

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: APRIL 1, 2013
STAMPS: Issued in Compliance with Order of PSC in Case 12-E-0201 issued March 15, 2013

LEAF: 222.1
REVISION: 4
SUPERSEDING REVISION: 2

GENERAL INFORMATION

42. MERCHANT FUNCTION CHARGE (CONTINUED)

42.3.2 Electricity Supply Credit and Collection

42.3.2.1 The Electricity Supply Credit and Collection rates shall become effective April 1, 2013 and shall be adjusted pursuant to Rules 42.3.2.2 below.

42.3.2.2 The Electricity Supply Credit and Collection rate will be reset April 1, 2013 and each April 1 thereafter by dividing the revenue requirement of \$7,508,682 for non-demand customers, \$330,883 for demand customers, and \$1,863 for lighting customers by the forecasted sales of non-demand, demand and lighting full service customers for that period and the forecasted sales of non-demand, demand and lighting ESCo's customers who are participating in the Company's Purchase of Receivables Program

42.3.2.2.1 Any over/under collections, including carrying charges using the pretax weighted average cost of capital, related to Electricity Supply Credit and Collections for the year shall be divided by the forecast sales of full service customers and the forecasted sales of ESCo customers who are participating in the Company's Purchase of Receivables Program for the following year and added to the Electricity Supply Credit and Collections rates effective April 1 of that following year.

42.3.2.2.2 However, the rate effective April 1, 2013 will contain the remaining reconciliation for calendar year 2012, plus the reconciliation for January 1, 2013 through March 31, 2013.

42.3.2.3 ESCos who are participating in the Company's Purchase of Receivables Program are subject to the Electricity Supply Credit and Collection rates.

42.3.2.4 The total per kWh Electricity Supply Credit and Collections Rate, which equals the over/under collection related to Electricity Supply Credit and Collections for the previous period (s) added to the current year Electricity Supply Credit and Collections, shall be included in the filed Statement of Merchant Function Charge not less than three (3) days prior to their effective date.

42.3.3 Electricity Supply Uncollectible Expense

42.3.3.1 The Electricity Supply Uncollectible Expense rates will be determined separately for non-demand, demand and street lighting customers. The rates will be calculated by multiplying the uncollectible percentage factor by the Electricity Supply Cost and ESRM, inclusive of the New Hedge Adjustment, on customer's bills. The uncollectible percentage factor will be 2.34% for non-demand customers, 0.29% for demand, and 0.07% for street lighting customers and will be applied to customers' Electricity Supply Cost.

42.3.3.2 The Electric Supply Uncollectible Expense rate will be a discount to the ESCO's receivables purchased by the Company.