

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 08/01/03

LEAF: 99
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION

18. GAS FIRED EMERGENCY ELECTRIC GENERATION: (continued)

18.1.3.2 Usage over this new annual limitation will be billed, where appropriate, at the maximum tariff penalty for unauthorized use.

19. TAX FACTORS APPLICABLE IN MUNICIPALITY WHERE SERVICE IS SUPPLIED:

- 19.1 The rates and charges for service under all Service Classifications of this Schedule P.S.C. No. 219 Gas, including Gas Supply and minimum charges, shall be increased by a factor developed from the aggregate percentage rate of the taxes imposed on the Company's gas revenues pursuant to Sections 186-a and Section 210 of the State Tax Law; Section 20-b of the General City Law; and Section 5-530 of the Village Law. Two tax factors shall be applied, one to Delivery Service Revenue and one to Commodity Service Revenue. The total of all rates and charges will be multiplied by 1 plus a factor equal to the result of the tax rate divided by 1 minus the tax rate for the appropriate municipality.
- 19.1.1 Delivery Service Revenue is defined as all charges included under the Gas Delivery Charges portion of a customer's bill exclusive of sales taxes and import taxes. Delivery Service Revenue will include S.C. 8 Standby Sales Service Charges, Balancing Charges, and Standby Charges.
- 19.1.2 Commodity Service Revenue is defined as all charges included under the Gas Supply Charges section of the customer's bill exclusive of sales taxes. This will include the charge for Gas Supply and the Merchant Function Charge.
- 19.1.3 For customers taking delivery service from the Company but with the customer's gas supply service provided to the customer by an entity other than the Company, only Section 186-a and Section 210 of the State Tax Law shall be applicable to the Company's delivery service rates and charges. The applicable delivery and/or commodity tax factors shall be applied to the respective delivery and commodity rates and charges as defined above.
- 19.1.4 The applicable revenue tax surcharge factor shall be set forth on statements filed with the Public Service Commission and are subject to adjustment whenever a city or village levies a new tax on the Company's gross revenues, repeals such a tax, or changes the rate of such tax.
- 19.1.4.1 Every such statement shall be filed not less than fifteen (15) business days before the date on which the statement is proposed to be effective, and no sooner than the date of the tax enactment to which the statement responds; shall become effective no sooner than the date when the tax enactment is filed with the Secretary of State; shall be applicable to bills subject to tax enactment that are rendered on or after the effective date of the statement; and shall be canceled not more than five (5) business days after the tax enactment either ceases to be effective or is modified so as to reduce the tax rate.

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