

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: JUNE 3, 2016
STAMPS: Issued in Compliance with Order issued May 19, 2016 in Case 15-M-0744, et.al.

LEAF: 223
REVISION: 7
SUPERSEDING REVISION: 6

GENERAL INFORMATION

43. TRANSMISSION REVENUE ADJUSTMENT

43.1 The Transmission Revenue Adjustment ("TRA") shall be based on a monthly comparison of (1) a forecast based transmission revenue credit that is reflected in delivery rates, and (2) the actual transmission revenue realized, exclusive of revenue taxes imposed thereon.

43.2 Transmission Revenue is defined as wholesale transmission services, excluding congestion rents from Transmission Congestion Contracts, (TCCs).

43.3 The forecast based transmission revenue credit reflected in delivery rates is \$91,357,015.

43.4 The calculation of the Transmission Revenue Adjustment shall be determined on a cost month basis and applied on a two-month lag basis.

43.5 As a result of the monthly comparison of the base transmission revenue credit amount to the actual transmission revenue amount, the TRA determined to be in excess of the base transmission revenue credit amount shall be refunded to customers. The TRA determined to be less than the base transmission revenue credit shall be collected from customers.

43.5.1 In the event that the monthly comparison of base transmission revenue to actual transmission revenue exceeds \$6 million, plus or minus, in any given month, the amount over the \$6 million will be deferred to the next cost month, with a return at the Company's cost of capital. If the \$6 million cap is reached for an additional two consecutive months, the cap will be increased to \$8 million. The \$8 million cap shall remain in place as long as the TRA exceeds +/- \$6 million, including recovery of the deferral and corresponding return, and will revert back to the \$6 million monthly cap once the TRA, including recovery of the deferral and return, falls to less than or equal to +/- \$6 million.

43.5.2 In accordance with Order issued May 19, 2016, a portion of the TRA deferral reconciliation balance as of March 31, 2017 will be used to offset the Company's transmission related revenue requirements included in the Company's Incremental CapEx Petition in Case 15-M-0744, et al. The resulting TRA deferral balance will be reduced by the offset amount, which shall be no more than the amount needed to offset the transmission related revenue requirements as approved in the Company's Incremental CapEx Petition. A portion of the TRA deferral balance as of March 31, 2018 will again be used to offset the transmission related revenue requirements as approved in the Company's Incremental CapEx Petition that were not previously offset by the March 31, 2017 TRA deferral balance offset. The amount of the TRA deferral balance used will be no more than that needed to offset the transmission related revenue requirements. Following both the March 31, 2017 and March 31, 2018 TRA deferral balance offsets, the TRA deferral balance will continue to be calculated on a monthly basis as provided for in this Rule 43.

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43. TRANSMISSION REVENUE ADJUSTMENT (Continued)

43.6 The TRA amount determined above shall be allocated to applicable service classifications based on the percent allocation of Transmission Revenue in the Company's most current embedded cost of service study (ECOS). The allocation of such revenues in the ECOS is based on single coincident peak method. The percent allocations are as follows:

<u>PSC No. 220</u>		<u>PSC No. 214</u>
SC1	42.67%	All Service Classifications 0.02%
SC1C	1.00%	
SC2ND	2.68%	
SC2D	14.55%	
SC3-Secondary	13.04%	
SC3-Primary	5.10%	
SC3-Sub Transmission/Transmission	1.30%	
SC3A-Secondary/Primary	3.19%	
SC3A-Sub Transmission	4.06%	
SC3A-Transmission	12.39%	

Customer's taking service under SC No.4 – Supplemental Service and SC No. 7 – Standby Service shall be subject to the TRA rates of their parent service classification.

43.7 The TRA amounts for the respective service classifications as determined in Rule 43.6 shall be divided by the respective service classification's monthly forecast sales associated with the corresponding month which the adjustment will be refunded to or collected from customers.

43.8 The TRA rates shall be applied to customers' actual billed consumption and applicable to customers served under PSC No. 220 Nos. 1, 1-C, 2ND, 2D, 3, 3-A, 4, and 7 and all PSC No. 214 service classifications. The TRA is not applicable to kWh consumption associated with NYPA hydro sales under S.C. No. 4 and High Load Factor Fitzpatrick ("HLFF") sales, Economic Development Power and Power For Jobs and Empire Zone qualifying load, and may be applicable to PSC No. 220 SC Nos. 11 and 12 in accordance with the terms of their individual contracts.

43.9 The TRA shall be shown on statements filed with the Public Service Commission apart from this rate schedule not less than three (3) business days before its effective date. Such statements' effective dates shall be coincident with the first billing cycle of each month.