance CSS. Alternatively, the Company could implement a manual tracking process, which would require individually monitoring each customer's transactions monthly for as long as the rate is effective. At this time, absent knowing the number of customers electing the SC-1 VTOU rate, the Company is unable to determine the reasonableness of this manual process. It does, however, have the potential to become not feasible. The Company is also concerned that establishing complicated SC-1 VTOU eligibility rules would create customer confusion and reduce customer satisfaction with the SC-1 VTOU offering.

Instead, the Company proposes collecting capacity costs throughout the year to avoid these issues and submits that the proposal provides accurate price signals and is consistent with the purpose of the SC-1 VTOU offering. Further, the Company's proposal avoids some of the complexities of collecting all capacity costs over a few hours. Forecasting capacity rates to collect a full year of capacity in three months would require the Company to track revenue and actual expenses for capacity for this group of customers differently from all other customers in order to ensure the reconciliation of any forecast error is returned to this group of customers only.

The Company recognizes that future initiatives, such as Utility 2.0, may affect its SC-1 VTOU offering. The Company therefore proposes to work with Staff and other interested parties to periodically to review its pricing programs and propose tariff amendments, where appropriate.

VI. PROPOSED TARIFF AMENDMENTS

Attachment Eight contains a red-lined version of the Company's proposed tariff leaves in connection with this filing.

VII. CONCLUSION

The SC-1 VTOU proposal offers PEV owners an opportunity to reduce their electricity costs by charging their PEV during the off-peak hours and provides non-PEV owners the opportunity to reduce their electricity costs by shifting load from the on-peak and super-peak periods to the off-peak period. Furthermore, the combination of time differentiated delivery and commodity rates provide customers with the appropriate price signals to avoid the higher priced super-peak and on-peak periods. Accordingly, the Company respectfully requests that the Commission approve the SC-1 VTOU proposal and tariff amendments set forth herein.

**ATTACHMENT ONE – MONTHLY
COMMODITY PRICING**

MONTHLY COMMODITY PRICING

Mass Market Rule 46.1.1 Commodity Rates

A) NYISO Zonal Market Prices \$/MWh

OnPeak	Zone C - Central	54.33
OffPeak	Zone C - Central	35.00

B1) Monthly Capacity Price	2.95	\$/kW- month
B2) ISO Reserve Requirement %	7.28%	
B3) ISO Demand Curve %	8.46%	
B4) SC1 CP Capacity Load Factor	51.49%	
B5) # OnPeak Days in month	21	
B6) SC1 Capacity Adder	19.84	\$/MWh
C) Ancillary Service Rate	2.35	\$/MWh

Thermal Losses (Rule 39.18.1.1)	1.0840
Unallocated Loss Factor (UFE)	-1.1599%

D) Thermal Losses	1.07143
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E) SC1 Sales OnPeak %	48.15%
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Retail Commodity Rate	Zone C - Central	60.23
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NOTES:

$$\text{Rates} = (\text{OnPeak} + \text{OffPeak} + \text{Ancillary}) * \text{Thermal Losses}$$

$$\text{OnPeak} = (A + B6) * E$$

$$\text{OffPeak} = A * (1 - E)$$

$$\text{Ancillary} = C$$

$$\text{Thermal Losses} = D$$

$$\text{Capacity Adder B6} = ((B1 * 1000) * (1 + B2) * (1 + B3)) / (16 * B5) / B4$$

ATTACHMENT TWO – 30 DAY WEIGHTED CALCULATION METHODOLOGY

30-Day Load Weighted Price for a customer in CENTRL Zone

30-Day Load Weighted Price for a customer in CENTRL Zone											
CAPACITY						LOSSES	TOTAL	LOAD PROFILE			
DA LBMP	Ancillary Service	Capacity Price	Reserve Rqmnt& Demand Curve	# On-Peak Hours	Load Factor	Losses	Electricity Supply Cost	Load Profile	Load Profile Weighted		
Date	HOUR	LBMP	(\$/MWh)	(\$/kW)	%	%	#N/A	(\$/MWh)			
06/01/12	1	21.58	\$2.5000				0.465530	1.07372	25.86	0.000082266	0.02532
06/01/12	2	19.63	\$2.5000				0.465530	1.07372	23.76	0.000077344	0.02188
06/01/12	3	19.13	\$2.5000				0.465530	1.07372	23.22	0.000071641	0.01981
06/01/12	4	18.46	\$2.5000				0.465530	1.07372	22.51	0.000068173	0.01826
06/01/12	5	19.16	\$2.5000				0.465530	1.07372	23.26	0.000069474	0.01923
06/01/12	6	18.60	\$2.5000				0.465530	1.07372	22.66	0.000074356	0.02005
06/01/12	7	21.15	\$2.5000				0.465530	1.07372	25.39	0.000086675	0.02620
06/01/12	8	26.78	\$2.5000				0.465530	1.07372	31.44	0.000097502	0.03649
06/01/12	9	27.34	\$2.5000				0.465530	1.07372	32.04	0.000089527	0.03415
06/01/12	10	28.06	\$2.5000				0.465530	1.07372	32.81	0.000092354	0.03607
06/01/12	11	32.10	\$2.5000				0.465530	1.07372	37.15	0.000094481	0.04178
06/01/12	12	31.55	\$2.5000	2.14	1.1526	168	0.465530	1.07372	36.56	0.000100606	0.04378
06/01/12	13	30.72	\$2.5000	2.14	1.1526	168	0.465530	1.07372	69.53	0.000107732	0.08917
06/01/12	14	31.31	\$2.5000	2.14	1.1526	168	0.465530	1.07372	70.17	0.000111226	0.09290
06/01/12	15	31.18	\$2.5000	2.14	1.1526	168	0.465530	1.07372	70.03	0.000113621	0.09471
06/01/12	16	32.38	\$2.5000	2.14	1.1526	168	0.465530	1.07372	71.32	0.000117715	0.09993
06/01/12	17	31.97	\$2.5000	2.14	1.1526	168	0.465530	1.07372	70.88	0.000124498	0.10504
06/01/12	18	29.43	\$2.5000	2.14	1.1526	168	0.465530	1.07372	68.15	0.000139258	0.11297
06/01/12	19	28.97	\$2.5000	2.14	1.1526	168	0.465530	1.07372	67.65	0.000135069	0.10878
06/01/12	20	27.64	\$2.5000	2.14	1.1526	168	0.465530	1.07372	66.23	0.000132507	0.10446
06/01/12	21	29.25	\$2.5000				0.465530	1.07372	34.09	0.000129724	0.05264
06/01/12	22	27.12	\$2.5000				0.465530	1.07372	31.80	0.000127135	0.04813
06/01/12	23	24.72	\$2.5000				0.465530	1.07372	29.23	0.000120776	0.04202
06/01/12	24	21.46	\$2.5000				0.465530	1.07372	25.73	0.000104863	0.03211
06/30/12	1	34.88	\$2.5000				0.465530	1.07372	40.14	0.000106181	0.05073
06/30/12	2	29.07	\$2.5000				0.465530	1.07372	33.90	0.000092947	0.03750
06/30/12	3	25.99	\$2.5000				0.465530	1.07372	30.59	0.000083451	0.03039
06/30/12	4	24.15	\$2.5000				0.465530	1.07372	28.61	0.000080620	0.02746
06/30/12	5	23.55	\$2.5000				0.465530	1.07372	27.97	0.000077356	0.02576
06/30/12	6	22.75	\$2.5000				0.465530	1.07372	27.11	0.000078992	0.02549
06/30/12	7	22.02	\$2.5000				0.465530	1.07372	26.33	0.000086448	0.02709
06/30/12	8	25.02	\$2.5000				0.465530	1.07372	29.55	0.000098360	0.03460
06/30/12	9	30.73	\$2.5000				0.465530	1.07372	35.68	0.000115754	0.04916
06/30/12	10	33.88	\$2.5000				0.465530	1.07372	39.06	0.000120967	0.05625
06/30/12	11	42.19	\$2.5000				0.465530	1.07372	47.98	0.000130512	0.07455
06/30/12	12	46.03	\$2.5000	2.14	1.1526	168	0.465530	1.07372	52.11	0.000133741	0.08296
06/30/12	13	48.52	\$2.5000	2.14	1.1526	168	0.465530	1.07372	54.78	0.000138469	0.09030
06/30/12	14	55.38	\$2.5000	2.14	1.1526	168	0.465530	1.07372	62.15	0.000143793	0.10638
06/30/12	15	58.47	\$2.5000	2.14	1.1526	168	0.465530	1.07372	65.46	0.000146726	0.11434
06/30/12	16	63.18	\$2.5000	2.14	1.1526	168	0.465530	1.07372	70.52	0.000149364	0.12539
06/30/12	17	66.22	\$2.5000	2.14	1.1526	168	0.465530	1.07372	73.79	0.000153477	0.13480
06/30/12	18	64.73	\$2.5000	2.14	1.1526	168	0.465530	1.07372	72.19	0.000164770	0.14159
06/30/12	19	49.65	\$2.5000	2.14	1.1526	168	0.465530	1.07372	55.99	0.000161458	0.10762
06/30/12	20	44.51	\$2.5000	2.14	1.1526	168	0.465530	1.07372	50.48	0.000151259	0.09088
06/30/12	21	43.43	\$2.5000				0.465530	1.07372	49.32	0.000155704	0.09141
06/30/12	22	44.16	\$2.5000				0.465530	1.07372	50.10	0.000159072	0.09487
06/30/12	23	38.93	\$2.5000				0.465530	1.07372	40.77	0.000125166	0.06074
06/30/12	24	35.47	\$2.5000				0.465530	1.07372	40.77	0.000125166	0.06074

**ATTACHMENT THREE – 30 DAY
WEIGHTED CALCULATION BY SC-1 VTOU
SUB-PERIODS**

30-Day Load Weighted Price for a customer in CENTRL Zone

TOU Customer Calculation

										CAPACITY			LOSSES	TOTAL	LOAD PROFILE	SC1 V TOU SubPeriods					
Date	HOURL	LBMP	Ancillary Service	Capacity Price	Reserve Rqmnt& Demand Curve	# On-Peak Hours	Load Factor	Losses %	Electricity Supply Cost (\$/MWh)	Load Profile	Load profile			Load Weighted Profile & Price							
				(\$/kW)	%	%		#N/A %			Super	OnPeak	OffPeak	Super	OnPeak	OffPeak					
06/01/12	1	21.58	\$2.5000					1.07372	25.86	0.000082266			0.000082			0.1001					
06/01/12	2	19.63	\$2.5000					1.07372	23.76	0.000077344			0.000077			0.0865					
06/01/12	3	19.13	\$2.5000					1.07372	23.22	0.000071641			0.000072			0.0783					
06/01/12	4	18.46	\$2.5000					1.07372	22.51	0.000068173			0.000068			0.0722					
06/01/12	5	19.16	\$2.5000					1.07372	23.26	0.000069474			0.000069			0.0760					
06/01/12	6	18.60	\$2.5000					1.07372	22.66	0.000074356			0.000074			0.0793					
06/01/12	7	21.15	\$2.5000					1.07372	25.39	0.000086675			0.000087			0.1036					
06/01/12	8	26.78	\$2.5000					1.07372	31.44	0.000097502		0.000098			0.0665						
06/01/12	9	27.34	\$2.5000					1.07372	32.04	0.000089527		0.000090			0.0622						
06/01/12	10	28.06	\$2.5000					1.07372	32.81	0.000092354		0.000092			0.0657						
06/01/12	11	32.10	\$2.5000					1.07372	37.15	0.000094481		0.000094			0.0762						
06/01/12	12	31.55	\$2.5000					1.07372	36.56	0.000100606		0.000101			0.0798						
06/01/12	13	30.72	\$2.5000					1.07372	35.67	0.000107732		0.000108			0.0834						
06/01/12	14	31.31	\$2.5000					1.07372	36.30	0.000111226		0.000111			0.0876						
06/01/12	15	31.18	\$2.5000	2.14	1.1526	120	0.465530	1.07372	83.57	0.000113621	0.000114			0.5697							
06/01/12	16	32.38	\$2.5000	2.14	1.1526	120	0.465530	1.07372	84.86	0.000117715	0.000118			0.5993							
06/01/12	17	31.97	\$2.5000	2.14	1.1526	120	0.465530	1.07372	84.42	0.000124498	0.000124			0.6306							
06/01/12	18	29.43	\$2.5000	2.14	1.1526	120	0.465530	1.07372	81.69	0.000139258	0.000139			0.6825							
06/01/12	19	28.97	\$2.5000					1.07372	33.79	0.000135069		0.000135			0.0990						
06/01/12	20	27.64	\$2.5000					1.07372	32.36	0.000132507		0.000133			0.0930						
06/01/12	21	29.25	\$2.5000					1.07372	34.09	0.000129724		0.000130			0.0959						
06/01/12	22	27.12	\$2.5000					1.07372	31.80	0.000127135		0.000127			0.0877						
06/01/12	23	24.72	\$2.5000					1.07372	29.23	0.000120776		0.000121			0.0766						
06/01/12	24	21.46	\$2.5000					1.07372	25.73	0.000104863		0.000105				0.1270					
06/30/12	1	34.88	\$2.5000					1.07372	40.14	0.000106181			0.000106			0.2006					
06/30/12	2	29.07	\$2.5000					1.07372	33.90	0.000092947			0.000093			0.1483					
06/30/12	3	25.99	\$2.5000					1.07372	30.59	0.000083451			0.000083			0.1201					
06/30/12	4	24.15	\$2.5000					1.07372	28.61	0.000080620			0.000081			0.1086					
06/30/12	5	23.55	\$2.5000					1.07372	27.97	0.000077356			0.000077			0.1018					
06/30/12	6	22.75	\$2.5000					1.07372	27.11	0.000078992			0.000079			0.1008					
06/30/12	7	22.02	\$2.5000					1.07372	26.33	0.000086448			0.000086			0.1071					
06/30/12	8	25.02	\$2.5000					1.07372	29.55	0.000098360		0.000098			0.0631						
06/30/12	9	30.73	\$2.5000					1.07372	35.68	0.000115754		0.000116			0.0896						
06/30/12	10	33.88	\$2.5000					1.07372	39.06	0.000120967		0.000121			0.1025						
06/30/12	11	42.19	\$2.5000					1.07372	47.98	0.000130512		0.000131			0.1359						
06/30/12	12	46.03	\$2.5000					1.07372	52.11	0.000133741		0.000134			0.1512						
06/30/12	13	48.52	\$2.5000					1.07372	54.78	0.000138469		0.000138			0.1646						
06/30/12	14	55.38	\$2.5000					1.07372	62.15	0.000143793		0.000144			0.1939						
06/30/12	15	58.47	\$2.5000	2.14	1.1526	120	0.465530	1.07372	112.87	0.000146726	0.000147			0.9936							
06/30/12	16	63.18	\$2.5000	2.14	1.1526	120	0.465530	1.07372	117.93	0.000149364	0.000149			1.0568							
06/30/12	17	66.22	\$2.5000	2.14	1.1526	120	0.465530	1.07372	121.20	0.000153477	0.000153			1.1159							
06/30/12	18	64.73	\$2.5000	2.14	1.1526	120	0.465530	1.07372	119.60	0.000164770	0.000165			1.1822							
06/30/12	19	49.65	\$2.5000					1.07372	55.99	0.000161458		0.000161			0.1962						
06/30/12	20	44.51	\$2.5000					1.07372	50.48	0.000151259		0.000151			0.1656						
06/30/12	21	43.43	\$2.5000					1.07372	49.32	0.000155704		0.000156			0.1666						
06/30/12	22	44.16	\$2.5000					1.07372	50.10	0.000159072		0.000159			0.1729						
06/30/12	23	38.93	\$2.5000					1.07372	40.77	0.000125166			0.000125			0.2402					
06/30/12	24	35.47	\$2.5000					1.07372	40.77	0.000125166			0.000125			0.2402					
											98.16	39.67	26.36								

**ATTACHMENT FOUR – ACTUAL 2012
ENERGY, CAPACITY AND ANCILLARY
PRICES**

Commodity Rates \$/MWh						
2012 Actual	SC1 Std	SuperPeak 4 hour Summer				
	All Hours	SuperPk Energy	OnPeak Energy	OffPeak Energy	SuperPk ICAP	Total SuperPeak
Jan-2012	41.83		44.34	34.56		
Feb-2012	35.37		37.80	28.87		
Mar-2012	30.27		32.72	23.39		
Apr-2012	31.04		33.84	22.91		
May-2012	38.32		43.24	24.11		
Jun-2012	47.69	50.75	39.67	26.39	47.41	98.16
Jul-2012	54.20	66.88	48.26	33.59	31.27	98.15
Aug-2012	49.52	53.67	42.28	29.35	43.03	96.71
Sep-2012	48.17		54.85	28.24		
Oct-2012	49.14		54.97	32.59		
Nov-2012	52.55		56.35	41.56		
Dec-2012	43.17		47.01	32.49		
				Ratio SuperPeak to OffPeak		3.3

**ATTACHMENT FIVE – ACTUAL 2012
ENERGY PRICES WITH FORECAST ICAP
PRICES (USED IN TYPICAL BILLS)**

Commodity Rates \$/MWh						
Forecast	SC1 Std All Hours	SuperPeak 4 hour Summer				
		SuperPk Energy	OnPeak Energy	OffPeak Energy	SuperPk ICAP	Total SuperPeak
Jan-2012	51.87		57.84	34.56		
Feb-2012	45.85		51.49	28.87		
Mar-2012	41.02		47.29	23.39		
Apr-2012	41.73		48.22	22.91		
May-2012	49.55		58.36	24.11		
Jun-2012	56.54	50.75	39.93	26.39	93.05	143.80
Jul-2012	65.43	66.88	48.96	33.59	90.59	157.47
Aug-2012	58.52	53.67	42.92	29.35	89.92	143.59
Sep-2012	56.22		65.60	28.24		
Oct-2012	55.89		64.10	32.59		
Nov-2012	61.95		69.00	41.56		
Dec-2012	49.73		55.93	32.49		
Ratio SuperPeak to OffPeak						5.0

**ATTACHMENT SIX – PROPOSED FISCAL
YEAR 2015 RATES**

Voluntary TOU rates

Distribution Delivery rate design

	(A) FY 14 (RY1)	(B) FY 15 (RY2)	(C) FY 16 (RY3)
1 Total SC-1 Revenue Requirement	\$ 878,772,000		
2 SC-1 Revenue target	\$ 797,791,000		
3 % revenue requirement from final rev allocation	90.8%		
4 Demand-related charges from Revenue Requirement	\$ 437,069,000		
5 % revenue requirement from final rev allocation	90.8%		
6 Demand related charges in revenue allocation	\$ 396,792,017		
7 % of demand-related charges to ECOS Rev Req	49.7%	49.7%	49.7%
8 SC-1 Rev allocation from final rate design		\$ 829,295,000	\$ 848,075,000
Less:			
9 Customer charge		\$ 298,358,724	\$ 299,169,315
10 Merchant Function charge		\$ 17,873,267	\$ 18,509,289
11 Non-Demand related charges remaining, to be collected over all hrs		\$ 100,602,056	\$ 108,594,959
12 Demand related charges		\$ 412,460,953	\$ 421,801,437
13 total SC-1 kWh		11,126,597,589	11,148,494,696
14 <i>\$/kWh rate to be collected over all hours</i>		\$ 0.00904	\$ 0.00974
15 Demand charges in revenue allocation		\$ 412,460,953	\$ 421,801,437
16 on peak kWh		8,245,981,456	8,262,209,520
17 <i>\$/kWh adder to be collected during on pk hrs</i>		\$ 0.05002	\$ 0.05105
18 Voluntary TOU off-peak \$/kWh delivery rate		\$ 0.00904	\$ 0.00974
19 Voluntary TOU on-pk \$/kWh delivery rate		\$ 0.05906	\$ 0.06079

1 per ECOS in Case 12-E-0201 (Settlement)
2 per Joint Proposal Appendix 2, Schedules 4-6, Page 1, line 6
3 Line 2 / Line 1
4 per ECOS in Case 12-E-0201 (Settlement)
5 Line 3
6 Line 4 * Line 5
7 Line 6 / Line 2
8 per Joint Proposal Appendix 2, Schedules 4-6, Page 1, line 6
9 per Joint Proposal Appendix 2, Schedules 4-6, Page 1, line 1
10 per Joint Proposal Appendix 2, Schedules 4-6, Page 1, line 4

11 Line 8-Line 9-Line 10-Line 12
12 Line 7 * Line 8
13 per Joint Proposal Appendix 2, Schedules 4-6, Page 1, line 2
14 Line 11 / Line 13
15 Line 12
16 on peak kWh based on 2012 load data
17 Line 15 / Line 16
18 Line 14
19 Line 14 + Line 17

ATTACHMENT SEVEN – CUSTOMER BILL IMPACTS

Comparison of Customer's bills under SC-1 Standard Rates vs Proposed SC-1 VTOU Rates

Annual savings assuming PEV charged during off-peak hours (130 kWh per month)

Based on 2012 actual commodity and capacity rates

Total Bill - Proposed SC-1 VTOU Rate

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ 96.60	\$ 81.06	\$ 75.73	\$ 67.51	\$ 76.78	\$ 90.92	\$ 140.39	\$ 117.60	\$ 96.01	\$ 76.69	\$ 82.42	\$ 98.98	\$ 1,100.71
Higher use residential customer	\$ 123.03	\$ 102.42	\$ 95.39	\$ 84.53	\$ 97.11	\$ 116.17	\$ 181.69	\$ 151.47	\$ 122.83	\$ 97.09	\$ 104.42	\$ 126.36	\$ 1,402.53

Total Bill - SC-1 Standard Rate Class

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ 101.06	\$ 86.35	\$ 79.36	\$ 72.81	\$ 83.77	\$ 100.16	\$ 144.74	\$ 119.94	\$ 104.49	\$ 80.34	\$ 87.49	\$ 100.94	\$ 1,161.46
Higher use residential customer	\$ 128.15	\$ 108.67	\$ 99.41	\$ 90.75	\$ 105.26	\$ 126.97	\$ 186.00	\$ 153.16	\$ 132.70	\$ 100.72	\$ 110.18	\$ 128.00	\$ 1,469.97

Variance

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ (4.46)	\$ (5.28)	\$ (3.62)	\$ (5.30)	\$ (7.00)	\$ (9.24)	\$ (4.34)	\$ (2.34)	\$ (8.48)	\$ (3.65)	\$ (5.07)	\$ (1.96)	\$ (60.75)
Higher use residential customer	\$ (5.12)	\$ (6.24)	\$ (4.02)	\$ (6.22)	\$ (8.16)	\$ (10.80)	\$ (4.31)	\$ (1.69)	\$ (9.87)	\$ (3.62)	\$ (5.76)	\$ (1.64)	\$ (67.44)

Assumptions:

Average residential customer is based on the average kWh usage for all SC-1 Residential customers for 12 months ending August 2013 (650 kWh/month) + 130 kWh PEV charge

Higher use residential customer is based on average 2012 usage (903 kWh/month) + 130 kWh PEV charge

2012 actual commodity rates (please note that these bill comparisons include 2012 commodity reconciliations that are not included in the scenarios using forecast capacity costs)

SC-1 Standard rates assumes that the PEV is charged consistent with the class average load shape

SC-1 VTOU rates assume that customers charge their plug-in electric vehicle (PEV) during the off-peak period (11pm-7am) and use 130 kWh over the course of the month to charge their PEV.

Comparison of Customer's bills under SC-1 Standard Rates vs Proposed SC-1 VTOU Rates

Annual savings assuming PEV charged during off-peak hours (360 kWh per month)

Based on 2012 actual commodity and capacity rates

Total Bill - Proposed SC-1 VTOU Rate

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ 110.21	\$ 90.25	\$ 83.22	\$ 72.46	\$ 83.09	\$ 99.89	\$ 163.94	\$ 134.57	\$ 106.86	\$ 82.51	\$ 91.12	\$ 112.48	\$ 1,230.59
Higher use residential customer	\$ 136.64	\$ 111.61	\$ 102.88	\$ 89.48	\$ 103.41	\$ 125.14	\$ 205.23	\$ 168.44	\$ 133.67	\$ 102.91	\$ 113.12	\$ 139.86	\$ 1,532.41

Total Bill - SC-1 Standard Rate Class

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ 125.69	\$ 106.64	\$ 97.59	\$ 89.12	\$ 103.31	\$ 124.53	\$ 182.25	\$ 150.14	\$ 130.14	\$ 98.86	\$ 108.12	\$ 125.54	\$ 1,441.92
Higher use residential customer	\$ 152.78	\$ 128.96	\$ 117.65	\$ 107.05	\$ 124.80	\$ 151.34	\$ 223.51	\$ 183.36	\$ 158.34	\$ 119.24	\$ 130.81	\$ 152.60	\$ 1,750.44

Variance

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ (15.48)	\$ (16.39)	\$ (14.37)	\$ (16.66)	\$ (20.22)	\$ (24.64)	\$ (18.31)	\$ (15.57)	\$ (23.28)	\$ (16.36)	\$ (17.00)	\$ (13.06)	\$ (211.33)
Higher use residential customer	\$ (16.14)	\$ (17.35)	\$ (14.76)	\$ (17.57)	\$ (21.38)	\$ (26.20)	\$ (18.27)	\$ (14.92)	\$ (24.67)	\$ (16.33)	\$ (17.69)	\$ (12.74)	\$ (218.03)

Assumptions:

Average residential customer is based on the average kWh usage for all SC-1 Residential customers for 12 months ending August 2013 (650 kWh/month) + 360 kWh PEV charge

Higher use residential customer is based on average 2012 usage (903 kWh/month) + 360 kWh PEV charge

Assumes 2012 actual commodity rates (please note that these bill comparisons include 2012 commodity reconciliations that are not included in the scenarios using forecast capacity costs)

SC-1 Standard rates assume that the PEV is charged consistent with the class average load shape

SC-1 TOU rates assume that customers charge their plug-in electric vehicle (PEV) during the off-peak period (11pm-7am) and use 360 kWh over the course of the month to charge their PEV.

Comparison of Customer's bills under SC-1 Standard Rates vs Proposed SC-1 VTOU Rates

Breakeven point - shift usage from super-peak to on-peak and from on-peak to off-peak*

Based on 2012 actual commodity and capacity rates

Total Bill - Proposed SC-1 VTOU Rate

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ 100.66	\$ 85.28	\$ 80.13	\$ 72.06	\$ 81.91	\$ 97.30	\$ 146.31	\$ 123.73	\$ 101.64	\$ 82.10	\$ 87.06	\$ 103.37	\$ 1,161.56
Higher use residential customer	\$ 127.71	\$ 107.17	\$ 100.29	\$ 89.55	\$ 102.83	\$ 123.07	\$ 188.28	\$ 158.17	\$ 129.14	\$ 103.11	\$ 109.65	\$ 131.45	\$ 1,470.41

Total Bill - SC-1 Standard Rate Class

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ 101.06	\$ 86.35	\$ 79.36	\$ 72.81	\$ 83.77	\$ 100.16	\$ 144.74	\$ 119.94	\$ 104.49	\$ 80.34	\$ 87.49	\$ 100.94	\$ 1,161.46
Higher use residential customer	\$ 128.15	\$ 108.67	\$ 99.41	\$ 90.75	\$ 105.26	\$ 126.97	\$ 186.00	\$ 153.16	\$ 132.70	\$ 100.72	\$ 110.18	\$ 128.00	\$ 1,469.97

Variance

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ (0.40)	\$ (1.07)	\$ 0.77	\$ (0.76)	\$ (1.86)	\$ (2.87)	\$ 1.58	\$ 3.79	\$ (2.85)	\$ 1.76	\$ (0.43)	\$ 2.42	\$ 0.10
Higher use residential customer	\$ (0.44)	\$ (1.50)	\$ 0.88	\$ (1.19)	\$ (2.43)	\$ (3.90)	\$ 2.28	\$ 5.01	\$ (3.56)	\$ 2.39	\$ (0.53)	\$ 3.45	\$ 0.44

Assumptions:

Average residential customer is based on the average kWh usage for all SC-1 Residential customers for 12 months ending August 2013 = 650 kWh+130 kWh of additional monthly usage

Higher use residential customer average 2012 usage was 903 kWh + 130 kWh of additional monthly usage

Assumes 2012 actual commodity rates (please note that these bill comparisons include 2012 commodity reconciliations that are not included in the scenarios using forecast capacity costs)

*Average use residential customer 4.8% shift from on-pk to off-pk and 1.3% from super-peak to on-pk to break even

*Higher use residential customer 2.4% shift from on-pk to off-pk and 0.7% from super-peak to on-pk to break even

Comparison of Customer's bills under SC-1 Standard Rates vs Proposed SC-1 VTOU Rates

Annual savings assuming PEV charged during off-peak hours (130 kWh per month)

Based on 2012 actual commodity rates + forecast capacity rates

Total Bill - Proposed SC-1 VTOU Rate

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ 103.89	\$ 87.33	\$ 79.62	\$ 75.99	\$ 84.77	\$ 101.16	\$ 140.95	\$ 117.14	\$ 91.59	\$ 84.92	\$ 96.99	\$ 101.11	\$ 1,165.45
Higher use residential customer	\$ 133.12	\$ 111.16	\$ 101.00	\$ 96.21	\$ 108.18	\$ 130.13	\$ 182.97	\$ 151.30	\$ 117.32	\$ 108.29	\$ 124.11	\$ 129.48	\$ 1,493.28

Total Bill - SC-1 Standard Rate Class

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ 108.12	\$ 91.68	\$ 83.58	\$ 80.57	\$ 89.69	\$ 106.05	\$ 144.08	\$ 120.97	\$ 96.87	\$ 89.53	\$ 101.57	\$ 104.65	\$ 1,217.36
Higher use residential customer	\$ 137.50	\$ 115.74	\$ 105.01	\$ 101.01	\$ 113.09	\$ 134.76	\$ 185.13	\$ 154.53	\$ 122.60	\$ 112.88	\$ 128.84	\$ 132.91	\$ 1,544.01

Variance

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ (4.23)	\$ (4.35)	\$ (3.97)	\$ (4.58)	\$ (4.92)	\$ (4.89)	\$ (3.14)	\$ (3.83)	\$ (5.28)	\$ (4.60)	\$ (4.59)	\$ (3.54)	\$ (51.91)
Higher use residential customer	\$ (4.38)	\$ (4.58)	\$ (4.00)	\$ (4.80)	\$ (4.91)	\$ (4.63)	\$ (2.16)	\$ (3.23)	\$ (5.29)	\$ (4.59)	\$ (4.72)	\$ (3.43)	\$ (50.73)

Assumptions:

Average residential customer is based on the average kWh usage for all SC-1 Residential customers for 12 months ending August 2013 (650 kWh/month) + 130 kWh PEV charge

Higher use residential customer is based on average 2012 usage (903 kWh/month) + 130 kWh PEV charge

Assumes 2012 commodity rates with forecast capacity prices (please note that these bill comparisons do not include 2012 commodity reconciliations that are included in the 2012 actual commodity scenarios)

SC-1 Standard rates assume that the PEV is charged consistent with the class average load shape

SC-1 VTOU rate assumes that customers charge their plug-in electric vehicle (PEV) during the off peak period (11pm-7am) and use 130 kWh over the course of the month to charge their PEV.

Comparison of Customer's bills under SC-1 Standard Rates vs Proposed SC-1 VTOU Rates

Annual savings assuming PEV charged during off-peak hours (130 kWh per month)

Based on 2012 actual commodity rates + forecast capacity rates

Total Bill - Proposed SC-1 VTOU Rate

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ 117.69	\$ 96.38	\$ 86.12	\$ 81.36	\$ 91.21	\$ 111.32	\$ 162.14	\$ 132.00	\$ 99.55	\$ 91.82	\$ 108.14	\$ 113.92	\$ 1,291.66
Higher use residential customer	\$ 146.92	\$ 120.21	\$ 107.51	\$ 101.58	\$ 114.62	\$ 140.29	\$ 204.17	\$ 166.16	\$ 125.28	\$ 115.19	\$ 135.27	\$ 142.29	\$ 1,619.48

Total Bill - SC-1 Standard Rate Class

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ 134.83	\$ 113.55	\$ 103.06	\$ 99.15	\$ 110.97	\$ 132.15	\$ 181.40	\$ 151.48	\$ 120.27	\$ 110.76	\$ 126.36	\$ 130.34	\$ 1,514.31
Higher use residential customer	\$ 164.22	\$ 137.60	\$ 124.49	\$ 119.60	\$ 134.37	\$ 160.87	\$ 222.45	\$ 185.03	\$ 146.00	\$ 134.11	\$ 153.62	\$ 158.60	\$ 1,840.96

Variance

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ (17.15)	\$ (17.17)	\$ (16.94)	\$ (17.80)	\$ (19.75)	\$ (20.83)	\$ (19.26)	\$ (19.47)	\$ (20.72)	\$ (18.93)	\$ (18.22)	\$ (16.41)	\$ (222.66)
Higher use residential customer	\$ (17.30)	\$ (17.39)	\$ (16.98)	\$ (18.02)	\$ (19.75)	\$ (20.58)	\$ (18.29)	\$ (18.87)	\$ (20.72)	\$ (18.92)	\$ (18.35)	\$ (16.31)	\$ (221.48)

Assumptions:

Average residential customer is based on the average kWh usage for all SC-1 Residential customers for 12 months ending August 2013 (650 kWh/month) + 360 kWh PEV charge

Higher use residential customer is based on average 2012 usage (903 kWh/month) + 360 kWh PEV charge

Assumes 2012 commodity rates with forecast capacity prices (please note that these bill comparisons do not include 2012 commodity reconciliations that are included in the 2012 actual commodity scenarios)

SC-1 Standard rates assume that the PEV is charged consistent with the class average load shape

SC-1 VTOU rate assumes that customers charge their plug-in electric vehicle (PEV) during the off-peak period (11pm-7am) and use 360 kWh over the course of the month to charge their PEV.

Comparison of Customer's bills under SC-1 Standard Rates vs Proposed SC-1 VTOU Rates

Annual savings assuming PEV charged during off-peak hours (130 kWh per month)

Based on 2012 actual commodity rates + forecast capacity rates

Total Bill - Proposed SC-1 VTOU Rate

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ 106.90	\$ 90.83	\$ 83.50	\$ 80.09	\$ 89.17	\$ 107.23	\$ 146.47	\$ 122.88	\$ 96.00	\$ 89.26	\$ 100.71	\$ 104.06	\$ 1,217.10
Higher use residential customer	\$ 136.01	\$ 114.55	\$ 104.78	\$ 100.22	\$ 112.46	\$ 136.11	\$ 188.38	\$ 156.93	\$ 121.60	\$ 112.51	\$ 127.71	\$ 132.30	\$ 1,543.56

Total Bill - SC-1 Standard Rate Class

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ 108.12	\$ 91.68	\$ 83.58	\$ 80.57	\$ 89.69	\$ 106.05	\$ 144.08	\$ 120.97	\$ 96.87	\$ 89.53	\$ 101.57	\$ 104.65	\$ 1,217.36
Higher use residential customer	\$ 137.50	\$ 115.74	\$ 105.01	\$ 101.01	\$ 113.09	\$ 134.76	\$ 185.13	\$ 154.53	\$ 122.60	\$ 112.88	\$ 128.84	\$ 132.91	\$ 1,544.01

Variance

	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Annual Cost</u>
Average use residential customer	\$ (1.22)	\$ (0.85)	\$ (0.09)	\$ (0.48)	\$ (0.52)	\$ 1.18	\$ 2.39	\$ 1.91	\$ (0.87)	\$ (0.27)	\$ (0.87)	\$ (0.59)	\$ (0.26)
Higher use residential customer	\$ (1.50)	\$ (1.19)	\$ (0.23)	\$ (0.79)	\$ (0.63)	\$ 1.35	\$ 3.24	\$ 2.41	\$ (1.00)	\$ (0.37)	\$ (1.12)	\$ (0.61)	\$ (0.45)

Assumptions:

Average residential customer is based on the average kWh usage for all SC-1 Residential customers for 12 months ending August 2013 = 650 kWh+130 kWh of additional monthly usage

Higher use residential customer average 2012 usage was 903 kWh + 130 kWh of additional monthly usage

Assumes 2012 commodity rates with forecast capacity prices (please note that these bill comparisons do not include 2012 commodity reconciliations that are included in the 2012 actual commodity scenarios)

*Average use residential customer 9.0% shift from on-pk to off-pk and 2.5% from super-peak to on-pk to break even

*Higher use residential customer 7.0% shift from on-pk to off-pk and 1.9% from super-peak to on-pk to break even

**ATTACHMENT EIGHT – REVISED TARIFF
LEAVES**

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NIAGARA MOHAWK POWER CORPORATION
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SUPERSEDING REVISION: 8

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GENERAL INFORMATION

46. SUPPLY SERVICE CHARGES (Continued)

46.1.2 ESCost for [Service Classification No. 1 \(Special Provision L\)](#), [Service Classification No. 1C](#), [Service Classification No. 2 ND \(Special Provision O\)](#), [Service Classifications No. 2 Demand](#), and [Service Classification No. 3 \(excluding customers on Mandatory Hourly Pricing-Special Provision L and Voluntary Hourly Pricing-Special Provision N\)](#) and all [Service Classifications of PSC No. 214](#).

46.1.2.1 For each hour, the NYISO Day-Ahead LBMP in \$/kWh; plus

46.1.2.2 For each hour between 12:00 noon and 8:00 PM on weekdays (excluding any Holiday that falls on a weekday) the forecasted LBMCP in \$/kW-mo times the sum of one plus the Unforced Capacity Requirement of the NYISO, times the sum of one plus the Demand Curve requirement of the NYISO, divided by hours between 12:00 noon and 8:00 PM on weekdays (excluding any Holiday that falls on a weekday) of the applicable month divided by the respective Class Load Factor; plus

46.1.2.3 For each hour, the forecasted cost, in \$/kWh, of NYISO charges under all applicable OATT schedules; plus

46.1.2.4 For each hour, the forecasted NYISO NYPA Transmission Adjustment Charge (NTAC) rate, in \$/kWh.

46.1.2.5 The sum of each item shall be adjusted by the Local Transmission Efficiency Factors set forth in Rule 39.18.1.1 for the applicable distribution delivery voltage level and by the Average Unaccounted for Energy Factor set forth in Rule 39.18.1.2 plus any applicable taxes.

46.1.2.6 Any billing adjustment from the NYISO may be flowed through this Rule 46 based on the tariff rules in effect on the date service was rendered.

46.1.2.7 For [SC1 \(Special Provision L\)](#) during the months of June, July & August, [Rule 46.1.2.2](#) will be zero. However, a Super Peak billing rate will be applied to all kWhs billed during the Super Peak periods. The rate will be based upon a load-weighted calculation of [Rule 46.1.2.2](#), with the modification that the hours of 2:00 pm to 6:00 pm on all days (including holidays) be used in the calculation (replacing the hours of 12:00pm to 8:00 pm). The Super Peak billing rate will be included on Supply Service Charge Statement in [Rule 46.4](#).

46.1.3 ESCost for [SC2D-Special Provision P \(Effective June 1, 2013\)](#), [SC3 Special Provision L - Mandatory Hourly Pricing Customers](#), [SC3 Special Provision N \(Effective June 1, 2013\)](#), and [Service Classification No. 3A](#).

46.1.3.1 For each hour, the NYISO Day-Ahead LBMP in \$/kWh; plus

46.1.3.2 Effective January 1, 2012 through April 30, 2012, for each hour between 12:00 noon and 8:00 PM on weekdays (excluding any Holiday that falls on a weekday) the forecasted LBMCP in \$/kW-mo times the sum of one plus the Unforced Capacity Requirement of the NYISO, times the sum of one plus the Demand Curve requirement of the NYISO divided by hours between 12:00 noon and 8:00 PM on weekdays (excluding any Holiday that falls on a weekday) of the applicable month divided by the respective Class Load Factor; plus

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

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GENERAL INFORMATION

46. SUPPLY SERVICE CHARGES (Continued)

46.2.6.6 The portion of the NYPA Benefit associated with the RCD payment shall be subject to reconciliation in which the RCD payment value shall be compared to the actual revenue billed by the factor in Rule 46.2.6.5 for the applicable month. Any reconciliation balance, whether positive or negative, shall be included in the Rule 46.2.6.5 factor in effect two months later.

The monthly RCD payment provided to customers shall not exceed the total monthly electric utility bill for each customer, and shall be shown as a separate factor on the Supply Service Charge Statement.

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, [with the exception of Special Provision L](#), 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.

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46. SUPPLY SERVICE CHARGES (Continued)

46.3.1.3 The New Hedge Adjustment factor shall be calculated monthly and shall be based upon the sum of the monthly forecasted contract costs and monthly forecasted market values of all New Hedges, plus any reconciliation balance from two months prior determined pursuant to Rule 46.3.1.4. The market value of the New Hedges will be determined based on the forecasted monthly market prices as set forth in 46.1.1. In addition, the New Hedge Adjustment shall include costs incurred by the Company in performing hedging activities, and such costs may take the form of costs of premiums for options, insurance premiums, letters of credit fees, and margining financial transaction costs. The New Hedge Adjustment shall be calculated as the amount so determined divided by the forecasted kWh sales of customers on Service Classification Nos. 1 and 2 (Non Demand) receiving Electricity Supply Service from the Company.

46.3.1.4 The New Hedge Adjustment shall be subject to reconciliation in which the actual net market value shall be calculated and compared to the actual revenue billed by the New Hedge Adjustment factor for the applicable month. Any reconciliation balance, whether positive or negative, shall be included in the adjustment that is two months later.

46.3.2 Mass Market Adjustment – The variance in the forecasted monthly market prices upon which Mass Market customers are billed for a month and the actual monthly market prices for the same month and applicable to SC-1, [with the exception of Special Provision L](#), and SC-2 (Non-Demand) customers taking Electricity Supply Service from the Company.

46.3.2.1 The Mass Market Adjustment shall be calculated monthly as the difference between the forecasted monthly market prices determined pursuant to Rule 46.1.1 and the actual monthly market prices for the same month, multiplied by the kWh sales billed to Mass Market customers during the applicable billing month.

46.3.2.2 The Mass Market Adjustment factor shall be calculated monthly as the amount determined pursuant to Rule 46.3.2.1 divided by the forecasted kWh sales for the applicable month of customers on Service Classification Nos. 1 and 2 (Non Demand) receiving Electricity Supply Service from the Company.

46.3.3 Supply Service Adjustment – The reconciliation amount represented by the difference between actual monthly Electric Supply Costs and actual revenue billed through the ESCost pursuant to Rule 46.1 not otherwise recovered from customers through the LTC, NYPA Benefit, New Hedge Adjustment, and Mass Market Adjustment and is applicable to all customers taking Electricity Supply Service from the Company.

46.3.3.1 Actual monthly Electricity Supply Costs shall be all costs incurred by the Company in providing electric supply to its customers for an applicable service month. Electricity Supply Costs shall include the cost incurred under Legacy Contracts, New Hedges, NYPA R&D Contracts, and for electricity purchased from NYISO in the Day Ahead and Real Time market, and shall include the cost of capacity and ancillary services assessed to the Company; adjusted by

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SERVICE CLASSIFICATION NO. 1 (Continued)

SPECIAL PROVISIONS (CONT.)

- J. Net Energy Billing for Certain Customers Operating Farm Waste Electric Generating Equipment - Customers who own or operate farm waste electric generating equipment located and used at his or her 'Farm Operation', as defined in Subdivision 11 of Section 301 of the Agriculture and Markets Law, may deliver electricity to the Company generated by the farm waste electric generating system and the Company shall offset such electricity received from the customer against electricity supplied by the Company to the customer at other times pursuant to Rule No. 36 of this Tariff.
- K. Net Energy Billing for Certain Customers Operating Wind Electric Generating Equipment - Residential and/or Farm Service Customers, who own or operate one or more wind electric generators located and used at his or her residence or for a farm service customer on land used in agricultural production, as defined in subdivision four of Section 301 of the Agriculture and Markets Law and is also the location of the customer's primary residence, may deliver electricity to the Company generated by the wind electric generating system and the Company shall offset such electricity received from the customer against electricity supplied by the Company to the customer at other times pursuant to Rule No. 37 of this Tariff.

L. Residential Optional Time of Use Delivery and Commodity Rate

(1) Customers served under the SC1 may elect to receive their delivery and commodity service based on the following time of use rate periods:

Super Peak: Summer (Jun-Jul-Aug) 2:00 p.m. to 6:00 p.m., everyday of the week
On Peak: 7:00 a.m. to 11:00 p.m. all year round
Off Peak: 11:00 p.m. to 7:00 a.m. all year round

Distribution Delivery Rates per kWh:

Super Peak/On Peak	\$0.05906
Off Peak	\$0.00904

All SC1 customers who voluntarily elect to receive service pursuant to this Special Provision L will be required to install the metering necessary to obtain this service at their Premise. Service under this Special Provision will be subject to the availability of adequate metering equipment.

Customers taking delivery and commodity service under this Special Provision L will also be subject to an incremental customer charge of \$3.36 per month.

Customers taking service under this Special Provision will be subject to the Standard Tariff Charges in accordance with this Service Classification.

TERM

One year from commencement of service under this Special Provision and continuously from month to month thereafter-until canceled upon written notice to the Company.

(2) One Time Option for OWNERS OF PLUG IN ELECTRIC VEHICLES ("PEV")

After the initial one year term and with verification of a PEV at the Premise, PEV owners will have a one-time option of receiving a comparison of 12 months of charges under this Special Provision L with what they would have paid under the SC1 standard tariff (excluding the incremental customer charge of \$3.36 per month and the new hedge adjustment component of the ESRM). If this comparison indicates the customer would have paid less on the SC1 standard tariff rate, the Company will provide the customer with a refund for the difference. At that time, the customer may choose to stay on this Special Provision L or move to the SC1 standard tariff.

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