



February 28, 2012

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

Dear Secretary Brillling:

The attached Statement of Municipality Surcharge No. 1 issued by Niagara Mohawk Power Corporation d/b/a National Grid (the "Company") is being transmitted for filing in accordance with the requirements of the New York State Department Service Commission ("Commission").

Statement of Municipality Surcharge No. 1

To P.S.C. No. 214 Electricity

Effective: March 29, 2012

**Purpose of Filing:**

In accordance with Rule No. 32.2-Charges for Municipal Undergrounding in PSC No. 220 Electricity, if a municipality requests or requires, by resolution or other appropriate evidence of authority, that the Company relocate underground all or a portion of the Company's existing overhead distribution or transmission facilities within the boundaries of that municipality, the Company will recover the costs of complying with such request or requirements through a levelized surcharge applied to the kWh usage on the bills of all customers within the requesting municipality. This surcharge is to be applied for a period of 30 years, or a period not to exceed 30 years, as agreed upon by the Company and municipality.

In accordance with this rule, the Company is respectfully submitting Statement of Municipality Surcharge No. 1 for the Town of Queensbury to be effective for a fifteen (15) year term, commencing March 29, 2012 through March 31, 2027 for batch billed customers and April 1, 2012 through March 31, 2027 for calendar month billed customers. In accordance with Rule 32.2, Attachment No.1 of this filing provides the methodology used for calculating this surcharge.

In accordance with Rule 32.2.6, the Company will be notifying all affected customers of the resulting surcharge prior to implementation with a bill insert to be included in March 2012 billings describing this surcharge.

Any questions regarding the derivation of this factor included in this filing may be directed to Cynthia Casey, ESD Support Services at (518) 433-3667.

Please direct any other questions regarding this filing to the undersigned.

Sincerely,

*/s/ Patricia J. Rivers*

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

PJR  
Attachments