



September 16, 2011

Honorable Jaclyn A. Brillling, Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 10-E-0050 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation for Electric Service – Compliance Filing – Voluntary Hourly Pricing Filing

Dear Secretary Brillling:

The attached leaves, issued by Niagara Mohawk Power Corporation, d/b/a National Grid (“Company”), are being transmitted for filing in compliance with the Order issued June 21, 2011 by the Public Service Commission (“Commission”), State of New York in the above proceeding.

Eighth Revised Leaf No. 371
First Revised Leaf No. 377.1
Original Leaf No. 377.2
Ninth Revised Leaf No. 379
Original Leaf No. 389.1

To PSC No. 220 Electricity

Effective: January 1, 2012

On March 10, 2011 the Company submitted its implementation plan expanding Mandatory Hourly Pricing (“MHP”) to large general service customers over the 250 kW threshold. By Order issued June 21, 2011, the Commission approved the Company’s MHP implementation plan and also directed the Company to file tariff amendments to effectuate a Voluntary Hourly Pricing option for SC-3 Customers with demand below the 250 kW threshold and SC-2 Demand Customers (“Hourly Pricing Order”).¹ This filing was to be made within 90 days of issuance of the Hourly Pricing Order with tariff amendments to become effective June 1, 2013. The above leaves comply with this directive and implement Special Provision P-*Voluntary Electricity Supply Service for SC2 Demand Customers* and Special Provision N-*Voluntary Electricity Supply Service for SC3 Customers Below 250 kW*.

¹ The Hourly Pricing Order also required Niagara Mohawk to file tariff leaves to implement a Voluntary Hourly Pricing option for SC-2 Non-Demand customers. The Company’s filing regarding these customers is being submitted today under separate cover.

Honorable Jaclyn A. Brillling, Secretary
Case No. 10-E-0050
September 16, 2011

In the March 10 filing, the Company established an incremental monthly customer charge of \$43.46 to recover metering-related participant costs for MHP customers. This customer charge and the methodology used to determine this cost was approved by the Commission in the Hourly Pricing Order. The Company is proposing in this filing to keep the incremental monthly customer charge for Voluntary Hourly Pricing customers consistent with the MHP incremental customer charge of \$43.46 approved by the Commission in the Hourly Pricing Order.

Any costs used to develop this incremental customer charge that are deemed to be a re-allocation of existing costs already embedded in rates, will be credited back to SC-2 Demand and SC3 customers through the Revenue Decoupling Mechanism ("RDM"). Therefore, the Company will adjust the RDM to reflect the additional revenue requirement associated with the portion of the incremental customer charge for the SC-2D and SC3 Voluntary Hourly Pricing customers that represents incremental costs not currently recovered in base rates. The Company identified in the MHP filing that \$21.47 of the \$43.46 incremental customer charge is not an incremental cost to the Company. Therefore, the Company will increase the RDM annual revenue target for the SC-2 Demand and SC3 reconciliation group the incremental cost of \$21.99 (\$43.46-\$21.47).

Waiver of the requirements of 16 NYCRR §720-8 of the Commission's regulations as to newspaper publication is requested for this filing since newspaper publication was completed with the original filing in Case No.10-E-0050.

If you have any questions concerning this filing, please contact the undersigned.

Sincerely,

Pamela B. Dise,
Manager
Electric Pricing Department

PBD