

PSC NO: 219 GAS
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: 10/17/18
STAMPS: Issued in compliance with order in Case No. 17-G-0239 dated March 15, 2018.

LEAF: 122.4
REVISION: 10
SUPERSEDING REVISION: 9

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 April 1, 2018

33.1.1.1.1 The Gas Supply Procurement Expenses target for the 12-month period beginning April 1, 2018 is set at \$1,390,042. The per therm rate is determined by dividing the \$1,390,042 annual target by the projected annual sales of the SC Nos. 1, 2, 3, 12 and 13 sales customers.

33.1.1.1.2 Effective September 1, 2018, the total Gas Supply Procurement Expenses target for the 12-month period is set at \$1,391,056.

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

33.1.1.1.4 The Gas Supply Procurement Expenses per therm rate is determined each September 1st by dividing the \$1,391,056 annual target by the projected annual sales of the SC Nos. 1, 2, 3, 12 and 13 sales customers.

33.1.1.1.5 Recoveries of the Gas Supply Procurement Expenses per therm rate for the period September 1, 2018 to August 31, 2019 will be reconciled to the \$1,391,056 annual target.

33.1.1.1.6 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.

Issued By: John Bruckner, President, Syracuse, New York