

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: JUNE 1, 2017

LEAF: 223
REVISION: 8
SUPERSEDING REVISION: 7

GENERAL INFORMATION

43. TRANSMISSION REVENUE ADJUSTMENT

43.1 The Transmission Revenue Adjustment ("TRA") shall be based on a monthly comparison of (1) a forecast based transmission revenue credit that is reflected in delivery rates, and (2) the actual transmission revenue realized, exclusive of revenue taxes imposed thereon.

43.2 Transmission Revenue is defined as wholesale transmission services, excluding congestion rents from Transmission Congestion Contracts, (TCCs).

43.3 The forecast based transmission revenue credit reflected in delivery rates is \$185,695,556.

43.4 The calculation of the Transmission Revenue Adjustment shall be determined on a cost month basis and applied on a two-month lag basis.

43.5 As a result of the monthly comparison of the base transmission revenue credit amount to the actual transmission revenue amount, the TRA determined to be in excess of the base transmission revenue credit amount shall be refunded to customers. The TRA determined to be less than the base transmission revenue credit shall be collected from customers.

43.5.1 In the event that the monthly comparison of base transmission revenue to actual transmission revenue exceeds \$6 million, plus or minus, in any given month, the amount over the \$6 million will be deferred to the next cost month, with a return at the Company's cost of capital. If the \$6 million cap is reached for an additional two consecutive months, the cap will be increased to \$8 million. The \$8 million cap shall remain in place as long as the TRA exceeds +/- \$6 million, including recovery of the deferral and corresponding return, and will revert back to the \$6 million monthly cap once the TRA, including recovery of the deferral and return, falls to less than or equal to +/- \$6 million.

43.5.2 In accordance with Order issued May 19, 2016, a portion of the TRA deferral reconciliation balance as of March 31, 2017 will be used to offset the Company's transmission related revenue requirements included in the Company's Incremental CapEx Petition in Case 15-M-0744, et al. The resulting TRA deferral balance will be reduced by the offset amount, which shall be no more than the amount needed to offset the transmission related revenue requirements as approved in the Company's Incremental CapEx Petition. A portion of the TRA deferral balance as of March 31, 2018 will again be used to offset the transmission related revenue requirements as approved in the Company's Incremental CapEx Petition that were not previously offset by the March 31, 2017 TRA deferral balance offset. The amount of the TRA deferral balance used will be no more than that needed to offset the transmission related revenue requirements. Following both the March 31, 2017 and March 31, 2018 TRA deferral balance offsets, the TRA deferral balance will continue to be calculated on a monthly basis as provided for in this Rule 43.

Issued by Kenneth D. Daly, President, Syracuse, NY