

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 06/23/08

LEAF: 122.5
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION

34. MERCHANT FUNCTION CHARGE: (continued)

34.1.1.3 The actual Gas Supply Procurement Expenses for each twelve months ended March time period recovered from SC1, 2, 12 and 13 shall be reconciled to the target of \$1,064,825. The resulting over/under collection shall be divided by estimated throughput for customers served under SC1, 2, 12 and 13 purchasing commodity from the Company and added to the Gas Supply Procurement Expenses component of the Merchant Function Charge effective the following June 1.

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

34.1.2 Commodity Related Credit and Collection Expenses

34.1.2.1 The Commodity Related Collections Processing expense target of \$2,912,071 will be allocated annually each June 1 between 1) the Merchant Function Charge Component and the 2) Purchase of Receivables component based on the Company's Commodity Revenues and POR Receivables for the previous twelve months ending March. The initial MFC component used to determine the rate effective April 1, 2009 will be \$2,392,337 and the POR revenue component will be \$519,734.

34.1.2.2 The Actual Commodity Related Credit and Collection unitized rate per therm to be recovered through the MFC shall initially become effective April 1, 2009 and will be calculated by dividing the Merchant Function Charge Component as calculated in 34.1.2.1 above by the estimated throughput for customers served under Service Classification Nos. 1, 2, 12 and 13 purchasing commodity from the Company for the April 2009 through March 2010 time period.

34.1.2.3 The Actual Commodity Related Credit and Collection Rate to be included in the MFC will be reset each June 1 by dividing the revenue requirement calculated in 34.1.2.1 by the estimated throughput for SC1, 2, 12 and 13 customers purchasing commodity from the Company.

34.1.2.4 The Actual Commodity Related Credit and Collection Component Percentage to be added to the POR Uncollectible discount rate will be initially set at 0.5% effective April 1, 2009. The Percentage to be added to the POR discount rate will then be reset each June 1 by dividing the POR Component as calculated in 34.1.2.1 above by the POR Receivable revenues for the preceding twelve months ending March.

Issued By: William F. Edwards, President, Syracuse, New York