

Niagara Mohawk

A **National Grid** Company



February 2, 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 is being transmitted for filing in accordance with the requirements of the Public Service Commission, State of New York:

Statement of System Benefits Charge No. 10

To P.S.C. No. 214 Electricity

Effective: July 1, 2006

This filing is issued in compliance with Ordering Clause No. 4 in the Order mentioned above. The Ordering Clause requires the Company to file tariff amendments and/or statements on not less than 150 day’s notice to become effective July 1, 2006 incorporating the revisions described in this Order. The above Statement No. 10 complies with this Order and establishes the SBC factor to become effective July 1, 2006.

The Attachments supporting the derivation of this factor are included with the companion PSC No. 207 filing and presents the development of the revised SBC collection rate. The Company proposes that the revised SBC collection rate of **\$0.001619/kWh** become effective on July 1, 2006 and remain in effect through December 30, 2006. It is projected the revised collection rate will recover **\$22,528,834** during this period which is half of the annual collection amount of \$45,057,668 as per Appendix A of the above Order.

Please direct any action regarding this filing to the undersigned.

Sincerely,

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

PJR
SBC 10-SBC III