



August 17, 2012

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 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 (“RDM”)

Dear Secretary Brilling:

Niagara Mohawk Power Corporation d/b/a National Grid (“Niagara Mohawk” or the “Company”) submits for filing in compliance with the Commission’s “Order Adopting The Terms of a Joint Proposal” (the “Rate Order”), issued May 15, 2009 in the above referenced proceeding, the following:

Statement No. 6 – Statement of Revenue Decoupling To P.S.C. No. 219 Gas, Effective January 1, 2013.

Statement No. 6 sets forth the annual (calendar year 2013) RDM surcharge and revenue factors per customer for SC 1 (Residential Heat; Residential Non-heat), 2 (Residential, Commercial and Industrial) and 7, calculated in accordance with Section 2.2.5 of the Joint Proposal in this case. It will replace the currently effective Statement No. 5.

Reconciliation of Statement No. 4

On July 30, 2010, the Company filed its first RDM reconciliation which demonstrated a \$4,211,658 revenue shortfall. This shortfall was unitized into an RDM surcharge and “Statement No. 4 – Statement of Revenue Decoupling” went into effect on January 1, 2011 to recover this amount throughout calendar year 2011. During that period, the Company collected \$3,644,160 of RDM surcharges resulting in an under recovery of \$567,499. This year’s RDM reconciliation captures this under recovery plus prior period interest (June 2010 – May 2012) on the revenue shortfall of \$177,808.

Overall, the RDM reconciliation results in a revenue shortfall of \$7,240,014, including \$390,524 of interest. The Company’s RDM reconciliation calculation and supporting workpapers are attached.

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Attachment 1 consists of: the annual RDM reconciliation (pp.1-2) and the underlying workpapers used to develop the RDM reconciliation (pp. 3-10).

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

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

Very truly yours,

Dawn Herrity
Principal Analyst
Regulation & Pricing

cc: Active Parties (via DMM)

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Attachments