

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: FEBRUARY 1, 2011

LEAF: 238
REVISION: 2
SUPERSEDING REVISION: 0

STAMPS: Issued in Compliance with Order of the PSC in Case No. 10-E-0050 Issued January 24, 2011

GENERAL INFORMATION

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

52.5 ASSESSMENT OF CHARGE

In all cases where it applies, the Lump Sum Contribution towards the Company's Transition Costs will be assessed as follows:

52.5.1 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.

52.5.2 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.

52.6 LUMP SUM TRANSITION COST CALCULATION METHODOLOGY

The Lump Sum Transition Cost Charge shall be determined by multiplying the Company's remaining Competitive Transition Charge (CTC) on the actual or proposed date of disconnection by the ratio of the Customer's total charges for CTC revenue during the calendar year preceding the Customer's actual or proposed date of disconnection from the Company's system to the Company's total CTC revenue during that calendar year. 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.

Payment of the charge established in this Rule 52 either by the customer or by a Municipal Utility shall not entitle the Municipal Utility to take ownership of any facilities owned by the Company and used to service the Customer or reduce the price any Municipal Utility must pay to obtain ownership of such facilities. The Company may agree to sell such facilities to the Municipal Utility or the Municipal Utility may seek to condemn those facilities to the extent authorized by State law.

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