

# nationalgrid

August 2, 2006

Honorable Jaclyn A. Brillling, Secretary  
State of New York  
Public Service Commission  
Office of the Secretary, 19<sup>th</sup> Floor  
Three Empire State Plaza  
Albany, NY 12223

RE: **Case No. 03-E-0641** – *Proceeding on the Motion of the Commission Regarding Expedited Implementation of Mandatory Hourly Pricing for Commodity Service – Order Denying Petitions for Rehearing and Adopting Mandatory Hourly Pricing Requirements*

Dear Secretary Brillling:

Enclosed for filing with the New York State Public Service Commission (“the Commission”) are an original and three copies of Niagara Mohawk Power Corporation’s d/b/a National Grid (“Company’s”) tariff amendments in compliance with Commission Order in Case No. 03-E-0641 issued and effective April 24, 2006 (“April 24 Order”).

Identification of Tariff Amendments:

Thirty-Seventh Revised Leaf No. 23-A  
Fifteenth Revised Leaf No. 70-J1  
Fourth Revised Leaf No. 70-J2  
Thirteenth Revised Leaf No.70-Q  
Ninth Revised Leaf No.71-T  
Fourteenth Revised Leaf No. 71-T1  
First Revised Leaf No.71-T2  
Seventh Revised Leaf No. 77-O25  
Third Revised Leaf No.77-O42  
Second Revised Leaf No.77-O42(a)  
Original Leaf No. 77-O42(b)  
Fifth Revised Leaf No.77-O45  
Original Leaf No. 77-O45(a)  
Fourth Revised Leaf No.77-O100(b)  
Fifth Revised Leaf No. 77-O101(c)  
Third Revised Leaf No. 77-O102(g)  
Fiftieth Revised Leaf No. 85  
Fifth Revised Leaf 87-A6  
Thirteenth Revised Leaf No. 106-B

To P.S.C. No. 207 Electricity

Effective: September 1, 2006

Purpose of Filing

Ordering Clause No. 5 of the April 24 Order directed the Company to file tariff amendments to implement mandatory hourly pricing for P.S.C. No. 207 Electricity Service Classification No. 3 (“SC-3”) customers with demands at or above 500 kW, to become effective on a temporary basis, on not less than thirty days’ notice, on September 1, 2006. The tariff amendments listed above comply with this Ordering Clause and as required in the body of the April 24 Order, proposes tariff language to clarify the method used to establish

the Company's retail electricity supply charge and a schedule to transfer remaining SC-3 customers to hourly pricing.

Description of Attachments:

Included with this filing are the following attachments:

- Summary of Compliance Filing & Schedule to Transfer Other SC-3 Customers to Hourly Pricing
- Attachment 1 Proposed Tariff Leaves
- Attachment 2 Red-lined Version of Proposed Tariff Leaves
- Attachment 3 Supporting Financial Analysis

Please advise the undersigned of any action taken in regards to this filing.

Sincerely;

Dr. Catherine T. McDonough  
Project Manager

cc: Susan Pelkey  
Robert Visalli  
Active Parties (via electronic and/or regular mail)

CTM/PJR  
Attachment

PROCEEDING ON MOTION OF THE COMMISSION  
REGARDING EXPEDITED IMPLEMENTATION OF  
MANDATORY HOURLY PRICING FOR COMMODITY SERVICE.

ACTIVE PARTY LIST  
(as of June 12, 2003)

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Summary of Compliance Filing

and

Schedule to Transfer Other SC-3 Customers to Hourly Pricing

**NIAGARA MOHAWK POWER CORPORATION D/B/A NATIONAL GRID**

**CASE 03-E-0641**

**SUMMARY OF COMPLIANCE FILING**

**AUGUST 2, 2006**

**BACKGROUND**

National Grid implemented mandatory hourly pricing (“MHP”) for 290 large (> 2MW) Commercial & Industrial (“C&I”) customers served under the SC-3A service classification in New York in 1999. With MHP, SC-3A customers who take commodity service from the Company are billed for commodity based on their actual hourly usage and the hourly day-ahead location based marginal price (DALBMP). The Company also sends hourly usage data to the energy service company (“ESCo”) to enable the ESCo to bill customers on retail access. The hourly data for all SC-3A customers—including those on retail access—is subsequently sent to the NYISO for settlement purposes by the load serving entity.

In its September 23, 2005 Order in this proceeding (the “September Order”), the Public Service Commission (the “Commission”) directed the company to file draft tariff leaves within 60 days to extend MHP to the SC-3 customers. The Commission also directed the Company to file (i) a plan to install interval meters, (ii) a report on the feasibility of equipping customers with tools for measuring usage and other data needed to monitor consumption in real time, and (iii) a plan to educate eligible customers.

National Grid’s SC-3 parent class includes 4,592 medium-sized C&I customers whose maximum billing demand ranges from 100 to 1,999 kW. Currently, all SC-3 customers who take commodity service from National Grid are billed for commodity based on a thirty-day weighted average DALBMP (where the weights are based on the class/voltage level average load shape) and the individual customer’s monthly kWh usage. For customers on retail access, the Company passes the kWhs used over the monthly billing period to the appropriate ESCo and makes the class/voltage level load shape available to ESCOs on the Company’s Web-Site. The load shape and monthly kWhs used by all SC-3 customers are also used for settlement purposes with the NYISO.

**National Grid Recommends Phased Approach**

On October 21, 2005, the Company filed a petition for re-hearing and clarification (the “Petition”) to request that the Commission reconsider or clarify the requirements of the September Order to: (i) permit the Company to work in consultation with the Department of Public Service Staff (“Staff”) to develop a phased approach for implementing MHP for SC-3 customers; (ii) implement MHP in stages to progressively smaller customers in the SC-3 class, but only to the extent that the benefit outweighs the potential cost; and (iii)

authorize the New York State Energy Research & Development Authority (“NYSERDA”) to fund the Company’s efforts to implement MHP for SC-3 customers through the Systems Benefit Charge (“SBC”).

In its follow up discussions with Staff, the Company outlined a plan to extend mandatory MHP to the largest SC-3 customers (>500kW) before the Cooling Season in 2006 (“Phase 1”), evaluate the impact in terms of responsiveness, customer satisfaction and lessons learned, and, if appropriate, extend MHP to smaller SC-3 customers in appropriate increments thereafter. Because this approach seemed reasonable to Staff, on November 22, 2005, the Company filed materials to support a plan to extend MHP to SC-3 customers (> 500 kW) in compliance with the Commission’s September 2005 Order described above. The plan and draft tariff leaves contained therein were contingent on the receipt of NYSEDA funding for the up-front costs to install metering equipment, alter the billing system, and to perform education and out-reach to support the extension of MHP to customers in the SC-3 class.

### **Implementation Activities**

As the Company waited for a response to the Petition and a final order approving its November filing, Staff indicated that National Grid should move ahead with its plan to install the requisite metering to move SC-3 customers (>500 kW) to hourly commodity billing, including those customers who participate in economic development programs, and to educate customers so that hourly commodity billing could begin on September 1, 2006.

In response to those discussions, shortly after the November 22 compliance filing, the Company drafted a request for proposals for new digital wireless meters that would be capable of providing customers with access to their meter data in near-real time. The meter installation effort began for all customers who met the eligibility requirement as of December 2005 soon after the new meters were delivered to the Company in March 2006. Group meetings for customers were held in May 2006 and most MHP-eligible customers were able to access their load data from the new meters and National Grid’s Hourly Day Ahead Supply prices through the Company’s Energy Profiler On-line (“EPO”) in early June. In order to maximize customers’ ability to respond to hourly prices by shifting or shedding load, the Company offered all SC-3 customers (> 500 kW) a free-trial subscription to EPO through December 31, 2006. The Company is currently in the process of modifying its billing system and NYISO settlements process to move large SC-3 customers to hourly pricing by September 1, 2006.

### **Commission’s April Directive to National Grid**

On April 24, 2006, the Commission issued an Order (the “April Order”) approving the Company’s proposal to develop a phased in approach for implementing hourly pricing to the SC-3 rate class and to move customers with billing demands (>500 kW) to hourly

pricing by September 1, 2006.<sup>1</sup> As discussed with Staff, this means that the bills received by eligible customers beginning October 1, 2006 will be based on each customer's actual hourly usage from the September billing period. Although the Commission denied National Grid's request to fund meter installation and other implementation costs from the System Benefit Charge in its April Order, it endorsed National Grid's proposal to recover metering costs through an incremental customer charge. National Grid and the other utilities were also authorized to recover remaining implementation and outreach and education costs that are unrelated to meter installation and activation from all ratepayers through delivery rates.

The Commission further directed National Grid to conduct an assessment of the impact of hourly pricing on customers receiving economic development incentive rates and file a report detailing the outcome of the assessments and proposing any needed exemptions by July 1, 2006. As part of that filing, National Grid recommended that only those SC-3 customers (> 500 kW) with existing SC-11 or SC-12 contracts be permitted to elect to participate in hourly commodity billing. In follow up discussions, Staff suggested that the Company should extend this choice to all 209 SC-3 customers (> 500 kW) who participate in one or more economic development program.

The current filing complies with the Commission's additional directive to file the requisite tariff leaf changes to implement hourly commodity billing for large SC-3 customers on September 1, 2006. As part of this filing we also include tariff language that describes the method to develop retail hourly prices from the NYISO zonal wholesale prices and a proposed schedule for the transfer of the remaining SC-3 customers with demands below 500 kW to hourly pricing.

## **SUMMARY OF TARIFF AMENDMENTS**

### **Special Provision L**

In compliance with the Commission's April Order, customers with billing demand greater than 500 kW for six consecutive months of the previous twelve months beginning December 31, 2005 will be served under Special Provision L of the SC-3 Parent Classification. All Special Provision L customers will be required to install a digital interval meter to enable the Company or ESCo to bill the customer for commodity based on their actual hourly usage. Special Provision L customers will also be subject to an incremental monthly charge of \$43.77 per month<sup>2</sup> to cover the expenses related to

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<sup>1</sup> Case 03-E-0641, Proceeding on Motion of the Commission Regarding Expedited Implementation of Mandatory Hourly Pricing for Commodity Service. *Order Denying Petitions for Rehearing and clarification in Part and Adopting Mandatory Hourly Pricing Requirements*, at p. 13 (April 24, 2006).

<sup>2</sup> We describe the approach used to develop the incremental customer charge and the deferral mechanism to collect the residual implementation costs associated with extending mandatory hourly pricing to large SC-3 customers below.

installing, reading, maintaining, and processing interval data from these meters for billing purposes.<sup>3</sup> (See Attachment 1, Leaf No. 87-A6).

All Special Provision L customers, except those who currently participate in economic development programs, will be billed for electric supply service based on their actual hourly usage beginning September 1, 2006. This includes any customer who *participates in* an economic development program—such as taking service under an SC-12 Contract, receiving an allocation of NYPA power or taking service under the Empire Zone Rider—after September 1, 2006. However, in consideration of our discussions with Staff, Special Provision L customers who *currently participate* in one or more of the Company’s economic development programs<sup>4</sup> will be subject to hourly commodity billing only when their existing economic development contract, NYPA power allocation entitlement or Empire Zone Rider expires, or if they affirmatively elect to participate in hourly commodity billing prior to that date.<sup>5</sup>

In order to provide assurance that customers who are able to shed or shift load in response to hourly commodity billing continue to meet the size threshold, any Special Provision L customer who is billed based on their actual hourly usage will continue to be billed for commodity based on their actual hourly usage even if their demand falls below 500 kW for six consecutive months (See Attachment 1, Leaf No. 87-A6).

All SC-3 customers who are not served under Special Provision L will continue to be billed for commodity based on kWh used over the billing period. Such customers who also choose to purchase commodity from National Grid will be billed based on a weighted average of National Grid’s hourly energy supply costs as described in the Rule 46 where the weights are based on the hourly usage during the billing period of all SC-3 customers who take service at the same voltage level and who are not subject to hourly commodity billing (See Attachment 1, Leaf No. 85).

As of June 30, 2006, 785 SC-3 customers were eligible for Special Provision L and 576 of these customers will be moved to hourly commodity billing beginning September 1, 2006. The remaining 209 customers who participate in economic development programs will be moved to hourly commodity billing when their contract, NYPA power allocation entitlement or Empire Zone Rider expires or if they affirmatively elect to participate in hourly commodity billing prior to that date.

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<sup>3</sup> Only customers with existing SC-11/SC-12 contracts who do not elect hourly commodity billing and whose contract specifically precludes pricing adjustments will be exempt from this incremental metering charge.

<sup>4</sup> This includes customers with an existing SC-11 or SC-12 contract, Power for Jobs (“PFJ”) or Economic Development Power (“EDP”) allocation from NYPA, Expansion and or Replacement Power Allocations and customers who take service under the Company’s Empire Zone Rider.

<sup>5</sup> National Grid will agree to amend the existing SC-11/SC12 contracts of any customer who meets the size threshold and who volunteers for hourly commodity billing.

## Other Supporting Tariff Changes

Because all parent class SC-3 customers who take service under Special Provision L will be subject to the incremental customer charge, which is designed to recover costs associated with interval metering, several other tariff or policy changes are necessary to avoid redundant metering-related charges and to clarify eligibility requirements. The changes are as follows:

- Customers who are eligible for Special Provision L and who have already purchased an interval meter to obtain the Energy Check-On-Line Service or to participate in the NYISO's day-ahead demand response program ("DADRP") or Emergency Demand Response Program ("EDRP") will be subject to the incremental customer charge. However, the Company will credit any customer who purchased a meter to participate in these programs for the fee originally charged by the Company to install that meter. The Company will also modify Form's L9, L10 and L11 to indicate that Special Provision L customers will not be subject to the monthly \$34.84 charge to recover meter-communications expense associated with participation in the NYISO programs (See Attachment 1, Leaf Nos. 77-O100(b), 77-O101(c), and 77-O102(g)).
- Any customer who has or becomes eligible for Special Provision L and who also participates in the Power for Jobs ("PFJ") or Economic Development Power ("EDP") Programs, will be subject to the incremental customer charge for Special Provision L customers, but the Company will reduce the incremental charge associated with participation in the PFJ and EDP programs from \$19.41 to \$6.69 to avoid any double-counting of metering-related costs<sup>6</sup> (See Attachment 1, Leaf Nos. 70-J1, 70-J2, and 70-Q).
- The original SC-7 tariff language with regard to commodity billing was written to maintain consistency with the default method used to bill parent class customers for commodity—while providing SC-7 customers with additional flexibility to optimize the use of their cogeneration facility. SC-3A customers who take service under the SC-7 tariff are billed based on mandatory hourly pricing whereas SC-3 customers who take service under SC-7 can choose to be billed on total kWh use over the billing period or hourly interval data. As the Company complies with the Commission's Order to extend hourly pricing to the SC-3 Parent Class, only SC-3/SC-7 customers who are *not* eligible for Special Provision L will still have that choice. All SC-3 customers who are eligible for Special Provision L and who take service under the SC-7 tariff will be billed for commodity based on their actual hourly usage. The change to Form G is reflected

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<sup>6</sup> According to a Niagara Mohawk Tariff Filing in Case 92-E-1156, "Rule 34-EDP Rewrite October 1, 1993", the incremental customer charge of \$19.41 currently applied to SC-3 Customers who participate in the EDP or PFJ programs includes \$12.72 per month for meter-reading and meter maintenance and \$6.69 for administration. Removing redundant charges related to metering would therefore reduce the charge to \$6.69 for administration.

in Attachment 1, Leaf No. 77-025 and the change to SC-7 is reflected in Attachment 1, Leaf No. 106-B.

- All SC-3 Parent Class customers who are eligible for Special Provision L and who qualify for a new Standard Discount SC-12 contract will be billed for commodity based on their actual hourly usage. Any customer who meets the eligibility requirement for Special Provision L after the contract has been executed will also be moved to hourly commodity billing. These changes require some small modifications to Form I, the standardized contract agreement for SC-3 customers. The changes are reflected in on Attachment 1, Leaf Nos., 77-042 and 77-042 (a) (Electricity Supply Cost Charge), 77-045 and 77-045 (a) (Minimum Bill Provision).

### **Clarification of Method used to Generate Hourly Retail Supply Prices**

In response to the Commission's Directive to clarify the method used to calculate its electricity supply cost, the Company has made several changes to Rule 46.

- The Company has included formal definitions of the terms Holiday and Class Load Factor used to describe the approach used to recover the costs associated with the payments made to generators for installed capacity in Rule 46.2 (See Attachment 1, Leaf No. 23-A).
- The Company has made clear that each item described in Rules 46.3 through 46.10 will be added to the NYISO's location based marginal price in each hour (See Leaf No. 71-T1).
- The Company also substantially modified Rule 46.10 to more clearly describe how the Company collects the balancing costs associated with ensuring the mandated level of installed capacity (See Leaf No. 71-T2).

### **IMPLEMENTATION COSTS AND COST RECOVERY**

The total cost associated with extending hourly commodity billing to large SC-3 customers is important to calculate and consider. These costs reflect the opportunity cost associated with the program from a societal perspective and must ultimately be considered along with the benefits of the program to customers and the distribution of those benefits in order to properly evaluate whether or not the program achieves its objective and should be considered for other SC-3 customers. Attachment 3, Schedule 1, Column A shows that the Company's estimate of the total up-front cost associated with implementing hourly pricing for 785 SC-3 customers with billing demands > 500 kW on an accelerated time line was approximately \$ 2.5 million (Column A, Line 10)—about \$1.85 million for digital interval meters (Lines 1 to 4), \$0.4 million for education and out-

reach (Line 5) and about \$0.24 million to prepare the billing system (Line 6). The on-going annual communication and data validation costs associated with the program are about \$193,000. The assumptions and calculations used to develop the most significant cost items are shown in Attachment 3, Schedules 2 and 3.

Extending hourly commodity billing to SC-3 customers was not envisioned when the Company's Merger Rate Plan was established in 2002; thus, to the extent that the Company must purchase additional equipment or employ additional labor to comply with the Commission's Directive, these incremental costs should either be recovered from program participants or all customers. This approach is consistent with the Commission's directive in Case 04-M-0159 that utilities recover incremental costs and not seek recovery of costs that are the product of the use or re-allocation of existing resources that are already reflected in rates.<sup>7</sup>

In its April Order, the Commission stated that "[u]se of the System's Benefit Funds to defray or offset meter costs associated with implementation of hourly pricing would be inappropriate," but the Commission also stated that "National Grid's proposal to recover metering costs through an incremental metering charge is an appropriate rate mechanism because it recovers the cost over time from those customers requiring the installation of an interval meter in order to participate in hourly pricing."<sup>8</sup> The Commission further authorized National Grid and the other utilities "to recover remaining implementation and out-reach and education costs that are unrelated to meter installation and activation from all ratepayers through delivery rates."<sup>9</sup>

### **Metering Costs and the Incremental Customer Charge**

In keeping with the Commission's April Order, the Company has established an incremental monthly customer charge of \$43.77 to recover the metering-related costs directly attributable to Special Provision L customers. This charge will recover the \$1,801 per unit<sup>10</sup> up-front cost to install new meters/communication links, including materials, labor, transportation and sales tax for each customer served under Special Provision L over a ten year period, which is the estimated useful life of new digital wireless metering equipment. The charge is also set to recover the Company's cost of capital, and the on-going cost of the communication link and data validation required to ensure accurate billing. This approach ensures that the incremental customer charge, like the base customer charge, is consistent with the principles of cost causality. Any costs used to develop this rate that are deemed to be a re-allocation of existing costs already embedded in rates, will be credited back to all customers through a deferral account adjustment discussed below.

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<sup>7</sup> Case 04-M-0159, Proceeding on Motion of the Commission to Examine the Safety of the Electric Transmission and Distribution System; *Order on Petition for Rehearing and Waiver*, pp. 25-26 (July 21, 2005).

<sup>8</sup> April Order at p. 31.

<sup>9</sup> *Id.*

<sup>10</sup> (Column B, Line 1+ Column B, Line 4)/ (Line 20) = (\$1,234,792 + 142,990)/765= \$1801 per meter.

Attachment 1, Schedule 1, column B summarizes the metering-related costs associated with 765 Special Provision L customers.<sup>11</sup> Schedules 2 and 3 show the assumptions used to build-up these cost estimates and Schedule 4 shows assumptions and intermediate calculations that the Company used to establish the annual revenue requirement and incremental customer charge (Column B, Lines 19 and 20 of Schedule 1).

### **Other Implementation Costs**

In addition to \$1.4 million in up-front costs to install interval meters/communication links for participant customers<sup>12</sup> (See Attachment 1, Schedule 1, Column B, Line 10), the Company incurred another \$1.2 million in up-front program implementation costs (Schedule 1, Column C, Line 10). These include the costs to:

- install 128 new survey meters necessary to maintain an accurate load shape used to bill SC-3 customers who are not eligible for Special Provision L.(Column C, Line 2);
- install interval meters for 20 SC-3 customers (>500kW) sites whose contract language does not permit the imposition of an incremental customer charge to recover these costs<sup>13</sup> (Column C, Line 3);
- purchase additional meters and communication equipment to comply with the accelerated implementation schedule established by the Commission and Staff (Column C, Line 4);
- plan and hold customer educational seminars<sup>14</sup>, develop educational materials and to manage the overall hourly pricing extension effort (Column C, Line 5);
- program new rates into the billing systems, revise load shapes, determine eligibility, and evaluate customer impacts (Column C, Line 6).

In addition to the up-front costs, the Company will also incur approximately \$48,000 of ongoing annual communication and data validation costs associated with meters installed

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<sup>11</sup> The company proposes that the incremental metering costs for the other 20 Special Provision L with SC-11/12 contracts be collected from other customers through the deferral account since these customer contracts do not permit the imposition of the charge unless the customer volunteers for hourly pricing.

<sup>12</sup> Participants are customers who qualify for Special Provision L and are also subject to the incremental customer charge. As noted above, Special Provision L customers who have contracts that preclude pricing adjustments will only be subject to the charge if and when they volunteer for hourly pricing.

<sup>13</sup> Based on discussions with PSC Staff, the Company moved ahead with plan to install new meters for all SC-3 Customers >500 kW—including those who participate in economic development programs—before the Commission indicated that it would like to reserve final judgment on the eligibility of these customers until a review of the potential impacts. The metering costs for these customers have already been incurred but the Company will recover these costs through the customer charge only if and when these customers opt for Special Provision L.

<sup>14</sup> This total includes the cost of customer education seminars not funded by NYSERDA

for survey purposes and for contract customers not subject to the incremental customer charge (Column C, Line 15).

### **Proposed Deferral Account Adjustments**

The Company seeks to recover from all customers only those implementation costs that (1) are not collected from participant customers and (2) do not reflect a re-allocation of the Company's existing resources that are already being recovered from customers in rates.

Because the Company did not employ outside contractors, purchase or lease additional vehicles to extend mandatory hourly pricing to SC-3 customers, but rather chose to re-deploy labor and transportation equipment from other activities, any such costs that were included in the development of the incremental customer charge are credited back to all customers through the deferral account adjustments shown in Column D of Schedule 1. Similarly, to the extent that the other implementation costs (not collected from program participants) shown in column C consist of re-deployed resources whose costs are already being recovered through rates, we show an offsetting adjustment in Column E.

To establish the total up-front cost and ongoing implementation costs due from other customers we subtract all costs that involve a re-deployment of existing resources itemized in Schedule 1, Columns D and E, from the total implementation costs not recovered through the customer charge shown in Column C. As shown in Column F, Line 10 and 15, the net amount of up-front cost and on-going costs due from other customers is (\$345,157) and (\$56,767), respectively. This translates into an annual revenue requirement due to customers of \$124,441 shown in Column F, Line 19 which yields a monthly credit due to customers of \$13.56 for each participant customer. Because the number of participant customers could change over time, the company will generate a deferral credit each month equal to the number of participant customers multiplied by \$13.56.

The proposed incremental customer charge and proposed credit to the deferral account will be reviewed and updated if and when the Company extends MHP to the rest of the SC-3 class, or another class of National Grid customers. The Company's approach to install interval meters and extend MHP to large groups of smaller customers may be different and could affect the Company's proposed rates in this filing.

## **PROPOSED SCHEDULE TO EXTEND MHP TO OTHER SC-3 CUSTOMERS**

National Grid proposes to extend hourly pricing to the remainder of the SC-3 class based on the following schedule, if and only if, the evaluation at each phase indicates that the proposed extension is cost justified. This schedule is predicated on the original timeline set by the Commission for the Two Year Evaluation. If the Commission decides to postpone that schedule by one year—as the Company recommended in its June 23 filing, the Company would propose to adjust the following schedule to incorporate that modification:

1. Pending outcome of Evaluation Fall 2007 - approximately 1000 customers in fall of 2008 (250 kW-to 499 kW);
2. Pending outcome of Evaluation Fall 2009 - approximately 1200 customers in fall of 2010 (150-to-249 kW); and
3. Pending outcome of Evaluation Fall 2011 - approximately 1500 customers in fall of 2012 (100-to-149 kW).

As National Grid indicated in its June 23 Filing, the primary objective of the evaluation should be to determine whether or not the benefit to society from extending hourly pricing is greater than the associated costs and whether or not it makes sense to extend hourly pricing to smaller non-residential customers.

This will require an assessment of the level and distribution of benefits generated from extending hourly pricing to each cohort of customers to determine whether the net benefit for customers outweighs the cost to install and maintain new meters/communication links, modify the billing system and perform outreach and education.

Even if the current extension of hourly pricing to SC-3s (greater than 500 kW) is shown to be worthwhile from a cost/benefit perspective, additional analysis would be necessary to determine whether or not it makes sense to require hourly pricing to smaller non-residential customers. A study performed by Neenan, et al., shows that most of the benefit from demand response in New York is obtained when as little as 5% of the load responds to price.<sup>15</sup> An empirical analysis of National Grid's SC-3A class<sup>16</sup> indicates that some responsiveness is already forthcoming from the 290 SC-3A customers who are

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<sup>15</sup> Neenan, B., D. Pratt, P. Cappers, J. Doane, J. Anderson and R. Boisvert (Neenan Associates), Goldman, C., O. Sezgen, G. Barbose and R. Bharvirkar (LBNL), Michael Kinter-Meyer, Steve Shankle and Derrick Bates (PNNL), "How and Why Customers Respond to Electricity Price Variability: A Study of NYISO and NYSEDA 2002 PRL Program Performance," LBNL-52209 (2002).

<sup>16</sup> C. Goldman, N. Hopper, RBharvirkar (Lawrence Berkeley National Laboratory, U.S. Department of Energy) and B. Neenan, R. Boisvert, P. Cappers, D Pratt and K. Butkins (Neenan Associates) "Customer Strategies for Responding to Day-Ahead Market Hourly Electricity Pricing" (2005).

already on hourly pricing. Extending hourly commodity billing to approximately 785 of the Company's SC-3 customers (500 kW to 2,000 kW) may elicit a cumulative level of demand-side participation in the commodity market to capture most of the benefit to be garnered from a mandatory hourly pricing program. In this case, the prospective benefit from extending hourly pricing to smaller non-residential customers may not be cost justified.

This proposed schedule is also contingent upon the Company's ability to develop an effective education and out-reach effort that is appropriate for small non-managed accounts and assurance that it can recover all incremental costs associated with extending MHP to smaller SC-3 customers, including any costs incurred in years beyond the end of the current rate plan.

# ATTACHMENT 1

## Proposed Tariff Leaves

GENERAL INFORMATION

**I. DEFINITIONS AND ABBREVIATIONS**

- 1.80 "Cable System Operator" – an entity, certified by New York State, whose service is limited solely to providing cable television service.
- 1.81 "Electric Distribution Pole(s)" – Niagara Mohawk owned electric distribution poles, the record and financial accounting being booked to FERC account 364.
- 1.82 "Non-traditional Pole Attachment" – include i) attachments to an Electric Distribution Pole(s) that occupy more than twelve (12) inches of pole space; ii) all non wire-line (cable) attachments (i.e., wireless devices); and iii) any attachments made outside the traditional communications space on the pole.
- 1.83 "Pole Attachment" – (i) a single span wire (cable) or steel messenger supporting a telecommunication cable(s), owned by the same entity, utilizing one foot or less of usable communication space on an Electric Distribution Pole. Each span wire or messenger cable will be counted as a separate attachment. The sag of the wire will be included in determining the pole space utilized, or (ii) Telecommunication Accessory Equipment.
- 1.84 "Telecommunication Carrier" – a New York State certified provider of telecommunications services, excluding Incumbent Local Exchange Carriers (ILECs) and Cable System Operators
- 1.85 "Telecommunication Accessory Equipment" – Telecommunication equipment mounted on the Electric Distribution Pole, installed in addition to traditional wire-line attachments (Pole Attachment), which precludes that space from being utilized by Niagara Mohawk, a joint owner or another third party. Each space occupied by or precluded from use by a licensee’s Telecommunication Accessory Equipment shall be billed to the licensee as a separate attachment.
- 1.86 “Wireless Facilities” – shall mean any antenna, hardware, equipment, apparatus, device or other hardware, and cables or wires connecting such antenna to such equipment, apparatus, device or other hardware placed on the same Pole. This shall not include wires or cables used to connect to other wireless or wired communication facilities or equipment not on the same pole.
- 1.87 “Wind Electric Generating Equipment” - Equipment that generates electric energy from wind with a rated capacity of not more than 25kW for residential customer generation and not more than 125 kW for farm service customer-generation that is manufactured, installed, and operated in accordance with applicable government and industry standards; connected to the electric system and operated in conjunction with an electric corporation’s transmission and distribution facilities; operated in conjunction with any standards and requirements established in Section 66-I of Public Service Law and Rule No. 53 of this Tariff.
- 1.88 “Excess Pole Height” - Additional pole height requirements attributable to the wireless attachment owner.
- 1.89 “Holiday” - shall mean New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day
- 1.90 "Class Load Factor" - is the ratio of the average demand to the maximum demand of that portion of a PSC No. 207 or PSC No. 214 service classification receiving Electricity Supply Service during the most recent calendar year for which data is available. For service classifications with more than one voltage delivery level, the Class Load Factor shall be calculated separately for each voltage delivery level within the service classification.
- 1.91 “Demand Curve” - the NYISO administered curve used during spot market auctions to determine monthly unforced capacity obligations in excess of the Unforced Capacity Requirement

PROGRAM DESCRIPTIONS

**34. ECONOMIC DEVELOPMENT PROGRAMS: (continued)**

**34.4 Program 3 - Economic Development Power Rider (EDPR)**

**34.4.5 EDPR RATES (Continued)**

Incremental Customer Charge:

Parent Service Classification No. 3, except Special Provision L:	\$19.41/mo.
Parent Services Classification No. 3, Special Provision L only:	\$ 6.69/mo.
Parent Service Classification No. 3-A:	\$ 6.69 /mo.

**Charges applicable to Existing Allocations as defined in Rule 34.1.6:**

**Company Charges, per kW\*\***

	<u>Transmission,/kW</u>	<u>Distribution Delivery/ kW</u>
Secondary	\$1.89	\$4.96
Primary	\$1.89	\$3.06
Subtransmission	\$1.89	\$1.10
Transmission	\$1.89	\$0.00

\* In addition to the above charges, the Company will charge the customer a NYPA Capacity and Energy Charge, in effect at that time, for EDP. In any month, the NYPA Capacity Charge and the NYPA Energy Charge shall be equal to the Capacity and Energy charges which the Company is required to pay to the NYPA for EDP purchased from NYPA in that month, as adjusted by the Company for applicable losses.

**Company Charge applicable to New Allocations as defined in Rule 34.1.6:**

**Charges, per kW and per kWh\*\*:**

For Parent Service Class SC-3:

	<u>Distribution Delivery/kW</u>	<u>Distribution Delivery/kWh</u>
Secondary	\$9.92	\$0.00000
Primary	\$9.50	\$0.00000
Subtransmission	\$4.28	\$0.00000
Transmission	\$3.10	\$0.00000

For Parent Service Class SC-3A

	<u>Distribution Delivery/kW</u>	<u>Distribution Delivery/kWh</u>
Secondary	\$8.18	\$0.00000
Primary	\$8.98	\$0.00237*
Subtransmission	\$3.74	\$0.00000
Transmission	\$3.00	\$0.00000

\* Applicable to First 250 Hours of Use

\*\* In addition to the above charges, the Company will charge the customer a NYPA Capacity and Energy Charge, in effect at that time, for EDP. In any month, the NYPA Capacity Charge and the NYPA Energy Charge shall be equal to the Capacity and Energy charges which the Company is required to pay to NYPA for EDP purchased from NYPA in that month, as adjusted by the Company for applicable losses.

PROGRAM DESCRIPTIONS

**34. ECONOMIC DEVELOPMENT PROGRAMS: (continued)**

**34.4 Program 3 - Economic Development Power Rider (EDPR)**

**34.4.5 EDPR RATES (Continued)**

RkVA Charge: Applicable to Existing Allocations and New Allocations. All reactive demand is provided by Niagara Mohawk generating sources, and therefore billed at the parent service classification's reactive demand rate.

**34.4.5.2 Rates and Charges**

Minimum Charge shall consist of the following components.

1. The customer charge of the parent service classification, and
2. The incremental customer charge.

Incremental Customer Charge:

Parent Service Classification No. 3, except Special Provision L:	\$19.41/mo.
Parent Service Classification No. 3, Special Provision L only:	\$ 6.69/mo.
Parent Service Classification No. 3-A:	\$ 6.69/mo.

PROGRAM DESCRIPTIONS

**34. ECONOMIC DEVELOPMENT PROGRAMS: (continued)**

**34.5 Program 4 - Power For Jobs Rider (continued)**

**34.5.6 PFJR RATES**

34.5.6.1 Program 4 - PFJR participants are subject to the Incremental Customer Charge as specified in 34.1.3.3. The Incremental Customer Charges and the respective parent service classifications for which they apply are as follows:

Parent Rate SC-2D and SC-3.(except Special Provision L):	\$19.41 /mo.
Parent Rate SC-3, Special Provision L only:	\$ 6.69 /mo
Parent Rate SC-3A or SC-4	\$ 6.69 / mo.

Company Demand and Energy Charges (for PFJR power delivered to customers)

**Charges applicable to Existing Allocations as defined in Rule 34.1.6:**

Company Charges, per kW and per kWh:

	<u>Transmission/kW</u>	<u>Distribution Delivery</u>	
		<u>Per kW</u>	<u>Per kWh</u>
Secondary	\$1.89	\$4.96	\$0.000000
Primary	\$1.89	\$3.06	\$0.000000
Subtransmission	\$1.89	\$1.10	\$0.000000
Transmission	\$1.89	\$0.00	\$0.000000

**Charges Applicable to New Allocations as defined in Rule 34.1.6:**

Company Charges, per kW and per kWh:

	<u>Distribution Delivery</u>	
	<u>Per kW</u>	<u>Per kWh</u>
SC-2D	\$9.48	\$0.00289
SC-3 Secondary	\$9.92	\$0.00000
SC-3 Primary	\$9.50	\$0.00000
SC-3 Subtransmission	\$4.28	\$0.00000
SC-3 Transmission	\$3.10	\$0.00000
SC-3A Secondary	\$8.18	\$0.00000
SC-3A Primary	\$8.98	\$0.00237*
SC-3A Subtransmission	\$3.74	\$0.00000
SC-3A Transmission	\$3.00	\$0.00000

\* Applicable to First 250 Hours of Use

RkVA: Applicable to Existing Allocations and New Allocations. All reactive demand is billed at the parent service classification's reactive demand rate.

In addition to the above charges, the Company will charge the customer a NYPA Capacity and Energy charge, in effect at that time, for PFJR Service. In any month, the NYPA Capacity Charge and the NYPA energy charge shall be equal to the capacity and energy charges which the Company is required to pay to NYPA for PFJR power purchased from NYPA in that month, as adjusted by the Company for applicable losses.

## GENERAL INFORMATION

45. **Nuclear Retirement Adjustment Clause**(Continued)**45.3 Recovery of RPCs****45.3.1 General Rule**

The Company shall calculate RPCs on a monthly basis and apply them on a volumetric basis (per kWh) to all customers that pay CTCs under its Tariffs P.S.C. No. 207 Electricity and P.S.C. No. 214 Outdoor Lighting (whether the CTC is billed on a bundled or unbundled basis) through temporary rates which shall be subject to refund, but shall not recover such costs from customers served under individually negotiated rate agreements under rate schedules S.C. No. 11 or S.C. No. 12 of its Tariff P.S.C. No. 207 Electricity unless such individually negotiated rate agreements specifically authorize the recovery of such nuclear RPCs. These rates shall become permanent upon a finding by the Commission that the retirement or abandonment of the nuclear plant in question was prudent and that the cost impacts of that action are justified.

**45.3.2 Special Rule for Customers Served Under Rate Schedule S.C. No. 3A**

RPCs for customers receiving service under rate schedule S. C. No. 3A shall be deferred in years 1 through 3 of the term associated with the Settlement Agreement in PSC Case Nos. 94-E-0098 and 94-E-0099 and will be recovered from such customers in year 4 and beyond, subject to the price caps on service to such customers established in the Settlement Agreement previously mentioned.

**45.4 Revised Nuclear CTC and Unhedged Commodity Costs**

Upon Commission approval of the retirement decision, the CTC for the nuclear plant shall be recalculated consistent with the intent (a) that unhedged commodity risk be shifted to customers who pay a floating CTC and (b) that the CTC for all customers who pay a fixed or floating CTC reflect revised nuclear costs, sunk costs and decommissioning costs (including rampdown and shutdown costs), and reduced operation and maintenance costs (including fuel cost savings).

46. **Electricity Supply Cost (ESCost)** - Any capitalized terms herein shall use the Definitions within this PSC No. 207 Tariff and definitions within the NYISO Tariff filed April 30, 1999. The following shall define the determination of ESCost:

46.1 For each hour, the Day-ahead LBMP in \$/kWh; plus

46.2 For each hour between 12:00 noon and 8:00 PM on weekdays (excluding any Holiday that falls on a weekday), the LBMCP in \$/kW-mo times the sum of one plus the Unforced Capacity Requirement of the NYISO divided by hours between 12:00 noon and 8:00 PM on weekdays (excluding any Holiday that falls on a weekday) of the respective month divided by the respective Class Load Factor; plus

GENERAL INFORMATION

46. **Electricity Supply Cost (ESCost) (continued)**

- 46.3 For each hour, the NYISO Tariff Schedule I Scheduling System Control and dispatch rate in \$/MWh from the cost month two months prior; plus
- 46.4 For each hour, the NYISO Tariff Schedule II Voltage Support Service average rate in \$/MWh from the cost month two months prior; plus
- 46.5 For each hour, the NYISO Tariff Schedule III Regulation and Frequency Response Service rate in \$/MWh from the cost month two months prior; plus
- 46.6 For each hour, the NYISO Tariff Schedule IV Energy Imbalance rate in \$/MWh calculated as NYISO Real Time energy purchases times the difference between Real Time price minus DAM Price plus Real Time energy sales times the difference between the DAM Price minus Real Time Price, each from the previous three months divided by the NYISO net energy for load to meet sales to PSC No. 207 and PSC No. 214 customers served ESS by the Company under both the Standard Rate and Market Rate Service as set forth in Rule 48; plus
- 46.7 For each hour, the NYISO Tariff Schedule V Operating Reserve Service weighted average rate in \$/MWh from the cost month two months prior; plus
- 46.8 For each hour, the NYISO Tariff Schedule VI Black Start Service rate in \$/MWh from the costs month two months prior; plus
- 46.9 For each hour, the NYISO NTAC rate in \$/MWh from the cost month two months prior; plus
- 46.10 For each hour, an unforced capacity imbalance rate (in \$/MWH) calculated as the sum of
  - (i) purchases (in MW) in the monthly capacity auctions times the respective monthly auction price (\$/MW-mo) minus LBMCP (\$/MW-mo), plus sales (in MW) in the monthly capacity auctions times LBMCP (\$/MW-mo) minus the respective monthly auction price (\$/MW-mo);
  - (ii) the purchase (in MW) in the spot capacity auction required to meet the Company's Unforced Capacity Requirement times the spot auction price (\$/MW-mo) minus LBMCP (\$/MW-mo), plus the sale (in MW) in the spot capacity auction required to meet the Company's Unforced Capacity Requirement times LBMCP (\$/MW-mo) minus the spot auction price (\$/MW-mo) ; and
  - (iii) the purchase (in MW) in the spot capacity auction required to meet the Company's obligation in excess of the Unforced Capacity Requirement times the spot auction price (\$/MW-mo) as established by the NYISO's administratively determined Demand Curve.

each from the previous cost month, two months prior, divided by the NYISO net energy load to meet sales to PSC No. 207 and PSC No. 214 customers served ESS by the Company under both Standard Rate and Market Rate Service as set forth in Rule 48.
- 46.11 The sum of each item shall be adjusted by the Local Transmission Efficiency Factors set forth in Rule 39.18.1.1 for the applicable distribution delivery voltage level and the Average Unaccounted for Energy Factor set forth in Rule 39.18.1.2 plus any applicable taxes.
  - 46.11.1 Any billing adjustment from the NYISO may be flowed through this Rule 46 based on the tariff rules in effect on the date service was rendered.

First Revised Leaf No. 71-T2  
Superseding Original Leaf No. 71-T2

GENERAL INFORMATION

46. **Electricity Supply Cost (ESCost) (continued)**

- 46.12 A system average calculation of the prices in each of the Load Zones shall be calculated to effectuate contracts under Service Classification No. 11 that reference system average rates. The system average prices shall be determined through application of weights to each Load Zone price. The weight factors will be updated and filed with the PSC for approval according to historic consumption. The weights for each of the Load Zones shall be shown on statements filed with the Public Service Commission apart from this rate schedule not less than three (3) business days before its effective date. Such statement will be filed quarterly with proposed effective dates of January 1, April 1, July 1, and October 1 of each year. The statements will be available to the public.

GENERAL INFORMATION FOR CONNECTION OF ON-SITE GENERATORS  
APPLICATION FOR ELECTRIC STANDBY SERVICE  
FORM "G" (Continued)

The Customer hereby agrees to provide the Company with sufficient space to install its meters and metering facilities in locations acceptable to the Company, and agrees that the Customer's OSG will not be operated until such meters and metering facilities are installed and operational.

Transformers are to be supplied, owned and maintained by \_\_\_\_ Customer, \_\_\_\_ Company (select one).

**Election of Billing Method of Commodity Service for S.C. No. 7 Parent Class S.C. Nos. 2D and 3 (Otherwise Subject to SC-3, Special Provision L) Customers:**

The Customer hereby agrees to be billed for commodity service based on actual hourly usage and hourly day-ahead market prices.

**On-Site Generation Specifics (information to be supplied for each On-Site Generator Unit:**

	<u>OSG Unit 1</u>	<u>OSG Unit 2</u>	<u>OSG Unit 3</u>
Date of Installation:	_____	_____	_____
Manufacturer of Generator(s):	_____	_____	_____
Model(s) Designation:	_____	_____	_____
Serial Number(s)	_____	_____	_____
Nameplate Output Rating(s):	_____ kW	_____ kW	_____ kW
Nameplate Output Rating(s):	_____ kVA	_____ kVA	_____ kVA
OSG Type Designators:			
Synchronous	_____	_____	_____
Induction	_____	_____	_____
Inverter	_____	_____	_____

Complete or attach as required for Synchronous Generators to be operated in parallel with the system:

Rated Speed (RPM)	_____	_____	_____
Rated Voltage	_____	_____	_____
Efficiency	_____	_____	_____
Rated Power Factor	_____	_____	_____
Locked Rotor Current	_____	_____	_____
Winding Connection (Wye or Delta)	_____	_____	_____
Saturation Curve (dwg #)	_____	_____	_____
Vee Curve (dwg #)	_____	_____	_____
Torque at rated speed	_____	_____	_____
Field Amperes	_____	_____	_____
Field Resistance Ohms	_____	_____	_____
Type of Exciter	_____	_____	_____
Voltage Response Curve (dwg #)	_____	_____	_____
Output Power of Exciter	_____	_____	_____
Type of Voltage Regulator	_____	_____	_____
Xd (direct axis sync. reactance)	_____	_____	_____
Xd (transient reactance)	_____	_____	_____
Xd (subtrans reactance)	_____	_____	_____

**3. THE COMPETITIVE TRANSITION CHARGE PER KW**

For each Billing Period during the term of this Agreement, the Competitive Transition Charge per kW for Electric Service provided to the Customer by the Company under this Agreement shall be determined by multiplying the Competitive Transition Charge rate (per kW) as provided in this Agreement by the Actual kW furnished by the Company to the Customer during the Billing Period.

For the term of this Agreement, the Competitive Transition Charge rate (per kW) for Electric Service for each Billing Period shall be set according to the Competitive Transition Charge established in the Tariff specific to the appropriate voltage delivery level and Load Zone, if applicable, of Service Classification No. \_\_\_\_\_.

The current Competitive Transition Charge per kW for Electric Service furnished to the Customer under the Tariff is \$\_\_\_\_\_.

In the event that the Billing Period is less than twenty-five days or greater than thirty-five days, the Competitive Transition Charge per kW will then, and only then, be pro-rated to the actual number of days in the Billing Period.

**4.(a) THE ELECTRICITY SUPPLY COST CHARGE (Applicable to SC-2D, SC-3 (except Special Provision L), and SC-4 (Less than 2 MW) Customers)**

For each Billing Period during the term of this Agreement, the charge for Electricity Supply Service furnished by the Company to the Customer at the Premises shall be determined by multiplying the Electricity Supply Cost by the kilowatt-hours of Electricity Supply Service furnished by the Company to the Customer during the Billing Period. The Electricity Supply Cost Charge shall be determined using the following formula:

$$\text{Electricity Supply Cost Charge} = \sum ( \text{kWh}_{BP} * \text{ESC}_{LZ,V,BP} )$$

Where:

**kWh<sub>BP</sub>** = The total kWh of Electricity Supply Service sold by the Company to the Customer in the Billing Period.

**ESC<sub>LZ,V,BP</sub>** = The Electricity Supply Cost of Electric Energy specific to the voltage delivery level in the load zone in which a customer takes Electricity Supply Service expressed in \$0.00000/kWh. The Electricity Supply Cost shall be determined by Rule 46, Electricity Supply Cost, of the Tariff.

**LZ** = The load zone (as defined in the Tariff) in which the Customer takes Electricity Supply Service.

**V** = The voltage delivery level at which the Customer receives Electricity Supply Service.

**BP** = The Billing Period.

In the event the Customer does choose an alternate electric supplier: (a) the Customer shall avoid the Electricity Supply Cost Charge for the amount of Electricity Supply Service not purchased from the Company; and (b) the Customer shall be eligible for the Customer Service Credit according to the provisions of Rule 42 of the Tariff, or its successor.

**4.(b) THE ELECTRICITY SUPPLY COST CHARGE (Applicable to SC-3, Special Provision L Customers). This includes customers who meet the size requirement for Special provision L during the life of this contract.**

For each Billing Period during the term of this Agreement, the Charge for Electricity Supply Service furnished by the Company to the Customer shall be determined by multiplying the Electricity Supply Cost charge in each interval by the kWh of Electricity Supply Service furnished by the Company to the Customer during each interval of the Billing Period. The Electricity Supply Cost charge shall be determined using the following formula:

$$\text{Electricity Supply Cost Charge} = \sum ( \text{kWh}_i * \text{ESC}_{LZ,V,i} )$$

Where:

- kWh<sub>i</sub>** = The kWh of Electricity Supply Service sold by the Company to the Customer in interval i.
- ESC<sub>LZ,V,i</sub>** = The Electricity Supply Cost of Electric Energy for the customer’s Load Zone and voltage level expressed in \$.00000/kWh in interval i. The Electricity Supply Cost shall be determined by Rule 46, Electricity Supply Cost, of the Tariff.
- LA** = The load zone (as defined in the Tariff) in which the customer takes Electricity Supply Service.
- V** = The voltage delivery level (as defined in the Tariff) at which the Customer receives Electricity Supply Service.
- I** = Hourly interval period in the Billing Period (i=1...672, 696, 720 or 744 hours).

In the event the Customer does choose an alternate electric supplier: (a) the Customer shall avoid the Electricity Supply Cost Charge for the amount of Electricity Supply Service not purchased from the Company; and (b) the Customer shall be eligible for the Customer Service Credit according to the provisions of Rule 42 of the Tariff, or its successor.

**5. THE NON-CONTESTABLE LOAD COMPETITIVE TRANSITION CHARGE**

For each Billing Period during the term of this Agreement, the Non-Contestable Load Competitive Transition Charge for Electricity Supply Service furnished by the Company to the Customer shall be determined by multiplying the Competitive Transition Charge rate for Non-Contestable kilowatt-hours established in this Agreement by the Non-Contestable kilowatt-hours furnished by the Company to the Customer during the Billing Period.

The Non-Contestable kilowatt-hours shall be as determined in Sections 5A and 5B below.

- A** If the Actual kW exceeds the Contract Load kW specified in Attachment C1, and the total Electricity Supply Service in kWh furnished by the Company to the Customer during the Billing Period (hereinafter referred to as "Actual kWh") exceeds the Contract Load kWh specified in Attachment C1, then the Non-Contestable kilowatt-hours shall be the Contract Load kWh specified in Attachment C1.
- B** If the Actual kW is less than the Contract Load kW specified in Attachment C1 and/or the Actual kWh is less than the Contract Load kWh specified in Attachment C1, then the Non-Contestable kilowatt-hours shall be the Actual kWh.

The Competitive Transition Charge rate for Non-Contestable kilowatt-hours shall be set according to the Competitive Transition Charges per kWh rate specified in Service Classification No. \_\_\_\_\_ of the Tariff at the appropriate voltage delivery level, Load Zone, and where applicable by hours of maximum kW usage for the Customer.

**6. THE CONTESTABLE LOAD COMPETITIVE TRANSITION CHARGE**

For each Billing Period during the term of this Agreement, the Contestable Load Competitive Transition Charge for Electricity Supply Service furnished by the Company to the Customer shall be determined by multiplying the Competitive Transition Charge rate for Contestable kilowatt-hours established in this Agreement by the Contestable kilowatt-hours furnished by the Company to the Customer during the Billing Period.

The Contestable kilowatt-hours shall be determined as the Actual kWh less the Non-Contestable kilowatt-hours. The Contestable kilowatt-hours shall not be less than 0. If the Contract Load kW and kWh specified in Attachment C1 are both equal to zero, then the Contestable kilowatt-hours shall be equal to the Actual kWh.

For the term of this Agreement, the Competitive Transition Charge rate for Contestable kilowatt-hours shall be calculated using the following formula:

Competitive Transition Charge Rate for Contestable kilowatt-hours

$$= \text{CTC per kWh rate} * (1-\text{Discount})$$

where:

**B. When Electricity Supply Service Is Not Provided By The Company**

Notwithstanding any other provision of this Agreement, the Customer's total charge for Electric Service provided under this Agreement in any Billing Period shall not fall below the Minimum Price as established by the following formula:

$$\text{Minimum Price} = \sum \text{kWh}_{\text{BP}} * \$0.01$$

Where:

- kWh<sub>BP</sub>** = The total kWh of Electricity Service sold or delivered by the Company to the Customer in the Billing Period.
- BP** = Billing Period

The Company will adjust the Customer's total bill for Electric Service in any Billing Period to this Minimum Price if the Customer's bill for Electric Service in the Billing Period, as calculated in conformance with the other provisions of this Agreement, would otherwise result in a total charge in the Billing Period that would be below the Minimum Price.

Notwithstanding the foregoing, for all Agreements executed after February 15, 2001, the Company shall administer this Minimum Bill Provision on a 12 month rolling basis. Payment in excess of the Minimum Bill shall be carried forward and used to offset any Minimum Bill charges otherwise determined under this Minimum Bill Provision.

**10. MINIMUM BILL PROVISIONS (Applicable to SC-3 , Special Provision L Customers)**

**A. When Electricity Supply Service Is Provided By The Company**

Notwithstanding any other provision of this Agreement, the Customer's total charge for Electric Service and/or Electricity Supply Service provided under this Agreement in any Billing Period shall not fall below the Minimum Price as established by the following formula:

$$\text{Minimum Price} = \sum \text{kWh}_i * (\text{ESC}_{\text{LZ},\text{V},i} + \$0.01)$$

Where:

- kWh<sub>i</sub>** = The kWh of Electricity Supply Service sold by the Company to the Customer in interval i.
- ESC<sub>LZ,V,i</sub>** = The Electricity Supply Cost of Electric Energy for the customer's Load Zone and voltage level expressed in \$0.00000/kWh in interval i. The Electricity Supply Cost shall be determined by Rule 46, Electricity Supply Cost, of the Tariff.
- V** = The voltage delivery level (as defined in the Tariff) at which the Customer receives Electricity Supply Service.
- LZ** = The load zone (as defined in the Tariff) in which the Customer takes Electricity Supply Service.
- i** = Hourly interval period in the Billing Period (i=1...672, 696, 720 or 744 hours).

**MINIMUM BILL PROVISIONS (Applicable to SC-3 , Special Provision L Customers)**

**A. When Electricity Supply Service Is Provided By The Company (continued)**

For the purposes of determining this Minimum Price, the Company and Customer agree to use Rule 46 Electricity Supply Cost. The Company will adjust the Customer's total bill for Electric Service and/or Electricity Supply Service in any Billing Period to this Minimum Price if the Customer's bill for Electric Service and/or Electricity Supply Service in the Billing Period, as calculated in conformance with the other provisions of this Agreement, would otherwise result in a total charge in the Billing Period that would be below the Minimum Price.

Notwithstanding the foregoing, for all Agreements executed after February 15, 2001, the Company shall administer this Minimum Bill Provision on a 12 month rolling basis. Payment in excess of the Minimum Bill shall be carried forward and used to offset any Minimum Bill charges otherwise determined under this Minimum Bill Provision.

**B. When Electricity Supply Service Is Not Provided By The Company**

Notwithstanding any other provision of this Agreement, the Customer's total charge for Electric Service provided under this Agreement in any Billing Period shall not fall below the Minimum Price as established by the following formula:

$$\text{Minimum Price} = \sum \text{kWh}_i * \$0.01$$

Where:

**kWh<sub>i</sub>** = The kWh of Electricity Service sold or delivered by the Company to the Customer in interval i.

**i** = Hourly interval period in the Billing Period (i = ....672,696,720 or 744 hours)

The Company will adjust the Customer's total bill for Electric Service in any Billing Period to this Minimum Price if the Customer's bill for Electric Service in the Billing Period, as calculated in conformance with the other provisions of this Agreement, would otherwise result in a total charge in the Billing Period that would be below the Minimum Price.

Notwithstanding the foregoing, for all Agreements executed after February 15, 2001, the Company shall administer this Minimum Bill Provision on a 12 month rolling basis. Payment in excess of the Minimum Bill shall be carried forward and used to offset any Minimum Bill charges otherwise determined under this Minimum Bill Provision.

**Niagara Mohawk Power Corporation**  
**Voluntary Emergency Demand Response Program**  
**Via Voluntary Load Curtailment**  
**(EDRP - VLC)**  
**Form L9**

**4. EDRP Event**

The Company and the Customer agree that the EDRP Event shall only be called during the NYISO Dispatch Day (specifically during a dispatch-day after the NYISO Day-Ahead bids are submitted, namely 0500 the prior dispatch-day). Customer and Company shall each provide written notice to the other, within five (5) days of execution of this Agreement, their respective designated persons authorized to arrange electric curtailment by the Customer. All EDRP Events shall be determined solely by the NYISO and communicated to the Customer through the Company.

**5. Metering**

All electricity load measurement for this Agreement shall utilize the Company's interval based meter at the Customer Premise. Where an interval meter must be installed, Customer shall be responsible for all metering and installation costs not otherwise covered by New York State Research and Development Authority (NYSERDA). The metering and installation costs are a function of the individual Customer's electric service. Metering and installation costs are available from Company representatives.

Metering communications are necessary for program administration. Where meter reading communications must be installed, Company shall provide the necessary communications equipment to the Customer's meter which records the electric requirements delivered to the Customer's Premises. Customer agrees to pay the Company an Incremental Customer Charge in the amount of \$34.84 per month to cover the incremental cost of metering communications unless the Customer is: (1) already subscribed to an Economic Development Program as provided for in Rule 34.4 or 34.5 of the Tariff. or (2) subject to S.C. No. 3, Special Provision L

**6. Term**

The term of this Agreement will begin on the date of execution and shall terminate upon 5 days prior written notice by either the Company or the Customer.

**7. Notices**

All notices shall be provided in writing to the Company and the Customer except as expressly otherwise noted in this Agreement.

**A. EDRP Event Notices**

Within five (5) business days of executing this Agreement, the Company and the Customer shall identify an individual responsible for administering the EDRP Event(s). The Company and the Customer shall provide the following information to each other.

**Niagara Mohawk Power Corporation  
Voluntary Emergency Demand Response Program  
Via On-Site Generation  
(EDRP - OSG)  
Form L10**

Metering communications are necessary for program administration. Where meter reading communications must be installed, Company shall provide the necessary communications equipment to the Customer's meter which records the electric requirements delivered to the Customer's Premises. Customer agrees to pay the Company an Incremental Customer Charge in the amount of \$34.84 per month to cover the incremental cost of metering communications unless the Customer (1) is already subscribed to an Economic Development Program as provided for in Rule 34.4 or 34.5 of the Tariff. or (2) subject to S.C. No. 3, Special Provision L.

**6. Term**

The term of this Agreement will begin on the date of execution and shall terminate upon 5 days prior written notice by either the Company or the Customer.

**7. Notices**

All notices shall be provided in writing to the Company and the Customer except as expressly otherwise noted in this Agreement.

**A. EDRP Event Notices**

Within five (5) business days of executing this Agreement, the Company and the Customer shall identify an individual responsible for administering the EDRP Event(s). The Company and the Customer shall provide the following information to each other.

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Pager Number: \_\_\_\_\_

e-mail address: \_\_\_\_\_

Fax Number: \_\_\_\_\_

**B. Termination and All Other Notices**

Termination and all other notices shall be provided as follows:

If to the Company,

Director – Program and Policy Administration, Niagara Mohawk Power Corporation, 300 Erie Blvd. West, Syracuse, New York 13202.

**Niagara Mohawk Power Corporation  
 Day Ahead Demand Response Program Via Load Curtailment  
 Form L11 (continued)**

**8. Metering**

All electricity load measurement for this Agreement shall utilize the Company's interval based meter at the Customer Premise. Where an interval meter must be installed, Customer shall be responsible for all metering and installation costs not otherwise covered by New York State Research and Development Authority (NYSERDA). The metering and installation costs are a function of the individual Customer's electric service. Metering and installation costs are available from Company representatives.

Metering communications are necessary for program administration. Where meter reading communications must be installed, Company shall provide the necessary communications equipment to the Customer's meter which records the electric requirements delivered to the Customer's Premises. Customer agrees to pay the Company an Incremental Customer Charge in the amount of \$34.84 per month to cover the incremental cost of metering communications unless the Customer (1) is already subscribed to an Economic Development Program as provided for in Rule 34.4 or 34.5 of the Tariff, or (2) subject to S.C. No. 3, Special Provisions L .

Customers operating on-site generation facilities and requesting participation in the Day Ahead Demand Response Program shall be required to have, and where necessary install, interval based metering and necessary communication equipment on their incoming delivery service from the Company and the output of the on-site generation facility. Customer shall be responsible for all metering and communication devices and associated costs as prescribed above.

**9. Term**

The term of this Agreement will begin on the date of execution and shall terminate upon 30-days prior written notice by either the Company or the Customer, provided however, this Agreement shall expire no later than October 31, 2004.

**10. Notices**

All notices shall be provided in writing to the Company and the Customer except as otherwise expressly provided in this Agreement.

SERVICE CLASSIFICATION NO. 3 (continued)

The rates and charges presented below are applicable to customers subject to either Market Rate Service or Standard Rate Service as described in Rule 48 of this Schedule.

**MONTHLY RATE:**

	<u>Delivery Voltage</u>			
	<u>0-2.2 kV</u>	<u>2.2-15 kV</u>	<u>22-50 kV</u>	<u>Over 60 kV</u>
<b>Customer Charge:</b>				
Distribution Delivery	\$260.15	\$436.70	\$554.83	\$599.15
Distribution Delivery (Special Provision L)	\$303.92	\$480.47	\$598.60	\$642.92

**Plus Demand Charges:**

Distribution Delivery  
 Charges, Per kW  
 Minimum Demand Charges: For first 40 or less kW of Demand:

	<u>0-2.2 kV</u>	<u>2.2-15 kV</u>	<u>22-50 kV</u>	<u>Over 60 kV</u>
	\$396.80	\$380.00	\$171.20	\$124.00

**Additional Demand Charges:** Per kW of Demand for all kW of Demand over 40:

	<u>0-2.2 kV</u>	<u>2.2-15 kV</u>	<u>22-50 kV</u>	<u>Over 60kV</u>
	\$9.92	\$ 9.50	\$4.28	\$3.10

Competitive Transition  
 Charges, Per Kw  
 Minimum Demand Charges: For first 40 or less kW of Demand:

	<u>0-2.2 kV</u>	<u>2.2-15 kV</u>	<u>22-50 kV</u>	<u>Over 60 kV</u>
	\$267.60	\$229.20	\$240.80	\$227.60

**Additional Demand Charges:** Per kW of Demand for all kW of Demand over 40:

	<u>0-2.2 kV</u>	<u>2.2-15 kV</u>	<u>22-50 kV</u>	<u>Over 60 kV</u>
	\$6.69	\$5.73	\$6.02	\$5.69

**Plus Reactive Demand Charges:**

All Delivery Voltages: \$0.85 for each RkVA of lagging reactive demand.

**Electricity Supply Service/Competitive Transition Charge (per kWh):**

**Company Supplied Electricity Supply Service Charges, per kWh:**

All customers, except customers subject to Special Provision L herein, will be billed for electricity supply service based their actual monthly kWh usage. Customers who are not subject to Special Provision L and who take ESS under Rule 46 will be billed at a thirty-day weighted average market price as established in Rule 46 based on the class/voltage level load shape for this service classification excluding those customers subject to Special Provision L .

SERVICE CLASSIFICATION NO. 3 (Continued)

L. Electricity Supply Service for Customers 500 kW or Greater:

All customers except those customers with an existing contract under Service Classification Nos. 11 or 12, receiving an allocation of NYPA power, or taking service under Rule 34.3 Empire Zone Rider as of September 1, 2006, regardless of voltage level or electricity supplier, with a demand of 500 kW or greater for six (6) consecutive months within the last twelve (12) months beginning December 31, 2005 will be billed for electricity supply service based on their actual hourly usage.

Customers who meet this size requirement and who have an existing contract under Service Classification Nos. 11 or 12, who receive an allocation of NYPA power, or who take service under Rule 34.3 Empire Zone Rider as of September 1, 2006 will be billed for electricity supply service based on their actual hourly usage upon expiration of their contract or allocation or Empire Zone Rider or if they elect to be billed for commodity based on their actual hourly usage prior to the expiration of their contract or allocation or Empire Zone Rider.

All Customers who become eligible for hourly commodity billing will continue to be billed for electricity supply based on their actual hourly usage even if their demand falls below 500 kW

Customers served under this Special Provision L and who take electricity supply service from the Company will be billed at hourly day-ahead market prices as described in Rule 46 herein.

All Customers regardless of voltage level or electricity supplier, who meet the size requirement described above beginning December 31, 2005 will be required to install an interval meter at the Customer Premises and will be subject to an incremental customer charge of \$43.77/mo., except Service Classification Nos. 11 or 12 customers who have existing contracts that preclude pricing adjustments. Service Classification Nos. 11 or 12 customers will be subject to the foregoing incremental customer charge only when their contract expires or if they elect to hourly commodity billing prior to contract expiration

## SERVICE CLASSIFICATION NO. 7 (Continued)

**All SERVICE CLASSIFICATION NUMBERS:****Electricity Supply Service:****Company Supplied Electricity Supply Service Charges, per kWh:**

All SC-7 parent class SC-3A and SC-7 parent class SC-3 (otherwise subject to SC-3, Special Provision L) demand metered customers who are required to install an interval-meter will be billed for commodity service based on their actual hourly usage and the hourly day-ahead market prices as described in Rule 46 herein. All SC-7 parent class SC-2D and SC-3 (otherwise not subject to SC-3, Special Provision L) customers may elect to be billed for commodity service based on their actual hourly usage and the hourly day-ahead market prices as described in Rule 46 herein. Such election shall be made by the customer in the Form G Application for Electric Standby Service. All other SC-7 customers will be billed for commodity services based their actual monthly kWh usage and the applicable class load shaped thirty-day weighted average market price as provided in Rule 48.4.2.

Company supplied Electricity Supply Service charges shall be set according to the market price of electricity determined in accordance with Rule 46, Electricity Supply Cost.

Customers served under this Service Classification No. 7 are also eligible to participate in Rule No. 39 - Retail Access Program.

Wholesale Generators receiving Station Power service from the NYISO in accordance with Special Provision J shall receive Electricity Supply Service from the NYISO and shall be exempt from Electricity Supply Service charges under Rule 46.

**SURCHARGES AND ADJUSTMENTS****System Benefits Charge:**

Customers served under this Service Classification No. 7 shall be subject to the Rule 41 - System Benefits Charge for the parent service classification.

**Delivery Charge Adjustment:**

Customers served under this Service Classification No. 7 shall be not eligible for Rule 29 Delivery Charge Adjustment.

**Transmission Revenue Adjustment Charge:**

Customers served under this Service Classification No. 7 shall be subject to the Rule 43 - Transmission Revenue Adjustment for the parent service classification.

**Customer Service Backout Credit:**

Customers who obtain their Electricity Supply Service from an ESCo are eligible for Rule 42 - Customer Service Backout Credit Mechanism for the respective parent service classification.

**Renewable Portfolio Surcharge:**

Customers served under this Service Classification No. 7 shall be subject to the Rule 49 – Renewable Portfolio Surcharge for the parent service classification.

**MINIMUM CHARGE:**

Customers served under this Service Classification No. 7 shall be subject to a minimum Charge which shall be the Customer Charge, the Incremental Customer Charge (where applicable), the Standby Contract Demand Charge and the Competitive Transition Charge.

**INCREASE IN RATES AND CHARGES:**

The rates and charges under this Service Classification, including the Minimum Charge, will be increased by a tax factor pursuant to Rule 32.

**TERMS OF PAYMENT:**

Bills are due and payable when rendered. Full payment must be received on or before the date shown on the bill to avoid a late payment charge pursuant to Rule 26.4.

## ATTACHMENT 2

Red-lined Version of Proposed Tariff Leaves

GENERAL INFORMATION

**I. DEFINITIONS AND ABBREVIATIONS**

- 1.80 "Cable System Operator" – an entity, certified by New York State, whose service is limited solely to providing cable television service.
- 1.81 "Electric Distribution Pole(s)" – Niagara Mohawk owned electric distribution poles, the record and financial accounting being booked to FERC account 364.
- 1.82 "Non-traditional Pole Attachment" – include i) attachments to an Electric Distribution Pole(s) that occupy more than twelve (12) inches of pole space; ii) all non wire-line (cable) attachments (i.e., wireless devices); and iii) any attachments made outside the traditional communications space on the pole.
- 1.83 "Pole Attachment" – (i) a single span wire (cable) or steel messenger supporting a telecommunication cable(s), owned by the same entity, utilizing one foot or less of usable communication space on an Electric Distribution Pole. Each span wire or messenger cable will be counted as a separate attachment. The sag of the wire will be included in determining the pole space utilized, or (ii) Telecommunication Accessory Equipment.
- 1.84 "Telecommunication Carrier" – a New York State certified provider of telecommunications services, excluding Incumbent Local Exchange Carriers (ILECs) and Cable System Operators
- 1.85 "Telecommunication Accessory Equipment" – Telecommunication equipment mounted on the Electric Distribution Pole, installed in addition to traditional wire-line attachments (Pole Attachment), which precludes that space from being utilized by Niagara Mohawk, a joint owner or another third party. Each space occupied by or precluded from use by a licensee’s Telecommunication Accessory Equipment shall be billed to the licensee as a separate attachment.
- 1.86 “Wireless Facilities” – shall mean any antenna, hardware, equipment, apparatus, device or other hardware, and cables or wires connecting such antenna to such equipment, apparatus, device or other hardware placed on the same Pole. This shall not include wires or cables used to connect to other wireless or wired communication facilities or equipment not on the same pole.
- 1.87 “Wind Electric Generating Equipment” - Equipment that generates electric energy from wind with a rated capacity of not more than 25kW for residential customer generation and not more than 125 kW for farm service customer-generation that is manufactured, installed, and operated in accordance with applicable government and industry standards; connected to the electric system and operated in conjunction with an electric corporation’s transmission and distribution facilities; operated in conjunction with any standards and requirements established in Section 66-I of Public Service Law and Rule No. 53 of this Tariff.
- 1.88 “Excess Pole Height” - Additional pole height requirements attributable to the wireless attachment owner.
- 1.89 “Holiday” - shall mean New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day
- 1.90 "Class Load Factor" - is the ratio of the average demand to the maximum demand of that portion of a PSC No. 207 or PSC No. 214 service classification receiving Electricity Supply Service during the most recent calendar year for which data is available. For service classifications with more than one voltage delivery level, the Class Load Factor shall be calculated separately for each voltage delivery level within the service classification.
- 1.91 “Demand Curve” - the NYISO administered curve used during spot market auctions to determine monthly unforced capacity obligations in excess of the Unforced Capacity Requirement

PROGRAM DESCRIPTIONS

**34. ECONOMIC DEVELOPMENT PROGRAMS: (continued)**

**34.4 Program 3 - Economic Development Power Rider (EDPR)**

**34.4.5 EDPR RATES (Continued)**

Incremental Customer Charge:

Parent Service Classification No. 3,	
<u>except Special Provision L:</u>	\$19.41/mo.
<u>Parent Services Classification No. 3,</u>	
<u>Special Provision L only:</u>	\$ 6.69/mo.
Parent Service Classification No. 3-A:	\$ 6.69 /mo.

**Charges applicable to Existing Allocations as defined in Rule 34.1.6:**

**Company Charges, per kW\*\***

	<u>Transmission,/kW</u>	<u>Distribution Delivery/ kW</u>
Secondary	\$1.89	\$4.96
Primary	\$1.89	\$3.06
Subtransmission	\$1.89	\$1.10
Transmission	\$1.89	\$0.00

\* In addition to the above charges, the Company will charge the customer a NYPA Capacity and Energy Charge, in effect at that time, for EDP. In any month, the NYPA Capacity Charge and the NYPA Energy Charge shall be equal to the Capacity and Energy charges which the Company is required to pay to the NYPA for EDP purchased from NYPA in that month, as adjusted by the Company for applicable losses.

**Company Charge applicable to New Allocations as defined in Rule 34.1.6:**

**Charges, per kW and per kWh\*\*:**

For Parent Service Class SC-3:

	<u>Distribution Delivery/kW</u>	<u>Distribution Delivery/kWh</u>
Secondary	\$9.92	\$0.00000
Primary	\$9.50	\$0.00000
Subtransmission	\$4.28	\$0.00000
Transmission	\$3.10	\$0.00000

For Parent Service Class SC-3A

	<u>Distribution Delivery/kW</u>	<u>Distribution Delivery/kWh</u>
Secondary	\$8.18	\$0.00000
Primary	\$8.98	\$0.00237*
Subtransmission	\$3.74	\$0.00000
Transmission	\$3.00	\$0.00000

\* Applicable to First 250 Hours of Use

\*\* In addition to the above charges, the Company will charge the customer a NYPA Capacity and Energy Charge, in effect at that time, for EDP. In any month, the NYPA Capacity Charge and the NYPA Energy Charge shall be equal to the Capacity and Energy charges which the Company is required to pay to NYPA for EDP purchased from NYPA in that month, as adjusted by the Company for applicable losses.

PROGRAM DESCRIPTIONS

**34. ECONOMIC DEVELOPMENT PROGRAMS: (continued)**

**34.4 Program 3 - Economic Development Power Rider (EDPR)**

**34.4.5 EDPR RATES (Continued)**

RkVA Charge: Applicable to Existing Allocations and New Allocations. All reactive demand is provided by Niagara Mohawk generating sources, and therefore billed at the parent service classification's reactive demand rate.

**34.4.5.2 Rates and Charges**

Minimum Charge shall consist of the following components.

1. The customer charge of the parent service classification, and
2. The incremental customer charge.

Incremental Customer Charge:

<u>Parent Service Classification No. 3,</u>	
<u>except Special Provision L:</u>	<u>\$19.41/mo.</u>
<hr/>	
Parent Service Classification No. 3,	
<u>Special Provision L only:</u>	<u>\$ 6.69/mo.</u>
<hr/>	
Parent Service Classification No. 3-A:	<u>\$ 6.69/mo.</u>

PROGRAM DESCRIPTIONS

**34. ECONOMIC DEVELOPMENT PROGRAMS: (continued)**

**34.5 Program 4 - Power For Jobs Rider (continued)**

**34.5.6 PFJR RATES**

34.5.6.1 Program 4 - PFJR participants are subject to the Incremental Customer Charge as specified in 34.1.3.3. The Incremental Customer Charges and the respective parent service classifications for which they apply are as follows:

Parent Rate SC-2D, and SC-3.(except Special Provision L): \_\_\_\_\_ \$19.41 /mo.  
Parent Rate SC-3, Special Provision L only: \$ 6.69 /mo  
 Parent Rate SC-3A or SC-4 \_\_\_\_\_ \$ 6.69 / mo.

Company Demand and Energy Charges (for PFJR power delivered to customers)

**Charges applicable to Existing Allocations as defined in Rule 34.1.6:**

Company Charges, per kW and per kWh:

	<u>Transmission/kW</u>	<u>Distribution Delivery</u>	
		<u>Per kW</u>	<u>Per kWh</u>
Secondary	\$1.89	\$4.96	\$0.000000
Primary	\$1.89	\$3.06	\$0.000000
Subtransmission	\$1.89	\$1.10	\$0.000000
Transmission	\$1.89	\$0.00	\$0.000000

**Charges Applicable to New Allocations as defined in Rule 34.1.6:**

Company Charges, per kW and per kWh:

	<u>Distribution Delivery</u>	
	<u>Per kW</u>	<u>Per kWh</u>
SC-2D	\$9.48	\$0.00289
SC-3 Secondary	\$9.92	\$0.00000
SC-3 Primary	\$9.50	\$0.00000
SC-3 Subtransmission	\$4.28	\$0.00000
SC-3 Transmission	\$3.10	\$0.00000
SC-3A Secondary	\$8.18	\$0.00000
SC-3A Primary	\$8.98	\$0.00237*
SC-3A Subtransmission	\$3.74	\$0.00000
SC-3A Transmission	\$3.00	\$0.00000

\* Applicable to First 250 Hours of Use

RkVA: Applicable to Existing Allocations and New Allocations. All reactive demand is billed at the parent service classification's reactive demand rate.

In addition to the above charges, the Company will charge the customer a NYPA Capacity and Energy charge, in effect at that time, for PFJR Service. In any month, the NYPA Capacity Charge and the NYPA energy charge shall be equal to the capacity and energy charges which the Company is required to pay to NYPA for PFJR power purchased from NYPA in that month, as adjusted by the Company for applicable losses.

## GENERAL INFORMATION

45. **Nuclear Retirement Adjustment Clause**(Continued)**45.3 Recovery of RPCs****45.3.1 General Rule**

The Company shall calculate RPCs on a monthly basis and apply them on a volumetric basis (per kWh) to all customers that pay CTCs under its Tariffs P.S.C. No. 207 Electricity and P.S.C. No. 214 Outdoor Lighting (whether the CTC is billed on a bundled or unbundled basis) through temporary rates which shall be subject to refund, but shall not recover such costs from customers served under individually negotiated rate agreements under rate schedules S.C. No. 11 or S.C. No. 12 of its Tariff P.S.C. No. 207 Electricity unless such individually negotiated rate agreements specifically authorize the recovery of such nuclear RPCs. These rates shall become permanent upon a finding by the Commission that the retirement or abandonment of the nuclear plant in question was prudent and that the cost impacts of that action are justified.

**45.3.2 Special Rule for Customers Served Under Rate Schedule S.C. No. 3A**

RPCs for customers receiving service under rate schedule S. C. No. 3A shall be deferred in years 1 through 3 of the term associated with the Settlement Agreement in PSC Case Nos. 94-E-0098 and 94-E-0099 and will be recovered from such customers in year 4 and beyond, subject to the price caps on service to such customers established in the Settlement Agreement previously mentioned.

**45.4 Revised Nuclear CTC and Unhedged Commodity Costs**

Upon Commission approval of the retirement decision, the CTC for the nuclear plant shall be recalculated consistent with the intent (a) that unhedged commodity risk be shifted to customers who pay a floating CTC and (b) that the CTC for all customers who pay a fixed or floating CTC reflect revised nuclear costs, sunk costs and decommissioning costs (including rampdown and shutdown costs), and reduced operation and maintenance costs (including fuel cost savings).

46. **Electricity Supply Cost (ESCost)** - Any capitalized terms herein shall use the Definitions within this PSC No. 207 Tariff and definitions within the NYISO Tariff filed April 30, 1999. The following shall define the determination of ESCost:

46.1 For each hour, the Day-ahead LBMP in \$/kWh; plus

**46.2** For each hour between 12:00 noon and 8:00 PM on weekdays (excluding any **H**oliday that falls on a weekday), the LBMCP in \$/kW-mo times the sum of one plus the Unforced Capacity Requirement of the NYISO divided by hours between 12:00 noon and 8:00 PM on weekdays (excluding any **H**oliday that falls on a weekday) of the respective month divided by the respective **C**lass **L**oad **F**actor; plus

GENERAL INFORMATION

46. **Electricity Supply Cost (ESCost) (continued)**

46.3 For each hour, the NYISO Tariff Schedule I Scheduling System Control and dispatch rate in \$/MWh from the cost month two months prior; plus

46.4 For each hour, the NYISO Tariff Schedule II Voltage Support Service average rate in \$/MWh from the cost month two months prior; plus

46.5 For each hour, the NYISO Tariff Schedule III Regulation and Frequency Response Service rate in \$/MWh from the cost month two months prior; plus

46.6 For each hour, the NYISO Tariff Schedule IV Energy Imbalance rate in \$/MWh calculated as NYISO Real Time energy purchases times the difference between Real Time price minus DAM Price plus Real Time energy sales times the difference between the DAM Price minus Real Time Price, each from the previous three months divided by the NYISO net energy for load to meet sales to PSC No. 207 and PSC No. 214 customers served ESS by the Company under both the Standard Rate and Market Rate Service as set forth in Rule 48; plus

46.7 For each hour, the NYISO Tariff Schedule V Operating Reserve Service weighted average rate in \$/MWh from the cost month two months prior; plus

46.8 For each hour, the NYISO Tariff Schedule VI Black Start Service rate in \$/MWh from the costs month two months prior; plus

46.9 For each hour, the NYISO NTAC rate in \$/MWh from the cost month two months prior; plus

~~46.10 — Unforced Capacity imbalance rate in \$/MWh calculated as~~

~~46.10 — For each hour, an unforced capacity imbalance rate (in \$/MWH) calculated as the sum of~~

~~(i) purchases (in MW) in the monthly capacity auctions times the respective monthly auction price (\$/MW-mo) minus LBMCP (\$/MW-mo), plus sales (in MW) in the monthly capacity auctions times LBMCP (\$/MW-mo) minus the respective monthly auction price (\$/MW-mo);~~

~~(ii) the purchase (in MW) in the spot capacity auction required to meet the Company's Unforced Capacity Requirement times the spot auction price (\$/MW-mo) minus LBMCP (\$/MW-mo), plus the sale (in MW) in the spot capacity auction required to meet the Company's Unforced Capacity Requirement times LBMCP (\$/MW-mo) minus the spot auction price (\$/MW-mo) ; and~~

~~(iii) the purchase (in MW) in the spot capacity auction required to meet the Company's obligation in excess of the Unforced Capacity Requirement times the spot auction price (\$/MW-mo) as established by the NYISO's administratively determined Demand Curve.~~

~~each from the previous cost month, two months prior, divided by the NYISO net energy load to meet sales to PSC No. 207 and PSC No. 214 customers served ESS by the Company under both Standard Rate and Market Rate Service as set forth in Rule 48.~~

46.11 The sum of each item shall be adjusted by the Local Transmission Efficiency Factors set forth in Rule 39.18.1.1 for the applicable distribution delivery voltage level and the Average Unaccounted for Energy Factor set forth in Rule 39.18.1.2 plus any applicable taxes.

~~46.11.1 — 46.11.1 — Any billing adjustment from the NYISO may be flowed through this Rule 46 based on the tariff rules in effect on the date service was rendered.~~

First Revised Leaf No. 71-T2  
Superseding Original Leaf No. 71-T2

GENERAL INFORMATION

46. **Electricity Supply Cost (ESCost) (continued)**

46.12 ————A system average calculation of the prices in each of the Load Zones shall be calculated to effectuate contracts under Service Classification No. 11 that reference system average rates. The system average prices shall be determined through application of weights to each Load Zone price. The weight factors will be updated and filed with the PSC for approval according to historic consumption. The weights for each of the Load Zones shall be shown on statements filed with the Public Service Commission apart from this rate schedule not less than three (3) business days before its effective date. Such statement will be filed quarterly with proposed effective dates of January 1, April 1, July 1, and October 1 of each year. The statements will be available to the public.

GENERAL INFORMATION FOR CONNECTION OF ON-SITE GENERATORS  
APPLICATION FOR ELECTRIC STANDBY SERVICE  
FORM "G" (Continued)

The Customer hereby agrees to provide the Company with sufficient space to install its meters and metering facilities in locations acceptable to the Company, and agrees that the Customer's OSG will not be operated until such meters and metering facilities are installed and operational.

Transformers are to be supplied, owned and maintained by \_\_\_\_ Customer, \_\_\_\_ Company (select one).

**Election of Billing Method of Commodity Service for S.C. No. 7 Parent Class S.C. Nos. 2D and 3 (Otherwise Subject to SC-3, Special Provision L) Customers:**

The Customer hereby agrees to be billed for commodity service based on actual hourly usage and hourly day-ahead market prices.

**On-Site Generation Specifics (information to be supplied for each On-Site Generator Unit:**

	<u>OSG Unit 1</u>	<u>OSG Unit 2</u>	<u>OSG Unit 3</u>
Date of Installation:	_____	_____	_____
Manufacturer of Generator(s):	_____	_____	_____
Model(s) Designation:	_____	_____	_____
Serial Number(s)	_____	_____	_____
Nameplate Output Rating(s):	_____ kW	_____ kW	_____ kW
Nameplate Output Rating(s):	_____ kVA	_____ kVA	_____ kVA
OSG Type Designators:			
Synchronous	_____	_____	_____
Induction	_____	_____	_____
Inverter	_____	_____	_____

Complete or attach as required for Synchronous Generators to be operated in parallel with the system:

Rated Speed (RPM)	_____	_____	_____
Rated Voltage	_____	_____	_____
Efficiency	_____	_____	_____
Rated Power Factor	_____	_____	_____
Locked Rotor Current	_____	_____	_____
Winding Connection (Wye or Delta)	_____	_____	_____
Saturation Curve (dwg #)	_____	_____	_____
Vee Curve (dwg #)	_____	_____	_____
Torque at rated speed	_____	_____	_____
Field Amperes	_____	_____	_____
Field Resistance Ohms	_____	_____	_____
Type of Exciter	_____	_____	_____
Voltage Response Curve (dwg #)	_____	_____	_____
Output Power of Exciter	_____	_____	_____
Type of Voltage Regulator	_____	_____	_____
Xd (direct axis sync. reactance)	_____	_____	_____
Xd (transient reactance)	_____	_____	_____
Xd (subtrans reactance)	_____	_____	_____

**3. THE COMPETITIVE TRANSITION CHARGE PER KW**

For each Billing Period during the term of this Agreement, the Competitive Transition Charge per kW for Electric Service provided to the Customer by the Company under this Agreement shall be determined by multiplying the Competitive Transition Charge rate (per kW) as provided in this Agreement by the Actual kW furnished by the Company to the Customer during the Billing Period.

For the term of this Agreement, the Competitive Transition Charge rate (per kW) for Electric Service for each Billing Period shall be set according to the Competitive Transition Charge established in the Tariff specific to the appropriate voltage delivery level and Load Zone, if applicable, of Service Classification No. \_\_\_\_\_.

The current Competitive Transition Charge per kW for Electric Service furnished to the Customer under the Tariff is \$ \_\_\_\_\_.

In the event that the Billing Period is less than twenty-five days or greater than thirty-five days, the Competitive Transition Charge per kW will then, and only then, be pro-rated to the actual number of days in the Billing Period.

**4.(a) THE ELECTRICITY SUPPLY COST CHARGE (Applicable to SC-2D, SC-3 (except Special Provision L), - and SC-4 (Less than 2 MW) Customers)**

For each Billing Period during the term of this Agreement, the charge for Electricity Supply Service furnished by the Company to the Customer at the Premises shall be determined by multiplying the Electricity Supply Cost by the kilowatt-hours of Electricity Supply Service furnished by the Company to the Customer during the Billing Period. The Electricity Supply Cost Charge shall be determined using the following formula:

$$\text{Electricity Supply Cost Charge} = \sum ( \text{kWh}_{BP} * \text{ESC}_{LZ,V,BP} )$$

Where:

- kWh<sub>BP</sub>** = The total kWh of Electricity Supply Service sold by the Company to the Customer in the Billing Period.
- ESC<sub>LZ,V,BP</sub>** = The Electricity Supply Cost of Electric Energy specific to the voltage delivery level in the load zone in which a customer takes Electricity Supply Service expressed in \$0.00000/kWh. The Electricity Supply Cost shall be determined by Rule 46, Electricity Supply Cost, of the Tariff.
- LZ** = The load zone (as defined in the Tariff) in which the Customer takes Electricity Supply Service.
- V** = The voltage delivery level at which the Customer receives Electricity Supply Service.
- BP** = The Billing Period.

In the event the Customer does choose an alternate electric supplier: (a) the Customer shall avoid the Electricity Supply Cost Charge for the amount of Electricity Supply Service not purchased from the Company; and (b) the Customer shall be eligible for the Customer Service Credit according to the provisions of Rule 42 of the Tariff, or its successor.

**4.(b) THE ELECTRICITY SUPPLY COST CHARGE (Applicable to SC-3, Special Provision L Customers). This includes customers who meet the size requirement for Special provision L during the life of this contract.**

For each Billing Period during the term of this Agreement, the Charge for Electricity Supply Service furnished by the Company to the Customer shall be determined by multiplying the Electricity Supply Cost charge in each interval by the kWh of Electricity Supply Service furnished by the Company to the Customer during each interval of the Billing Period. The Electricity Supply Cost charge shall be determined using the following formula:

$$\text{Electricity Supply Cost Charge} = \sum ( \text{kWh}_i * \text{ESC}_{LZV,i} )$$

Where:

- kWh<sub>i</sub> = The kWh of Electricity Supply Service sold by the Company to the Customer in interval i.
- ESC<sub>LZV,i</sub> = The Electricity Supply Cost of Electric Energy for the customer’s Load Zone and voltage level expressed in \$0.00000/kWh in interval i. The Electricity Supply Cost shall be determined by Rule 46, Electricity Supply Cost, of the Tariff.
- LA = The load zone (as defined in the Tariff) in which the customer takes Electricity Supply Service.
- V = The voltage delivery level (as defined in the Tariff) at which the Customer receives Electricity Supply Service.
- I = Hourly interval period in the Billing Period (i=1...672, 696, 720 or 744 hours).

In the event the Customer does choose an alternate electric supplier: (a) the Customer shall avoid the Electricity Supply Cost Charge for the amount of Electricity Supply Service not purchased from the Company; and (b) the Customer shall be eligible for the Customer Service Credit according to the provisions of Rule 42 of the Tariff, or its successor.

**5. THE NON-CONTESTABLE LOAD COMPETITIVE TRANSITION CHARGE**

For each Billing Period during the term of this Agreement, the Non-Contestable Load Competitive Transition Charge for Electricity Supply Service furnished by the Company to the Customer shall be determined by multiplying the Competitive Transition Charge rate for Non-Contestable kilowatt-hours established in this Agreement by the Non-Contestable kilowatt-hours furnished by the Company to the Customer during the Billing Period.

The Non-Contestable kilowatt-hours shall be as determined in Sections 5A and 5B below.

- A** If the Actual kW exceeds the Contract Load kW specified in Attachment C1, and the total Electricity Supply Service in kWh furnished by the Company to the Customer during the Billing Period (hereinafter referred to as "Actual kWh") exceeds the Contract Load kWh specified in Attachment C1, then the Non-Contestable kilowatt-hours shall be the Contract Load kWh specified in Attachment C1.
- B** If the Actual kW is less than the Contract Load kW specified in Attachment C1 and/or the Actual kWh is less than the Contract Load kWh specified in Attachment C1, then the Non-Contestable kilowatt-hours shall be the Actual kWh.

The Competitive Transition Charge rate for Non-Contestable kilowatt-hours shall be set according to the Competitive Transition Charges per kWh rate specified in Service Classification No. \_\_\_\_\_ of the Tariff at the appropriate voltage delivery level, Load Zone, and where applicable by hours of maximum kW usage for the Customer.

**6. THE CONTESTABLE LOAD COMPETITIVE TRANSITION CHARGE**

For each Billing Period during the term of this Agreement, the Contestable Load Competitive Transition Charge for Electricity Supply Service furnished by the Company to the Customer shall be determined by multiplying the Competitive Transition Charge rate for Contestable kilowatt-hours established in this Agreement by the Contestable kilowatt-hours furnished by the Company to the Customer during the Billing Period.

The Contestable kilowatt-hours shall be determined as the Actual kWh less the Non-Contestable kilowatt-hours. The Contestable kilowatt-hours shall not be less than 0. If the Contract Load kW and kWh specified in Attachment C1 are both equal to zero, then the Contestable kilowatt-hours shall be equal to the Actual kWh.

For the term of this Agreement, the Competitive Transition Charge rate for Contestable kilowatt-hours shall be calculated using the following formula:

Competitive Transition Charge Rate for Contestable kilowatt-hours

= CTC per kWh rate \* (1-Discout)

where:

**B. When Electricity Supply Service Is Not Provided By The Company**

Notwithstanding any other provision of this Agreement, the Customer's total charge for Electric Service provided under this Agreement in any Billing Period shall not fall below the Minimum Price as established by the following formula:

$$\text{Minimum Price} = \sum \text{kWh}_{BP} * \$0.01$$

Where:

- kWh<sub>BP</sub>** = The total kWh of Electricity Service sold or delivered by the Company to the Customer in the Billing Period.
- BP** = Billing Period

The Company will adjust the Customer's total bill for Electric Service in any Billing Period to this Minimum Price if the Customer's bill for Electric Service in the Billing Period, as calculated in conformance with the other provisions of this Agreement, would otherwise result in a total charge in the Billing Period that would be below the Minimum Price.

Notwithstanding the foregoing, for all Agreements executed after February 15, 2001, the Company shall administer this Minimum Bill Provision on a 12 month rolling basis. Payment in excess of the Minimum Bill shall be carried forward and used to offset any Minimum Bill charges otherwise determined under this Minimum Bill Provision.

**10. MINIMUM BILL PROVISIONS (Applicable to SC-3 , Special Provision L Customers)**

**A. When Electricity Supply Service Is Provided By The Company**

Notwithstanding any other provision of this Agreement, the Customer's total charge for Electric Service and/or Electricity Supply Service provided under this Agreement in any Billing Period shall not fall below the Minimum Price as established by the following formula:

$$\text{Minimum Price} = \sum \text{kWh}_i * (\text{ESC}_{LZV,i} + \$0.01)$$

Where:

- kWh<sub>i</sub>** = The kWh of Electricity Supply Service sold by the Company to the Customer in interval i.
- ESC<sub>LZV,i</sub>** = The Electricity Supply Cost of Electric Energy for the customer's Load Zone and voltage level expressed in \$0.00000/kWh in interval i. The Electricity Supply Cost shall be determined by Rule 46, Electricity Supply Cost, of the Tariff.
- V** = The voltage delivery level (as defined in the Tariff) at which the Customer receives Electricity Supply Service.
- LZ** = The load zone (as defined in the Tariff) in which the Customer takes Electricity Supply Service.
- i** = Hourly interval period in the Billing Period (i=1...672, 696, 720 or 744 hours).

**MINIMUM BILL PROVISIONS (Applicable to SC-3 , Special Provision L Customers)**

**A. When Electricity Supply Service Is Provided By The Company (continued)**

For the purposes of determining this Minimum Price, the Company and Customer agree to use Rule 46 Electricity Supply Cost. The Company will adjust the Customer's total bill for Electric Service and/or Electricity Supply Service in any Billing Period to this Minimum Price if the Customer's bill for Electric Service and/or Electricity Supply Service in the Billing Period, as calculated in conformance with the other provisions of this Agreement, would otherwise result in a total charge in the Billing Period that would be below the Minimum Price.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Notwithstanding the foregoing, for all Agreements executed after February 15, 2001, the Company shall administer this Minimum Bill Provision on a 12 month rolling basis. Payment in excess of the Minimum Bill shall be carried forward and used to offset any Minimum Bill charges otherwise determined under this Minimum Bill Provision.

**B. When Electricity Supply Service Is Not Provided By The Company**

Notwithstanding any other provision of this Agreement, the Customer's total charge for Electric Service provided under this Agreement in any Billing Period shall not fall below the Minimum Price as established by the following formula:

$$\underline{\text{Minimum Price}} = \sum \text{kWh}_i * \$0.01$$

Where:

kWh<sub>i</sub> = The kWh of Electricity Service sold or delivered by the Company to the Customer in interval i.

i = Hourly interval period in the Billing Period (i = ....672,696,720 or 744 hours)

The Company will adjust the Customer's total bill for Electric Service in any Billing Period to this Minimum Price if the Customer's bill for Electric Service in the Billing Period, as calculated in conformance with the other provisions of this Agreement, would otherwise result in a total charge in the Billing Period that would be below the Minimum Price.

Notwithstanding the foregoing, for all Agreements executed after February 15, 2001, the Company shall administer this Minimum Bill Provision on a 12 month rolling basis. Payment in excess of the Minimum Bill shall be carried forward and used to offset any Minimum Bill charges otherwise determined under this Minimum Bill Provision.

**Niagara Mohawk Power Corporation  
Voluntary Emergency Demand Response Program  
Via Voluntary Load Curtailment  
(EDRP - VLC)  
Form L9**

**4. EDRP Event**

The Company and the Customer agree that the EDRP Event shall only be called during the NYISO Dispatch Day (specifically during a dispatch-day after the NYISO Day-Ahead bids are submitted, namely 0500 the prior dispatch-day). Customer and Company shall each provide written notice to the other, within five (5) days of execution of this Agreement, their respective designated persons authorized to arrange electric curtailment by the Customer. All EDRP Events shall be determined solely by the NYISO and communicated to the Customer through the Company.

**5. Metering**

All electricity load measurement for this Agreement shall utilize the Company's interval based meter at the Customer Premise. Where an interval meter must be installed, Customer shall be responsible for all metering and installation costs not otherwise covered by New York State Research and Development Authority (NYSERDA). The metering and installation costs are a function of the individual Customer's electric service. Metering and installation costs are available from Company representatives.

Metering communications are necessary for program administration. Where meter reading communications must be installed, Company shall provide the necessary communications equipment to the Customer's meter which records the electric requirements delivered to the Customer's Premises. Customer agrees to pay the Company an Incremental Customer Charge in the amount of \$34.84 per month to cover the incremental cost of metering communications unless the Customer is: (1) already subscribed to an Economic Development Program as provided for in Rule 34.4 or 34.5 of the Tariff. or (2) subject to S.C. No. 3, Special Provision L.

**6. Term**

The term of this Agreement will begin on the date of execution and shall terminate upon 5 days prior written notice by either the Company or the Customer, ~~provided however this Agreement shall expire no later than October 31, 2005.~~

**7. Notices**

All notices shall be provided in writing to the Company and the Customer except as expressly otherwise noted in this Agreement.

**A. EDRP Event Notices**

Within five (5) business days of executing this Agreement, the Company and the Customer shall identify an individual responsible for administering the EDRP Event(s). The Company and the Customer shall provide the following information to each other.

Superseding ~~Third~~<sup>Fifth</sup> Revised Leaf No.77-O101(c)  
~~Second~~<sup>Fourth</sup> “ Leaf No.77-O101(c)

**Niagara Mohawk Power Corporation  
Voluntary Emergency Demand Response Program  
Via On-Site Generation  
(EDRP - OSG)  
Form L10**

Metering communications are necessary for program administration. Where meter reading communications must be installed, Company shall provide the necessary communications equipment to the Customer's meter which records the electric requirements delivered to the Customer's Premises. Customer agrees to pay the Company an Incremental Customer Charge in the amount of \$34.84 per month to cover the incremental cost of metering communications unless the Customer (1) is already subscribed to an Economic Development Program as provided for in Rule 34.4 or 34.5 of the Tariff. or (2) subject to S.C. No. 3-, Special Provision L.

**6. Term**

The term of this Agreement will begin on the date of execution and shall terminate upon 5 days prior written notice by either the Company or the Customer, ~~provided however this Agreement shall expire no later than October 31, 2005.~~

**7. Notices**

All notices shall be provided in writing to the Company and the Customer except as expressly otherwise noted in this Agreement.

**A. EDRP Event Notices**

Within five (5) business days of executing this Agreement, the Company and the Customer shall identify an individual responsible for administering the EDRP Event(s). The Company and the Customer shall provide the following information to each other.

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Pager Number: \_\_\_\_\_  
e-mail address: \_\_\_\_\_  
Fax Number: \_\_\_\_\_

**B. Termination and All Other Notices**

Termination and all other notices shall be provided as follows:  
If to the Company,  
Director – Program and Policy Administration, Niagara Mohawk Power Corporation, 300 Erie Blvd. West,  
Syracuse, New York 13202.

**Niagara Mohawk Power Corporation  
 Day Ahead Demand Response Program Via Load Curtailment  
 Form L11 (continued)**

**8. Metering**

All electricity load measurement for this Agreement shall utilize the Company's interval based meter at the Customer Premise. Where an interval meter must be installed, Customer shall be responsible for all metering and installation costs not otherwise covered by New York State Research and Development Authority (NYSERDA). The metering and installation costs are a function of the individual Customer's electric service. Metering and installation costs are available from Company representatives.

Metering communications are necessary for program administration. Where meter reading communications must be installed, Company shall provide the necessary communications equipment to the Customer's meter which records the electric requirements delivered to the Customer's Premises. Customer agrees to pay the Company an Incremental Customer Charge in the amount of \$34.84 per month to cover the incremental cost of metering communications unless the Customer [\(1\)](#) is already subscribed to an Economic Development Program as provided for in Rule 34.4 or 34.5 of the Tariff, [or \(2\) subject to S.C. No. 3,-Special Provisions L](#).

Customers operating on-site generation facilities and requesting participation in the Day Ahead Demand Response Program shall be required to have, and where necessary install, interval based metering and necessary communication equipment on their incoming delivery service from the Company and the output of the on-site generation facility. Customer shall be responsible for all metering and communication devices and associated costs as prescribed above.

**9. Term**

The term of this Agreement will begin on the date of execution and shall terminate upon 30-days prior written notice by either the Company or the Customer, provided however, this Agreement shall expire no later than October 31, 2004.

**10. Notices**

All notices shall be provided in writing to the Company and the Customer except as otherwise expressly provided in this Agreement.

SERVICE CLASSIFICATION NO. 3 (continued)

The rates and charges presented below are applicable to customers subject to either Market Rate Service or Standard Rate Service as described in Rule 48 of this Schedule.

**MONTHLY RATE:**

	<u>Delivery Voltage</u>			
	<u>0-2.2 kV</u>	<u>2.2-15 kV</u>	<u>22-50 kV</u>	<u>Over 60 kV</u>
<b>Customer Charge:</b>				
Distribution Delivery	\$260.15	\$436.70	\$554.83	\$599.15
<u>Distribution Delivery</u> <u>(Special Provision L)</u>	<u>\$303.92</u>	<u>\$480.47</u>	<u>\$598.60</u>	<u>\$642.92</u>

**Plus Demand Charges:**

Distribution Delivery  
 Charges, Per kW  
 Minimum Demand Charges: For first 40 or less kW of Demand:

	<u>0-2.2 kV</u>	<u>2.2-15 kV</u>	<u>22-50 kV</u>	<u>Over 60 kV</u>
	\$396.80	\$380.00	\$171.20	\$124.00

**Additional Demand Charges:** Per kW of Demand for all kW of Demand over 40:

	<u>0-2.2 kV</u>	<u>2.2-15 kV</u>	<u>22-50 kV</u>	<u>Over 60kV</u>
	\$9.92	\$ 9.50	\$4.28	\$3.10

Competitive Transition  
 Charges, Per Kw  
 Minimum Demand Charges: For first 40 or less kW of Demand:

	<u>0-2.2 kV</u>	<u>2.2-15 kV</u>	<u>22-50 kV</u>	<u>Over 60 kV</u>
	\$267.60	\$229.20	\$240.80	\$227.60

**Additional Demand Charges:** Per kW of Demand for all kW of Demand over 40:

	<u>0-2.2 kV</u>	<u>2.2-15 kV</u>	<u>22-50 kV</u>	<u>Over 60 kV</u>
	\$6.69	\$5.73	\$6.02	\$5.69

**Plus Reactive Demand Charges:**

All Delivery Voltages: \$0.85 for each RkVA of lagging reactive demand.

**Electricity Supply Service/Competitive Transition Charge (per kWh):**

**Company Supplied Electricity Supply Service Charges, per kWh:**

~~Company supplied Electricity Supply Service charges shall be set according to the market price of electricity determined in accordance with Rule 46, Electricity Supply Cost.~~ All customers, except customers subject to Special Provision L herein, will be billed for electricity supply service based their actual monthly kWh usage. Customers who are not subject to Special Provision L and who take ESS under Rule 46 will be billed at a thirty-day weighted average market price as established in Rule 46 based on the class/voltage level load shape for this service classification excluding those customers subject to Special Provision L.

SERVICE CLASSIFICATION NO. 3 (Continued)

L. Electricity Supply Service for Customers 500 kW or Greater:

All customers except those customers with an existing contract under Service Classification Nos. 11 or 12, receiving an allocation of NYPA power, or taking service under Rule 34.3 Empire Zone Rider as of September 1, 2006, regardless of voltage level or electricity supplier, with a demand of 500 kW or greater for six (6) consecutive months within the last twelve (12) months beginning December 31, 2005 will be billed for electricity supply service based on their actual hourly usage.

Customers who meet this size requirement and who have an existing contract under Service Classification Nos. 11 or 12, who receive an allocation of NYPA power, or who take service under Rule 34.3 Empire Zone Rider as of September 1, 2006 will be billed for electricity supply service based on their actual hourly usage upon expiration of their contract or allocation or Empire Zone Rider or if they elect to be billed for commodity based on their actual hourly usage prior to the expiration of their contract or allocation or Empire Zone Rider.

All Customers who become eligible for hourly commodity billing will continue to be billed for electricity supply based on their actual hourly usage even if their demand falls below 500 kW

Customers served under this Special Provision L and who take electricity supply service from the Company will be billed at hourly day-ahead market prices as described in Rule 46 herein.

All Customers regardless of voltage level or electricity supplier, who meet the size requirement described above beginning December 31, 2005 will be required to install an interval meter at the Customer Premises and will be subject to an incremental customer charge of \$43.77/mo., except Service Classification Nos. 11 or 12 customers who have existing contracts that preclude pricing adjustments. Service Classification Nos. 11 or 12 customers will be subject to the foregoing incremental customer charge only when their contract expires or if they elect to hourly commodity billing prior to contract expiration

SERVICE CLASSIFICATION NO. 7 (Continued)

**All SERVICE CLASSIFICATION NUMBERS:**

**Electricity Supply Service:**

**Company Supplied Electricity Supply Service Charges, per kWh:**

All SC-7 [parent class](#) SC-3A [and SC-7 /parent class](#) [SC-3 \(otherwise subject to SC-3, Special Provision L\)](#) demand metered customers who are required to install an interval-meter will be billed for commodity service based on their actual hourly usage and the hourly day-ahead market prices as described in Rule 46 herein. All SC-7 parent class SC-2D and SC-3 [\(otherwise not subject to SC-3, Special Provision L\)](#) customers may elect to be billed for commodity service based on their actual hourly usage and the hourly day-ahead market prices as described in Rule 46 herein. Such election shall be made by the customer in the Form G Application for Electric Standby Service. All other SC-7 customers will be billed for commodity services based their actual monthly kWh usage and the applicable class load shaped thirty-day weighted average market price as provided in Rule 48.4.2.

Company supplied Electricity Supply Service charges shall be set according to the market price of electricity determined in accordance with Rule 46, Electricity Supply Cost.

Customers served under this Service Classification No. 7 are also eligible to participate in Rule No. 39 - Retail Access Program.

Wholesale Generators receiving Station Power service from the NYISO in accordance with Special Provision J shall receive Electricity Supply Service from the NYISO and shall be exempt from Electricity Supply Service charges under Rule 46.

**SURCHARGES AND ADJUSTMENTS**

**System Benefits Charge:**

Customers served under this Service Classification No. 7 shall be subject to the Rule 41 - System Benefits Charge for the parent service classification.

**Delivery Charge Adjustment:**

Customers served under this Service Classification No. 7 shall be not eligible for Rule 29 Delivery Charge Adjustment.

**Transmission Revenue Adjustment Charge:**

Customers served under this Service Classification No. 7 shall be subject to the Rule 43 - Transmission Revenue Adjustment for the parent service classification.

**Customer Service Backout Credit:**

Customers who obtain their Electricity Supply Service from an ESCo are eligible for Rule 42 - Customer Service Backout Credit Mechanism for the respective parent service classification.

**Renewable Portfolio Surcharge:**

Customers served under this Service Classification No. 7 shall be subject to the Rule 49 – Renewable Portfolio Surcharge for the parent service classification.

**MINIMUM CHARGE:**

Customers served under this Service Classification No. 7 shall be subject to a minimum Charge which shall be the Customer Charge, the Incremental Customer Charge (where applicable), the Standby Contract Demand Charge and the Competitive Transition Charge.

**INCREASE IN RATES AND CHARGES:**

The rates and charges under this Service Classification, including the Minimum Charge, will be increased by a tax factor pursuant to Rule 32.

**TERMS OF PAYMENT:**

Bills are due and payable when rendered. Full payment must be received on or before the date shown on the bill to avoid a late payment charge pursuant to Rule 26.4.

## ATTACHMENT 3

### Supporting Financial Analysis

	A= B+C	B	C	D	E	F=C+D+E
	Total	Participant Costs	Other Implementation Costs	Credit to Deferral for imbedded Participant Costs (from Col B)	Credit to the Deferral for imbedded Other Implementation Costs (From Col C)	Net Deferrals to be collected from all other customers
<b>Up Front Costs</b>						
1 Installation of program meters	1,234,792	1,234,792	-	(569,848)	-	(569,848)
2 Installation of new survey meters for remaining rate class customers	206,606	-	206,606	-	(95,347)	111,259
3 ED Customers with a Choice to join RTP	32,282	-	32,282	-	(14,898)	17,384
4 Spare & Additional Equipment	306,572	142,990	163,582	(44,741)	(51,184)	67,656
5 Outreach and Education	380,997	-	380,997	-	(370,571)	10,426
6 Cost of Preparing our billing systems to accommodate the reads	240,014	-	240,014	-	(240,014)	-
7 Cost of workstations	-	-	-	-	-	-
8 Cost of updating CSS system for new billing meter (meter change orders)	13,287	11,134	2,154	(11,134)	(2,154)	(11,134)
9 Energy Pro Online Upgrades	34,772	-	34,772	-	(5,672)	29,100
10 Subtotal	2,449,322	1,388,916	1,060,406	(625,723)	(779,840)	(345,157)
<b>Ongoing Annual Costs</b>						
11 Cost of telecommunication connection at the customer premise	122,248	89,567	32,681	(14,609)	(5,331)	12,741
12 Cost troubleshooting communications connections (30% LL failure / 10% Digital Cell failure)	6,794	4,175	2,618	(4,175)	(2,618)	(4,175)
13 Back Office Port & minute charges	(11,391)	(11,391)	-	(1,858)	-	(1,858)
14 Meter Data Services cost of validation, troubleshooting and Admin	75,755	63,475	12,280	(63,475)	(12,280)	(63,475)
15 Subtotal	193,405	145,826	47,579	(84,117)	(20,229)	(56,767)
16 Recovery period of onetime costs		10				10
17 Feed into Revenue Requirement Model:						
17a 1 time Capex (sum of rows 1-4)		1,377,782				(373,549)
17b 1 time Opex (sum of rows 5-9)		11,134				28,392
17c Subtotal ontime costs		1,388,916				(345,157)
18 ongoing O&M specific to RTP (Line 14)		145,826				(56,767)
19 Levelized Revenue Requirement		401,839				(124,441)
20 Number of Customers		765				765
21 Revenue Requirement per customer per month (Line 18 / Line 19 / 12 mos)		43.77				(13.56)

**The Calculation of Selected (larger) values are illustrated on the following schedules.**

- B1 Schedule 3 Line 16 Column A
- B4 Schedule 3 Line 16 Column F
- C2 Schedule 3 Line 17 Column A
- C3 Schedule 3 Line 18 Column A
- C4 Schedule 3 Line 20 Column F
- D1 Schedule 3 Line 26 Column A
- D4 Schedule 3 Line 26 Column F
- E2 Schedule 3 Line 27 Column A
- E3 Schedule 3 Line 28 Column A
- E4 Schedule 3 Line 30 Column F
- B19 Schedule 4 Column r
- F19 Schedule 5 Column r

**Other Notes**

- Line 11 This is the cost of keeping a cell phone connected to telecommunication network of our carrier less any avoided costs.
- Line 14 This is the fully loaded labor cost of processing the increased meter data associated with the MHP program.

A		
Factors used in developing the cost of service	Assumption	Description
1 Sales Tax	8.00%	Adder for material purchases
2 Fringes	109.41%	Adder for internal labor used on the project
3 Distribution CAD	21.80%	Adder for capital projects
4 A&G	19.49%	Adder for all expenditures (to arrive at fully loaded costs)
5 Transportation (LD Van)	3.92	Hourly cost to cover the transportation of employee to customer location
6 Meter Shop Tester C (PG18)	28.73	Used to determine shop labor for preparing meters for deployment
7 M&T Field Tester (PG20)	31.30	Used to determine field labor for installing & troubleshooting meters
8 Customer Rep (PG13)	23.27	Used to determine costs for process meter change orders in Billing System
9 Supervision Midpoint level D	71,254.50	Labor rate for supervision over various activities
10 Supervision Midpoint level C	57,462.50	Labor rate for analysts upgrading the various systems to handle MHP
11 Cost Per Workstation	2,000.00	Purchase Price of workstation used for processing hourly reads
12 Cost per month of an analog land line connection	23.45	Monthly Connection cost from Telecom Carrier
13 Cost per month of Digital Cell Connection	15.40	Monthly Connection cost from Telecom Carrier
14 Cost per month of Analog Cell Connection	15.40	Monthly Connection cost from Telecom Carrier
15 # of calls each meter will make into the system each day	1.00	Used to determine telecommunication costs of incoming reads
16 Call Length of a digital cell call (in minutes)	2.00	Used to determine telecommunication costs of incoming reads
17 Call length of a landline call (in minutes)	3.00	Used to determine telecommunication costs of incoming reads
18 Cost per minute of a digital call	-	Used to determine telecommunication costs of incoming reads
19 Cost per minute of an analog landline call	0.03	Used to determine telecommunication savings of fewer landline calls
20 Number of Digital Cell Meters Purchased	1,000.00	Used to determine the costs of meter purchases
21 Number of Digital LandLine Meters Purchased	20.00	Used to determine the costs of meter purchases

	A	B C D			E
	Cost	Installations			
		MHP	Survey	ED / Contract Customers	Total
22 Digital Cell	802.50	532	89	14	634
23 Digital Cell Plus External Antenna	1,002.50	133	22	3	159
24 Keep existing Meter but connect External Comm Device	557.00	84	14	2	100
25 Digital Land Line	550.00	17	3	0	20
26 Total		765	128	20	913

	F	G	H I		J
	MHP	Survey	ED / Contract Customers	Add'l Equipment	Total
	100	17	3	88	207
	20	3	1	51	75
	13	2	0	10	25
	-	-	-	-	-
	132	22	3	149	307

		A = B+C+D+E	B	C	D	E	F=G+H+I+J	G	H	I	J
		Installed Digital Cell Meters	Installed Digital Land Line Meters	Digital Cell w/ External Antennas	Existing Mtr w/ External Communications Device		Total	Spare Digital Cell Meters	Spare Digital Land Line Meters	External Antennas	External Communications Device
<u>Unit Cost Calculations</u>											
1	Materials	\$ 803	\$ 550	\$ 1,003	\$ 557			\$ 803	\$ 550	\$ 200	\$ 557
2	Sales Tax	\$ 64	\$ 44	\$ 80	\$ 45			\$ 64	\$ 44	\$ 16	\$ 45
3=1+2	Materials Subtotal	\$ 867	\$ 594	\$ 1,083	\$ 602			\$ 867	\$ 594	\$ 216	\$ 602
4	Labor	\$ 100	\$ 116	\$ 128	\$ 147			\$ -	\$ -	\$ -	\$ -
5	Fringes	\$ 109	\$ 126	\$ 140	\$ 161			\$ -	\$ -	\$ -	\$ -
6	Transportation	\$ 8	\$ 10	\$ 10	\$ 14			\$ -	\$ -	\$ -	\$ -
7	Other costs including Overheads	\$ 494	\$ 385	\$ 620	\$ 420			\$ 395	\$ 271	\$ 98	\$ 274
8=3+4+5+6+7	Total	\$ 1,577	\$ 1,231	\$ 1,981	\$ 1,343			\$ 1,261	\$ 865	\$ 314	\$ 876
9=3/8	Percent Materials	55%	48%	55%	45%			69%	69%	69%	69%
10=11-9	Percent Non-Materials	45%	52%	45%	55%			31%	31%	31%	31%
11=9+10	Total	100%	100%	100%	100%			100%	100%	100%	100%
<u>Quantity</u>											
12	Mandatory Hourly Pricing	765	532	17	133	84	132	100	0	20	13
13	New Survey Group	128	89	3	22	14	22	17	0	3	2
14	Contract Customers with Choice	20	14	0	3	2	3	3	0	1	0
15	Additional Implementation Quantities						149	88	0	51	10
<u>Total Cost</u>											
16=8*12	Mandatory Hourly Pricing	\$ 1,234,792	\$ 838,396	\$ 20,627	\$ 263,240	\$ 112,529	\$ 142,990	\$ 125,720	\$ -	\$ 6,266	\$ 11,004
17=8*13	New Survey Group	\$ 206,606	\$ 140,281	\$ 3,451	\$ 44,045	\$ 18,828	\$ 23,925	\$ 21,035	\$ -	\$ 1,048	\$ 1,841
18=8*14	Contract Customers with Choice	\$ 32,282	\$ 21,919	\$ 539	\$ 6,882	\$ 2,942	\$ 3,738	\$ 3,287	\$ -	\$ 164	\$ 288
19=8*15	Additional Implementation Quantities						\$ 135,919	\$ 111,065	\$ -	\$ 16,099	\$ 8,755
20=17+18+19	Subtotal Excluding MHP						\$ 163,582				
<u>Materials Cost</u>											
21=16*9	Mandatory Hourly Pricing	\$ 664,944	\$ 460,705	\$ 9,954	\$ 143,881	\$ 50,405	\$ 98,248	\$ 86,382	\$ -	\$ 4,306	\$ 7,561
22=17*9	New Survey Group	\$ 111,259	\$ 77,085	\$ 1,666	\$ 24,074	\$ 8,434	\$ 16,439	\$ 14,453	\$ -	\$ 720	\$ 1,265
23=18*9	Contract Customers with Choice	\$ 17,384	\$ 12,045	\$ 260	\$ 3,762	\$ 1,318	\$ 2,569	\$ 2,258	\$ -	\$ 113	\$ 198
24=19*9	Additional Implementation Quantities						\$ 93,390	\$ 76,313	\$ -	\$ 11,061	\$ 6,016
25=22+23+24	Subtotal Excluding MHP						\$ 112,397				
<u>Cost excluding Materials</u>											
26=16-20	Mandatory Hourly Pricing	\$ 569,848	\$ 377,691	\$ 10,673	\$ 119,360	\$ 62,125	\$ 44,741	\$ 39,337	\$ -	\$ 1,961	\$ 3,443
27=17-21	New Survey Group	\$ 95,347	\$ 63,195	\$ 1,786	\$ 19,971	\$ 10,395	\$ 7,486	\$ 6,582	\$ -	\$ 328	\$ 576
28=18-22	Contract Customers with Choice	\$ 14,898	\$ 9,874	\$ 279	\$ 3,121	\$ 1,624	\$ 1,170	\$ 1,028	\$ -	\$ 51	\$ 90
29=19-23	Additional Implementation Quantities						\$ 42,529	\$ 34,752	\$ -	\$ 5,037	\$ 2,739
30=27+28+29	Subtotal Excluding MHP						\$ 51,184				

NOTE: The calculations shown on this page are reflect the assumptions included in Schedule 2

Niagara Mohawk Power Corporation d/b/a National Grid  
**Case No. 03-E-0641** Mandatory Hourly Pricing Compliance Filing Aug 2, 2006  
 Attachment 3, Schedule 4  
 Revenue Requirement Calculation

Financial Assumptions	
Return On Equity	10.60%
Debt Cost	7.20%
Equity Percent	38.41%
Debt Percent	61.59%
Federal Income Tax Rate	35.00%
State Income Tax Rate	7.50%
Property Tax Rate	0.00%
Fully Loaded O&M Rate	0.00%
Inflation Rate	2.10%
Weighted Cost of Capital	8.51%
Depreciation Book Life (Years)	10
Tax Depr Yrs (chose 1)	10yr

a	b	c	d	e=(c+d)	f	g	h	i=(h-f)*FIT%	j	k=(e-g-j)	l=(k*ROE%)	m=(k*DEBT%)	n=(l*FIT%)	o=(l+n)*SIT%	p=(e*Prop%)	q=(e*O&M%)	r=(l+m+n+o+p+q)
CALENDAR YEAR	No YEAR	EOY ADDITIONS + REMOVAL COST	EOY RETIRE.	GROSS PLANT	BOOK DEPREC.	AVG ACCUM BOOK DEPR	TAX DEPREC.	DFIT	AVERAGE ACCUM DFIT	NET INVEST.	ROE	INTEREST	FIT	SIT	PROPERTY TAX	FULLY LOADED O&M	TOTAL REVENUE REQUIREMENT COSTS
2006	0	\$1,377,782	\$0	\$1,377,782	\$68,889	\$34,445	\$137,778	\$27,470	\$13,735	\$1,329,603	\$54,134	\$58,961	\$29,149	\$6,753	\$0	\$156,959	\$374,845
2007	1	\$0	\$0	\$1,377,782	\$137,778	\$137,778	\$248,001	\$43,951	\$49,445	\$1,190,559	\$48,473	\$52,795	\$26,101	\$6,047	\$0	\$148,888	\$420,082
2008	2	\$0	\$0	\$1,377,782	\$137,778	\$275,556	\$198,401	\$24,173	\$83,507	\$1,018,718	\$41,477	\$45,175	\$22,334	\$5,174	\$0	\$152,015	\$403,952
2009	3	\$0	\$0	\$1,377,782	\$137,778	\$413,335	\$158,720	\$8,351	\$99,769	\$864,678	\$35,205	\$38,344	\$18,957	\$4,391	\$0	\$155,207	\$389,882
2010	4	\$0	\$0	\$1,377,782	\$137,778	\$551,113	\$127,031	-\$4,285	\$101,802	\$724,867	\$29,513	\$32,144	\$15,891	\$3,681	\$0	\$158,466	\$377,474
2011	5	\$0	\$0	\$1,377,782	\$137,778	\$688,891	\$101,543	-\$14,449	\$92,435	\$596,456	\$24,284	\$26,450	\$13,076	\$3,029	\$0	\$161,794	\$366,412
2012	6	\$0	\$0	\$1,377,782	\$137,778	\$826,669	\$90,245	-\$18,954	\$75,733	\$475,379	\$19,355	\$21,081	\$10,422	\$2,414	\$0	\$165,192	\$356,242
2013	7	\$0	\$0	\$1,377,782	\$137,778	\$964,447	\$90,245	-\$18,954	\$56,780	\$356,555	\$14,517	\$15,811	\$7,817	\$1,811	\$0	\$168,661	\$346,395
2014	8	\$0	\$0	\$1,377,782	\$137,778	\$1,102,226	\$90,382	-\$18,899	\$37,853	\$237,703	\$9,678	\$10,541	\$5,211	\$1,207	\$0	\$172,203	\$336,618
2015	9	\$0	\$0	\$1,377,782	\$137,778	\$1,240,004	\$90,245	-\$18,954	\$18,927	\$118,852	\$4,839	\$5,270	\$2,606	\$604	\$0	\$175,819	\$326,916
2016	10	\$0	-\$1,377,782	\$0	\$68,889	\$1,343,337	\$45,191	-\$9,450	\$4,725	-\$1,348,062	-\$54,886	-\$59,780	-\$29,554	-\$6,846	\$0	\$0	-\$82,177
<b>TOTAL</b>		<b>\$1,377,782</b>	<b>-\$1,377,782</b>		<b>\$1,377,782</b>		<b>\$1,377,782</b>	<b>\$0</b>			<b>\$226,589</b>	<b>\$246,792</b>	<b>\$122,010</b>	<b>\$28,265</b>	<b>\$0</b>	<b>\$1,615,203</b>	<b>\$3,616,641</b>

Notes:

(Blue indicates a data input cell)

(Green indicates a required formula change by case)

NET PRESENT VALUE Revenue Requirement in 2006 \$'s \$2,635,432

LEVELIZED Revenue Requirement in 2006 \$'s \$401,839

Niagara Mohawk Power Corporation d/b/a National Grid  
**Case No. 03-E-0641** Mandatory Hourly Pricing Compliance Filing Aug 2, 2006  
 Attachment 3, Schedule 5  
 Revenue Requirement Calculation

Financial Assumptions	
Return On Equity	10.60%
Debt Cost	7.20%
Equity Percent	38.41%
Debt Percent	61.59%
Federal Income Tax Rate	35.00%
State Income Tax Rate	7.50%
Property Tax Rate	0.00%
Fully Loaded O&M Rate	0.00%
Inflation Rate	2.10%
Weighted Cost of Capital	8.51%
Depreciation Book Life (Years)	10
Tax Depr Yrs (chose 1)	10yr

a	b	c	d	e=(c+d)	f	g	h	i=(h-f)*FIT%	j	k=(e-g-j)	l=(k*ROE%)	m=(k*DEBT%)	n=(l*FIT%)	o=(l+n)*SIT%	p=(e*Prop%)	q=(e*O&M%)	r=(l+m+n+o+p+q)
CALENDAR YEAR	No YEAR	EOY ADDITIONS + REMOVAL COST	EOY RETIRE.	GROSS PLANT	BOOK DEPREC.	AVG ACCUM BOOK DEPR	TAX DEPREC.	DFIT	AVERAGE ACCUM DFIT	NET INVEST.	ROE	INTEREST	FIT	SIT	PROPERTY TAX	FULLY LOADED O&M	TOTAL REVENUE REQUIREMENT COSTS
2006	0	-\$373,549	\$0	-\$373,549	-\$18,677	-\$9,339	-\$37,355	-\$7,448	-\$3,724	-\$360,487	-\$14,677	-\$15,986	-\$7,903	-\$1,831	\$0	-\$28,375	-\$87,449
2007	1	\$0	\$0	-\$373,549	-\$37,355	-\$37,355	-\$67,239	-\$11,916	-\$13,406	-\$322,789	-\$13,142	-\$14,314	-\$7,077	-\$1,639	\$0	-\$57,959	-\$131,486
2008	2	\$0	\$0	-\$373,549	-\$37,355	-\$74,710	-\$53,791	-\$6,554	-\$22,641	-\$276,199	-\$11,245	-\$12,248	-\$6,055	-\$1,403	\$0	-\$59,176	-\$127,482
2009	3	\$0	\$0	-\$373,549	-\$37,355	-\$112,065	-\$43,033	-\$2,264	-\$27,050	-\$234,435	-\$9,545	-\$10,396	-\$5,140	-\$1,191	\$0	-\$60,419	-\$124,045
2010	4	\$0	\$0	-\$373,549	-\$37,355	-\$149,420	-\$34,441	\$1,162	-\$27,601	-\$196,529	-\$8,002	-\$8,715	-\$4,309	-\$998	\$0	-\$61,687	-\$121,066
2011	5	\$0	\$0	-\$373,549	-\$37,355	-\$186,775	-\$27,531	\$3,917	-\$25,061	-\$161,713	-\$6,584	-\$7,171	-\$3,545	-\$821	\$0	-\$62,983	-\$118,460
2012	6	\$0	\$0	-\$373,549	-\$37,355	-\$224,130	-\$24,467	\$5,139	-\$20,533	-\$128,887	-\$5,248	-\$5,715	-\$2,826	-\$655	\$0	-\$64,306	-\$116,104
2013	7	\$0	\$0	-\$373,549	-\$37,355	-\$261,485	-\$24,467	\$5,139	-\$15,394	-\$96,671	-\$3,936	-\$4,287	-\$2,119	-\$491	\$0	-\$65,656	-\$113,844
2014	8	\$0	\$0	-\$373,549	-\$37,355	-\$298,840	-\$24,505	\$5,124	-\$10,263	-\$64,447	-\$2,624	-\$2,858	-\$1,413	-\$327	\$0	-\$67,035	-\$111,612
2015	9	\$0	\$0	-\$373,549	-\$37,355	-\$336,194	-\$24,467	\$5,139	-\$5,131	-\$32,224	-\$1,312	-\$1,429	-\$706	-\$164	\$0	-\$68,442	-\$109,408
2016	10	\$0	\$373,549	\$0	-\$18,677	-\$364,211	-\$12,252	\$2,562	-\$1,281	\$365,492	\$14,881	\$16,208	\$8,013	\$1,856	\$0	\$0	\$22,280
<b>TOTAL</b>		<b>-\$373,549</b>	<b>\$373,549</b>		<b>-\$373,549</b>		<b>-\$373,549</b>	<b>\$0</b>			<b>-\$61,434</b>	<b>-\$66,911</b>	<b>-\$33,080</b>	<b>-\$7,663</b>	<b>\$0</b>	<b>-\$596,037</b>	<b>-\$1,138,674</b>

Notes:

(Blue indicates a data input cell)

(Green indicates a required formula change by case)

NET PRESENT VALUE Revenue Requirement in 2006 \$'s -\$816,134  
 LEVELIZED Revenue Requirement in 2006 \$'s **-\$124,441**