



July 30, 2010

Honorable Jaclyn A. Brillling, Secretary
State of New York
Public Service Commission
Office of the Secretary, 19th Floor
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 08-G-0609 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Niagara Mohawk Power Corporation for Gas Services – Revenue Decoupling Mechanism

Dear Secretary Brillling:

The enclosed attachments, tariff leaf and statement, issued by Niagara Mohawk Power Corporation, d/b/a National Grid (“Niagara Mohawk” or “the Company”), are transmitted for filing in compliance with the requirements of the Public Service Commission and the Commission’s “Order Adopting The Terms of a Joint Proposal (the “Rate Order”) issued May 15, 2009 in Case 08-G-0609:

Second Revised Leaf No. 122.3
Statement No. 3 – Statement of Revenue Decoupling
To P.S.C. No. 219 Gas
Effective January 1, 2011

And

Attachment 1 – Annual RDM Reconciliation
Attachment 2 – Proxy Customer Count
Attachment 3 – Bill Comparisons (Original RDM Methodology)
Attachment 4 – Bill Comparisons (Proposed RDM Methodology)

1. Attachment 1 consists of 10 pages: Page 1 - the RDM reconciliation prepared in accordance with the JP, Section 2.2.5; Page 2 - the RDM reconciliation prepared with a proposal to combine the RDM surcharges/credits by service classification; Pages 3-10 - underlying workpapers used to develop the RDM.

Honorable Jaclyn A. Brillling, Secretary
July 30, 2010

Page 2

2. Attachment 2 consists of 4 pages: Page 1 - percentage of customer count variance; Page 2 - proxy customer count equal to minimum charge revenue divided by the minimum charge rate; Page 3 - number of actual customers per the Company's books for RDM Year 1; and Page 4 - minimum charge revenue by service classification.

3. Attachment 3 - Bill comparisons by service classification using the original RDM methodology.

4. Attachment 4 - Bill comparisons by service classification using the proposed RDM methodology.

The purpose of filing the aforementioned tariff leaf is to revise the groupings for which the revenue resulting from the RDM Mechanism is recovered/credited. The current leaf requires the Company to recover/refund the RDM surcharge/credit rate per therm separately for the six separate groupings. The Company is proposing to maintain the six separate groupings for purposes of calculating the revenue to be recovered/refunded but to combine the results by service classification for purposes of calculating the resulting rates per therm. The enclosed Statement of Revenue Decoupling contains the RDM surcharges/credits that result using the proposed methodology.

Contemporaneously with this filing, the Company is separately filing a petition with the Commission under this proceeding that seeks approval to combine the results by service classification for the purpose of calculating the resulting rates.

Should you have any questions or concerns regarding this filing, please contact me at (718) 403-2975 or at Dawn.Herrity@us.ngrid.com.

Very truly yours,

Dawn Herrity
Lead Analyst
Gas Pricing

Cc: Active parties in Case 08-G-0609 (by electronic mail)
/DH
Attachments