

December 21, 2009

Honorable Jaclyn A. Brilling, 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 – Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard and Approving Programs

Case No. 08-E-1127, et al. - Order Approving Certain Commercial and Industrial Customer Energy Efficiency Programs With Modifications

Dear Secretary Brilling:

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, Order in Case No. 07-M-0548 issued and effective June 23, 2008 and Order in Case No. 08-E-1127 et al. issued and effective October 23, 2009.

Statement of System Benefits Charge No. 16

To P.S.C. No. 214 Electricity

Effective: January 1, 2010

Purpose of Filing:

The purpose of this filing is to establish the System Benefits Charge Factor No. 2, effective January 1, 2010 through December 31, 2010 in accordance with Rule No. 41-Adjustment to Charge Pursuant to the System Benefits Charge ("SBC"). The total factor for 2010 consists of the Company's allocation of SBC funding based on the following:

1. Order in Case No. 05-M-0090 – SBC III
2. Order in Case No. 07-M-0548 - EEPS
3. Order in Case No. 08-E-1127, et al. – Additional EEPS

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

Ordering Clause No. 3 of Order in Case No. 05-M-0090 issued December 21, 2005 directed the Company to annually 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, 2009 through December 31, 2009 and the development of a revised SBC III collection rate effective from January 1, 2010 through December 31, 2010.

For the period of January 1, 2010 through December 31, 2010, the Company is proposing a revised SBC III collection rate of **\$0.001718/kWh**. It is projected the revised collection rate will recover **\$46,647,394** during January 1, 2010 through December 31, 2010, which includes the 2009 (January 1, 2009-December 31, 2009) under collection amount of **\$1,589,725** and the annual collection amount of **\$45,057,668**.

2. Case No. 07-M-0548-EEPS

Ordering Clause No. 1 of order in Case No. 07-M-0548 issued June 23, 2008, 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. This increased funding would enable New York State to develop and encourage cost-effective energy efficiency over the long term and immediately commence or augment near-term efficiency measures. In the Order, several issues were addressed which the Commission believes are necessary in order to put in place an Energy Efficiency Portfolio Standard ("EEPS") for New York and to begin achieving energy savings.

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 2010 in the amount of **\$51,255,023**. Also, each utility was directed to establish its specific EEPS SBC collection rate on an annual basis to correspond to the collection allocation on projections of the following year's electric sales. Any over or under collections should also be reconciled on an annual basis. The 2009 reconciliation produced an under collection for 2009 in the amount of **\$2,091,998**. This amount combined with the annual collection amount of **\$51,255,023** brings the total collection amount to **\$53,347,021**.

3. Case No. 08-E-1127, et al. – Additional EEPS

Ordering Clause No.10 of order in Case No. 08-E-1127, et al., issued October 23, 2009, directed that commencing on January 1, 2010 the annual level of SBC electric revenue collections will be increased by \$74,548,721. In this order the Commission approved with modifications, selected Energy Efficiency Portfolio Standard (EEPS) electric and natural gas energy efficiency programs designed to serve the commercial and industrial customer market segment. This order also provided for adjustments to the rate of collections from ratepayers through the System Benefits charge to ensure the correct level of funding for all EEPS programs approved to date.

Per Appendix, 2, Table 5, the amount of EEPS additional annual collections to be collected by electric ratepayers for Niagara Mohawk to commence January 1, 2010 is **\$21,612,236**.

This additional EEPS amount of **\$21,612,236** has been added to the Item 2 - **Case No. 07-M-0090-EEPS** collection amount of **\$53,347,021** to bring the total EEPS SBC collection amount for the time period January 1, 2010 through December 31, 2010 to **\$74,959,257** which produces a revised EEPS SBC collection rate of **\$0.002761/kWh**.

This EEPS incremental rate of adjustment of **\$0.002761/kWh** has been added to the SBC III Rate of Adjustment established for the calendar year 2010 in Case No. 05-M-0090 of **\$0.001718/kWh** to establish a total SBC rate of adjustment of **\$0.004479/kWh** effective January 1, 2010 through December 31, 2010.

The attachments included with this filing support the SBC reconciliation calculation and the development of the proposed SBC collection rate and EEPS SBC rate. All attachments are footnoted accordingly to describe the calculations used and the input data required to perform the reconciliation and the development of the proposed SBC and EEPS SBC collection rate. The attachments are as follows:

Attachment 1: Actual and Estimated SBC and EEPS SBC Collections for the period January 1, 2009 through December 31, 2009 for SBC III and Incremental EEPS.

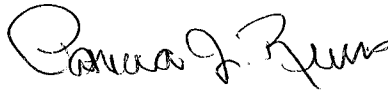
Attachment 2: Development of the January 1, 2010 through December 31, 2010 SBC III and Incremental EEPS Collection Amount for 2009.

Attachment 3: SBC Applicable Sales (kWh) for the Recovery Period January 1, 2010 through December 31, 2010

Attachment 4: Development of SBC and EEPS SBC Collection Rate, with additional EEPS funding, for Calendar Year 2010.

Please direct any questions regarding this filing to the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricia J. Rivers", written in a cursive style.

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

PJR
Attachments
SBC 16_PSC 214