

PSC NO: 220 ELECTRICITY  
NIAGARA MOHAWK POWER CORPORATION  
INITIAL EFFECTIVE DATE: SEPTEMBER 29, 2014

LEAF: 229.2  
REVISION: 3  
SUPERSEDING REVISION: 2

## GENERAL INFORMATION

### 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 New Hedges, plus any applicable reconciliation balance from prior periods 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 applicable for ~~each~~the zone(s) divided by the forecasted zonal 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 ~~by for the~~ zone(s) shall be calculated and compared to the actual revenue billed ~~by for the~~ zone(s) for the applicable month. Any reconciliation balance, whether positive or negative, shall be included in the adjustment of subsequent periods pursuant to Rule 46.3.4.

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 zonal monthly market prices determined pursuant to Rule 46.1.1 and the actual zonal 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 zonal kWh sales for the applicable month of customers on Service Classification Nos. 1 and 2 (Non Demand) receiving Electricity Supply Service from the Company. Any reconciliation balance, whether positive or negative, shall be included in the adjustment of subsequent periods pursuant to Rule 46.3.4.

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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### 46. SUPPLY SERVICE CHARGES (Continued)

46.3.3.2 The actual amount of the net market value associated with Legacy Contracts assessed through the LTC pursuant to Rule 46.2, NYPA R&D Contracts assessed through the NYPA Benefit factor pursuant to Rule 46.2.6, New Hedges assessed through the New Hedge Adjustment factor pursuant to Rule 46.3.1, the Mass Market Adjustment determined pursuant to Rule 46.3.2, and any reconciliation balance from prior periods determined pursuant to Rule 46.3.3.4 below.

46.3.3.3 The Supply Service Adjustment factor shall be calculated monthly as the amount determined in accordance with Rules 46.3.3.1 and 46.3.3.2 divided by the forecasted kWh sales for the applicable month to all customers receiving Electricity Supply Service from the Company.

46.3.3.4 The Supply Service Adjustment shall be subject to reconciliation in which the reconciliation amount determined in accordance with Rules 46.3.3.1 and 46.3.3.2 shall be compared to the actual revenue billed by the Supply Service Adjustment factor for the applicable month. Any reconciliation balance, whether positive or negative, shall be included in the adjustment of subsequent periods pursuant to Rule 46.3.4.

#### 46.3.4 Supply Reconciliation Balance – The charges or credits associated with commodity reconciliations for Mass Market customers that are delayed from the typical two month lag.

46.3.4.1 Generally, reconciliations will be performed on a two month lag basis. Any delay in these reconciliations will be implemented through the Supply Reconciliation Balance. Any subsequent reconciliations of the Supply Reconciliation Balance caused by sales variances will occur within the reconciliation of the New Hedge Adjustment.

46.4 A monthly Supply Service Charge Statement shall set forth the following rates each month: the forecast Rule 46.1.1 ESCost rates; the forecasted NYISO Capacity Spot Market price utilized in Rule 46.1.3.7; the LTC in Rule 46.2; ~~and~~ the ESRM in Rule 46.3, and Rule 46.3.4 Supply Reconciliation Balance. The Supply Service Charge Statement will be filed with the Public Service Commission apart from this rate schedule on not less than three (3) business days notice before the effective date.