

6.19.11 Attachment 6 – Rate Mechanism for the Recovery of CLCPA Eligible Projects for Niagara Mohawk Power Corporation

6.19.11.1 Applicability

This Attachment 6 to Rate Schedule 19 of the ISO OATT establishes the CFC Charge of Niagara Mohawk Power Corporation (“NMPC”). NMPC is an Eligible Transmission Owner and may recover eligible costs for its CLCPA Eligible Projects, referred to herein as the “NMPC Phase 2 Projects,” in accordance with the requirements of Rate Schedule 19 of the ISO OATT.

6.19.11.2 Revenue Requirements for CFC Charge

The CFC Charge should be calculated in accordance with the formula set forth in Section 6.19.3 using the revenue requirement calculated annually by NMPC to recover the costs of its NMPC Phase 2 Projects. The costs that may be included in the CFC Charge revenue requirement include all reasonably incurred costs related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, the NMPC Phase 2 Projects, including, but not limited to, a reasonable return on investment and any incentives for the construction or abandonment of eligible projects approved under Section 205 or Section 219 of the Federal Power Act, and the Commission’s regulations implementing those sections, as determined by the Commission.

6.19.11.3 Calculation and Recovery of CFC Charge and Payment of Recovered Revenue

6.19.11.3.1 The CFC Charge revenue requirement shall be calculated as determined in accordance with Schedule 16a through 16f of NMPC’s formula rate template as set forth in Section 14.2.1 of Attachment 1 to Attachment H of the ISO OATT.

To the extent that the revenues received for the NMPC Phase 2 Projects in the prior year were greater (or less) than the annual CFC Charge revenue requirement for the year, the current year's CFC Charge revenue requirement will be decreased (or increased) by that difference. The annual CFC Charge revenue requirement will be the basis for the applicable CFC Charge that shall be charged by the ISO to each Responsible LSE as set forth in Section 6.19.3.5.

6.19.11.3.2 The "Base Revenue Requirement" for the NMPC Phase 2 Projects, as identified in Schedule 16a Line 16 of NMPC's formula rate template set forth in Section 14.2.1 of Attachment 1 to Attachment H of the ISO OATT, will be treated as a revenue credit in the revenue requirement for NMPC's Transmission Service Charge ("TSC"). Additionally, Schedule 16f Line 2 Column 17 of the formula rate template will also be treated as a revenue credit in the revenue requirement, reflecting the difference between the ROE applicable to the NMPC Phase 2 Projects and the Commission-approved TSC ROE. After considering the revenue credit from the CFC Charge, the net cost for the NMPC Phase 2 Projects recovered through the TSC will be deemed to be zero.

6.19.11.3.3 NMPC shall recalculate the CFC Charge revenue requirement each year as part of the Annual Update process set forth in Section 14.1.9.4 of Attachment H of the ISO OATT. The CFC Charge revenue requirement shall be separately stated in that Annual Update, and the Annual Update shall provide supporting documentation for the calculation of the CFC Charge revenue requirement for the Update Year. Each Responsible LSE shall be an "Interested Party" with respect to any portion of the Annual Update related to the CFC Charge. The CFC Charge revenue requirement for the first year will be calculated retroactively. The ISO shall commence charging the revenue requirement component of the CFC Charge beginning with the

first billing period for the next effective Update Year, as such term is defined in Section 14.1.9.1.66 of Attachment H of the ISO OATT.