

PSC NO: 219 GAS  
NIAGARA MOHAWK POWER CORPORATION  
INITIAL EFFECTIVE DATE: 10/01/06

STATEMENT TYPE: MCG  
STATEMENT NO: 40  
PAGE 1 OF 3

**MONTHLY COST OF GAS STATEMENT**  
**Applicable to Billing for Service Classification Nos. 1 & 2**

	<u>SC1</u> <u>Per Therm</u>	SC2 Residential & Commercial <u>Per Therm</u>	SC2 Industrial <u>Per Therm</u>
As determined on September 27, 2006 Supplier rates in effect on October 1, 2006			
Weighted Average Commodity Cost of Gas Per Therm as defined in General Information Rule 17.3.3:	\$0.695850	\$0.695850	\$0.695850
Weighted Average Demand Cost of Gas Per Therm as defined in General Information Rule 17.3.4:	\$0.101538	\$0.101538	\$0.097476
Total Weighted Average Cost of Gas Per Therm:	\$0.797388	\$0.797388	\$0.793326
Factor of Adjustment:	1.017600	1.017600	1.017600
Resulting Monthly Cost Adjustment is:	\$0.81142	\$0.81142	\$0.80728
Reconciliation of Gas Cost Recoveries to Gas Costs Incurred Applicable to Period: Twelve Months Ending 8/31/2005 Surcharge Effective: 1/1/2006 through 12/31/2006	\$(0.00546)	\$(0.00546)	\$(0.00546)
<b>TOTAL EFFECTIVE MONTHLY COST OF GAS:</b> Commencing with usage on or after the effective date of this statement and thereafter until changed.	\$0.80596	\$0.80596	\$0.80182
Effective Merchant Function Charge:	\$0.02222	\$0.02222	\$0.02222

Issued By: William F. Edwards, President, Syracuse, New York

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PAGE 2 OF 3

**MONTHLY COST OF GAS STATEMENT**  
**Applicable to Billing for Service Classification No. 3**

	SC3 Large Comm. & Industrial Per Therm	SC3 MCG Applicable to Ratchet Usage Per Therm	SC3 MCG Applicable to Metered Usage Per Therm
As determined on September 27, 2006 Supplier rates in effect on October 1, 2006			
Weighted Average Commodity Cost of Gas Per Therm as defined in General Information Rule 17.3.3:	\$0.695850		
Weighted Average Demand Cost of Gas Per Therm as defined in General Information Rule 17.3.4:	\$0.072092		
Total Weighted Average Cost of Gas Per Therm:	\$0.767942		
Factor of Adjustment:	1.017600		
Resulting Monthly Cost Adjustment is:	\$0.78145		
Reconciliation of Gas Cost Recoveries to Gas Costs Incurred Applicable to Period: Twelve Months Ending 8/31/2005 Surcharge Effective: 1/1/2006 through 12/31/2006	\$ (0.00546)		
<b>TOTAL EFFECTIVE MONTHLY COST OF GAS:</b> Commencing with usage on or after the effective date of this statement and thereafter until changed.	\$0.77599	\$0.27209	\$0.50390
Effective Merchant Function Charge:	\$0.00000	\$0.00000	\$0.00000

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PAGE 3 OF 3

**MONTHLY COST OF GAS STATEMENT**  
**Applicable to Billing for Service Classification Nos. 12 & 13**  
**Distributed Generation**

	SC12 Distributed Generation Non-Residential <u>Per Therm</u>	SC13 Distributed Generation Residential <u>Per Therm</u>
As determined on September 27, 2006 Supplier rates in effect on October 1, 2006		
Weighted Average Commodity Cost of Gas Per Therm as defined in General Information Rule 17.3.3:	\$0.695850	\$0.695850
Weighted Average Demand Cost of Gas Per Therm as defined in General Information Rule 17.3.4:	\$0.040615	\$0.058892
Total Weighted Average Cost of Gas Per Therm:	\$0.736465	\$0.754742
Factor of Adjustment:	1.017600	1.017600
Resulting Monthly Cost Adjustment is:	\$0.74942	\$0.76802
Reconciliation of Gas Cost Recoveries to Gas Costs Incurred Applicable to Period: Twelve Months Ending 8/31/2005 Surcharge Effective: 1/1/2006 through 12/31/2006	\$(0.00546)	\$(0.00546)
<b>TOTAL EFFECTIVE MONTHLY COST OF GAS:</b> Commencing with usage on or after the effective date of this statement and thereafter until changed.	\$0.74396	\$0.76256
Effective Merchant Function Charge:	\$0.02222	\$0.02222

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