



December 22, 2010

Honorable Jaclyn A. Brillling, 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

Case No. 07-M-0548, et al – Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard and Approving Programs

Dear Secretary Brillling:

The attached System Benefits Charge (“SBC”) Statement issued by Niagara Mohawk Power Corporation (d/b/a National Grid) is being transmitted for filing in compliance with the order in Case No. 05-M-0900 issued and effective December 21, 2005 and orders in Case No. 07-M-0548, et al., issued and effective June 23, 2008, October 23, 2009, January 4, January 20, and June 24, 2010.

Statement of System Benefits Charge No. 5

To P.S.C. No. 220 Electricity

Effective: January 1, 2011

Purpose of Filing:

The purpose of this filing is to establish the System Benefits Charge Factor No. 5, effective January 1, 2011 through December 31, 2011 in accordance with Rule No. 41-Adjustment to Charge Pursuant to the System Benefits Charge (“SBC”). The total factor effective January 1, 2011 consists of the Company’s allocation of SBC funding based on the following orders:

1. Order in Case No. 05-M-0090 – SBC III
2. Orders in Case No. 07-M-0548, et al. – EEPS SBC

1. Case No. 05-M-0090-SBC III

Ordering Clause No. 3 of the order in Case No. 05-M-0090 issued December 21, 2005 directed the Company to establish specific SBC collection rates to correspond to its collection allocation, as provided in Appendix A of this order, based on projections of the following year’s forecasted sales. Also, as directed by this ordering clause, any over or under collection amounts from the previous collection period will be reconciled and included in this annual collection rate. Accordingly this filing presents the SBC reconciliation for the time period of January 1, 2010

through December 31, 2010 and the development of a revised SBC III collection rate effective from January 1, 2011 through June 30, 2011.

The Company is proposing a revised SBC III collection rate of **\$0.001581/kWh**. It is projected the revised collection rate will recover **\$21,686,662** during January 1, 2011 through June 30, 2011, which includes the 2010 (January 1, 2010-December 31, 2010) over collection amount of **\$842,172** and the final SBC III collection amount for January 1, 2011 through June 30, 2011 **\$22,528,834**.

2. Case No. 07-M-0548, et al., - EEPS SBC Orders Establishing Energy Efficiency Portfolio Standard and Approving Programs

A) Order Issued and Effective June 23, 2008

Ordering Clause No. 1 directed that commencing on October 1, 2008, the annual level of SBC electric revenue collections will be increased from the current level of \$175 million to \$334,307,022 and continue through December 31, 2011.

In accordance with Ordering Clause No. 2 of the Order, an annual incremental amount of funding was directed to be collected by the Company as set forth in Table 16 of Appendix 1 for calendar year 2011 in the amount of **\$51,255,023**.

B) Order Issued and Effective October 23, 2009

Ordering Clause No.10 directed that commencing on January 1, 2010 the annual level of SBC electric revenue collections will be increased by \$74,548,721 and beginning in January 1, 2011 overall SBC electric revenue is increased by an additional \$15,334,222.

Per Appendix, 2, Table 5, the amount of EEPS SBC additional annual collections to be collected from electric customers of Niagara Mohawk to commence January 1, 2011 is **\$29,680,283**.

C) Order Issued and Effective January 4, 2010

Ordering Clause No.10 of this order directed that commencing on April 1, 2010, the annual level of SBC electric revenue collections will be increased by \$14,084,101 and beginning on January 1, 2011 the annual level of SBC revenue is increased by an additional \$11,322,007.

Per Appendix, 3, Table 7, the amount of EEPS additional annual collections to be collected from electric customers of Niagara Mohawk to commence January 1, 2011 is **\$10,679,912**

D) Order Issued and Effective January 20, 2010

Ordering Clause No.1 of this order directed that the Company should discontinue its Residential "Fast Track" electric energy efficiency programs by March 31, 2010. Further Ordering Clause No. 2 directed the Company to reduce its annual EEPS SBC electric collection rate by \$576,450 for 2010 and commencing April 1, 2010 and by \$768,600 for 2011.

Per this Order, the amount of EEPS SBC additional annual collections to be collected from electric customers of Niagara Mohawk to commence January 1, 2011 is reduced by **\$768,600**.

E) Order Issued and Effective June 24, 2010

Ordering Clause No.10 directed that commencing on October 1, 2010, the annual level of EEPS SBC electric revenue collections will be increased by \$2,542,274 and beginning on January 1, 2011 the annual level of EEPS SBC revenue is increased by an additional \$2,979,274.

Per Appendix, 2, Table 6, the amount of EEPS SBC additional annual collections to be collected from electric customers of Niagara Mohawk to commence January 1, 2011 is **\$1,509,121**.

The Company is proposing a revised EEPS SBC collection rate of **\$0.003361/kWh**. It is projected the revised collection rate will recover **\$92,556,448** during January 1, 2011 through December 30, 2011, which includes the 2010 (January 1, 2010-December 31, 2010) under collection amount of **\$200,709** and a total EEPS SBC collection amount for January 1, 2011 through December 31, 2011 of **\$92,355,739**.

This EEPS SBC incremental rate of adjustment of **\$0.003361/kWh** has been added to the SBC III Rate of Adjustment in Case No. 05-M-0090 of **\$0.001581/kWh** to establish a total SBC rate of adjustment of **\$0.004942/kWh** effective January 1, 2011.

The attachments included with this filing support the SBC reconciliation calculation and the development of the proposed SBC collection rate and EEPS SBC collection rate. The attachments are as follows:

Attachment 1: Actual and Estimated SBC III and EEPS SBC Collections for the period January 1, 2010 through December 31, 2010.

Attachment 2: Development of the SBC III collection amount effective January 1, 2011.

Attachment 3: Development of the EEPS SBC collection amount effective January 1, 2011.

Attachment 4: SBC Applicable Sales (kWh) for the Recovery Period of SBC III (January 1, 2011 through June 30, 2011) and EEPS SBC (January 1, 2011 through December 31, 2011).

Attachment 5: Development of SBC III and EEPS SBC Collection Rate effective January 1, 2011.

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 5_PSC 220