

NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: JANUARY 30, 2015

STATEMENT TYPE: SC
WORKPAPER FOR STATEMENT NO. 38
Attachment 1
Page 1 of 5

"Balance of the ESRM"
Rule 46.3.2 and Rule 46.3.3

| Dollar Reconciliations | | Cost Month December 2014 |
|--|---|-------------------------------------|
| 1 | Rule 46.3.3.1 Actual Electricity Supply Costs | \$ 71,692,273.55 |
| Actual Net Market Value (OMVC) of Self-Reconciling Mechanisms and Adjustments | | |
| 2 | Actual OMVC of Legacy Hedges (excluding NYPA R&D Contracts) | \$ 5,574,574.11 |
| 3 | Actual OMVC of Nine Mile 2 RSA Agreement | \$ - |
| 4 | Actual OMVC of NYPA R&D Contracts | \$ (462,911.80) |
| 5 | Actual OMVC of New Hedges | \$ 8,916,204.00 |
| 6 | Subtotal | \$ 14,027,866.31 |
| 7 | Actual Market Cost of Electricity Supply (Line 1 minus Line 6) | \$ 57,664,407.24 |
| 8 | Rule 46.1 ESCost Revenue from All Commodity Customers | \$ 71,065,499.61 |
| 9 | Balance of the ESRM (Line 7 minus Line 8) | \$ (13,401,092.37) |

Rule 46.3.2 Mass Market Adjustment

| Service Classification | ISO Zone (Subzone#) | Forecast Commodity Rate | Actual Commodity Rate | Actual Hedged Sales Volumes (kWh) | Mass Market Adjustment |
|------------------------|---|----------------------------|--------------------------|---|---------------------------|
| 10 S.C. No. 1 | A - West (1) | 0.06260 | 0.04509 | 175,097,290 | \$ (3,065,953.55) |
| 11 | B - Genesee (29) | 0.06416 | 0.04473 | 64,466,344 | \$ (1,252,581.06) |
| 12 | C - Central (2) | 0.06647 | 0.04627 | 150,109,641 | \$ (3,032,214.75) |
| 13 | D - North (31) | 0.06062 | 0.04404 | 13,815,609 | \$ (229,062.80) |
| 14 | E - Mohawk V (3) | 0.06827 | 0.04696 | 112,951,375 | \$ (2,406,993.80) |
| 15 | F - Capital (4) | 0.08592 | 0.05055 | 254,862,617 | \$ (9,014,490.76) |
| 16 S.C. No. 2ND | A - West (1) | 0.06307 | 0.04574 | 8,230,234 | \$ (142,629.96) |
| 17 | B - Genesee (29) | 0.06460 | 0.04541 | 2,514,515 | \$ (48,253.54) |
| 18 | C - Central (2) | 0.06697 | 0.04694 | 6,223,038 | \$ (124,647.45) |
| 19 | D - North (31) | 0.06100 | 0.04471 | 543,072 | \$ (8,846.64) |
| 20 | E - Mohawk V (3) | 0.06884 | 0.04763 | 4,694,120 | \$ (99,562.29) |
| 21 | F - Capital (4) | 0.08668 | 0.05125 | 11,093,902 | \$ (393,056.95) |
| 22 | Sum Lines 10 through Line 21 | | | | \$ (19,818,293.55) |
| 23 | Rule 46.3.3 Supply Service Adjustment (Line 9 minus Line 22) | | | | \$ 6,417,201.17 |
| 24 | 'Balance of the ESRM' plus Sales Reconciliation, calculated for December 2014 Billing | | | | \$ 143,523.22 |
| 25 | 'Balance of the ESRM' Billed in December 2014 | | | | \$ (340,447.19) |
| 26 | Balance of the ESRM Sales Reconciliation for February 2015 billing (Line 24 minus Line 25) | | | | \$ 483,970.41 |

| Rate Calculations | | Billing Month February 2015 |
|---|---|--|
| 27 | Forecast Total Commodity Sales for Billing Month (kWh) | 1,249,792,174 |
| 28 | Supply Service Adjustment factor for all Commodity Customers ((Line 23 / Line 27) | 0.005135 |
| 29 | Balance of the ESRM Reconciliation Factor (Line 26/ Line 27) | 0.000387 |
| Balance of the ESRM Rates (\$/kWh) | | |
| 30 | Unhedged & MHP customers (Line 28 + Line 29) | 0.005522 |

Balance of the ESRM Rates SC-1 and SC-2ND Customers(\$/kWh):

| | | Forecast Commodity Sales for Billing Month | Mass Market Adjustment Factor | Supply Service Adj Factor | Balance of the ESRM Reconciliation Factor | Balance of the ESRM rates (\$/kWh) |
|-----------------|------------------|--|----------------------------------|------------------------------|--|---|
| 31 S.C. No. 1 | A - West (1) | 193,834,137 | (0.015817) | 0.005135 | 0.000387 | (0.010295) |
| 32 | B - Genesee (29) | 71,364,772 | (0.017552) | 0.005135 | 0.000387 | (0.012030) |
| 33 | C - Central (2) | 166,172,605 | (0.018247) | 0.005135 | 0.000387 | (0.012725) |
| 34 | D - North (31) | 15,293,993 | (0.014977) | 0.005135 | 0.000387 | (0.009455) |
| 35 | E - Mohawk V (3) | 125,038,099 | (0.019250) | 0.005135 | 0.000387 | (0.013728) |
| 36 | F - Capital (4) | 282,135,009 | (0.031951) | 0.005135 | 0.000387 | (0.026429) |
| 37 S.C. No. 2ND | A - West (1) | 9,499,266 | (0.015015) | 0.005135 | 0.000387 | (0.009493) |
| 38 | B - Genesee (29) | 2,902,232 | (0.016626) | 0.005135 | 0.000387 | (0.011104) |
| 39 | C - Central (2) | 7,182,578 | (0.017354) | 0.005135 | 0.000387 | (0.011832) |
| 40 | D - North (31) | 626,809 | (0.014114) | 0.005135 | 0.000387 | (0.008592) |
| 41 | E - Mohawk V (3) | 5,417,913 | (0.018376) | 0.005135 | 0.000387 | (0.012854) |
| 42 | F - Capital (4) | 12,804,488 | (0.030697) | 0.005135 | 0.000387 | (0.025175) |
| | | 892,271,901 | | | | |

New Hedge Adjustment
Rule 46.3.1**Portfolio Zones A-E**

| | <u>December 2014</u> | <u>February 2015</u> |
|--|-----------------------------|--|
| 1 Forecast Net Market Value (OMVC) of New Hedges | | \$ 503,726.36 |
| 2 Actual Net Market Value (OMVC) of New Hedges | \$ 2,760,038.00 | |
| 3 Prior New Hedge Adjustment reconciliation calculated for December 2014 Billing | \$ 434,493.14 | |
| 4 Intended Billing (Line 2 + Line 3) | \$ 3,194,531.14 | |
| 5 New Hedge Adjustment Billed Revenue | \$ (1,546,373.97) | |
| 6 Reconciliation of Billed Revenue (Line 4 - Line 5) | | \$ 4,740,905.11 |
| 7 New Hedge Adjustment for February 2015 Billing (Line 1 + Line 6) | | \$ 5,244,631.47 |
| Rate Calculation | | Billing Month February 2015 |
| 8 Forecast SC-1 and SC-2ND Commodity Sales in Billing Month (kWh) | | 597,332,404 |
| 9 New Hedge Adjustment (Line 7/ Line 8) | | \$ 0.008780 |

Portfolio Zone F

| | <u>December 2014</u> | <u>February 2015</u> |
|---|-----------------------------|--|
| 10 Forecast Net Market Value (OMVC) of New Hedges | | \$ (3,959,705.36) |
| 11 Actual Net Market Value (OMVC) of New Hedges | \$ 6,156,166.00 | |
| 12 Prior New Hedge Adjustment reconciliation calculated for December 2014 Billing | \$ 216,098.83 | |
| 13 Intended Billing (Line 11 + Line 12) | \$ 6,372,264.83 | |
| 14 New Hedge Adjustment Billed Revenue | \$ (12,444.86) | |
| 15 Reconciliation of Billed Revenue (Line 13 - Line 14) | | \$ 6,384,709.69 |
| 16 New Hedge Adjustment for February 2015 Billing (Line 10 + Line 15) | | \$ 2,425,004.34 |
| Rate Calculation | | Billing Month February 2015 |
| 17 Forecast SC-1 and SC-2ND Commodity Sales in Billing Month (kWh) | | 294,939,497 |
| 18 New Hedge Adjustment (Line 16/ Line 17) | | \$ 0.008222 |

Legacy Transition Charge
Rule 46.2
(exclusive of the Rule 46.2.6 NYPA Benefit)

| | <u>December 2014</u> | <u>February 2015</u> |
|---|----------------------|--|
| 1 Forecast Net Market Value (OMVC) of Legacy Hedges | | \$ 1,662,969.44 |
| 2 Scheduled Nine Mile 2 RSA Credit | | \$ - |
| 3 Actual Net Market Value (OMVC) of Legacy Hedges | \$ 5,574,574.11 | |
| 4 Nine Mile 2 RSA Credit | \$ - | |
| 5 Prior LTC reconciliation calculated for December 2014 Billing | \$ (505,375.16) | |
| 6 Intended Billing (Line 3 + Line 4 + Line 5) | \$ 5,069,198.95 | |
| 7 Legacy Transition Charge Billed Revenue | \$ 2,393,924.53 | |
| 8 Reconciliation of Billed Revenue (Line 6 - Line 7) | | \$ 2,675,274.42 |
| 9 Legacy Transition Charge for February 2015 Billing (Line 1 + Line 2 + Line 8) | | \$ 4,338,243.86 |
| <u>Rate Calculation</u> | | <u>Billing Month</u> <u>February 2015</u> |
| 10 Forecast Total Delivery Sales in Billing Month (kWh) * | | 2,647,792,173 |
| 11 Legacy Transition Charge (Line 9/ Line 10) | | \$ 0.001638 |

* exclusive of NYPA Replacement & Expansion Power, High Load Factor Power, Preservation Power, Empire Zone Rider and Excelsior Jobs Program loads

Nine Mile 2 Revenue Sharing Agreement

Rule 46.2.7

Record of Quarterly Payments and Calculation of Interest on Deferred RSA Credits

| * Billing Beginning RSA Collection | | | Credit of Prior | Credit One-Third | Interest Credited | TOTAL | Monthly | Customer | Customer | Current Month | Ending | |
|---|----------------|--------------------|-----------------|------------------|-------------------|------------------|------------------|----------------|-------------|---------------|------------|----------------|
| Month | Balance | from Constellation | Month Interest | RSA Collection | In Advance | RSA CREDIT | | Activity | Balance for | | | Deposit Rate |
| (A) (B) | | | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) |
| Dec-11 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.60% | 0.13% | \$0.00 | \$0.00 |
| Jan-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Feb-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Mar-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Apr-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| May-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Jun-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Jul-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Aug-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Sep-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Oct-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Nov-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Dec-12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.65% | 0.14% | \$0.00 | \$0.00 |
| Jan-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Feb-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Mar-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Apr-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| May-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Jun-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Jul-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Aug-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Sep-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Oct-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Nov-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Dec-13 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.35% | 0.03% | \$0.00 | \$0.00 |
| Jan-14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.25% | 0.10% | \$0.00 | \$0.00 |
| Feb-14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.25% | 0.10% | \$0.00 | \$0.00 |
| Mar-14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$8,518,453.44 | \$4,259,226.72 | 1.25% | 0.10% | \$4,411.48 | \$8,522,864.92 |
| Apr-14 | \$8,522,864.92 | \$0.00 | (\$4,411.48) | (\$2,839,484.48) | \$0.00 | (\$2,843,895.96) | (\$2,843,895.96) | \$7,100,916.94 | 1.25% | 0.10% | \$7,354.75 | \$5,686,323.71 |
| May-14 | \$5,686,323.71 | \$0.00 | (\$7,354.75) | (\$2,839,484.48) | \$0.00 | (\$2,846,839.23) | (\$2,846,839.23) | \$4,262,904.10 | 1.25% | 0.10% | \$4,415.29 | \$2,843,899.77 |
| Jun-14 | \$2,843,899.77 | \$9,887,451.47 | (\$4,415.29) | (\$2,839,484.48) | \$0.00 | (\$2,843,899.77) | \$7,043,551.70 | \$6,365,675.62 | 1.25% | 0.10% | \$6,593.22 | \$9,894,044.69 |
| Jul-14 | \$9,894,044.69 | \$0.00 | (\$6,593.22) | (\$3,295,817.16) | \$0.00 | (\$3,302,410.38) | (\$3,302,410.38) | \$8,242,839.50 | 1.25% | 0.10% | \$8,537.49 | \$6,600,171.80 |
| Aug-14 | \$6,600,171.80 | \$0.00 | (\$8,537.49) | (\$3,295,817.16) | \$0.00 | (\$3,304,354.65) | (\$3,304,354.65) | \$4,947,994.48 | 1.25% | 0.10% | \$5,124.87 | \$3,300,942.02 |
| Sep-14 | \$3,300,942.02 | \$0.00 | (\$5,124.86) | (\$3,295,817.16) | \$0.00 | (\$3,300,942.02) | (\$3,300,942.02) | \$0.00 | 1.25% | 0.10% | \$0.00 | \$0.00 |
| Oct-14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.25% | 0.10% | \$0.00 | \$0.00 |
| Nov-14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.25% | 0.10% | \$0.00 | \$0.00 |
| Dec-14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 1.25% | 0.10% | \$0.00 | \$0.00 |
| Jan-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |
| Feb-15 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.00% | 0.00% | \$0.00 | \$0.00 |

* If an RSA Collection is received during the billing month, it will be recorded on Attachment 1 of the next billing month's workpapers, which will revise the interest calculation.

NYPA Hydropower Benefit Mechanism ("NYPA Benefit")
Rule 46.2.6

| NYPA R&D CONTRACTS | | |
|--|----------------------|--|
| | December 2014 | February 2015 |
| 1 Forecast Net Market Value (OMVC) of NYPA R&D Contracts | | \$ (531,060.11) |
| 2 Actual Net Market Value (OMVC) of NYPA R&D Contracts | \$ (462,911.80) | |
| 3 Prior NYPA R&D reconciliation calculated for December 2014 Billing | \$ 201,741.72 | |
| 4 Intended Billing (Line 2 + Line 3) | \$ (261,170.08) | |
| 5 NYPA Benefit (R&D Contracts) Billed Revenue | \$ (454,995.58) | |
| 6 Reconciliation of Billed Revenue (Line 4 - Line 5) | | \$ 193,825.50 |
| 7 NYPA Benefit (R&D Contracts) for February 2015 Billing (Line 1 + Line 6) | | \$ (337,234.61) |
| Rate Calculation | | Billing Month February 2015 |
| 8 Forecast SC-1 and SC-1C Delivery Sales in Billing Month (kWh) | | 1,120,889,261 |
| 9 NYPA Benefit (R&D Contracts) rate (Line 7/ Line 8) | | \$ (0.000301) |

| RECHARGE NY RESIDENTIAL CONSUMER DISCOUNT (RCD) PAYMENT | | |
|--|----------------------|--|
| | December 2014 | February 2015 |
| 10 RCD Payment for upcoming billing month | | \$ (2,146,233.33) |
| 11 Actual RCD Payment Booked | \$ (2,146,233.33) | |
| 12 Prior RCD Payment reconciliation calculated for December 2014 Billing | \$ (262,473.43) | |
| 13 Intended Billing (Line 11 + Line 12) | \$ (2,408,706.76) | |
| 14 NYPA Benefit (RCD) Billed Revenue | \$ (2,409,466.24) | |
| 15 Reconciliation of NYPA RCD Billed Revenue (Line 13 - Line 14) | | \$ 759.48 |
| 16 Actual RAD payment Booked | \$ (276,933.33) | |
| 17 NYPA Benefit (RAD) Billed Revenue | \$ (200,681.32) | |
| 18 Reconciliation of Billed Revenue (Line 16 - Line 17) | | \$ (76,252.01) |
| 19 NYPA Benefit (RCD) for February 2015 Billing (Line 10 + Line 15+ Line 18) | | \$ (2,221,725.86) |
| Rate Calculation | | Billing Month February 2015 |
| 20 Forecast SC-1 and SC-1C Delivery Sales in Billing Month (kWh) | | 1,120,889,261 |
| 21 NYPA Benefit (RCD) rate (Line 19/ Line 20) | | \$ (0.001982) |

| RESIDENTIAL AGRICULTURAL DISCOUNT (RAD) PAYMENT | | |
|---|--|--|
| | | February 2015 |
| 22 NYPA RAD Payment for upcoming billing month | | \$ (276,933.33) |
| Rate Calculation | | Billing Month February 2015 |
| 23 Forecast SC-1 and SC-1C RAD Customers Sales in Billing month (kWh) | | 4,895,593 |
| 24 NYPA Benefit (RAD) rate (Line 22/ Line 23) | | \$ (0.056568) |