

PSC NO: 219 GAS  
NIAGARA MOHAWK POWER CORPORATION  
INITIAL EFFECTIVE DATE: 04/01/13  
STAMPS: Issued in compliance with order in Case No. 12-G-0202 dated March 15, 2013

LEAF: 122.6  
REVISION: 6  
SUPERSEDING REVISION: 4

### GENERAL INFORMATION

#### 33. MERCHANT FUNCTION CHARGE: (continued)

##### 33.1.4.2 Effective April 1, 2013

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

33.1.4.2.2 The Return Requirement on Gas Storage Inventory will be projected initially for the 12-month period starting April 1, 2013 and each subsequent 12-month period starting April 1<sup>st</sup> thereafter by multiplying: 1) the Pre-tax WACC defined in Rule 1.14 by; 2) the projected monthly average cost of storage inventory for the corresponding period. .

33.1.4.2.3 The Return Requirement on Gas Storage Inventory per therm rate will be calculated by dividing the Return Requirement on Gas Storage Inventory by the projected sales of the SC Nos. 1, 2, 3, 12 and 13 sales customers.

33.1.4.2.4 The Actual Return Requirement on Gas in Storage will be determined initially for the 12-month period starting April 1, 2013 and each subsequent 12-month period starting April 1<sup>st</sup> thereafter by multiplying: 1) the Pre-tax WACC defined in Rule 1.14 by; 2) the actual monthly average cost of storage inventory for the corresponding period.

33.1.4.2.5 Recoveries of the Return Requirement on Gas Storage Inventory per therm rate for the period April 1, 2013 to March 31, 2014 and each subsequent 12-month period ending March 31<sup>st</sup> thereafter will be reconciled to the Actual Return Requirement on Gas in Storage for the applicable period..

33.1.4.2.6 The resulting over or under collection (adjusted for simple interest at the Commission's other customer capital rate) will be divided by the projected sales of the SC Nos. 1, 2, 3, 12 and 13 sales customers to determine a per therm credit or surcharge to be refunded or recovered over the 12-month period beginning June 1<sup>st</sup> after the reconciliation period.. The per therm credit or surcharge will be added to the Return Requirement on Gas Storage Inventory per therm rate in effect at that time.

33.1.4.3 The Return Requirement on Gas Storage Inventory per therm rate will be filed on the Statement of Merchant Function Charge not less than two business days prior to the date on which the statement is proposed to be effective.

Issued By: Kenneth D. Daly, President, Syracuse, New York