

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 10/1/08
STAMPS: Issued in Compliance with Order of PSC in Case 07-M-0548 dated 06/23/08.

LEAF: 122.1
REVISION: 1
SUPERSEDING REVISION:

GENERAL INFORMATION

31. SYSTEM BENEFITS CHARGE:

For the period October 1, 2008 through December 31, 2008, and for calendar year periods beginning January 1, 2009 through December 31, 2011, a System Benefits Charge (SBC) will recover costs associated with the Company's energy efficiency programs. Such costs, including program costs, performance-based incentive and lost revenue, are recoverable through the SBC.

The Company will calculate the SBC rate per therm for Service Classification No. 1 by summing the three components set forth in 31.1, 31.2 and 31.3 below. The initial SBC rate shall be effective for the program period October 1, 2008 through December 31, 2008. Subsequent program periods shall be defined as a calendar period of time. Any over/under collections will be included in the development of the rate for the next time period.

The effective rate shall be set forth on a statement and filed with the Public Service Commission apart from this rate schedule not less than three (3) days prior to the date on which the statement is proposed to be effective.

31.1 Program Cost Component:

The Company will calculate this component rate by dividing the forecasted annual costs, plus over- or under-recoveries from the prior period, if any, of all efficiency programs for the upcoming program period by the projected weather normalized delivery volumes for the applicable service classifications for the same time period.

31.2 Performance-Based Incentive Mechanism:

The Company will calculate this component rate in the manner prescribed by the Public Service Commission.

31.3 Lost Revenue Recovery Mechanism:

The Company will calculate this component rate by dividing the projected annual lost revenue dollars for the upcoming program period by the projected weather normalized delivery volumes for the applicable service classifications for the same time period.

31.3.1 This rate component will become effective on an interim basis until such date that the Company implements a Revenue Decoupling Mechanism.

31.3.2 Lost Revenue will be calculated monthly by multiplying the therm reductions for each installed measure and price per therm by the forecasted number of installed measures. The price per therm for purposes of calculating Lost Revenue will be equal to the Company's existing delivery service rates, without the basic service charge, weighted by the historical number of bills ending in each rate block by month for the respective service classification.

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