

PSC NO: 219 GAS

LEAF: 90.1

NIAGARA MOHAWK POWER CORPORATION

REVISION: 3

INITIAL EFFECTIVE DATE: 04/01/18

SUPERSEDING REVISION: 1

STAMPS: Issued in compliance with order in Case No. 17-G-0239 dated March 15, 2018.

GENERAL INFORMATION**17. ADJUSTMENT OF RATES IN ACCORDANCE WITH CHANGES IN THE COST OF PURCHASED GAS: (continued)**

17.1.5 LAUF Adjustment

17.1.5.1 The LAUF Adjustment is applied to the Annual Cost of Gas Surcharge or Refund for the SC Nos. 1, 2, 3, 12 and 13 sales customers per Rule 17.7 as : 1) a credit if actual system LAUF percentage exceeds the LAUF Target or 2) a surcharge if actual system LAUF percentage is less than the LAUF Target.

17.1.5.2 The LAUF Adjustment is determined each 12-month period ending August 31st by: 1) subtracting the actual system LAUF percentage from the LAUF Target and then multiplying that percentage difference by: 2) the average per therm commodity cost of gas determined per Rule 17.1.5.3 by; 3) the metered sales of SC Nos. 1, 2, 3, 12 and 13 sales customers and SC Nos. 1MB, 2MB, 5, 7, 8, 12 MB, 12DB and 13MB transportation customers.

17.1.5.3 The average per therm commodity cost of gas is determined by taking: 1) the allowed gas expense determined per Rule 17.7.1.1 and subtracting; 2) the Demand Cost of Purchased Gas per Rule 17.3.6; and dividing the difference by; 3) the metered sales of SC Nos. 1, 2, 3, 12 and 13 sales customers

17.1.6 System Performance Adjustment (SPA)

17.1.6.1 A SPA per therm rate will be applicable to the SC Nos. 1, 2, 3, 12 and 13 sales customers and the SC Nos. 1MB, 2MB, 5, 7, 8, 12MB, 12DB and 13MB transportation customers. The SPA per therm rate will be a credit if the actual system LAUF percentage is less than the LAUF Target or a surcharge if the actual system LAUF percentage exceeds the LAUF Target during the 12-month period ending the previous August.

17.1.6.2 The Total SPA Amount will be determined each 12-month period ending August 31st by multiplying: 1) the average per therm commodity cost of gas determined per Rule 17.1.5.3 by; 2) the metered sales of SC Nos. 1, 2, 3, 12 and 13 sales customers and SC Nos. 1MB, 2MB, 5, 7, 8, 12 MB, 12DB and 13MB transportation customers by; 3) the percentage difference determined by:

17.1.6.2.1 Subtracting the LAUF Target from actual system LAUF if actual system LAUF is within the Dead Band Upper Limit and Dead Band Lower Limit.

17.1.7 Inactive Accounts Adjustment

Beginning September 1, 2018, Niagara Mohawk will remove from the LAUF calculation an estimate of gas usage associated with meters that have been "inactive" for more than 90 days. Inactive meters are those that are not associated with an active customer account.