

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: MARCH 1, 2010

LEAF: 263.2
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION

57. REVENUE DECOUPLING MECHANISM ("RDM")

57.1 The Revenue Decoupling Mechanism reconciles actual delivery service revenues for the year to allowed delivery service target revenues as approved in Case No. 10-E-____. The difference between actual delivery service revenues and allowed delivery service target revenues for any Reconciliation Group listed in Rule 57.1.2 in each annual period forms the basis of the RDM rate adjustment for that Reconciliation Group.

57.1.1 The allowed delivery service revenues will be allocated to the following Reconciliation Groups:

1. Residential (SC1, SC1-C)
2. Small C&I (SC2 and SC2D)
3. Large C&I (SC3, SC3A, SC4, SC7, SC11, SC12)
4. Street Lighting (All service classifications)

57.1.2 The RDM will not apply to the following customers:

1. SC 11 and 12 customers in accordance with the terms of their individual contracts; and,
2. Grandfathered customers receiving Replacement and Expansion Power (Existing and additional) from NYPA.

57.1.3 On an annual basis, actual delivery service revenues will be reconciled to allowed delivery service target revenues for each Reconciliation Group in Rule No. 57.2.

57.1.3.1 If the RDM reconciliation has a positive balance, then the RDM will be a credit to customer's bills. If the RDM reconciliation has a negative balance, then the RDM will be a surcharge on customer's bills.

57.1.3.2 The RDM will be calculated by dividing the resulting difference by each Reconciliation Group's forecasted sales and applied on a volumetric basis, per kWh for Reconciliation Groups 1, 2 and 4 and per kW for Reconciliation Group 3.

57.2 If in any month, the total of the cumulative monthly reconciliations, based on actual delivery service revenue for any all the Reconciliation Groups in Rule 57.1.2 above, is greater than 1.5% of the Company's annual allowed target revenues for that Reconciliation Group for that year, the Company will file an interim RDM adjustment for each affected Reconciliation Group for the remainder of the calendar year.

57.3 The RDM will be effective on thirty day's notice and set forth on a statement filed with the Public Service Commission to be effective the first day of the proceeding month.