

PSC NO: 220 ELECTRICITY
 NIAGARA MOHAWK POWER CORPORATION
 INITIAL EFFECTIVE DATE: SEPTEMBER 1, 2020
 STAMPS:

LEAF: 222
 REVISION: 11
 SUPERSEDING REVISION: 10

GENERAL INFORMATION

42. MERCHANT FUNCTION CHARGE

42.1 The Merchant Function Charge ("MFC") is a mechanism that permits the Company to recover from customers receiving electric commodity service from the Company ("full service customers") the following costs associated with the providing the service:

- (a) Electricity Supply Procurement
- (b) Electricity Supply Credit and Collection
- (c) Electricity Supply Uncollectible Expenses
- (d) Working Capital on Purchased Power Costs

42.2 Full service customers receiving service under PSC Nos. 220 and 214 Electricity are subject to the MFC, except on load served by NYPA

42.2.1 Customers served under SC-12 will not be subject to Rule 42.3.2 and 42.3.3 below but will be subject to Rule 42.3.1 and Rule 42.3.4 of this Rule.

42.3 Calculation of the Merchant Function Charge per kWh:

42.3.1 Electricity Supply Procurement

42.3.1.1 The Electricity Supply Procurement Rate will be reset each April 1 by dividing the revenue requirement of \$1,404,234 by the forecasted sales of full service customers for that period.

42.3.1.1.1 Any over/under collection, including carrying charges using the pretax weighted average cost of capital, related to Electricity Supply Procurement for the year shall be divided by the forecast sales of full service customers for the following year and added to the Electricity Supply Procurement rate effective April 1 of the following year.

42.3.1.2 The total per kWh Electricity Supply Procurement rate, which equals the over/under collection related to Electricity Supply Procurement for the previous period(s) added to the current year Electricity Supply Procurement rate, shall be filed on the Statement of Merchant Function Charge not less than three (3) days prior to its effective date.