



September 18, 2006

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

RE: Case No. 03-E-0188
Order Regarding Retail Renewable Portfolio Standard

Dear Secretary Brilling:

The attached Renewable Portfolio Surcharge ("RPS") Surcharge Statement No. 2 issued by Niagara Mohawk Power Corporation, d/b/a National Grid is being transmitted for filing in accordance with the requirements of the Public Service Commission, State of New York:

Statement of Renewable Portfolio Surcharge-Statement No. 2

To P.S.C. No. 214 Electricity

Effective: October 1, 2006

This filing is being issued in compliance with Ordering Clause No. 4 in the above mentioned proceeding. This Ordering Clause requires the Company to update the RPS surcharge for each 12 month collection period's level of funding as established in Appendix E of this Order. Also as stated in this Order, each collection period is to commence three months prior to the applicable calendar year, or October 1. Also directed is that each utility shall fashion the RPS collection rates to correspond to their respective collection allocations, with any over or under collections being trued up on an annual basis.

The attachments included with this filing present the development of the revised RPS collection rate. The Company proposes that the revised RPS collection rate of **\$0.000491/kWh** become effective on October 1, 2006 and remain in effect through September 30, 2007. It is projected the revised collection rate will recover **\$12,627,420** during the period twelve months ending September 30, 2007 which consists of the Company-specific annual collection allocation for 2007 of **\$12,633,111**, the 2006 reconciliation adjustment of **(\$5,691)**.

The attachments that support the RPS calculation and the development of the proposed RPS collection rate are included with the companion PSC No. 207 Electricity filing.

Please direct any action regarding this filing to the undersigned.

Sincerely,

Patricia J. Rivers
Senior Rate Analyst
Electric Pricing Department

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RPS2