



September 17, 2008

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

Re: Case 07-M-0548

Dear Secretary Brillling:

The enclosed tariff leaf and System Benefits Charge Statement, issued by Niagara Mohawk Power Corporation, d/b/a National Grid (hereinafter "the Company") are transmitted for filing in compliance with the requirements of the Public Service Commission of the State of New York ("Commission").

Second Revised Leaf No. 122.1
System Benefits Charge Statement No. 3

To PSC No. 219 Gas

Effective: October 1, 2008

On July 31, 2008, the Company filed tariff revisions to its PSC No. 219 Gas Tariff to comply with Ordering Paragraph 6 of the Commission's June 23rd Order in Case 07-M-0548. The tariff revisions added new Rule 31 to its Gas Tariff to implement a Gas System Benefits Charge for its SC 1 residential customers. Ordering Paragraph 6 provided for the Company to implement a System Benefits Charge to SC 1 customers in order to implement a residential heating, ventilation and air-conditioning HVAC program commencing with the upcoming winter season.

The Company has been requested by the Commission's staff to make changes to Rule 31 to eliminate the Shareholder Incentive and Lost Revenue components of the System Benefits Charge. Further, the Company is filing SBC Statement No. 3 to implement a minor revision to the SBC charge to reflect the change in the authorized Program Costs issued by the Commission's July 3, 2008 Errata Notice in Case 07-M-0548. The Errata Notice changed Niagara Mohawk's d/b/a National Grid's allocated cost of the program from \$1,989,721 to \$1,959,811.

In accordance with Ordering Clause 6 of the Commission's June 23, 2008 Order, the requirement for newspaper publication in accordance with PSL § 66(12)(b) and 16 NYCRR 720-8.1 of the changes filed herein are waived.

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Questions regarding this filing should be addressed to Marcia Collier on 315-428-5692.
Please advise the undersigned of any action taken in regards to this filing.

Sincerely,

Marcia G. Collier
Manager Gas Pricing – Upstate NY

MGC/tlf (S:Tariffs/219Tariff/Docfiles/Letters/lett224)

Enclosures

cc: Daniel Wheeler, PSC
William Mills, PSC
Gary Ahern
Joseph Ash
Janet Audunson
Jennifer Feinstein
Bruce Johnson
Pete Luvera
Cathy Nesser
Carol White