

Niagara Mohawk

A **National Grid** Company



February 2, 2006

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

RE: Case 94-E-0952 – In the Matter of Competitive Opportunities Regarding Electric Service. Order Continuing and Expanding the System Benefits Charge for Public Benefits, Issued and Effective January 26, 2001

Dear Secretary Brillig:

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. 9

To P.S.C. No. 214 Electricity

Effective: March 1, 2006

This filing is issued in compliance with Ordering Clause No. 4 in the Order mentioned above. The Ordering Clause requires the Company design its SBC collection rate on an annual basis to correspond to its collection allocation and the yearly projections of the upcoming year’s electric sales with any over or under collections reconciled on an annual basis through June 30, 2006. Ordering Clause No. 4 of this Order, directed the utilities to collect half the annual amount for the first half of 2006. Accordingly this filing presents the SBC reconciliation for the year 2005 and the development of a revised SBC collection rate effective from March through June 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. Additionally this filing complies with the Company’s objective, as stated in its 2001 SBC reconciliation compliance filing letter dated February 11, 2002, that it will submit the annual SBC reconciliation filings to the Commission in February with an effective date for the revised SBC collection rate of March 1 for each subsequent year.

The Company proposes that the revised SBC collection rate of **\$0.001282/kWh** become effective on March 1, 2006 and remain in effect through June 30, 2006. It is projected the revised collection rate will recover **\$11,467,940** during the March 1, 2006 through June 30, 2006, which includes the 2005 reconciliation amount of **(\$1,822,102)**. This four month collection is in accordance with the above Order that states that the Company collect one-half the annual collection amount of **\$19,935,063** for the first six months of 2006 or June 30, the end of the current SBC II collection period. The Company has already collected for January and February 2006 and has revised the 6 month collection amount to reflect the remaining collection period of March through June 2006.

Please direct any action regarding this filing to the undersigned.

Sincerely,

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

PJR