

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 05/20/09
STAMPS: Issued in Compliance with Order of PSC in Case 08-G-0609 dated 05/15/09.

LEAF: 122.5
REVISION: 1
SUPERSEDING REVISION:

GENERAL INFORMATION

33. MERCHANT FUNCTION CHARGE: (continued)

33.1.2.2 The \$0.00419 per therm Commodity Related Credit and Collections Rate shall be included on the filed Statement of Merchant Function Charge not less than three (3) days prior to its effective date.

33.1.3 Commodity Related Uncollectible Expenses

33.1.3.1 The Commodity Related Uncollectible Expenses rate per therm shall be calculated monthly and shall be recovered from Service Classification Nos. 1, 2, 12 and 13 customers purchasing commodity from the Company. The rate will be calculated by multiplying the Uncollectible Rate by the actual Monthly Cost of Gas Rate per therm (MCG) as calculated in accordance with Rule 17.

33.1.3.2 The Uncollectible Rate shall be equal to 2.3% for SC1 customers and 0.3% for SC2, 12, 13 customers.

33.1.3.3 The resulting rate shall be filed on the Statement of Merchant Function Charge not less than three (3) days prior to its effective date.

33.1.4 Return Requirement on Gas Storage Inventory

33.1.4.1 The Return Requirement on Gas Storage Inventory rate per therm shall initially become effective May 20, 2009 and shall equal \$0.01241 per therm.

33.1.4.2 The Return Requirement on Gas Storage Inventory rate shall be reset June 1, 2010 and each June 1st thereafter and shall be calculated as follows: The Return Requirement on Gas Storage Inventory rate per therm recovered from Service Classification Nos. 1, 2, 12 and 13 customers shall 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 by 0.990828212 to exclude Service Classification No. 3.

33.1.4.2.1 The rate per therm shall be computed by dividing the dollar amount determined in 33.1.4.2 by the projected throughput for customers taking service under Service Classification Nos. 1, 2, 3, 12 and 13 purchasing commodity from the Company.

Issued By: Thomas B. King, President, Syracuse, New York