

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: APRIL 27, 2009

LEAF: 226
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION

45. NUCLEAR RETIREMENT ADJUSTMENT CLAUSE

In the event that the Company announces its intent to retire or abandon a nuclear plant, the Company shall begin deferring for future recovery nuclear operation, maintenance and decommissioning costs, and shall pass through to customers its replacement power costs ("RPCs") as defined in this Rule 45. The deferrals and RPC passthroughs shall commence on: (1) the date on which the Company announces its intent to retire the plant, if the plant is not operating when the announcement is made, or (2) the date on which the nuclear plant is permanently shut down if the plant is still operating when the intent to close the plant is announced. A report summarizing the basis for this decision will be filed with the Public Service Commission no later than 60 days of such an announcement.

45.1 Operation, Maintenance and Decommissioning Cost Provision

The Company shall defer for later recovery or refund the difference between actual nuclear operation, maintenance and decommissioning costs incurred and the level of nuclear operation, maintenance and decommissioning costs embedded in rates. In any month where such deferral shows a net credit and the spot market price exceeds the nuclear plant's avoided fuel costs, the credit shall be used to offset the Nuclear Retirement Adjustment Surcharge for that month.

45.2 Determination of RPCs

45.2.1 Determination of RPCs For Customers with Floating CTCs

RPCs shall be determined by subtracting the costs of avoided nuclear fuel costs, and any net reductions in nuclear operating, maintenance and decommissioning costs, from the market price of electricity purchased or produced by the Company to replace the forecasted output of the nuclear plant

Where:

avoided nuclear fuel costs are nuclear fuel costs that can be saved as a result of not operating the plant, based on nuclear fuel costs embedded in rates, and

net nuclear operating, maintenance and decommissioning costs are the amount by which actual nuclear operating, maintenance and decommissioning costs in any month are less than the level of operating, maintenance and decommission costs embedded in rates.

45.2.2 Determination of RPCs For Customers with Fixed CTCs

RPCs for customers with fixed CTCs shall be calculated as in 45.2.1 except that the market price of electricity shall be based on forecasted market prices rather than on actual market prices, so that variations between actual and forecasted market prices shall not be flowed through to such customers. The forecasts of market prices to be used for this purpose shall be based on the CTC payment option chosen by each such customer.

Issued by Thomas B. King, President, Syracuse, NY