

nationalgrid

June 30, 2009

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

RE: Case No. 09-M-0311 – Implementation of Chapter 59 of the Laws of 2009 Establishing a Temporary Annual Assessment Pursuant to Public Service Law §18-a(6) - Order Implementing Temporary State Assessment – Issued June 19, 2009

Dear Secretary Brillling:

The attached leaves and statement, issued by Niagara Mohawk Power Corporation, d/b/a National Grid (“Company”), are being transmitted for filing in compliance with the above Order in Case No. 09-M-0311 issued by the New York State Public Service Commission (“Commission”):

First Revised Leaf No. 3
Original Leaf No. 263.1

Statement of Incremental State Assessment Surcharge (“ISAS”) No. 1

To P.S.C. No. 220 Electricity

Effective: July 1, 2009

Purpose of Filing

On April 7, 2009, New York State enacted the budget for 2009-2010, which required the Department of Public Service to collect a Temporary State Energy and Utility Service Conservation Act Assessment (Public Service Law (PSL) §18-a(6), effective from April 1, 2009 to March 31, 2014. This Temporary State Assessment is estimated to generate \$540 million in additional revenue during the 2009-2010 State Fiscal Year for the support of the State’s General Fund and applicable to electric, gas, steam and water corporations subject to Commission jurisdiction and the regulated utilities.

On June 19, 2009, an Order was issued in Case No. 09-M-0311, which directed the utilities to file tariff amendments within ten business days of issuance of this Order to become effective July 1, 2009 authorizing collection of the Temporary State Assessment, not recovered in base rates, for the period April 1, 2009 through March 31, 2014. This filing complies with this directive and proposes Rule No. 56 – Incremental State Assessment Surcharge (“ISAS”) to PSC No. 220 Electricity and Statement of Incremental State Assessment Surcharge No. 1.

The Incremental State Assessment will be allocated to each service classification based on the percentage of each service classification’s contribution to the total projected Intrastate Revenue (both delivery and supply) and delivery revenue associated with NYPA hydro sales under SC No. 4, Replacement and Expansion Power, Economic Development Power, and Power for Jobs. Also included in the total revenues is estimated sales revenue for the electricity supply sold to end-use customers by ESCos.

Beginning July 1, 2009 and each July 1st thereafter, the ISAS shall be designed to recover the Incremental State Assessment and other allowable associated costs as determined in the above

referenced Order. The ISAS is allocated to customers on a revenue basis and the surcharge is calculated in accordance with the way the Company bills its customers, either on a kW/kWh basis. This ISAS is class level and voltage level specific. In addition, it is applicable to customers' kW consumption associated with Empire Zone qualifying load and NYPA hydro sales under SC No. 4, Replacement and Expansion Power, Economic Development Power, and Power for Jobs. Customers served under individual contracts may be subject to this surcharge in accordance with the terms of their original agreement.

Included with this filing are the following attachments:

Attachment 1: PSC Annual Assessment (Regulatory Commission Fees)
PSL §18-a

Attachment 2: Estimated ESCo Revenue

Attachment 3: Summary of NY PSL Sec. 18-a Assessment Charges and Calculation of Delivery Revenue Allocator

Attachment 4: Rate Design

Attachment 5: Typical Bill Impacts

Attachment 6: Carrying Cost Calculation

Per Ordering Clause No. 3 of this Order, the provisions of Public Service Law §66(12)(b) applicable to electric corporations and Commission Rules (16 NYCRR §720-8.1) that require publication of tariff changes are waived.

Any questions regarding this filing should be directed to Pamela Dise, Manager, Electric Pricing Department, (315) 428-5172.

Please advise the undersigned of any future action regarding this filing.

Sincerely,

Pamela B. Dise, Manager
Regulation and Pricing

PBD/PJR
Attachments