

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 06/01/12
STAMPS:

LEAF: 122.5.2
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION

33. MERCHANT FUNCTION CHARGE: (continued)

33.1.4 Return Requirement on Gas Storage Inventory

33.1.4.1 Until March 31, 2013 the Return Requirement on Gas Storage Inventory per therm rate will be charged to SC1, 2, 12 and 13 sales customers.

33.1.4.1.1 The Return Requirement on Gas Storage Inventory will be calculated by multiplying the Return Requirement Percentage of 10.69% by a thirteen point weighted average cost of storage inventory equal to the monthly volumes fixed at 110,003,357 dth priced out at the Company's projected weighted average cost of gas in storage multiplied storage, multiplied by 0.990828212 to exclude Service Classification No.3.

33.1.4.1.2 The per therm rate will be computed by dividing the Return Requirement on Gas Storage Inventory by the projected sales of the SC 1, 2, 12 and 13 sales customers.

33.1.4.1.3 The Return Requirement on Gas Storage Inventory recoveries for the 10-month period starting June 1, 2012 to March 31, 2013 will be reconciled to the Actual Return Requirement on Gas Storage Inventory for the corresponding 10 month period.

33.1.4.1.4. The Actual Return Requirement on Gas in Storage will be determined by multiplying the: 1) Return Requirement of 10.69% by, 2) an eleven point weighted average cost of storage inventory calculated using monthly volumes fixed per Case 08-G-0609 priced out at the Company's actual weighted average cost of gas in storage by, 3) 0.990828212 to exclude Service Classification No. 3.

33.1.4.1.5 The resulting over/under collection will be divided by the projected sales of the SC 1, 2, 12 and 13 sales customers to determine a per therm credit or surcharge to be refunded or recovered over the 12-month period starting June 1st from the SC 1, 2, 12 and 13 sales customers. The per therm credit or surcharge will be added to the Return Requirement on Gas Storage Inventory per therm rate in effect at that time.

Issued By: Kenneth D. Daly, President, Syracuse, New York