



December 23, 2007

Honorable Jaclyn A. Brilling, Secretary  
State of New York  
Public Service Commission  
Office of the Secretary  
Three Empire State Plaza  
Albany, NY 12223

RE: Case 05-M-0090 – In the Matter of the System Benefits Charge III – Order Continuing the System Benefits Charge (SBC) and the SBC-Funded Public Benefit Programs

Case No. 07-M-0548 – Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard and Approving Programs

Dear Secretary Brilling:

The attached System Benefits Charge (“SBC”) Statement issued by Niagara Mohawk Power Corporation (d/b/a National Grid) is being transmitted for filing in compliance with the Order in Case No. 05-M-0900 issued and effective December 21, 2005 and Order in Case No. 07-M-0548 issued and effective June 23, 2008.

Statement of System Benefits Charge No. 15

To P.S.C. No. 214 Electricity

Effective: January 1, 2009

**Purpose of Filing:**

The purpose of this filing is to establish the System Benefits Charge Factor No. 15, effective January 1, 2009 through December 31, 2009 in accordance with Rule No. 41-Adjustment to Charge Pursuant to the System Benefits Charge (“SBC”). The total factor for 2009 consists of the Company’s allocation of SBC funding based on the following:

1. Information Request No.\_PSC-1\_Visalli (RAV-1) issued February 8, 2006 and response dated March 7, 2006
2. Order in Case No. 05-M-0090
3. Order in Case No. 07-M-0548

**1. Information Request No. PSC-1 Visalli (RAV-1), NMPC Reg. No. 1**

On February 8, 2006 the above Information Request (“IR”) was received by Mr. Robert Visalli of the Public Service Commission Staff in regards to the treatment of SBC revenue received as part of the Company’s exit fee calculation in accordance with Rule No. 52-Lump Sum Payment of Transition Costs by Customers Totally Bypassing the Company’s Retail Distribution System. This IR requested a list of customers who have entered into an exit fee with the Company, the exit fee amounts for each such customer, the period of which such exit fees are amortized, and the amount of SBC included in each of those exit fees. On March 7, 2006, the Company responded to this IR with the requested information and that the amortized SBC portion of the exit fee that was

not previously reflected in the annual SBC reconciliation would be included in the next SBC reconciliation. Since the Company's response on March 7, 2006, two more customers have entered into exit fee agreements with the Company and the amortized SBC has been updated (Attachment 5) to include these customers. The amount of amortized SBC collected from these exit fees is **\$53,230 through December 31, 2008** and will be included in the SBC reconciliation in accordance with Case No. 05-M-0090 (Attachment 2, Line 2).

## **2. Case No. 05-M-0090-SBC III**

Ordering Clause No. 3 of Order in Case No. 05-M-0090 directed the Company to annually establish specific SBC collection rates to correspond to its collection allocation, as provided in Appendix A of this order, based on projections of the following year's forecasted sales. Also, as directed by this Ordering Clause, any over or under collection amounts from the previous collection period will be reconciled and included in this annual collection rate. Accordingly this filing presents the SBC reconciliation for the time period of January 1, 2008 through December 31, 2008 and the development of a revised SBC III collection rate effective from January 1, 2009 through December 31, 2009.

For the period of January 1, 2009 through December 31, 2009, the Company is proposing a revised SBC III collection rate of **\$0.001609/kWh**. It is projected the revised collection rate will recover **\$45,439,056** during January 1, 2009 through December 31, 2009, which includes the 2008 (January 1, 2008-December 31, 2008) under collection amount of **\$381,388** and the annual collection amount of **\$45,057,668**.

## **3. Case No. 07-M-0090-EEPS**

In Case No. 07-M-0090, Ordering Clause No. 1 ordered that commencing on October 1, 2008, the annual level of SBC electric revenue collections will be increased from the current level of \$175 million to \$334,307,022 and continue through December 31, 2011. This increased funding would enable New York State to develop and encourage cost-effective energy efficiency over the long term and immediately commence or augment near-term efficiency measures. In the Order, several issues were addressed which the Commission believes are necessary in order to put in place an Energy Efficiency Portfolio Standard ("EEPS") for New York and to begin achieving energy savings.

In accordance with Ordering Clause No. 2 of the Order, an annual incremental amount of funding was directed to be collected by each electric utility as set forth in Table 16 of Appendix 1 for the last quarter of 2008, October 1, 2008 through December 31, 2008 of \$12,813,756. Also, each utility was directed to establish its specific SBC collection rate on an annual basis to correspond to the collection allocation on projections of the following year's electric sales. Any over or under collections should also be reconciled on an annual basis. The Company proposes that the revised annual EEPS SBC collection rate of **\$0.001927** to become effective on January 1, 2009 and remain in effect through December 31, 2009. It is projected that the revised collection rate will recover **\$54,408,364** during January 1, 2009 through December 31, 2009 which includes the 2008 (October 1, 2008 through December 31, 2008) reconciliation amount of **\$3,153,341** and the annual collection amount of **\$51,255,023** as set forth in this Order.

This EEPS incremental rate of adjustment of **\$0.001927** has been added to the SBC III Rate of Adjustment established for the calendar year 2009 in Case No. 05-M-0090 of **\$0.001609** to establish a total SBC rate of adjustment of **\$0.003536** effective January 1, 2009 through December 31, 2009.

The attachments included with this filing support the SBC reconciliation calculation and the development of the proposed SBC collection rate. All attachments are footnoted accordingly to

describe the calculations used and the input data required to perform the reconciliation and the development of the proposed SBC collection rate. The attachments are as follows:

Attachments for this filing are included with the PSC No. 207 filing issued December 22, 2008 under these case numbers.

Please direct any questions regarding this filing to the undersigned.

Sincerely,

Patricia J. Rivers  
Senior Rate Analyst  
Electric Pricing Department  
(315) 428-6833

PJR  
Attachments  
SBC15