

March 29, 2013

VIA ELECTRONIC FILING

Honorable Jeffrey C. Cohen
Acting Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 10-E-0050 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation for Electric Service

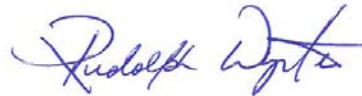
Dear Acting Secretary Cohen:

Pursuant to Attachment 1 of the Rate Plan Provisions, which were adopted by the Commission in its *Order Adopting Rate Plan Provisions* (issued and effective July 17, 2012) in the above-captioned matter, Niagara Mohawk Power Corporation d/b/a National Grid (“Company”) respectfully submits its Annual Service Quality Assurance Program Report for the year ended December 31, 2012.

The Company is pleased to report that it met all of the service quality performance metrics in 2012.

Thank you for your time and attention.

Respectfully submitted,



Rudolph Wynter

Attachments

cc: Douglas Elfner
Thomas Dvorsky
Rajendra Addepalli
Luann Scherer
Leonard Silverstein
Michael Worden
Christian Bonvin
Denise Gerbsch

PSC Case No. 10-E-0050
Niagara Mohawk Power Corporation d/b/a National Grid
Service Quality Assurance Program Report
For the Year Ended December 31, 2012

Summary
Sheet 1

TARGET		POTENTIAL 2012 ANNUAL NEGATIVE REVENUE ADJUSTMENT	ACTUAL YTD RESULTS THROUGH 31-Dec-2012	Penalty Incurred
Customer Service Measures:				
1a. Annual PSC Complaint Rate - Electric				
Rate Interval (per 100K customers)				
< 1.5		\$0	0.4 (a)	\$0
=1.5		\$880,000		
>1.5 - 2.5		\$880,000 to \$6,080,000		
>2.5		\$6,080,000		
1b. Annual PSC Complaint Rate - Gas				
Rate Interval (per 100K customers)				
< 3.0		\$0	0.4 (b)	\$0
=3.0		\$200,000		
>3.0 - 5.0		\$200,000 to \$1,600,000		
>5.0		\$1,600,000		
2. Residential Transaction Satisfaction Index				
Residential Transaction Satisfaction Index Interval				
>82.0		\$0	85.2%	\$0
=82.0		\$540,000		
<82.0 - 78.0		\$540,000 to \$3,840,000		
<78.0		\$3,840,000		
3. Small/Medium Commercial & Industrial(C&I) Transaction Satisfaction Index				
C&I Transaction Satisfaction Index Interval				
>75.1		\$0	80.2%	\$0
=75.1		\$540,000		
<75.1 - 71.1		\$540,000 to \$3,840,000		
<71.1		\$3,840,000		
4. Percentage of Meters Read				
Percent Meters Read				
>96.0		\$0	98.9%	\$0
=96.0		\$50,000		
<96.0 - 95.0		\$50,000 to \$400,000		
<95.0		\$400,000		
5. Percentage of Calls Answered within 30 Seconds				
Percent Calls Answered within 30 Seconds				
>78.0		\$0	81.6%	\$0
=78.0		\$540,000		
<78.0 - 72.0		\$540,000 to \$3,840,000		
<72.0		\$3,840,000		
6. AffordAbility				
Goal	Annual Enrollment (No. of Customers)	Performance Against Goal		
3,780	>3,591	>95.0%	\$0	3,848
	=3,591	=95.0%	\$100,000	
	<3,591 - 3,402	<95.0% - 90.0%	\$100,000 to \$200,000	
	<3,402	<90.0%	\$200,000	

PSC Case No. 10-E-0050
Niagara Mohawk Power Corporation d/b/a National Grid
Service Quality Assurance Program Report
For the Year Ended December 31, 2012

Summary
Sheet 2

<u>TARGET</u>	<u>POTENTIAL 2012 ANNUAL NEGATIVE REVENUE ADJUSTMENT</u>	<u>ACTUAL YTD RESULTS THROUGH 31-Dec-2012</u>	<u>Penalty Incurred</u>
<u>Electric Reliability Measures:</u>			
<u>7. System Average Interruption Frequency Index(SAIFI)</u>			
<u>SAIFI Interval (Number of outages per customer per year)</u>			
1.13 or below	\$0	0.90	\$0
Greater than 1.13 but less than or equal to 1.19	\$3,000,000		
Greater than 1.19	\$6,000,000		
<u>8. Customer Average Interruption Duration Index(CAIDI)</u>			
<u>CAIDI Interval (Average hours per interruption)</u>			
2.05 or below	\$0	2.04	\$0
Greater than 2.05 but less than or equal to 2.15	\$3,000,000		
Greater than 2.15	\$6,000,000		
<u>9. Estimating</u>			
<u>Distribution and sub-Transmission projects</u>			
>= 80%	\$0	80.4%	\$0
< 80%	\$2,000,000		
<u>10. Standardized Interconnection Requirements</u>			
a) Application processing	\$0	92.5%	\$0
Percent of applications completed within specified timeframe	\$2,000,000		
Failure to process >=90 % of the aggregate of completed application received within the set timeframe			
b) Installation of net meters	\$0	95.3%	\$0
Percent of meters installed within 10 days	\$2,000,000		
Failure to install > = 90% of net meters within 10 day timeframe			

*NOTE:

(a) & (b) Niagara Mohawk's electric and gas businesses have different performance targets. The performance target for the electric business was modified in Case 10-E-0050. The performance target for the gas business was modified in Case 08-G-0609.

<u>Customer Service Measures:</u>	<u>Reference</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>YTD</u>
1. Annual PSC Complaint Rate	(a) & (b)	0.5	0.3	0.2	0.5	0.5	0.2	0.5	0.5	0.8	0.3	0.5	0.3	0.4
2. Residential Transaction Satisfaction Index		83.2%	85.2%	84.7%	82.7%	85.5%	85.6%	87.5%	87.4%	85.5%	85.3%	85.7%	84.5%	85.2%
3. Small/Medium Commercial & Industrial(C&I) Transaction Satisfaction Index		71.2%	79.8%	76.8%	88.1%	82.1%	82.5%	75.4%	82.3%	84.0%	84.8%	77.6%	78.6%	80.2%
4. Percentage of Meters Read		99.0%	98.9%	99.1%	99.1%	99.1%	99.0%	98.9%	98.9%	98.8%	98.8%	99.0%	98.9%	98.9%
5. Percent Calls Answered within 30 Seconds		75.4%	83.6%	82.2%	85.8%	87.8%	86.6%	82.0%	80.8%	76.7%	78.0%	80.2%	81.2%	81.6%
6. AffordAbility Enrollment		104	212	329	418	413	349	285	290	433	393	258	364	3848
<u>Electric Reliability Measures:</u>														
7. System Average Interruption Frequency Index(SAIFI)	(f)	0.10	0.03	0.08	0.07	0.07	0.09	0.15	0.08	0.08	0.06	0.04	0.05	0.90
8. Customer Average Interruption Duration Index(CAIDI)	(g)	2.00	1.76	1.67	2.25	1.74	2.02	2.58	1.74	2.26	1.83	1.75	2.07	2.04
9. Estimating (YTD)	(c)												80.4%	80.4%
10. Standardized Interconnection Requirements (SIR)														
a) Application processing (YTD)	(d)												92.5%	92.5%
b) Installation of net meters (YTD)	(e)												95.3%	95.3%

*NOTE:

(a) & (b) Niagara Mohawk's electric and gas businesses have different performance targets. The performance target for the electric business was modified in Case 10-E-0050. The performance target for the gas business was modified in Case 08-G-0609. Results updated since prior filing.

(c) through (g) Results updated since prior filing.

Case No. 10-E-0050

**Niagara Mohawk Power Corporation d/b/a
National Grid
Service Quality Assurance Program Report
For the Year Ended December 31, 2012**

Case No. 10-E-0050
Niagara Mohawk Power Corporation d/b/a National Grid
Service Quality Assurance Program Report
For the Year Ended December 31, 2012

I. INTRODUCTION

Pursuant to Attachment 1 of the Rate Plan Provisions, which were adopted by the Commission in its *Order Adopting Rate Plan Provisions* (issued and effective July 17, 2012) in Case 10-E-0050, Niagara Mohawk Power Corporation d/b/a National Grid (“Niagara Mohawk” or “Company”) submits this report on its Service Quality Assurance Program for the year ended December 31, 2012.

For calendar year 2012, Niagara Mohawk met all of the customer service and electric reliability performance measures.

This report includes an overview of the Company’s Customer Service organization during 2012, details on performance results for the customer service and electric reliability performance measures, and an overall assessment of customer service for the year.

II. CUSTOMER SERVICE 2012 OVERVIEW

Throughout 2012, Niagara Mohawk’s Customer Service organization continued to implement best practices and process improvements to deliver the service that the Company’s customers deserve. The centerpiece of Niagara Mohawk’s customer service efforts is the Customer Call Center in Syracuse, New York. The Call Center is open for full service Monday through Friday with limited services on Saturday. For emergency and outage calls, the Center is open 24 hours a day, 365 days a year. The Call Center management team works to promote Niagara Mohawk’s values, vision, and mission statement through coaching, evaluating, and measuring performance. Another organization that contributes to customer service efforts is the Company’s Accounts Processing organization. This organization, which is located in Syracuse and Niagara Falls, is responsible for ensuring bill accuracy, revenue integrity, and timely cash flow. To ensure the best customer experience possible, both the Customer Call Center and the Accounts Processing organization receive extensive training throughout the year specific to meeting both the needs of customers and the Company’s regulatory obligations. In addition, Niagara Mohawk has a group, the Escalated Complaint Management UNY, located in Syracuse dedicated to handling escalated complaints received by the Company directly as well as from the Commission. The Escalated Complaint Management UNY is dedicated to resolving escalated customer issues, ensuring that the Company’s regulatory customer policies are followed consistently, and managing the Commission’s Quick Resolution Process

for the Company. Every employee within the Customer Service organization at Niagara Mohawk is committed to providing the highest quality service to customers in Upstate New York.

III. CUSTOMER SERVICE MEASURES

1. Annual PSC Complaint Rate

Niagara Mohawk's electric and gas businesses have different performance targets for the PSC Complaint Rate measure. The performance target for the electric business is 1.5 complaints per 100,000 customers, while the target for the gas business is 3.0 complaints per 100,000 customers. Although the performance targets are different, the calculation of complaints per 100,000 customers is based on the total sum of all charged complaints received regardless of whether an electric or gas complaint.

Table 3-1

<u>Year</u>	<u>PSC Complaint Volume</u>	<u>PSC Complaint Rate</u>
2012	87	0.42
2011	135	0.66
2010	155	0.76
2009	210	1.03
2008	179	0.88
2007	195	0.96

As Table 3-1 indicates, Niagara Mohawk achieved a complaint rate of 0.42 per 100,000 customers in 2012. Complaint volumes for both QRS (non-charged) and SRS (charged complaints) were down from 2011 levels. Credit and collections and billing issues continue to account for the majority of charged complaints. The Company's administration of credit and collections policies and programs attempts to minimize total arrears by working with customers on an individual basis. Niagara Mohawk continues to focus on improving credit and collections performance, while maintaining customer satisfaction and holding the complaint rate at an absolute minimum. The Company continues to resolve the vast majority of initial contacts, thereby minimizing the total number of charged complaints.

The top 14 complaint types, as illustrated in Table 3-2, accounted for 74.8 percent of Niagara Mohawk's charged complaints in 2012. "Final termination notice received" was the most frequent complaint received in 2012 followed by "Back billing."

Table 3-2

<u>Complaint Type</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Electric outage related</u>	<u>8 (8)</u>	<u>13 (5)</u>	<u>26 (1)</u>	<u>19 (2)</u>	<u>8 (5)</u>	<u>10 (7)</u>	<u>4 (9)</u>	<u>6 (6)</u>	<u>2 (6)</u>
<u>High bill</u>	<u>23 (1)</u>	<u>21 (2)</u>	<u>22 (2)</u>	<u>38 (1)</u>	<u>33 (1)</u>	<u>28 (1)</u>	<u>27 (1)</u>	<u>15 (3)</u>	<u>2 (6)</u>
<u>Back billing</u>	<u>17 (3)</u>	<u>8 (7)</u>	<u>17 (3)</u>	<u>11 (5)</u>	<u>11 (4)</u>	<u>16 (5)</u>	<u>9 (5)</u>	<u>10 (4)</u>	<u>10 (2)</u>
<u>Final termination notice received</u>	<u>10 (6)</u>	<u>14 (4)</u>	<u>9 (4)</u>	<u>19 (2)</u>	<u>22 (2)</u>	<u>22 (2)</u>	<u>25 (2)</u>	<u>22 (1)</u>	<u>16 (1)</u>
<u>Responsibility for bill</u>	<u>17 (3)</u>	<u>16 (3)</u>	<u>8 (5)</u>	<u>19 (2)</u>	<u>15 (3)</u>	<u>22 (2)</u>	<u>22 (3)</u>	<u>15 (3)</u>	<u>6 (3)</u>
<u>Acct Init – UCB</u>	<u>9 (7)</u>	<u>11 (6)</u>	<u>8 (5)</u>	<u>4 (8)</u>	<u>6 (6)</u>	<u>11 (6)</u>	<u>=</u>	<u>2 (9)</u>	<u>4 (5)</u>
<u>Service delay – New</u>	<u>6 (10)</u>	<u>14 (4)</u>	<u>6 (7)</u>	<u>8 (6)</u>	<u>6 (6)</u>	<u>4 (8)</u>	<u>10 (4)</u>	<u>16 (2)</u>	<u>2 (6)</u>
<u>Initial/final bill</u>	<u>11 (5)</u>	<u>11 (5)</u>	<u>6 (7)</u>	<u>3 (10)</u>	<u>0 (11)</u>	<u>0 (11)</u>	<u>=</u>	<u>2 (9)</u>	<u>6 (3)</u>
<u>Transfer</u>	<u>14 (4)</u>	<u>8 (6)</u>	<u>6 (7)</u>	<u>2 (11)</u>	<u>2 (9)</u>	<u>4 (8)</u>	<u>7 (6)</u>	<u>5 (7)</u>	<u>2 (6)</u>
<u>Line extension charges</u>	<u>8 (8)</u>	<u>6 (8)</u>	<u>6 (7)</u>	<u>4 (8)</u>	<u>1 (10)</u>	<u>3 (10)</u>	<u>3 (11)</u>	<u>2 (9)</u>	<u>5 (4)</u>
<u>CONP</u>	<u>23 (1)</u>	<u>24 (1)</u>	<u>5 (11)</u>	<u>6 (7)</u>	<u>6 (6)</u>	<u>20 (4)</u>	<u>6 (7)</u>	<u>9 (5)</u>	<u>6 (3)</u>
<u>Right of way</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>6 (7)</u>	<u>=</u>	<u>1 (7)</u>
<u>Relocation</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>4 (9)</u>	<u>3 (8)</u>	<u>2 (6)</u>
<u>Switched Meters</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>3 (11)</u>	<u>1 (10)</u>	<u>1 (7)</u>
<u>Estimated Read</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>3 (11)</u>	<u>1 (10)</u>	<u>=</u>

2. Residential Transaction Satisfaction Index

The Residential Transaction Satisfaction Index performance measure is calculated from monthly telephone survey results of a sample of residential customer transactions with the Company occurring in each month of the calendar year.

The survey population includes a sample of customers who in that month had any one of the following transactions with the Company:

1. Connect
2. Disconnect
3. Electric Service Orders/Gas Service Orders
4. Service Orders
5. Budget
6. High Bill
7. Collections
8. Direct Debit

The telephone survey includes a customer satisfaction question (Question No. 28) that is used to measure the Company's performance. Only surveys where the respondent answered question No. 28 will be considered complete. The question asks the customer: "Overall, on a scale from 1 to 10, where 1 means dissatisfied and 10 mean satisfied, how satisfied are you with the services provided by National Grid?" Monthly satisfaction scores represent the percentage of customers who gave a Top 3 rating (8, 9, or 10). The annual index score is a year-to-date measure of customers who provided a score of 8 or higher on the question. Table 3-3 depicts the monthly performance scores for 2012.

Table 3-3

UNY Residential Scores						
2012	Satisfaction with Services (Q.28)	Base		2011	Satisfaction with Services (Q.28)	Base
Jan-12	83.2%	600		Jan-11	84.3%	600
Feb-12	85.2%	603		Feb-11	84.1%	598
Mar-12	84.7%	594		Mar-11	81.3%	603
Apr-12	82.7%	596		Apr-11	85.9%	601
May-12	85.5%	593		May-11	85.7%	600
Jun-12	85.6%	591		Jun-11	83.4%	603
Jul-12	87.5%	598		Jul-11	84.2%	589
Aug-12	87.4%	594		Aug-11	86.7%	602
Sep-12	85.5%	595		Sep-11	83.8%	599
Oct-12	85.3%	600		Oct-11	84.8%	600
Nov-12	85.7%	593		Nov-11	81.2%	601
Dec-12	84.5%	599		Dec-11	85.8%	598
YTD	85.2%	7156		YTD	84.3%	7194

Compared with 2011, Niagara Mohawk's overall performance increased (+) 0.9 percentage points.

3. Small/Medium Commercial and Industrial ("C&I") Transaction Satisfaction Index

The Small/Medium C&I Transaction Satisfaction Index performance measure is calculated from monthly telephone survey results of a sample of SC2 customer transactions occurring in each month of the calendar year. The survey population includes a sample of customers who in that month had any one of the following transactions with the Company:

1. Connect
2. Disconnect
3. Electric Service Orders/ Gas Service Orders
4. Service Orders
5. Budget
6. High Bill
7. Collections
8. Direct Debit

The telephone survey includes a customer satisfaction question (Question No. 28) that is used to measure the Company's performance. Only surveys where the respondent answered question No. 28 will be considered complete. The question asks the customer: "Overall, on a scale from 1 to 10, where 1 means

dissatisfied and 10 mean satisfied, how satisfied are you with the services provided by National Grid?” Monthly satisfaction scores represent the percentage of customers who gave a Top 3 rating (8, 9, or 10). The annual index score is a year-to-date measure of customers who provided a score of 8 or higher on the question.

Small/Medium C&I customer contacts continue to be handled by a specialized group within the Customer Call Center. The Company continues to provide refresher training, quality monitoring, and individualized coaching for members of the small commercial customer team

Table 3-4 depicts the monthly performance scores for 2012.

Table 3-4

UNY C&I Scores					
2012	Satisfaction with Services (Q.28)	Base	2011	Satisfaction with Services (Q.28)	Base
Jan-12	71.2%	125	Jan-11	75.6%	123
Feb-12	79.8%	124	Feb-11	78.3%	129
Mar-12	76.8%	138	Mar-11	78.4%	125
Apr-12	88.1%	126	Apr-11	81.6%	125
May-12	82.1%	123	May-11	77.0%	126
Jun-12	82.5%	126	Jun-11	79.8%	129
Jul-12	75.4%	126	Jul-11	82.1%	123
Aug-12	82.3%	124	Aug-11	73.5%	132
Sep-12	84.0%	125	Sep-11	84.4%	128
Oct-12	84.8%	125	Oct-11	81.7%	126
Nov-12	77.6%	125	Nov-11	76.7%	129
Dec-12	78.6%	131	Dec-11	80.0%	125
YTD	80.2%	1518	YTD	79.1%	1520

Compared with 2011, Niagara Mohawk’s overall performance increased (+) 1.1 percentage points.

4. Percent of Meters Read

This measure represents the percentage of meters actually read in the calendar year. The measure includes reads from all sources – AMR, meter readers, other Niagara Mohawk field personnel, as well as customers themselves – provided within the four day billing window of the Company’s Customer Service System. The measure is the percent meters read of the total meters scheduled to be read during the year.

The primary driver of meter reading performance has historically been access. Meter reading performance has improved with the increasing number of outside meters and the implementation of automated meter readings, which began in late 2002.

Niagara Mohawk ended 2012 with an annual percent meters read of 98.93 percent from all sources as shown in Table 3-5.

Table 3-5

2012 Month	Meters Scheduled	Meters Read During Window	Percent Meters Read
January	2,301,217	2,277,506	98.96%
February	2,303,176	2,278,625	98.93%
March	2,302,529	2,280,909	99.06%
April	2,303,995	2,282,808	99.08%
May	2,303,079	2,281,801	99.07%
June	2,304,755	2,280,737	98.95%
July	2,304,766	2,278,277	98.85%
August	2,306,859	2,280,820	98.87%
September	2,306,391	2,277,800	98.76%
October	2,308,717	2,280,537	98.77%
November	2,308,688	2,285,123	98.97%
December	2,311,276	2,286,711	98.93%
Annual	27,665,448	27,371,654	98.93%

5. Percent of Calls Answered within 30 Seconds

This measure is the percentage of all inbound customer service and collection calls to Niagara Mohawk or its agents, regardless of location, that are answered within 30 seconds. The measure excludes calls answered by any current or future Integrated Voice Response (“IVR”) applications, such as Customer Connection or OnCall applications. Table 3-6 displays the annual service level comparing the past four years, including calls answered by outsource contact centers.

Table 3-6

ANNUAL CALL VOLUMES				
Year	Calls Received	Calls Answered	Calls Answered ≤ 30 Seconds	Service Level % Calls Ans. Within 30 sec.
2012	3,923,225	3,836,647	3,129,577	81.57%
2011	4,035,183	3,927,437	3,109,781	79.18%
2010	3,901,479	3,803,619	2,996,287	78.77%
2009	3,999,550	3,903,845	3,192,267	81.77%

Table 3-7 displays monthly service levels for 2012, excluding IVR calls.

Table 3-7

2012 Monthly Call Volumes (without interactive voice response)				
Month	Calls Received	Calls Answered	Calls Answered ≤ 30 sec	Service Level
January	344,178	332,273	250,426	75.37%
February	300,174	295,431	246,951	83.59%
March	315,123	309,790	254,644	82.20%
April	303,082	298,682	256,319	85.82%
May	330,947	325,209	285,515	87.79%
June	311,789	305,775	264,663	86.55%
July	329,635	323,071	265,059	82.04%
August	370,454	363,459	293,827	80.84%
September	343,350	334,210	256,306	76.69%
October	380,155	366,819	286,119	78.00%
November	300,079	294,085	235,950	80.23%
December	294,259	287,843	233,799	81.22%
Total	3,923,225	3,836,647	3,129,577	81.57%

6. AffordAbility

AffordAbility is the Niagara Mohawk program that has historically provided integrated services to payment troubled income eligible customers. The program's components include deferred payment agreements with arrears forgiveness, energy education, and energy services or weatherization where

economically beneficial. The payment agreement aspect of AffordAbility is customer funded, while the education and energy services components have been supported by the system benefits charge.

During 2012, Niagara Mohawk enrolled 3,848 customers for AffordAbility, 102 percent of its annual goal of 3,780 customers. A variety of methods are used to contact customers who may be eligible for enrollment, including outbound calls to eligible customers with an 800 number to call for additional information; and an outbound mailing campaign to those who do not return a call based on the outbound call. Referrals may also be made by Niagara Mohawk's consumer advocates as well as local Department of Social Service agencies.

IV. OVERALL ASSESSMENT OF CUSTOMER SERVICE

For Niagara Mohawk, 2012 was a year of tremendous hard work and dedication aimed at exceeding customer expectations. For the fourth consecutive year, Niagara Mohawk met all of its customer service performance measures. The Company achieved one of its lowest charged PSC complaint rates and demonstrated improvement in the residential and commercial transaction satisfaction indexes compared to 2011 levels. In 2013, the Company will continue to work at improving customer satisfaction.

V. ELECTRIC RELIABILITY PERFORMANCE MEASURES

1. SAIFI and CAIDI

As shown in Table 5-1 and Figure 5-1 below, the Company met its performance goal for CAIDI, which measures the average time an affected customer is out of service, ending the year at 2.04 hours. This is below the target of 2.05 hours.

The Company also achieved its performance goal for SAIFI, which measures the average number of interruptions experienced by a customer. SAIFI performance was 0.90, compared to the annual target of 1.13.

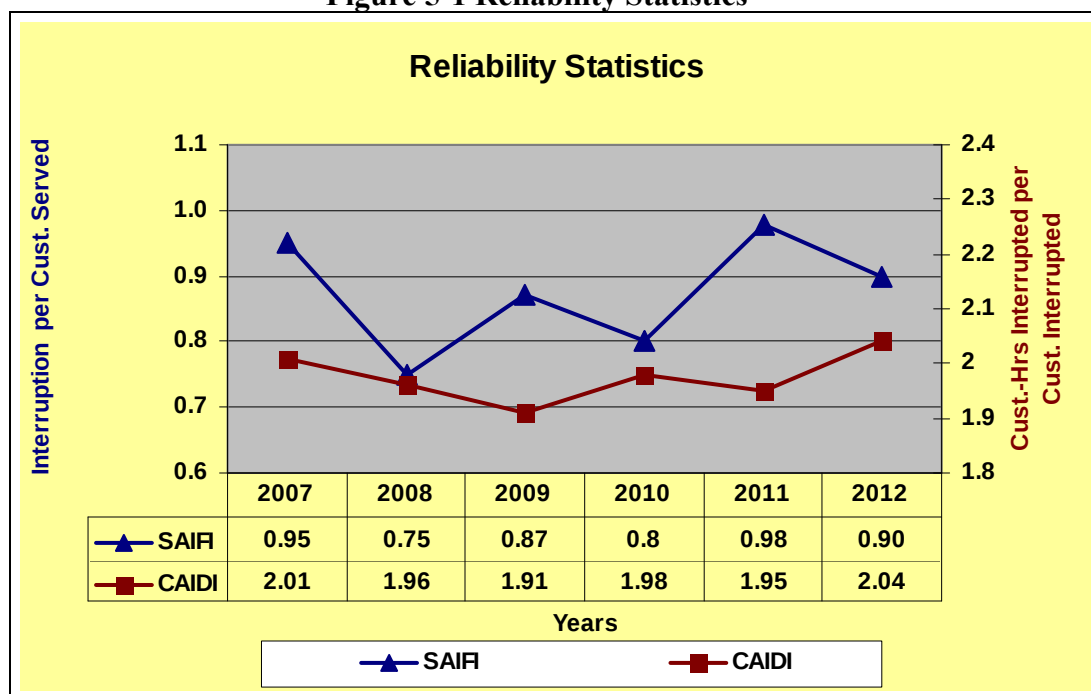
The number of interruptions excluding major storms was 5.85 percent below the five-year average. The number of customers interrupted was 3.34 percent above the five-year average. The duration of customers interrupted (Customer-Hours Interrupted) was 7.52 percent above the five-year average. The increase in customers interrupted and customer-hours interrupted can be attributed to the increase in weather related events that did not qualify as major storms.

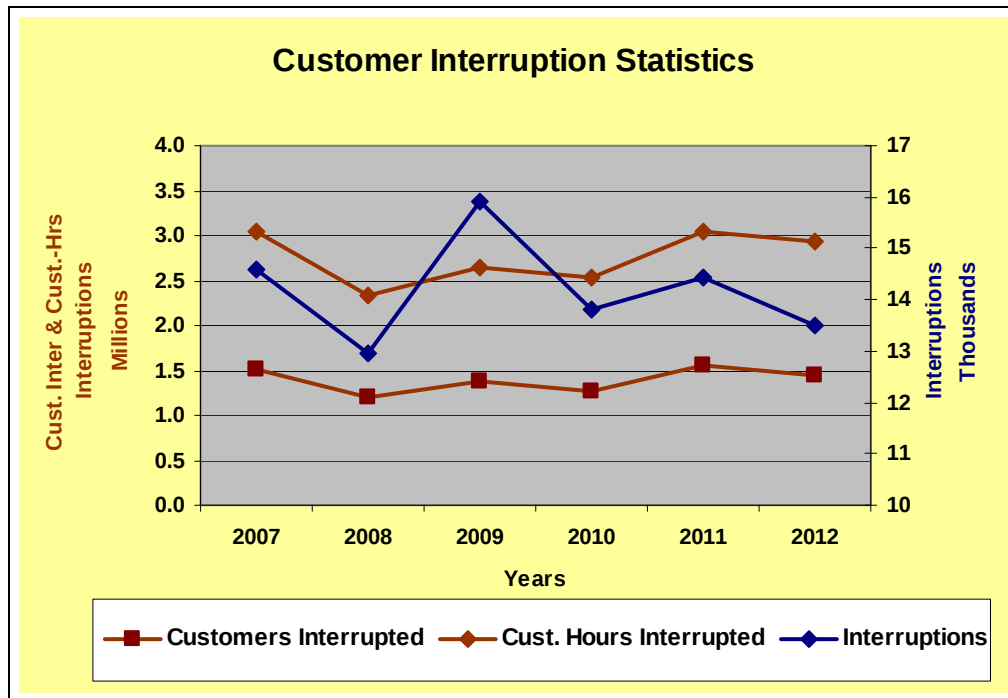
Table 5-1

	2012	2011	2010	2009	2008	2007
CAIDI (Target IDS: 2.05, SIR: 2.07)	2.04	1.95	1.98	1.91	1.96	2.01
SAIFI (Target IDS: 1.13, SIR: 0.93)	0.90	0.98	0.80	0.87	0.75	0.95
Interruptions	13,506	14,443	13,821	15,917	12,940	14,606
Customers Interrupted	1,434,256	1,564,208	1,277,722	1,388,132	1,190,293	1,518,634
Customer-Hours Interrupted	2,926,731	3,048,982	2,528,993	2,648,096	2,337,979	3,045,284
Customers Served	1,600,014	1,597,998	1,587,730	1,587,230	1,580,798	1,593,230
Customers Per Interruption	118.47	108.30	92.45	87.21	91.99	103.97
Availability Index	99.97	99.98	99.98	99.98	99.98	99.98
Interruptions/1000 Customers	8.44	9.04	8.70	10.03	8.19	9.17

*Data prior to 2011 is extracted from the System Interruption Reporting (“SIR”) system. SIR was a manually entered mainframe system based on paper tickets returned from the field. Data in 2011 and beyond is extracted from the Interruption and Disturbance System (“IDS”). IDS is an oracle database with an automatic feed from the Company’s PowerOn outage management system.

Figure 5-1 Reliability Statistics





2. ESTIMATING

This is the second year of the Estimating performance measure that applies to distribution or sub-transmission capital projects with individual projects costs over \$100,000. As shown in Table 5-2, there were 51 projects that met the metric criteria. Of those 51 projects, 41 projects were completed within a variance of +/- 10 percent. This result of 80.4 percent meets the goal of 80 percent attainment. Of the remaining 10 projects, five were over budget and five were under budget.

Table 5-2 Estimating Statistics

Total Projects	Variance ≤ 10%	Variance >10%	Result
51	41	10	80.4%

3. STANDARDIZED INTERCONNECTION REQUIREMENTS

First introduced in 2011, two mechanisms exist to measure the Company's performance with respect to certain aspects of the "New York State Standardized Interconnection Requirements and Application Process for New Distributed Generators 2MW or Less Connected in Parallel with Utility Distribution Systems," dated July 2010.

The first mechanism measures the timely processing of applications. The Company must process completed applications received in accordance with the Standardized Interconnection Requirements within the following timeframes: (a) ten (10) business days for systems $\leq 25\text{kW}$; (b) fifteen (15) business days for inverter based systems $> 25\text{kW}$ and $\leq 200\text{kW}$ that qualify for the expedited application process; and (c) fifteen (15) business days for systems $\leq 200\text{kW}$ that do not qualify for the expedited application process. Failure to process $\geq$ ninety (90) percent of the aggregate of completed applications received within the timeframes set forth above subjects the Company to a negative revenue adjustment of \$2 million. In calendar year 2012, the Company processed 92.5 percent of its applications within the required timeframes.

The second mechanism measures the timely installation of net meters. For systems that qualify for the expedited application process, the Company must install net meters within ten (10) business days. Failure to install $\geq$ ninety (90) percent of net meters within the ten (10) business day timeframe set forth above subjects the Company to a negative revenue adjustment of \$2 million. In calendar year 2012, Niagara Mohawk installed 95.3% percent of the net meters within the required timeframe.

Achieving the application process and meter installation requirements was challenging in light of the fact that the number of applications received in calendar year 2012 increased 18 percent compared to calendar year 2011 and 43 percent compared to calendar year 2010. The Company anticipates that applications for small generator interconnections and net metering installations will continue to accelerate in 2013 as the technology becomes more accessible and incentives to install such equipment continue.