

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

LEAF: 122.6  
REVISION: 0  
SUPERSEDING REVISION:

### GENERAL INFORMATION

#### 34. MERCHANT FUNCTION CHARGE: (continued)

34.1.2.5 The sum of Actual Commodity Related Credit and Collection Expense for the twelve months ended March time period recovered through the Merchant Function Charge and the POR discount will be reconciled to the target of \$2,912,071. The resulting over/under collection for the MFC and POR components will be included in the subsequent June 1 MFC and POR component calculations.

34.1.2.6 The resulting Commodity Related Credit and Collections Rate shall be filed on the Statement of Merchant Function Charge not less than three (3) days prior to its effective date.

#### 34.1.3 Uncollectible Expenses Associated with Gas Costs

34.1.3.1 The Uncollectible Expenses Associated with Gas Costs unitized 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 calculated Uncollectible Rate by the actual Monthly Cost of Gas Rate per therm (MCG) as calculated in accordance with Rule 17.

34.1.3.1.1 The Actual Uncollectible Rate shall be equal to net write-offs for the previous twelve months ended March divided by the sum of 1) the Company's Total Revenue exclusive of Other Gas Revenues but inclusive of Late Payment Revenues and 2) the Receivables under the Company's POR program.

34.1.3.1.1.1 The Uncollectible Rate effective April 1, 2009 shall be set at 1.8%.

34.1.3.1.1.2 The Uncollectible Rate shall be reset effective June 1 of each year in accordance with Rule 34.1.3.1.1 above.

34.1.3.2 The Company will reconcile commodity related Uncollectible revenues collected through the Merchant Function Charge and the POR discount rate to actual commodity related Uncollectible Expense including commodity Uncollectible expense associated with the POR Program.

34.1.3.2.1 The total actual Uncollectible Expense associated with Gas Cost shall be the sum of the commodity uncollectible expense associated with full service customers and commodity uncollectible expense associated with POR customers.

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