



March 1, 2010

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 No. 08-E-1133 – Petition of Niagara Mohawk Power Corporation for Approval of an Energy Efficiency Portfolio Standard (EEPS) Utility-Administered Electric Energy Efficiency Program**

**Case No. 08-E-1014 – Petition of Niagara Mohawk Power Corporation for Approval of an Energy Efficiency Portfolio Standard (EEPS) “Fast Track” Utility-Administered Electric Energy Efficiency Program**

Dear Secretary Brilling:

The attached System Benefits Charge (“SBC”) Statement issued by Niagara Mohawk Power Corporation, d/b/a National Grid (“the Company”) is being transmitted for filing in compliance with the Order in Case No. 08-E-1133 issued and effective January 4, 2010 and the Order in Case No. 08-E-1014 issued and effective January 20, 2010.

Statement of System Benefits Charge No. 3

To P.S.C. No. 220 Electricity

Effective: April 1, 2010

**Purpose of Filing:**

The purpose of this filing is to establish the System Benefits Charge Factor No. 3, effective April 1, 2010 through December 31, 2010 in accordance with Rule No. 41-Adjustment to Charges Pursuant to the System Benefits Charge (“SBC”).

**Order issued January 4, 2010 in Case No. 08-E-1133**

Ordering Clause No.10 of the order in Case No. 08-E-1133, issued January 4, 2010 directed the Company that commencing on April 1, 2010 the overall annual level of SBC electric revenue collections will be increased by \$14,084,101. In this order the Commission approved with modifications, selected Energy Efficiency Portfolio Standard (“EEPS”) electric and gas energy efficiency programs designed to serve the residential and low-income residential customer market sectors. This order also provided for adjustments to the rate of collections from customers through the SBC to ensure the correct level of funding for all EEPS programs approved to date.

Per Appendix, 3, Table 7, the amount of EEPS additional annual collections to be billed to electric customers of National Grid commencing April 1, 2010 through December 31, 2010 is **\$7,815,581.**

**Order issued January 20, 2010 in Case No. 08-E-1014**

In the above Order, the Commission rejected the Company's proposal for its residential high efficiency central air conditioning ("HVAC") program for 2010 and 2011. It was concluded in this order that based on continuing concerns regarding measured costs and anticipated participation levels that approving the Company's HVAC program proposal for 2010 and 2011 would not be an appropriate use of customer funds. This order further directed the Company to reduce its EEPS surcharge annual collection rate by \$576,450 for 2010 and by \$768,000 for 2011 to reflect the cancellation of the program. Ordering Clause No. 1 of this order directed the Company to discontinue its residential "fast track" electric energy efficiency programs as described in this order by March 31, 2010 and reduce the collection rate by the amount above by April 1, 2010.

Per Attachment 2, Line 3, the additional EEPS amount of **\$7,815,581** has been reduced by **\$576,450** to bring the total EEPS SBC additional collection amount to **\$7,239,131** which will be reflected in the SBC rate effective April 1, 2010 through December 31, 2010. Based on nine (9) months forecasted sales for the time period of April 1, 2010 through December 31, 2010 the incremental rate of adjustment for this additional EEPS collection amount is **\$0.000365/kWh**. This rate of adjustment has been added to the currently effective EEPS SBC rate of adjustment of \$0.002761/kWh filed December 21, 2009 in SBC 2, to make the total EEPS SBC rate of adjustment **\$0.003126/kWh**.

This EEPS SBC incremental rate of adjustment of **\$0.003126/kWh** has been added to the SBC Rate of Adjustment established for calendar year 2010 in Case No. 05-M-0090 of **\$0.001718/kWh** to establish a total SBC rate of adjustment of **\$0.004844/kWh** effective April 1, 2010 through December 31, 2010.

The attachments included with this filing support the development of the proposed EEPS SBC collection rate effective April 1, 2010 for the additional EEPS collection of **\$7,239,131**. All attachments are footnoted accordingly to describe the calculations used and the input data required to perform the development of the proposed EEPS SBC collection rate in accordance with the above two orders. The attachments included are as follows:

Attachment 1: EEPS SBC Applicable Sales for the 9 month period April 1, 2010 through December 31, 2010.

Attachment 2: Development of the April 1, 2010 through December 31, 2010 surcharge factor for the additional EEPS Collection Amount for 2010 per the above two orders.

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  
SBC 3\_PSC 220