

JANUARY 2011 REVENUE FROM TRANSMISSION OF ENERGY

Account	Description	Month of January 2011
110033	Grandfathered Wheeling Revenue	3,831,736
110031	Regional Transmission Service	2,191,878
110038	Congestion Balancing Settlement	(6,800,538)
110038	Amortization of NYISO TCC Auction Revenues (Including Native Load Reconfiguration)	5,460,350
110038	NYISO TCC Revenues (St. Lawrence/RG&E)	617,674
110038	NYISO TRAC Deferral/Reversal	4,376,765
TOTAL WHOLESALE TRANSMISSION REVENUE BOOKED		<u>\$9,677,865</u>
Adjustments (exclusions) for TRAC calculation:		
	NYISO TRAC Deferral/Reversal	<u>\$ (4,376,765)</u>
a	TRANSMISSION REVENUE (for TRAC CALCULATION)	<u>\$5,301,100</u>
b	TRAC Base Value - January 2011 ¹	<u>\$10,637,777</u>
c	TRAC Deferral Booked	<u>\$5,336,677</u>
d	TRAC Cap Carryover from Prior Month	<u>0</u>
e	Sub-Total	<u>\$5,336,677</u>
g	Monthly Cap ²	<u>\$6,000,000</u>
h	TRAC Deferral Over/(Under) \$6M Monthly Cap or (Over)/Under (\$6M) Cap	<u>(\$663,323)</u>
	TRAC Surcharge/(Refund) to Retail Customers	<u>\$5,336,677</u>
	TRAC Cap Carryover to be Applied to Next Month	<u>\$0</u>

¹ Based on 2001 forecast in National Grid USA and Niagara Mohawk Joint Proposal merger filing. Updated Forecast as of Jan. 2011

² Based on Rule No. 43.5.1 and Fourth Revised Leaf No. 71-Q1 to PSC No. 207 Electricity effective December 19, 2005 whereby the New York Public Service Commission and National Grid agreed to apply a monthly cap to limit the difference between forecasted and actual transmission revenue in one month to alleviate the impact when these situations occur. Specifically, the monthly cap is \$6 million on the monthly TRA calculation, plus or minus, with any excess deferred over to the next cost month. If the \$6 million cap is reached for another two consecutive months, the cap will be raised to \$8 million, on a going forward basis.

³ These revenues were not part of the derivation of the \$123,475,046 TRAC benchmark in the 2001 National Grid USA and Niagara Mohawk Joint Proposal.