



December 18, 2006

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

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 (“the Order”).

Statement of System Benefits Charge No. 11

To P.S.C. No. 214 Electricity

Effective: January 1, 2007

Ordering Clause No. 3 of the above Order requires 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 July 1, 2006 through December 31, 2006 and the development of a revised SBC collection rate effective from January 1, 2007 through December 31, 2007.

The Company proposes that the revised SBC collection rate of **\$0.001627/kWh** become effective on January 1, 2007 and remain in effect through December 31, 2007. It is projected the revised collection rate will recover **\$45,825,456** during the January 1, 2007 through December 31, 2007, which includes the 2006 (July 2006-December 2006) reconciliation amount of **\$767,788 and the annual collection amount of \$45,057,668.**

The attachments supporting the derivation of this factor are included with the companion PSC No.207 filing filed with the Commission in this Case Number.

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/SBC11