



July 13, 2009

By Electronic Mail

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

Re: Revision to Niagara Mohawk's Tariff PSC 219 Gas

Dear Secretary Brilling:

Niagara Mohawk Power Corporation d/b/a National Grid ("Company") hereby files the following tariff leaves to become effective on November 1, 2009:

Third Revised Leaf No. 99
Third Revised Leaf No. 100

To P.S.C. No. 219 Gas

On June 29, 2009, the New York State Department of Taxation and Finance ("Department") issued an Advisory Opinion in which it determined that cities and villages in the State of New York have the authority to assess local gross receipts taxes on the transportation, transmission and distribution of unbundled energy under General City Law §20-b and Village Law §5-530. There is currently no provision in the Company's tariff that permits it to recover municipal gross receipts taxes from its customers in circumstances where the Company provides only the transmission and delivery service for customers and the gas supply is provided by an entity other than the Company. However, based on the Department's opinion, the Company believes that it is prudent to commence both paying such taxes and recovering them from customers on a prospective basis. The proposed tariff revisions would permit the Company to commence prospective recovery of municipal gross receipts taxes. By making this filing, the Company seeks to be made whole for such taxes as are lawfully assessed* and to avoid any penalties that may be applied to late payments.

* Under General City Law §20-b and Village Law §5-530, gross receipt taxes may be imposed under particular circumstances. The Company reserves its rights to contest the validity of tax assessments in circumstances where the Company provides only the transmission and delivery service for customers.

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The notice required by the State Administrative Procedures Act is included with this filing. Newspaper publication will be made as required by the Commission's regulations at 16 NYCRR Section 720-8. Please advise me of any future action regarding this filing.

Thank you for your attention to this matter.

Very truly yours,

Catherine L. Nesser

CLN:dh
Attachments

(s:/tariffs/219tariff/docfile/letters/lett259)