

April 27, 2012

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

Dear Secretary Brillling:

Enclosed are the following materials issued and transmitted for filing by Niagara Mohawk Power Corporation d/b/a National Grid ("Niagara Mohawk" or "Company") in accordance with the requirements of the New York State Public Service Commission ("Commission").

1. Revised tariff leaves listed in Attachment 1 for P.S.C. 220 and 214 Electricity and 219 Gas to become effective June 1, 2012. Although the revised tariff leaves are proposed to be effective June 1, 2012, Niagara Mohawk understands that, after customary suspension periods, they will likely become effective April 1, 2013.<sup>1</sup>
2. A proposed notice of this filing suitable for use under the State Administrative Procedure Act.
3. An electronic CD and 15 copies of the prepared written testimony and exhibits of the Company's witnesses, as identified in Attachment 2, in support of the proposed rate and tariff changes, which constitute Niagara Mohawk's direct case in support of its rate filing.

**The Rate Filing**

In this filing, Niagara Mohawk seeks to adjust its base electric and gas rates, which, if adopted, would be effective from April 1, 2013 through March 31, 2014. The Company is willing to explore a two or three year rate plan settlement and has included two additional years of data to facilitate those discussions.

The Company recognizes the current financial strain on many of our customers and has therefore timed this filing to take advantage of an opportunity to maintain bill stability for its electric customers while providing the Company with revenues sufficient to recover its costs of

<sup>1</sup> The revised tariff sheets are being transmitted electronically to the Commission contemporaneously with this filing in accordance with applicable procedures. Copies are included with this transmittal letter.

providing safe and reliable electric and gas service. Under its proposal, all electric customer classes, except street lighting classes, would experience a delivery rate decrease. The Company seeks to increase electric delivery base revenues by approximately \$130.7 million. Importantly, Niagara Mohawk's proposal is designed to coincide with the expiration of an electric deferral surcharge of approximately \$190 million, which would more than offset the requested increase. Under the Company's proposal, street lighting and gas customers would experience rate increases. The Company seeks to increase gas base revenues approximately \$39.8 million. That increase would be partially offset by the elimination of approximately \$15.3 million of deferral recovery from base rates. To further mitigate rate impacts for our gas customers, the Company proposes to amortize \$14.3 million per year of regulatory liabilities to customers for three years, resulting in a net increase in gas revenues of \$10.4 million.

Niagara Mohawk is experiencing a significant revenue deficiency despite nearly five years of cost reduction efforts across National Grid's US business that have lowered costs for Niagara Mohawk customers by more than \$100 million. Those cost reductions are fully reflected in the Company's proposed revenue requirements.

In advance of this filing, the Company met with numerous customers, state agencies, local governments, school districts and economic and community partners. With the benefit of the knowledge gained from that outreach, Niagara Mohawk has designed this filing to address the priorities shared among the Company, customers and regulators. The filing includes investment plans necessary to maintain safe and reliable electric and gas service, expanded economic development and low income programs to assist our communities and customers most in need, an innovative grant program to spur installation of alternative fuel vehicle charging stations, and a proposal to provide assistance to customers converting from oil to natural gas.

The proposals in this filing are necessary to provide the Company with compensatory rates, the opportunity to earn a reasonable return on equity and continued access to capital on reasonable terms. Such a rate structure will enable the Company to continue to provide safe and reliable electric and gas service and to meet the expectations of its customers.

Newspaper publication will be made in accordance with § 66(12) of the Public Service Law and 16 NYCRR § 720-8.

Respectfully submitted,

*Catherine L. Nesser*

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Catherine L. Nesser  
VP and Deputy General Counsel  
New York Regulatory

Attachments

The tariff leaves submitted for filing are as follows:

**PSC No. 220 Electricity**

Second Revised Leaf No. 4  
First Revised Leaf No. 77  
First Revised Leaf No. 78  
First Revised Leaf No. 87  
First Revised Leaf No. 123  
Second Revised Leaf No. 176  
Ninth Revised Leaf No. 182  
Ninth Revised Leaf No. 192  
Third Revised Leaf No. 213  
Fourth Revised Leaf No. 221  
Sixth Revised Leaf No. 222  
Third Revised Leaf No. 222.1  
Second Revised Leaf No. 222.2  
Third Revised Leaf No. 223  
Sixth Revised Leaf No. 228  
Fifth Revised Leaf No. 235  
Eighth Revised Leaf No. 263.2  
Second Revised Leaf No. 263.3  
Third Revised Leaf No. 263.7  
First Revised Leaf No. 287  
First Revised Leaf No. 288  
First Revised Leaf No. 325  
First Revised Leaf No. 332  
First Revised Leaf No. 342  
Ninth Revised Leaf No. 349  
First Revised Leaf No. 355  
Ninth Revised Leaf No. 359  
Tenth Revised Leaf No. 370  
Tenth Revised Leaf No. 371  
Ninth Revised Leaf No. 375  
Eighth Revised Leaf No. 376  
Eleventh Revised Leaf No. 379  
Eighth Revised Leaf No. 391  
Seventh Revised Leaf No. 408  
Seventh Revised Leaf No. 408.1  
Second Revised Leaf No. 408.4  
Third Revised Leaf No. 416  
Sixth Revised Leaf No. 417  
Ninth Revised Leaf No. 421  
Ninth Revised Leaf No. 422  
Ninth Revised Leaf No. 423

Ninth Revised Leaf No. 424  
Seventh Revised Leaf No. 432  
Seventh Revised Leaf No. 438  
First Revised Leaf No. 445  
First Revised Leaf No. 446  
First Revised Leaf No. 447  
Second Revised Leaf No. 448  
First Revised Leaf No. 449  
Third Revised Leaf No. 465  
Third Revised Leaf No. 467

Statement of Merchant Function Charge No. 4

**PSC No. 214 Electricity**

Sixth Revised Leaf No. 8  
Fifteenth Revised Leaf No. 9  
Twelfth Revised Leaf No. 10  
Ninth Revised Leaf No. 11  
Eighth Revised Leaf No. 14.1  
Seventh Revised Leaf No. 15  
Fifth Revised Leaf No. 16  
Fifth Revised Leaf No. 17  
Fifth Revised Leaf No. 18  
Thirty-second Revised Leaf No. 19  
Second Revised Leaf No. 19.1  
Eighth Revised Leaf No. 30  
Eighth Revised Leaf No. 31  
Tenth Revised Leaf No. 32  
Eighth Revised Leaf No. 33  
Eighth Revised Leaf No. 33.1  
Eighth Revised Leaf No. 34  
Seventh Revised Leaf No. 35  
Eighth Revised Leaf No. 36  
Ninth Revised Leaf No. 37  
Eighth Revised Leaf No. 38  
Ninth Revised Leaf No. 39  
Tenth Revised Leaf No. 42  
Eighth Revised Leaf No. 54  
Tenth Revised Leaf No. 55  
Eighth Revised Leaf No. 56  
Seventh Revised Leaf No. 62  
Twenty-fifth Revised Leaf No. 73  
Thirty-fourth Revised Leaf No. 82  
Fifth Revised Leaf No. 83

Sixth Revised Leaf No. 84

Statement of Merchant Function Charge No. 4

Effective: June 1, 2012

PSC No. 219 Gas

Seventh Revised Leaf No. 2

Fourth Revised Leaf No. 3

Fifth Revised Leaf No. 31

First Revised Leaf No. 31.1

First Revised Leaf No. 33

First Revised Leaf No. 34

Second Revised Leaf No. 35

Fourth Revised Leaf No. 37

First Revised Leaf No. 44

First Revised Leaf No. 72

Third Revised Leaf No. 88

First Revised Leaf No. 89

Third Revised Leaf No. 90

Original Leaf No. 90.1

Original Leaf No. 90.1.1

Fourth Revised Leaf No. 91

Fourth Revised Leaf No. 92

Fifth Revised Leaf No. 93

Sixth Revised Leaf No. 96

Original Leaf No. 96.1

Sixth Revised Leaf No. 98

Fourth Revised Leaf No. 100

Fifth Revised Leaf No. 111

First Revised Leaf No. 111.1

Third Revised Leaf No. 112

Third Revised Leaf No. 113

Third Revised Leaf No. 114

Third Revised Leaf No. 116

Fourth Revised Leaf No. 117

Fifth Revised Leaf No. 122

Sixth Revised Leaf No. 122.2

Fourth Revised Leaf No. 122.3

Fifth Revised Leaf No. 122.4

Original Leaf No. 122.4.1

Fifth Revised Leaf No. 122.5

Original Leaf No. 122.5.1

Original Leaf No. 122.5.2  
Fifth Revised Leaf No. 122.6  
Original Leaf No. 122.6.1  
Sixth Revised Leaf No. 122.7  
Ninth Revised Leaf No. 124  
Third Revised Leaf No. 125  
Seventh Revised Leaf No. 129  
Sixth Revised Leaf No. 130  
Original Leaf No. 130.1  
Sixth Revised Leaf No. 133  
Fifth Revised Leaf No. 134  
Second Revised Leaf No. 136  
Eighth Revised Leaf No. 137  
Third Revised Leaf No. 138  
First Revised Leaf No. 139  
Fourteenth Revised Leaf No. 141  
Twelfth Revised Leaf No. 150  
Sixth Revised Leaf No. 154  
Eighth Revised Leaf No. 155  
Sixth Revised Leaf No. 160  
Fifth Revised Leaf No. 171  
Eighth Revised Leaf No. 176  
Ninth Revised Leaf No. 177  
Fifth Revised Leaf No. 182  
Third Revised Leaf No. 187  
Third Revised Leaf No. 188  
Sixth Revised Leaf No. 189  
Fourth Revised Leaf No. 215.2  
Eleventh Revised Leaf No. 216.1  
Original Leaf No. 216.1.1

Statement of Merchant Function Charge No. 38

Effective: June 1, 2012

Niagara Mohawk Power Corporation  
d/b/a National Grid  
2012 Electric and Gas Rate Case  
List of Witnesses

<b>Witness</b>	<b>Title</b>	<b>Purpose of Testimony</b>
<b>Kenneth D. Daly</b>	President, New York	Policy Issues, Overview of Filing
<b>Robert B. Hevert</b>	Managing Partner, Sussex Economic Advisors, LLC	Return on Equity
<b>Mustally A. Hussain</b>	Director of Integrated Analytics	Cost of Capital and Capital Structure
<b>Human Resources Panel</b>		Employee Compensation and Benefits
Maureen P. Heaphy	Vice President, US Compensation, Benefits and Pensions	
John Goudelias	Towers Watson	
Janet Fuersich	Towers Watson	
<b>Information Systems Panel</b>		Major Information Systems Investments and Initiatives Including the US Foundation Program
Matthew Guarini	Vice President, US Information Services	
Michael Kyle	Director, US Foundation Program	
<b>A. Leo Silvestrini</b>	Manager, Gas Load Forecasting and Analysis	Gas Sales Forecast
<b>Joseph F. Gredder</b>	Manager, Electric Forecasting and Analysis	Electric Sales Forecast
<b>Elizabeth D. Arangio</b>	Director, Gas Supply Planning	Gas Supply Purchasing
<b>Management Audit Panel</b>		Management Audit Implementation Plan
Peter T. Zschokke	Director, Regulatory Strategy	
Margaret M. Janzen	Director, Wholesale Electric Supply	

Niagara Mohawk Power Corporation  
d/b/a National Grid  
2012 Electric and Gas Rate Case  
List of Witnesses

<b>Witness</b>	<b>Title</b>	<b>Purpose of Testimony</b>
<b>Shared Services and Customer Panel</b>		Property Tax, Uncollectible Expense and Customer Service Operations and Initiatives
Rudolph L. Wynter, Jr.	Senior Vice President, Shared Services	
Evelyn Kaye	Vice President, Transactions Delivery Center	
Edward H. White	Vice President, Customer and Business Strategy	
<b>Service Company Panel</b>		Service Company Structure, Charges and Allocations
David Doxsee	Vice President, Finance	
James Molloy	Director, Revenue Requirements, Upstate New York	
Sharon Partridge	Vice President, Service Company and Regulatory Accounting	
<b>Dr. Ronald E. White</b>	Chairman, Foster Associates, Inc.	Gas Depreciation Rates
<b>Revenue Requirements Panel</b>		Revenue Requirements
David Doxsee	Vice President, Finance	
James Molloy	Director, Revenue Requirements for Upstate New York	
<b>Electric Rate Design Panel</b>		Electric Marginal and Embedded Cost of Service Studies, Revenue Forecast, Rate Design, Tariffs
Pamela Dise	Manager, Electric Pricing New York	

Niagara Mohawk Power Corporation  
d/b/a National Grid  
2012 Electric and Gas Rate Case  
List of Witnesses

<b>Witness</b>	<b>Title</b>	<b>Purpose of Testimony</b>
Howard Gorman	President, HSG Group Inc.	
Kellie Smith	Lead Analyst, Electric Pricing New York	
<b>Gas Rate Design Panel</b>		Gas Marginal and Embedded Cost of Service Studies, Revenue Forecast, Rate Design, Tariffs
Melissa Nairn	Manager, Gas Pricing New York	
Dawn Herrity	Principal Analyst, Gas Pricing New York	
Joseph Trainor	Manager, Black and Veatch Corporation	
<b>Gas Infrastructure and Operations Panel</b>		Capital Infrastructure and Gas System Operations
Ellen S. Smith	Executive Vice President and Chief Operations Officer	
William J. Akley	Senior Vice President, Maintenance and Construction	
Laurie T. Brown	Director, Network Strategy-Gas	
<b>Electric Infrastructure and Operations Panel</b>		Capital Infrastructure and Electric System Operations
Ellen S. Smith	Executive Vice President and Chief Operations Officer	
Keith P. McAfee	Vice President, New York Electric	
Allen C. Chieco	Director Network Strategy, New York Electric	
<b>Charles F. Willard</b>	Director, Site Investigation and Remediation	SIR Program

**STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION  
NOTICE OF PROPOSED RULEMAKING**

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedures Act, NOTICE is hereby given of the following proposed rule:

**Proposed Action:** The Public Service Commission is considering whether to approve or reject, in whole or in part, revised tariff leaves filed by Niagara Mohawk Power Corporation d/b/a National Grid ("Niagara Mohawk") that would increase the Company's electric and gas base delivery revenues by \$130.7 million and \$39.8 million, respectively, effective April 1, 2013, and make other tariff amendments and accounting changes.

**Statutory Authority:** Public Service Law § 66.

**Subject:** A tariff filing requesting electric and gas base delivery rate changes and approval of tariff amendments and accounting changes.

**Purpose:** To determine whether Niagara Mohawk's tariff filing to increase electric and gas base revenues by \$130.7 million and \$39.8 million, respectively, and to implement other tariff amendments and accounting changes should be approved.

**Substance of proposed rule:** Niagara Mohawk has filed revised tariff leaves that would increase electric and gas base revenues by \$130.7 million and \$39.8 million, respectively, and modify other tariff provisions and make accounting changes. The Company proposes that new rates, following customary suspension periods, would become effective April 1, 2013 such that the electric delivery increase would be more than offset by the expiration of a deferral surcharge of approximately \$190 million annually, resulting in a decrease in electric delivery rates for all customer classes except street lighting classes. Under the Company's proposal, the gas base rate increase would be partially offset by the elimination of a base rate allowance of approximately \$15.3 million of deferral recovery. In addition, the Company proposes to amortize deferred liabilities of \$14.1 million per year for three years, resulting in a net increase in gas delivery revenues of \$10.4 million.

**Text of proposed rule and any required statements and analyses may be obtained by filing a Document Request Form (F-96) located on our website <http://www.dps.state.ny.us/f96dir.htm>. For questions, contact:** Central Operations, Public Service Commission, Bldg. 3, Empire State Plaza, Albany, NY 12223-1350, (518) 474-6530.

**Data, views or arguments may be submitted to:** Jaclyn A. Brillling, Secretary, Public Service Commission, Bldg. 3, Empire State Plaza, Albany, NY 12223-1350, (518) 474-6530.

**Public comment will be received until:** Forty-five (45) days after publication of this notice.

**Regulatory Impact Statement, Regulatory Flexibility Analysis, Rural Area Flexibility Analysis and Job Impact Statement:** Statements and analyses are not submitted with this notice because the rule is within the definition contained in § 102(2)(a)(ii) of the State Administrative Procedure Act.

NEW YORK STATE DEPARTMENT OF PUBLIC SERVICE

METHOD OF SERVICE FORM

2012 APR 27 AM 8:17

This form should be filed with all new petitions and applications that require action by the Commission. It will allow us to serve you with the Commission decision using the method you select.

Name:	Catherine L. Nesser
Your Company/Organization:	Niagara Mohawk Power Corporation d/b/a National Grid
Mailing Address:	One MetroTech Center Brooklyn, NY 11201
Company/Organization you represent, if different from above:	_____
E-Mail Address:	catherine.nesser@us.ngrid.com
Case/Matter # (if known)	_____

If you consent to receive Commission-issued orders electronically, you will receive all Commission-issued documents electronically. If you do not consent to receive Commission-issued orders electronically, you will receive all Commission-issued documents by mail.

Check the box(es) in A or B, below:

A.

I am authorized by the party I represent to grant consent to receive electronic-only service of Commission-issued orders, AND

I, on behalf of myself or the party I represent, knowingly waive the right specified in Public Service Law §23(1) to be served personally or by mail with orders that affect me or the party I represent and consent to receive service of Commission-issued orders by electronic means only. This consent remains in effect until revoked.

B

I do not consent to receive electronic service and instead request that the DPS mail Commission-issued document(s) to me.

Signature: Catherine L. Nesser	Date: April 27, 2012
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Please note that this form applies to this filing only.

To the extent possible, please file this form in .pdf format.