

PSC NO: 219 GAS
 NIAGARA MOHAWK POWER CORPORATION
 INITIAL EFFECTIVE DATE: 09/01/20
 STAMPS:

LEAF: 122.14
 REVISION: 1
 SUPERSEDING REVISION: 0

GENERAL INFORMATION

39. Gas Safety and Reliability Surcharge

- 39.1 The Gas Safety and Reliability Surcharge ("GSRS") allows the Company to recover (i) the cost to replace incremental leak prone pipe ("LPP").
- 39.2 The surcharge will be calculated by first allocating the return on investment and depreciation expense associated with incremental LPP investment and leak repair costs to each firm service class by forecast delivery revenues established in the Joint Proposal in Case 20-G-XXXX, then developing a per therm rate. The GSRS will be reconciled annually and included in the DSA recovered from SC 1, 2, 5, 7, 8, 12 and 13 firm sales and firm transportation customers beginning the following November 1st (adjusted for the Company's pre-tax WACC defined in Rule 1.1). The GSRS will appear on the Statement of Gas Safety and Reliability Surcharge to be filed not less than three (3) days prior to the effective date.

40. Earnings Adjustment Mechanism

- 40.1 The Earnings Adjustment Mechanism ("EAM") allows the Company to recover earned gas EAM positive revenue adjustments through an EAM surcharge over the twelve months beginning April 1, 2019 (adjusted for the Company's pre-tax WACC defined in Rule 1.1).
- 40.2 The per Therm rate will be calculated by allocating the earned incentives to SC 1, 2, 5, 7, 8, 12 and 13 firm sales and firm transportation customers service class. The Company will allocate:
- (i) Gas Energy Efficiency EAM based on gas deliveries
 - (ii) Gas System Efficiency EAM based on peak send out
 - (iii) Disadvantaged Community Engagement EAM based on gas deliveries