

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: 122.4
REVISION: 6
SUPERSEDING REVISION: 4

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 June 1, 2012 through March 31, 2013

33.1.1.1.1 The Gas Supply Procurement Expenses target for the 10-month period is set at \$895,001.

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

33.1.1.1.3 Recoveries of the Gas Supply Procurement Expenses charge will be reconciled to the 10-month target.

33.1.1.1.4 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, 12 and 13 sales customers to determine a per therm credit or surcharge to be refunded or recovered over the 12-month period starting June 1, 2013. The per therm credit or surcharge will be added to the Gas Supply Procurement Expenses per therm rate in effect at that time for the SC Nos. 1, 2, 12 and 13 sales customers.

33.1.1.2 Effective April 1, 2013

33.1.1.2.1 The Gas Supply Procurement Expenses target for the 12-month period beginning April 1, 2013 and each subsequent 12-month period beginning April 1st thereafter is set at \$1,172,739.

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

33.1.1.2.3 The Gas Supply Procurement Expenses per therm rate is determined each April 1st by dividing the \$1,172,739 annual target by the projected annual sales of the SC Nos. 1, 2, 3, 12 and 13 sales customers

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