



June 30, 2009

Honorable Jaclyn A. Brilling, 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 No. 09-M-0311 – Implementation of Chapter 59 of the Laws of 2009  
Establishing a Temporary Annual Assessment Pursuant to Public Service Law §18-a(6) - Order Implementing Temporary State Assessment – Issued June 19, 2009**

Dear Secretary Brilling:

The attached tariff leaves and statement, issued by Niagara Mohawk Power Corporation, d/b/a National Grid (“Company”), are being transmitted for filing in compliance with the above Order in Case No. 09-M-0311 issued by the New York State Public Service Commission (“Commission”), State of New York:

Second Revised Leaf No. 122.7  
Second Revised Leaf No. 122.8  
Incremental State Assessment Surcharge No. 2

To PSC No. 219 Gas

Effective: July 1, 2009

**Purpose of Filing**

The attached tariff leaves to PSC No. 219 Gas are filed in compliance with Ordering Paragraph 1 of the Commission’s June 19, 2009 Order in Case 09-M-0311. Ordering paragraph 1 authorizes the collection of the Temporary State Assessment, not recovered in base rates, imposed pursuant to Chapter 59 of the Laws of 2009, Public Service Law Section 18-a(6) for the period April 1, 2009 through March 31, 2014.

The tariff leaves, filed herein, revise existing General Information Rule 35 – Incremental State Assessment Surcharge which was implemented on May 20, 2009 in compliance with the Commission’s May 15, 2009 Order in Case 08-G-0609. Ordering Paragraph 5 of the May 15, 2009 Order authorized Niagara Mohawk to surcharge Customers’ gas bills to collect the difference between the new higher level of total assessment and the amount reflected in the base delivery rates consistent with the terms of the May 15, 2009 Order.

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Consistent with the Company's methodology filed pursuant to Ordering Paragraph 5 of the May 15, 2009 Order, the Incremental State Assessment was allocated to each service classification based on the percentage of each service classification's contribution to the total projected Revenue (both delivery and supply) for the forecasted Twelve Months ending March 31, 2010.

Also included in the total revenues are estimated commodity revenues for the gas supply sold to end-use customers by energy service companies ("ESCOs"). The development of the estimated ESCO Commodity Revenue included in the Company's gross operating revenue from intrastate utility operations is set forth on Attachment No. 2.

The allocated Incremental State Assessment was divided by forecasted throughput for July 2009 through June 2010 for each Service Classification, yielding the Incremental State Assessment Surcharge (ISAS) for each service classification.

Beginning July 1, 2009 and each July 1<sup>st</sup> thereafter, the ISAS shall be designed to recover the Incremental State Assessment and other allowable associated costs as determined in the above referenced Order.

Included with this filing are the following attachments:

Attachment 1: PSC Annual Assessment (Regulatory Commission Fees) PSL §18a

Attachment 2: Estimated ESCO Commodity Revenue

Attachment 3: Summary of NY PSL Sec. 18-a Revenue Allocator

Attachment 4: Rate Design

Attachment 5: Bill Impacts

Attachment 6: Development of Working Capital Allowance

Per Ordering Clause No. 3 of this Order, the provisions of Public Service Law §66(12)(b) applicable to gas corporations and Commission Rules (16 NYCRR §720-8.1) that require publication of tariff changes are waived.

Any questions regarding this filing should be directed to Marcia G. Collier, Manager Gas Pricing – Upstate NY (315) 428-5692.

Please advise the undersigned of any future action regarding this filing.

Sincerely,

Marcia G. Collier  
Manager Gas Pricing Upstate NY