

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

LEAF: 238  
REVISION: 0  
SUPERSEDING REVISION:

#### GENERAL INFORMATION

#### 52. LUMP SUM PAYMENT OF TRANSITION COSTS BY CUSTOMERS TOTALLY BYPASSING THE COMPANY'S RETAIL DISTRIBUTION SYSTEM (Continued)

52.3.1 In the case of the furnishing of Electric Service by any Municipal Utility to any retail customer at a location in the Company's franchised service territory, the Lump Sum Contribution towards the Company's Transition Costs shall be paid to the Company by the Municipal Utility to the extent that the Municipal Utility is subject to the Commission's jurisdiction to require the payment of that Amount. To the extent that the Municipal Utility is not subject to the Commission's jurisdiction to require the payment of the Lump Sum Contribution towards the Company's Transition Costs and if the Municipal Utility elects not to pay such Amounts on the customer's behalf, that Contribution shall be paid to the Company by the customer. This requirement shall apply regardless of whether the customer in question was inside or outside of the municipality's corporate boundaries as of April 6, 1998 and regardless of whether the Municipal Utility utilizes the Company's transmission system in the provision of electric service to the customer.

52.3.2 In all other cases where service is extended to a customer in the Company's franchised service territory by any entity other than the Company and the customer is no longer connected to the Company's delivery system either directly or indirectly through the facilities of another retail customer of the Company, the Lump Sum Contribution towards the Company's Transition Costs shall be paid directly by the customer to the Company.

#### 52.4 LUMP SUM TRANSITION COST CALCULATION METHODOLOGY

The Company shall use a "revenues lost" methodology similar to that proposed by the FERC in Order No. 888 to determine the Lump Sum Contribution towards the Company's Transition Costs to be made by a customer or a Municipal Utility. This amount will be calculated on a one-time basis. Adjustments or Credits to reflect the acquisition by sale or condemnation of the Company's facilities, avoided property taxes and avoided operation and maintenance expenses, if applicable, will be developed by the Company on a case by case basis. The Company shall entertain levelized annual payments or other options that may be negotiated between the Company and the customer or the Municipal Utility, subject to adequate security.

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