

PSC NO: 219 GAS

LEAF: 122.4

NIAGARA MOHAWK POWER CORPORATION

REVISION: 13

INITIAL EFFECTIVE DATE: 08/01/20

SUPERSEDING REVISION: 12

STAMPS: Issued in compliance with order in Case No. 17-G-0239 dated May 29, 2020.

GENERAL INFORMATION**33. MERCHANT FUNCTION CHARGE:**

The Merchant Function Charge consists of the following gas commodity related cost components:

- 1) Gas Supply Procurement Expenses
- 2) Commodity Related Credit and Collection Expenses
- 3) Commodity Related Uncollectible Expenses
- 4) Return Requirement on Gas Storage Inventory
- 5) Return Requirement on Working Capital for Purchased Gas

33.1 Calculation of Merchant Function Rate per Therm**33.1.1 Gas Supply Procurement Expenses****33.1.1.1 Effective September 1, 2019 and September 1, 2020**

33.1.1.1.1 Effective September 1, 2019, the total Gas Supply Procurement Expenses target for the 12-month period is set at \$1,389,936. Effective September 1, 2020, the total Gas Supply Procurement Expenses target for the 12-month period is set at \$1,390,322.

33.1.1.1.2 Applicable to SC Nos. 1, 2, 3, 12 and 13 sales customers.

33.1.1.1.3 The Gas Supply Procurement Expenses per therm rate is determined each September 1st by dividing the \$1,389,936 for September 1, 2019 and \$1,390,322 for September 1, 2020 annual target by the projected annual sales of the SC Nos. 1, 2, 3, 12 and 13 sales customers.

33.1.1.1.4 Recoveries of the Gas Supply Procurement Expenses per therm rate for the period September 1, 2019 to August 31, 2020 will be reconciled to the \$1,389,936 annual target and for the period September 1, 2020 to August 31, 2021 will be reconciled to the \$1,390,322.

33.1.1.1.5 The resulting over or under collection (adjusted for simple interest at the Commission's other customer capital rate) will be divided by the projected annual sales of the SC Nos. 1, 2, 3, 12 and 13 sales customers to determine the per therm credit or surcharge to be refunded or recovered over the 12-month period beginning January 1st through December 31 after the reconciliation period. The per therm refund or surcharge will be added to the Gas Supply Procurement Expenses per therm rate in effect at that time.