Exhibit No.____ (NMP-4)

Cost of Service Statements
Part 1 of 2
Statements AA through AW

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	10,894,326,651	10,531,943,125
3	Construction Work in Progress (107)	200-201	300,373,531	209,679,495
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		11,194,700,182	10,741,622,620
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	3,291,667,673	3,231,591,817
6	Net Utility Plant (Enter Total of line 4 less 5)		7,903,032,509	7,510,030,803
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		7,903,032,509	7,510,030,803
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		11,190,640	11,178,459
19	(Less) Accum. Prov. for Depr. and Amort. (122)		66,695	74,725
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	3,954,043	5,294,741
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		3,128,392	3,285,196
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		24,311,991	24,019,226
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		3,495,458	40,049,277
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		46,013,829	83,752,174
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		45,872,679	16,964,759
36	Special Deposits (132-134)		35,798,112	24,718,347
37	Working Fund (135)		64,000	64,000
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		72,976	72,976
40	Customer Accounts Receivable (142)		441,933,352	480,116,241
41	Other Accounts Receivable (143)		54,960,114	30,398,784
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		172,748,448	186,639,852
43	Notes Receivable from Associated Companies (145)		146,980,434	95,595,936
44	Accounts Receivable from Assoc. Companies (146)		38,799,531	9,900,331
45	Fuel Stock (151)	227	0	0
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	37,635,743	33,466,311
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	97,622
55	Gas Stored Underground - Current (164.1)		38,060,611	61,681,687
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		53,063,617	35,495,304
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		13,161	19,767
60	Rents Receivable (172)		6,440,490	9,988,294
61	Accrued Utility Revenues (173)		142,617,997	146,829,000
62	Miscellaneous Current and Accrued Assets (174)		8,991,190	8,002,668
63	Derivative Instrument Assets (175)		0	1,809,568
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		8,198,595	288,824
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		896,554,154	768,870,567
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		23,321,960	21,494,244
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	1,166,468,994	1,419,010,302
73	Prelim. Survey and Investigation Charges (Electric) (183)		3,334,944	2,924,907
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		21,387	1,843,824
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	8,038,055	3,911,300
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		21,308,979	24,128,513
82	Accumulated Deferred Income Taxes (190)	234	487,569,476	565,281,358
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		1,710,063,795	2,038,594,448
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		10,545,664,287	10,401,247,992

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	end of 2012/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	187,364,863	187,364,863
3	Preferred Stock Issued (204)	250-251	28,984,701	28,984,701
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	2,954,692,284	2,913,140,406
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	694,449,947	713,216,553
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	-2,345,639	-1,962,482
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-532,940	-1,588,824
16	Total Proprietary Capital (lines 2 through 15)		3,862,613,216	3,839,155,217
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	2,186,305,000	1,486,305,000
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	500,000,000
21	Other Long-Term Debt (224)	256-257	413,760,000	413,760,000
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		160,611	353,406
24	Total Long-Term Debt (lines 18 through 23)		2,599,904,389	2,399,711,594
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		-42	595,198
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		12,122,580	3,096,417
29	Accumulated Provision for Pensions and Benefits (228.3)		0	0
30	Accumulated Miscellaneous Operating Provisions (228.4)		5,300,469	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		1,753,889	183,569
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		10,319,714	9,256,163
35	Total Other Noncurrent Liabilities (lines 26 through 34)		29,496,610	13,131,347
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		212,055,816	183,262,313
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		131,845,853	34,652,534
41	Customer Deposits (235)		35,710,646	37,471,957
42	Taxes Accrued (236)	262-263	5,075,748	94,835,613
43	Interest Accrued (237)		24,919,890	27,244,103
44	Dividends Declared (238)		0	265,124
45	Matured Long-Term Debt (239)		0	0

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	end of 2012/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		2,946,816	2,241,945
48	Miscellaneous Current and Accrued Liabilities (242)		69,344,467	114,433,346
49	Obligations Under Capital Leases-Current (243)		595,242	595,242
50	Derivative Instrument Liabilities (244)		3,091,620	20,070,864
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		3,318,500	11,227,460
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		488,904,598	526,300,501
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		5,804,172	5,411,473
57	Accumulated Deferred Investment Tax Credits (255)	266-267	22,861,537	23,415,283
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	933,092,001	1,088,194,346
60	Other Regulatory Liabilities (254)	278	437,935,819	349,994,744
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		1,674,973,743	1,480,058,060
64	Accum. Deferred Income Taxes-Other (283)		490,078,202	675,875,427
65	Total Deferred Credits (lines 56 through 64)		3,564,745,474	3,622,949,333
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		10,545,664,287	10,401,247,992

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Cormmission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) _ An Original (2) X A Resubmission	09/09/2013	2012/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

Note 1. Summary of Significant Accounting Policies

A. Nature of Operations

Niagara Mohawk Power Corporation (the "Company," "we," and "our"), a New York Corporation, is engaged principally in the regulated energy delivery business in New York State. The Company provides electric service to approximately 1.6 million customers in the areas of eastern, central, northern, and western New York and sells, distributes, and transports natural gas to approximately 0.6 million customers in the areas of central, northern, and eastern New York.

The Company is a wholly-owned subsidiary of Niagara Mohawk Holdings, Inc., which is wholly-owned by National Grid USA ("NGUSA"), a public utility holding company with regulated subsidiaries engaged in the generation of electricity and the transmission, distribution, and sale of both natural gas and electricity. NGUSA is an indirectly-owned subsidiary of National Grid plc, a public limited company incorporated under the laws of England and Wales.

The Company has evaluated subsequent events and transactions through July 26, 2013, the date of issuance of these financial statements, and concluded that there were no events or transactions that require adjustment to or disclosure in the financial statements as of and for the year ended December 31, 2012.

B. Basis of Presentation

The financial statements for the years ended December 31, 2012 and December 31, 2011 are prepared in accordance with accounting requirements of the Federal Energy Regulatory Commission ("FERC") as set forth in its applicable Uniform System of Accounts. This is a comprehensive basis for accounting other than accounting principles generally accepted in the United States ("GAAP"). The significant differences consist of the following:

- for FERC reporting, deferred tax assets and liabilities are presented on a gross basis and are classified as non-current. For GAAP reporting, deferred tax assets and liabilities are presented on a net basis, with current and non-current amounts segregated
- for FERC reporting, regulatory assets and liabilities are classified as non-current. For GAAP reporting, regulatory assets and liabilities are segregated between current and non-current classifications
- for FERC reporting, the liability for uncertain tax positions related to temporary differences is not recognized pursuant to FERC guidance and deferred taxes are recognized based on the difference between positions taken in filed tax returns and amounts reported in the financial statements. For GAAP reporting, the liability for uncertain tax positions related to temporary differences is recognized and deferred taxes are recognized based on the difference between the positions taken in filed tax returns adjusted for uncertain tax positions related to temporary differences and amounts reported in the financial statements
- the accumulated reserve for depreciation for estimated removal costs is included in the accumulated provision for depreciation for FERC reporting and as a regulatory liability or asset retirement obligation for GAAP reporting
- current and long-term debt is classified in the balance sheet as all long-term debt in accordance with regulatory treatment, while GAAP presentation reflects current and long-term debt separately
- the intercompany accounts are not netted for FERC reporting but are netted together by counterparty at December 31, 2012 and are netted in the aggregate at December 31, 2011 for GAAP reporting.
- for FERC reporting, restricted cash is included as special deposits and for GAAP reporting restricted cash is shown separately.

The preparation of financial statements in conformity with FERC requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

C. Regulatory Accounting

The FERC and the New York Public Service Commission ("NYPSC") provide the final determination of the rates the Company charges its customers. In certain cases, the rate actions of the NYPSC can result in accounting that differs from non-regulated companies. In these cases, the Company defers costs (as regulatory assets) or recognizes obligations (as regulatory liabilities) if it is probable that such amounts will be recovered or refunded through the rate-making process, which would result in a corresponding increase or decrease in future rates.

D. Revenue Recognition

The Company bills its customers on a monthly cycle basis at approved tariffs based on energy delivered, a minimum customer service charge, and, in some instances, their demand on the electric system. Revenues are determined based on these bills plus an estimate for unbilled energy delivered between the cycle meter read date and the end of the accounting period. These amounts are billed to customers in the next billing cycle following the month-end.

As approved by the NYPSC, the Company is allowed to pass through commodity-related costs to customers. Additionally, a transmission revenue adjustment mechanism is in place that reconciles actual and forecast wholesale transmission revenue for pass back to, or recovery from, retail customers. Furthermore, the Company has a revenue decoupling mechanism which allows for annual adjustments to the Company's delivery rates as a result of the reconciliation between allowed revenue and billed revenue. Any difference between the allowed revenue and the billed revenue is recorded as a regulatory asset or liability.

The gas distribution business is influenced by seasonal weather conditions and therefore the Company's gas utility tariff contains a weather normalization adjustment that provides for recovery from, or refund to, firm customers of material shortfalls or excesses of firm delivery revenues (revenues less applicable gas costs and revenue taxes) during a heating season due to variation from normal weather.

The Company's revenue from the sale and delivery of electricity and gas for the years ended December 31, 2012 and December 31, 2011 is as follows:

	Electric		Gas	
	December 31,		**December 31,**	
	2012	2011	**2012**	2011
Residential	**53%**	54%	**81%**	81%
Commercial	**36%**	35%	**19%**	19%
Industrial	**11%**	11%	**-%**	-%

E. Utility Plant

Utility plant is stated at original cost. The cost of additions to utility plant and replacements of retired units of property are capitalized. Costs include direct material, labor, overhead, and allowance for funds used during construction ("AFUDC"). The cost of renewals and betterments that extend the useful life of utility plant are also capitalized. The cost of repairs, replacements, and major maintenance projects, which do not extend the useful life or increase the expected output of the asset, are expensed as incurred. Depreciation is generally computed over the estimated useful life of the assets using the composite straight-line method. Depreciation studies are conducted periodically to update the composite rates and are approved by the NYPSC. Whenever utility plant is retired, the original cost, together with the cost of removal, less salvage, is charged to accumulated depreciation.

The composite rates and average service lives for the years ended December 31, 2012 and December 31, 2011 are as follows:

	Electric		Gas		Common	
	December 31,		**December 31,**		**December 31,**	
	2012	2011	**2012**	2011	**2012**	2011
Composite rates	**2.2%**	2.0%	**2.2%**	1.8%	**4.3%**	4.4%
Average service lives	**57 years**	57 years	**55 years**	55 years	**55 years**	55 years

The Company's depreciation expense includes estimated costs to remove utility plant, which is recovered through the rates charged to our customers. At December 31, 2012 and December 31, 2011, the Company had cumulative costs recovered in excess of costs incurred totaling $379.4 million and $411.2 million, respectively. These amounts are reflected within the accumulated provision for depreciation in the accompanying balance sheets.

In accordance with applicable regulatory accounting guidance, the Company records AFUDC, which represents the estimated debt and equity costs of capital funds necessary to finance the construction of new regulated facilities. The equity component of AFUDC is a non-cash amount within the statements of income. AFUDC is capitalized as a component of the cost of utility plant, with an offsetting credit to other deductions for the equity component and other interest expense for the debt component in the accompanying statements of income. After construction is completed, the Company is permitted to recover these costs through inclusion in its rate base and corresponding depreciation expense.

The components of AFUDC capitalized and composite AFUDC rates for the years ended December 31, 2012 and December 31, 2011 are as follows:

	December 31, 2012	December 31, 2011
	(in thousands of dollars)	
Debt	$ 3,806	$ 1,171
Equity	7,569	6,061
	$ 11,375	$ 7,232
Composite AFUDC	6.6%	6.3%

F. *Goodwill*

Goodwill represents the excess of the purchase price of a business over the fair value of the tangible and intangible assets acquired, net of the fair value of liabilities assumed and the fair value of any non-controlling interest in the acquisition. The Company tests goodwill for impairment annually on January 31, and whenever events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

The goodwill impairment analysis is comprised of two steps. In the first step, the estimated fair value of the reporting unit is compared with its carrying value. If the fair value exceeds the carrying value, goodwill is not impaired and no further analysis is required. If the carrying value exceeds the fair value, then a second step is performed to determine the implied fair value of goodwill. If the carrying value of goodwill exceeds its implied fair value, then an impairment charge equal to the difference is recorded.

The Company calculated the fair value of the reporting unit in the performance of its annual goodwill impairment test for the fiscal year ended March 31, 2012 utilizing both income and market approaches.

- To estimate fair value utilizing the income approach, the Company used a discounted cash flow methodology incorporating its most recent business plan forecasts together with a projected terminal year calculation. Key assumptions used in the income approach were: (a) expected cash flows for the period from April 1, 2012 to March 31, 2017; (b) a discount rate of 5.5%, which was based on the Company's best estimate of its after-tax weighted-average cost of capital; and (c) a terminal growth rate of 2.25%, based on the Company's expected long-term average growth rate in line with estimated long-term US economic inflation.

- To estimate fair value utilizing the market approach, the Company followed a market comparable methodology. Specifically, the Company applied a valuation multiple of earnings before interest, taxes, depreciation and amortization ("EBITDA"), derived from data of publicly-traded benchmark companies, to business operating data. Benchmark companies were selected based on comparability of the underlying business and economics. Key assumptions used in the market approach included the selection of appropriate benchmark companies and the selection of an EBITDA multiple of 9.0, which we believe is appropriate based on comparison of our business with the benchmark companies.

The Company ultimately determined the fair value of the business using 50% weighting for each valuation methodology, as we believe that each methodology provides equally valuable information. The resulting fair value of the annual analyses determined that no adjustment of the goodwill carrying value was required at December 31, 2012 and December 31, 2011.

G. Available-For-Sale Securities

The Company holds available-for-sale securities that are classified as long-term investments which primarily includes equities, municipal bonds and corporate bonds. These investments are recorded at fair value and are included in special funds in the accompanying balance sheets.

H. Cash and Cash Equivalents

The Company classifies short-term investments that are highly liquid and have original maturities of three months or less as cash equivalents. Cash and cash equivalents are carried at cost which approximates fair value.

I. Special Deposits

Special deposits, which represents restricted cash, which consists of New York Independent System Operator ("NYISO") deposits and health care claims deposits.

J. Allowance for Doubtful Accounts

The Company recognizes an allowance for doubtful accounts to record accounts receivable at estimated net realizable value. The allowance is calculated by applying estimated write-off factors to various classes of outstanding receivables. The write-off factors are based upon historical write-off experience, current economic conditions, and assessment of customer collectability.

K. Gas in Storage and Materials and Supplies

Gas in storage is stated at weighted average cost and is expensed when delivered to customers. Existing rate orders allow the Company to pass through the cost of gas purchased directly to the customers along with any applicable authorized delivery surcharge adjustments. Accordingly, the value of gas in storage does not fall below the cost to the Company. Gas costs passed through to the customers are subject to periodic regulatory approvals and are reported periodically to the NYPSC. At December 31, 2012 and December 31, 2011, gas in storage was $38.1 million and $61.7 million, respectively.

Materials and supplies are stated at the lower of weighted average cost or market and are expensed or capitalized into specific capital additions as used. At December 31, 2012 and December 31, 2011, material and supplies was $37.6 million and $33.5 million, respectively. The Company's policy is to write off obsolete inventory. There were no material write offs of obsolete inventory for the years ended December 31, 2012 or December 31, 2011.

L. Income and Other Taxes

Federal and state income taxes are recorded under the current accounting provisions for the accounting and reporting of income taxes. Income taxes have been computed utilizing the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. National Grid North America Inc. ("NGNA"), (formerly National Grid Holdings Inc.), an indirectly-owned subsidiary of National Grid plc and the intermediate holding company of NGUSA, files consolidated federal tax returns including all of the activities of its subsidiaries. Each subsidiary company is treated as a member of the consolidated group and determines its current and deferred taxes based on the separate return method. As a member, the Company settles its current tax liability or benefit each year with NGNA pursuant to a tax sharing arrangement between NGNA and its members. Benefits allocated by NGNA are treated as capital contributions.

Deferred income taxes reflect the tax effect of net operating losses, capital losses and general business credit carryforwards and the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates. The financial effect of changes in tax laws or rates is accounted for in the period of enactment. Deferred investment tax credits are amortized over the useful life of the underlying property. Additionally, the Company follows the current accounting guidance relating to uncertainty in income taxes which applies to all income tax positions reflected in the accompanying balance sheets that have been included in previous tax returns or are expected to be included in future tax returns.

The state of New York imposes on corporations a franchise tax that is computed as the higher of a tax based on income or a tax based on capital. To the extent Company's state tax based on capital is in excess of state tax based on income, the Company reports such excess in other taxes and taxes accrued in the accompanying financial statements.

The Company collects certain taxes from customers such as sales taxes, along with other taxes, surcharges, and fees that are levied by state or local governments on the sale or distribution of gas and electricity. Where these taxes, such as sales taxes, are imposed on the customer, the Company accounts for these taxes on a net basis (excluded from revenues) with no impact to our statements of income. Where these taxes, such as gross receipts taxes or other surcharges or fees are imposed on the Company, the Company accounts for these taxes on a gross basis.

M. Employee Benefits

The Company follows the accounting guidance related to the accounting for defined benefit pension and postretirement benefit ("PBOP") plans for recording pension expenses and resulting plan asset and liability balances. The guidance also requires employers to fully recognize all pension and postretirement plans' funded status on the balance sheet as a net liability or asset and requires an offsetting adjustment to accumulated other comprehensive income in shareholder's equity. In the case of regulated entities, this offsetting entry is recorded as a regulatory asset or liability when the balance will be recovered from or refunded to customers in future rates. The Company has determined that such amounts will be included in future rates and follows the regulatory format for recording the balances. The Company measures and records its pension and PBOP assets at the year-end date. Pension and PBOP assets are measured at fair value, using the year-end market value of those assets.

N. Derivatives

We use derivative instruments to economically hedge a portion of our exposure to commodity price risk. Whenever hedge positions are in effect, we are exposed to credit risk in the event of non-performance by counterparties to derivative contracts, as well as non-performance by the counterparties of the transactions against which they are hedged.

Commodity Derivative Instruments – Regulated Accounting

We use derivative instruments to reduce cash flow variability associated with the purchase price for a portion of future natural gas and electricity purchases associated with our regulated gas and electric distribution operations. Our strategy is to minimize fluctuations in firm gas and electricity sales prices to our regulated customers. Our commodity derivative instruments that are not designated as normal purchases and normal sales are recorded at fair value at the balance sheet date, within current or deferred assets and liabilities, depending on the derivative's position and expected timing of cash flows. Because our commodity costs are recoverable through future rates under approved regulatory recovery mechanisms, we record the changes in the fair value of these derivatives as regulatory assets and regulatory liabilities in the accompanying balance sheets. Gains or losses on the settlement of these contracts are initially deferred and then refunded to or collected from our customers consistent with regulatory requirements.

Certain contracts for the physical purchase of natural gas qualify for the normal purchases and normal sales exception from the requirements of current accounting guidance for derivative instruments, which we elect when the requirements are met. In these circumstances, no recognition of these contracts is made until the underlying physical commodity is purchased. If we were to determine that a contract which we elected the normal purchases and normal sales exception for no longer qualifies, we would recognize the contract at fair value in accordance with the accounting described above.

O. Fair Value Measurements

The Company measures commodity derivatives and available-for-sale securities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following is the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value:

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Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that a company has the ability to access as of the reporting date;

Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data; and

Level 3 — unobservable inputs, such as internally-developed forward curves and pricing models for the asset or liability due to little or no market activity for the asset or liability with low correlation to observable market inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

P. Power Purchase Agreements

The Company accounts for its power purchase agreements, which are not deemed to be derivatives or leases, as executory contracts, and are reflected in accounts payable in the accompanying balance sheets. The Company assesses several factors in determining how to account for its power purchase contracts. These factors include: the term of the contract compared to the economic useful life of the facility generating the electricity; the involvement, if any, that the Company has in operating the facility; the amount of any fixed payments the Company must make, even if the facility does not generate electricity; and the level of control the Company has over the amount of electricity generated by the facility, and who bears the risk in the event the facility is unable to generate.

Q. Recent Accounting Pronouncements

Fair Value Measurements

In May 2011, the Financial Accounting Standards Board ("FASB") issued accounting guidance that amended existing fair value measurement guidance. The amendment was issued with a goal of achieving common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards. Consequently, the guidance changes the wording used to describe many of the requirements in GAAP for measuring fair value, requires new disclosures about fair value measurements, and changes specific applications of the fair value measurement guidance. Some of the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements including, but not limited to: fair value measurement of a portfolio of financial instruments; fair value measurement of premiums and discounts; and additional disclosures about fair value measurements. This guidance became effective for financial statements issued for annual periods (for non-public entities such as the Company) beginning after December 15, 2011. The Company adopted this guidance for the fiscal year ended December 31, 2012, which only impacted its fair value disclosures. There were no changes to our approach to measuring fair value as a result of adopting the new guidance.

Goodwill Impairment

In September 2011, the FASB issued accounting guidance related to goodwill impairment testing, whereby an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is not required. Otherwise, the entity is required to perform the two-step impairment test. This guidance became effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company adopted this guidance in its fiscal year ended December 31, 2012 and did not elect the option to perform a qualitative analysis.

Offsetting Assets and Liabilities

In December 2011, the FASB issued accounting guidance requiring enhanced disclosure related to offsetting assets and liabilities.

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Under the amendments in this update, entities will be required to disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting agreement, such as for derivatives. In January 2013, the FASB issued additional guidance to clarify the specific instruments and activities that should be considered in these disclosures, which will be limited to recognized derivatives, repurchase and reverse repurchase agreements, and securities lending transactions. This guidance is effective for fiscal years, and interim periods within those years, beginning after January 1, 2013, and is to be applied retrospectively. The Company is evaluating the impact, if any, on the Company's financial position, results of operations, and cash flows.

Note 2. Rates and Regulation

The following table presents the Company's regulatory assets and regulatory liabilities at December 31, 2012 and December 31, 2011:

	December 31,	
	2012	2011
	(in thousands of dollars)	
Other regulatory assets		
Merger rate plan stranded costs	$ 785	$ 1,162
Regulatory deferred tax asset	103,661	104,335
Deferred environmental restoration costs	460,408	454,157
Pension and postretirement benefit plans	410,213	513,409
Storm costs	28,817	11,999
Derivative contracts	8,370	33,170
Other	154,215	300,778
Total other regulatory assets	$ 1,166,469	$ 1,419,010
Other regulatory liabilities		
Stranded costs and contract termination charges	2,209	2,171
Pension and postretirement benefit plans	103,422	37,430
Economic development fund	33,903	6,648
Unbilled gas revenue	20,486	18,093
Environmental insurance proceeds	30,306	19,429
Regulatory tax liabilities	47,395	48,647
Derivative contracts	11,799	42,148
Other	188,416	175,429
Total other regulatory liabilities	$ 437,936	$ 349,993

The regulatory items above are not included in the utility rate base at the time the expenses are incurred or the revenue is billed. The Company records carrying charges, on the regulatory balances related to rate adjustment mechanisms, deferred environmental restoration costs, and stranded costs and contract termination charges for which cash expenditures have been made and are subject to recovery or for which cash has been collected and is subject to refund. Carrying charges are not recorded on items for which expenditures have not yet been made. The Company anticipates recovering these costs in the rates concurrently with future cash expenditures. If recovery is not concurrent with the cash expenditures, the Company will record the appropriate level of carrying charges.

Electric and Gas Rate Case Filing

On April 27, 2012, the Company filed with the NYPSC to adjust its base electric and gas rates. The Company's filing sought to increase electric delivery base revenues by approximately $130.7 million and gas delivery base revenues by approximately $39.8 million. In October 2012, the Department of Public Service ("DPS") Staff, the Company and other parties reached a comprehensive agreement to settle both cases. A joint proposal formalizing the settlement agreement was filed December 7, 2012 and the Company received a final order from the NYPSC in these proceedings in March 2013. The term of the new rate plan is from April 1, 2013 through March 31, 2016.

In January 2010, the Company filed an application with the NYPSC for new electricity base rates, effective January 2011, which would terminate its existing Merger Rate Plan ("MRP") one year early. In correspondence dated January 31, 2011, the Company advised the NYPSC that it accepted the option and filed tariffs to reflect a 9.3% ROE, which would result in a revenue requirement increase totaling approximately $119 million. Of the increase granted, $50 million in revenue was established as temporary rates and is contingent upon the results of an audit relating to the Company's service company costs allocations, policies, and procedures. The NYPSC also established a fixed level of $29.8 million per year for the Company's costs associated with site investigation and remediation ("SIR") of former manufactured gas plants ("MGPs") and other environmental sites. While the Company had previously recovered all prudently incurred SIR costs, for any annual spend above the fixed level, 80% will now be placed into a deferral account for recovery in a future rate case and the other 20% will be the responsibility of the Company. For any annual spend below the fixed level, a credit will be applied to the deferral account.

The NYPSC adopted the capital expenditures stipulation entered into between the Company, DPS Staff, and Multiple Intervenors in the rate case, which addresses, among other things, the Company's capital budget and investments for fiscal years 2011 and 2012. The revenue requirement associated with the amount of capital reflected in the Company's rates for calendar year 2011 is subject to refund to customers, through a regulatory liability, if the Company fails to invest at the levels agreed in the stipulation. Based on calendar year 2011 actual results, the Company has determined that the combined plant in service and depreciation levels approved in the rate case were exceeded and that no refund is required. There was no obligation to reconcile 2012 actual results. In addition, the NYPSC approved the revenue decoupling stipulation entered into between the Company, DPS Staff, the New York Power Authority, and Natural Resources Defense Council /Pace Energy Project which allows for the implementation of a revenue decoupling mechanism whereby the Company implements a surcharge or credit as a result of the reconciliation between allowed revenue and billed revenue.

Transmission ROE Complaint

On September 11, 2012, New York Association of Public Power filed with the FERC a complaint under Section 206 of the Federal Power Act against Niagara Mohawk Power Corporation to lower the base ROE for transmission service from the FERC approved rate of 11.5% which includes a NYISO participation incentive adder, to 9.49%. Similarly, on November 2, 2012 the Municipal Electric Utilities Association ("MEUA") filed a Section 206 complaint with FERC seeking to lower the Company's ROE to 9.25% including the NYISO participation adder. MEUA also challenges certain aspects of the Company's transmission formula rate. At this time, the Company cannot predict the outcome of the complaint. Any change in the ROE would not have an impact on net income because the retail rate plan fully reconciles any increase or decrease in wholesale transmission revenue under the FERC Transmission Service Charge rate through a Transmission Revenue Adjustment Clause mechanism.

Wholesale TSC

On March 29, 2013, the Company filed with the FERC to amend National Grid's Scheduling, System Control and Dispatch Costs ("CCC") formula under the Wholesale TSC to incorporate costs incurred by the Company for Reliability Support Services ("RSS"), which are for the purpose of securing the ongoing reliability of National Grid's transmission system.

Other Regulatory Matters

In June 2012, the Company filed a petition with the NYPSC seeking multi-year authority to issue up to $1.6 billion in new long-term debt securities through the period ending March 31, 2016. In September 2012, the NYPSC granted this authority. The Company issued $700 million of the authorized long term debt in November 2012.

The Company received a New York State refund covering the period of June 1, 2001 through September 30, 2003 in the amount of $2.2 million, inclusive of interest, for sales tax paid by the Company on customer receivables subsequently determined to be uncollectible. The sales tax refund issued in August 2012 resulted from an appeal made by the Company to the New York State Department of Taxation and Finance in April 2010. The Company made a filing with the NYPSC in November 2012 and proposed to credit the entire refund to shareholders. The NYPSC has not yet ruled in this proceeding.

The NYPSC's January 2011 Order in Niagara Mohawk's 2010 electric rate case required an audit relating to the Company's service company cost allocations, policies and procedures. In February 2011, the NYPSC selected Overland Consulting Inc. ("Overland"), a

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management consulting firm, to perform the audit of Niagara Mohawk and the two downstate utilities. Management has evaluated the need for and amount of a reserve based on consideration of the matters set out in the audit and taking into account all known information about the audit related to transaction testing, normalization adjustments, efficiency adjustments and the impact of our new cost allocation methodologies. As of December 31, 2011, the Company had reserved $50 million based on the identified issues above. Overland issued a final report identifying approximately $5 million of service company overcharges to Niagara Mohawk based on extrapolated test results, which the Company is contesting. On January 18, 2013 the NYPSC issued an Order commencing a new proceeding to determine what, if any, ratemaking adjustments are appropriate. A reserve of $5.3 million has been recorded in Niagara Mohawk's financial statements as of December 31, 2012.

In February 2011, the NYPSC instituted a statewide proceeding to review its policies regarding the funding mechanisms supporting SIR expenditures and directing New York State's utilities to assist in developing a comprehensive record of: (1) the current and future scope of utility SIR programs; (2) the current cost controls in place by utilities and opportunities to improve such cost controls; (3) the appropriate allocation of costs among customers and, potentially, shareholders; and (4) methods for recovering SIR costs appropriately borne by customers in a way that minimizes the impact. On November 28, 2012, the NYPSC issued an order increasing reporting requirements, but declined to adopt a generic cost recovery policy.

In February 2013, the NYPSC initiated a comprehensive management and operational audit of National Grid's New York gas businesses, including the Company, pursuant to the Public Service Law requirement that major electric and gas utilities undergo and audit every five years. On June 13, 2013, the NYS PSC selected NorthStar Consulting Group to conduct the audit, which commenced in July 2013.

Temporary State Assessment Pursuant to PSL Section 18-a

In June 2009, the Company made a gas and electric compliance filing with the NYPSC regarding the implementation of the Temporary State Energy & Utility Conservation Assessment ("Temporary State Assessment"). The NYPSC authorized recovery of the costs required for payment of the Temporary State Assessment, including carrying charges, subject to reconciliation over five years, July 1, 2009 through June 30, 2014. On June 14, 2013, the Company submitted a compliance filing proposing to maintain the currently effective surcharge. The estimated Temporary State Assessment filed amounted to $54.8 million and $15.0 million for electric and gas, respectively.

Compliance Filing to Eliminate Competitive Transition Charges from Electric Rates and Petition to Recover Certain Deferral Balances

On July 29, 2011, the Company made a compliance filing with the NYPSC to remove Competitive Transition Charges ("CTCs") from electric rates and recover certain deferral account balances. In the Electric Rate Case Order, the NYPSC directed the Company to file tariff revisions, to become effective January 1, 2012, to remove the CTCs from rates and establish a mechanism to recover certain deferral account balances. The Company has proposed eliminating $544.9 million of CTCs from rates partially offset by the proposed recovery of $236.2 million of outstanding deferral account balances over a 15-month period. On December 16, 2011, the NYPSC approved the Company's compliance filing with modifications. The NYPSC authorized the Company to recover $247.6 million in outstanding deferral account balances over a 15-month period, but conditioned recovery on Staff's ability to audit and made subsequent adjustments to some of the balances that Staff had not completed auditing. Any proposed adjustment will be addressed in the Company's next rate case. Included in the $247.6 million was $25.2 million of Hurricane Irene storm costs that the NYPSC allowed the Company to recover, subject to Staff audit and disposition in the next rate case. In addition, the NYPSC extended the amortization period beyond 15-months for the Company's PSC 214 customer classes. The balance of the deferrals not recovered from these classes during the 15-month period will be recovered from these classes over a subsequent period to be determined in the Company's next rate case. This resulted in the netting of $1.3 billion of regulatory assets and $1.1 billion of regulatory liabilities; $135.7 million was subsequently amortized, resulting in a final balance of $54.7 million as of December 31, 2012.

Note 3. Employee Benefits

The Company sponsors several qualified and non-qualified non-contributory defined benefit pension plans (the "Pension Plans") and several postretirement benefits other than pension plans (the "PBOP Plans", together with the Pension Plans, the "Plans"). In general, we calculate benefits under these plans based on age, years of service and pay using March 31 as a measurement date. In addition, the

Company also sponsors defined contribution plans for eligible employees. The Company participates in the following Plans: The Niagara Mohawk Pension Plan, National Grid USA Companies' Executive SERP (Version II-Nimo) (ESRP), Niagara Mohawk Nonqualified Pension Plan, Niagara Mohawk Nonunion Retiree Medical and Life Insurance Plan, and Niagara Mohawk Union Retiree Medical and Life Insurance Plan.

Pension Plans

The Pension Plans are comprised of both qualified and non-qualified plans. The qualified pension plan provides substantially all union employees and non-union employees hired before January 1, 2011 with a retirement benefit. The qualified pension plan is a cash balance pension plan design in which pay-based credits are applied based on service time and interest credits are applied at rates set forth in the plan. For non-union employees, effective January 1, 2011, pay-based credits are based on a combination of service time and age. The non-qualified pension plans provide additional defined pension benefits to certain eligible executives.

The funding policy is determined largely by the Company's rate agreements with the NYPSC and the amount recovered in rates. However, the contribution to the qualified pension plan for any year will not be less than the minimum amount required under Internal Revenue Service ("IRS") regulations. The Company expects to contribute approximately $36 million to the qualified pension plan during calendar year 2013.

PBOP Plans

PBOP Plans provide health care and life insurance coverage to eligible retired employees. Eligibility is based on age and length of service requirements and, in most cases, retirees must contribute to the cost of their coverage. The PBOP Plans are funded based on rate agreements with the NYPSC and amounts recovered in rates. The Company expects to contribute approximately $122 million to the PBOP Plans during calendar year 2013.

Defined Contribution Plan

The Company has a defined contribution pension plan (employee savings fund plan) that covers substantially all employees. For the years ended December 31, 2012 and December 31, 2011, we recognized an expense in the accompanying statements of income of $7.6 million and $7.4 million, respectively, for matching contributions.

Net Periodic Costs

The following table summarizes the Company's pension and PBOP costs during the years ended December 31, 2012 and December 31, 2011:

	Pension Plans		PBOP Plans	
	December 31,		December 31,	
	2012	2011	**2012**	2011
	(in thousands of dollars)			
Service cost, benefits earned during the year	**$ 24,545**	$ 23,840	**$ 16,547**	$ 16,086
Interest cost	**64,807**	68,665	**70,886**	78,713
Expected return on plan assets	**(95,005)**	(100,636)	**(60,830)**	(51,113)
Amortization of unrecognized prior service cost	**4,805**	4,805	**12,690**	12,763
Amortization of unrecognized net loss	**74,998**	66,672	**38,529**	38,837
Net periodic benefit costs before settlement	**74,150**	63,346	**77,822**	95,286
Curtailment	**757**	-	**-**	(495)
Net periodic benefit cost	**$ 74,907**	$ 63,346	**$ 77,822**	$ 94,791

NGUSA sponsors certain qualified and non-qualified retirement benefit plans. The Plans costs are first directly charged to the Company based on the Company's employees that participate in the Plans. Costs associated with affiliated service companies' employees are then allocated as part of the labor burden for work performed on the Company's behalf. NGUSA allocated $9 million and $8 million related to Pension Plans and $5 million and $6 million related to the PBOP Plans liability at December 31, 2012 and

December 31, 2011 respectively, to the Company. As such, these liabilities are included in other deferred credits in the accompanying balance sheets.

The following table summarizes other pre-tax changes in plan assets and benefit obligations recognized primarily in the Company's regulatory assets for the years ended December 31, 2012 and December 31, 2011:

	Pension Plans		PBOP Plans	
	December 31,		December 31,	
	2012	2011	2012	2011
	(in thousands of dollars)			
Net actuarial loss (gain)	$ 88,025	$ (21,841)	$ (51,085)	$ (21,693)
Prior service cost	-	1,047	-	(6,935)
Amortization of gain	(75,049)	(66,603)	(38,529)	(38,341)
Amortization of prior service cost	(4,734)	(4,866)	(12,690)	(12,724)
Total	$ 8,242	$ (92,263)	$ (102,304)	$ (79,693)

The following table summarizes the Company's amounts in regulatory assets on the accompanying balance sheets that have not yet been recognized as components of net actuarial loss at December 31, 2012 and December 31, 2011:

	Pension Plans		PBOP Plans	
	December 31,		December 31,	
	2012	2011	2012	2011
	(in thousands of dollars)			
Net actuarial loss	$ 277,366	$ 264,389	$ 72,382	$ 161,995
Prior service cost	29,744	34,479	21,091	33,781
Total	$ 307,110	$ 298,868	$ 93,473	$ 195,776

The NYPSC's statement of policy requires that prior service costs and gains and losses be amortized over a 10-year period calculated on a vintage year basis. The following table represents the Plans' estimated net actuarial loss and prior service cost that will be amortized from regulatory assets during calendar year 2013:

	Expected Amortization	
	Pension Plans	PBOP Plans
	December 31,	December 31,
	2013	2013
	(in thousands of dollars)	
Net actuarial loss	$ 78,635	$ 32,100
Prior service cost	5,133	12,309
Total	$ 83,768	$ 44,409

Changes in Benefit Obligations and Assets

The benefit obligation, assets and funded status of the Plans cannot be presented separately for the Company as the Company

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participates in the Plans with an affiliated National Grid Service Company. The following table summarizes the change in the Plans' benefit obligation and funded status:

	Pension Plans		PBOP Plans	
	December 31,		December 31,	
	2012	2011	2012	2011
	(in thousands of dollars)			
Change in benefit obligation:				
Benefit obligation at beginning of year	$ (1,306,255)	$ (1,299,263)	$ (1,485,944)	$ (1,460,907)
Service cost	(29,246)	(28,490)	(18,910)	(18,445)
Interest cost on projected benefit obligation	(71,162)	(75,366)	(73,945)	(81,908)
Net actuarial (loss) gain	(120,405)	(45,566)	56,929	235
Benefits paid	103,817	142,430	72,480	77,773
Actual Medicare Part D Subsidy received	-	-	(8,488)	(5,307)
Settlements (lump sum)	2,036	-	-	-
Plan amendments	-	-	-	(305)
Reduction in Workforce Impact	-	-	-	2,920
Benefit obligation at end of year	(1,421,215)	(1,306,255)	(1,457,878)	(1,485,944)
Change in plan assets:				
Fair value of plan assets at beginning of year	1,609,139	1,515,067	738,886	637,440
Actual return on plan assets	183,494	108,112	99,223	(1,395)
Company contributions	67,233	128,390	184,100	174,350
Benefits paid	(103,817)	(142,430)	(71,123)	(71,509)
Settlements	(2,036)	-	-	-
Fair value of plan assets at end of year	1,754,013	1,609,139	951,086	738,886
Funded status	$ 332,798	$ 302,884	$ (506,792)	$ (747,058)

The accumulated benefit obligation for all defined benefit pension plans in which the Company participates was approximately $1.4 billion and $1.3 billion, respectively, for the years ended December 31, 2012 and December 31, 2011.

The amounts recognized in the balance sheets are as follows:

	Pension Plans		PBOP Plans	
	December 31,		December 31,	
	2012	2011	2012	2011
	(in thousands of dollars)			
Miscellaneous current and accrued liabilities	$ (2,590)	$ (460)	$ (2,000)	$ (15,000)
Other deferred credits	302,569	329,649	(457,505)	(649,877)
Total	$ 299,979	$ 329,189	$ (459,505)	$ (664,877)

Expected Benefit Payments

Based on current assumptions, the Company expects to make the following benefit payments and receive the subsidies from the U.S. Federal Government subsequent to December 31, 2012:

For the Years Ended December 31,	Pension Benefits	Postretirement Benefits	Subsidies
		(in thousands of dollars)	
2013	$ 120,888	$ 73,507	$ -
2014	123,400	75,206	-
2015	126,383	77,604	-
2016	128,361	79,990	-
2017	131,339	82,383	-
Thereafter	599,352	441,696	-
Total	$ 1,229,723	$ 830,386	$ -

As a result of the Medicare Act of 2003, the Company receives a federal subsidy for sponsoring a retiree healthcare plan that provides a benefit that is actuarially equivalent to Medicare Part D.

Assumptions

The weighted-average assumptions used to determine the benefit obligations for the years ended December 31, 2012 and December 31, 2011 are as follows:

	Pension Plans		PBOP Plans	
	December 31,		December 31,	
	2012	2011	**2012**	2011
Discount rate	**5.10%/4.40%**	5.90%	**5.10%**	5.45%
Rate of compensation increase	**3.50%**	3.50%	**n/a**	n/a
Expected long-term rate of return on assets	**6.75%**	8.00%	**7.25%-7.50%**	7.75%

The weighted-average assumptions used to determine the net periodic cost for the years ended December 31, 2012 and December 31, 2011 are as follows:

	Pension Plans		PBOP Plans	
	December 31,		December 31,	
	2012	2011	**2012**	2011
Discount rate	**4.40%-5.90%**	5.90%-6.10%	**5.00%-5.90%**	5.90%-6.10%
Expected return on plan assets	**6.75%-7.75%**	7.75%-8.00%	**7.25%-7.75%**	6.75%-8.00%
Rate of compensation increase	**3.50%**	3.50%	**n/a**	n/a

The Company selects its discount rate assumption based upon rates of return on highly rated corporate bond yields in the marketplace as of each measurement date. Specifically, the Company uses the Hewitt AA Only Above Median Curve along with the expected future cash flows from the Company retirement plans to determine the weighted-average discount rate assumption.

The expected rate of return for various passive asset classes is based both on analysis of historical rates of return and forward looking analysis of risk premiums and yields. Current market conditions, such as inflation and interest rates, are evaluated in connection with the setting of the long-term assumptions. A small premium is added for active management of both equity and fixed income securities. The rates of return for each asset class are then weighted in accordance with the actual asset allocation, resulting in a long-term return on asset rate for each plan.

The assumed health care cost trend rates used to develop the PBOP benefit obligations are as follows:

	PBOP Plans	
	December 31,	
	2012	2011
Health Care Cost Trend Rate		
Initial		
Pre 65	**8.00%**	8.50%
Post 65	**7.50%**	8.00%
Prescription	**8.25%**	8.75%
Ultimate	**5.00%**	5.00%
Year that Trend reaches Ultimate Rate		
Pre 65	**2018**	2018
Post 65	**2018**	2018
Prescription	**2019**	2019

A one-percentage-point change in the assumed health care cost trend rate would have the following effects:

One-Percentage-Point	Increase	/ Decrease
	(in thousands of dollars)	
Total of service cost plus interest cost	$ 15,786	$ (13,273)
Postretirement benefit obligation	202,237	(177,519)

Plan Assets

The Company manages benefit plan investments to minimize the long-term cost of operating the plans, with a reasonable level of risk. Risk tolerance is determined as a result of a periodic asset/liability study which analyzes plan liabilities and plan funded status and results in the determination of the allocation of assets across equity and fixed income securities. Equity investments are broadly diversified across U.S. and non-U.S. stocks, as well as across growth, value, and small and large capitalization stocks. Likewise, the fixed income portfolio is broadly diversified across the various fixed income market segments. Small investments are also held in private equity, with the objective of enhancing long-term returns while improving portfolio diversification. For the PBOP Plan, since the earnings on a portion of the assets are taxable, those investments are managed to maximize after tax returns consistent with the broad asset class parameters established by the asset allocation study. Investment risk and return are reviewed by NGUSA's investment committee on a quarterly basis.

The target asset allocations for benefit plans as of December 31, 2012 and December 31, 2011 are as follows:

	Pension Plans		PBOPs	
	December 31,		December 31,	
	2012	2011*	**2012**	2011
U.S. equities	**17%**	20%	**40%**	40%
Global equities (including U.S.)	**7%**	7%	**6%**	**6%**
Global tactical asset allocation	**10%**	10%	**9%**	**9%**
Non-U.S. equities	**6%**	10%	**20%**	20%
Fixed income	**50%**	40%	**25%**	25%
Private equity	**4%**	5%	**-%**	-%
Real estate	**4%**	5%	**-%**	-%
Infrastructure	**2%**	3%	**-%**	-%
	100%	100%	**100%**	100%

* During 2011, a decision was made to increase the allocation to fixed income in order to reduce the risk of the portfolio.

Fair Value Measurements

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) _ An Original (2) X A Resubmission	09/09/2013	2012/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

We determine the fair value of plan assets using unadjusted quoted prices in active markets (Level 1) or pricing inputs that are observable (Level 2) whenever that information is available. We use unobservable inputs (Level 3) to estimate fair value only when relevant observable inputs are not available. We classify assets within this fair value hierarchy based on the lowest level of inputs which significantly affect the fair value measurement.

The following tables depict by level, within the fair value hierarchy, the plan assets as of December 31, 2012 and December 31, 2011:

December 31, 2012

	Level 1	Level 2	Level 3	Total
		(in thousands of dollars)		
Pension Assets:				
Cash and cash equivalents	$ 553	$ 59,987	$ -	$ 60,540
Accounts receivable	18,506	-	-	18,506
Accounts payable	(12,231)	-	-	(12,231)
Equity	248,508	118,640	207,734	574,882
Fixed income securities	29,565	829,677	57,982	917,224
Global tactical asset allocation	(220)	(20,894)	67,000	45,886
Preferred securities	6,459	-	-	6,459
Private equity	-	-	76,620	76,620
Real estate	-	-	66,127	66,127
Total	$ 291,140	$ 987,410	$ 475,463	$ 1,754,013
PBOP Assets:				
Cash and cash equivalents	$ 63,692	$ 8,149	$ -	$ 71,841
Accounts receivable	16,045	-	-	16,045
Accounts payable	(16,670)	-	-	(16,670)
Equity	188,114	412,307	39,343	639,764
Fixed income securities	105,768	65,415	5	171,188
Global tactical asset allocation	26,084	-	42,833	68,917
Total	$ 383,033	$ 485,871	$ 82,181	$ 951,085

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) _ An Original (2) X A Resubmission	09/09/2013	2012/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

	December 31, 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
		(in thousands of dollars)		
Pension Assets:				
Cash and cash equivalents	$ 200	$ 50,466	$ -	$ 50,666
Accounts receivable	67,540	-	-	67,540
Accounts payable	(63,834)	-	-	(63,834)
Equity	282,998	309,452	19,079	611,529
Fixed income securities	173,470	534,597	7,626	715,693
Global tactical asset allocation	-	15,182	82,011	97,193
Preferred securities	443	-	-	443
Private equity	-	-	69,818	69,818
Real estate	-	-	60,091	60,091
Total	**$ 460,817**	**$ 909,697**	**$ 238,625**	**$ 1,609,139**
PBOP Assets:				
Cash and cash equivalents	$ 95	$ 35,375	$ -	$ 35,470
Accounts receivable	18,773	-	-	18,773
Accounts payable	(18,833)	-	-	(18,833)
Equity	158,798	320,478	16,261	495,537
Fixed income securities	95,966	52,508	-	148,474
Global tactical asset allocation	22,165		37,300	59,465
Total	**$ 276,964**	**$ 408,361**	**$ 53,561**	**$ 738,886**

Following is a description of the valuation methodologies used at December 31, 2012 and December 31, 2011 for pension and other postretirement benefit assets measured at fair value. The pension and other postretirement benefit assets can be invested in any of the following categories.

Cash and cash equivalents
Cash and cash equivalents are classified as Level 1 as they can be priced daily. Active reserve funds, reserve deposits, commercial paper, repurchase agreements, and commingled cash equivalents are classified as Level 2 as they can be valued using other significant observable inputs.

Accounts receivable and accounts payable
Accounts receivable and accounts payable are classified in the same category as the investments in which they relate to.

Equity and preferred securities
Common stocks, preferred stocks, and real estate investment trusts are valued using the official close of the primary market on which the individual securities are traded.

Equity securities are primarily comprised of securities issued by public companies in domestic and foreign markets plus investments in commingled funds, which are valued on a daily basis. The Company can exchange shares of the publicly traded securities and the fair values are primarily sourced from the closing prices on stock exchanges where there is active trading, therefore they would be classified as Level 1 investments. If there is less active trading, then the publicly traded securities would typically be priced using observable data, such as bid ask prices, and these measurements would be classified as Level 2 investments. Investments that are not publicly traded and valued using unobservable inputs would be classified as Level 3 investments. Commingled funds with publicly quoted prices and active trading are classified as Level 1 investments. For commingled funds that are not publicly traded and have ongoing subscription and redemption activity, the fair value of the investment is the net asset value ("NAV") per fund share, derived from the underlying securities' quoted prices in active markets, and are classified as Level 2 investments. Investments in commingled funds with redemption restrictions and use NAV are classified as Level 3 investments.

Global tactical asset allocation
Assets held in global tactical asset allocation funds are managed by investment managers who use both top-down and bottom-up valuation methodologies to value asset classes, countries, industrial sectors, and individual securities in order to allocate and invest assets opportunistically. If the inputs used to measure a financial instrument fall within different levels of the fair value hierarchy within the commingled fund, the categorization is based on the lowest level input that is significant to the measurement of that financial instrument. These assets are invested through commingled funds, which are classified as Level 2. However, the underlying Level 3 assets that make up these funds are classified in the same category as the investments in which they relate to.

Fixed income securities

Fixed income securities (which include corporate debt securities, municipal fixed income securities, US Government and Government agency securities including government mortgage backed securities, index linked government bonds, and state and local bonds) convertible securities, and investments in securities lending collateral (which include repurchase agreements, asset backed securities, floating rate notes and time deposits) are valued with an institutional bid valuation. A bid valuation is an estimated price at which a dealer would pay for a security (typically in an institutional round lot). Oftentimes, these evaluations are based on proprietary models which pricing vendors establish for these purposes. In some cases there may be manual sources when primary vendors do not supply prices.

Fixed income investments are primarily comprised of fixed income securities and fixed income commingled funds. The prices for direct investments in fixed income securities are generated on a daily basis. Prices generated from less active trading with wider bid ask prices are classified as Level 2 investments. If prices are based on uncorroborated and unobservable inputs, then the investments are classified as Level 3 investments. Commingled funds with publicly quoted prices and active trading are classified as Level 1 investments. For commingled funds that are not publicly traded and have ongoing subscription and redemption activity, the fair value of the investment is the NAV per fund share, derived from the underlying securities' quoted prices in active markets, and are classified as Level 2 investments. Investments in commingled funds with redemption restrictions and use NAV are classified as Level 3 investments.

Private equity and real estate
Commingled equity funds, commingled special equity funds, limited partnerships, real estate, venture capital and other investments are valued using evaluations (NAV per fund share), based on proprietary models, or based on the net asset value.

Investments in private equity and real estate funds are primarily invested in privately held real estate investment properties, trusts, and partnerships as well as equity and debt issued by public or private companies. The Company's interest in the fund or partnership is estimated based on the NAV. The Company's interest in these funds cannot be readily redeemed due to the inherent lack of liquidity and the primarily long-term nature of the underlying assets. Distribution is made through the liquidation of the underlying assets. The Company views these investments as part of a long-term investment strategy. These investments are valued by each investment manager based on the underlying assets. The majority of the underlying assets are valued using significant unobservable inputs and often require significant management judgment or estimation based on the best available information. Market data includes observations of the trading multiples of public companies considered comparable to the private companies being valued. The funds utilize valuation techniques consistent with the market, income, and cost approaches to measure the fair value of certain real estate investments. As a result, the Company classifies these investments as Level 3 investments.

While management believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a summary of changes in the fair value of the Plan's Level 3 investments:

	Pension Plan Assets		PBOP Plan Assets	
	December 31,		December 31,	
	2012	2011	**2012**	2011
	(in thousands of dollars)			
Balance at beginning of year	**$ 238,625**	$ 199,339	**$ 53,561**	$ 37,540
Transfers out of Level 3	**(1,080)**	(98,857)	**(5,845)**	(23,060)
Transfers in to Level 3	**-**	90,787	**6,080**	24,051
Actual gain or loss on plan assets				
included in earnings (or changes in net assets)	**157,038**	2,388	**1,812**	(41)
included in regulatory assets and liabilities	**53,093**	18,640	**8,360**	2,475
Purchases	**168,946**	177,045	**41,971**	14,476
Sales	**(141,159)**	(150,717)	**(23,758)**	(1,880)
Balance at end of year	**$ 475,463**	$ 238,625	**$ 82,181**	$ 53,561

Note 4. Utility Plant

At December 31, 2012 and December 31, 2011, utility plant, at cost, along with accumulated depreciation and amortization are as follows:

	December 31,	
	2012	2011
	(in thousands of dollars)	
Plant and machinery	**$ 9,014,423**	$ 8,749,828
Land and buildings	**517,706**	464,032
Motor vehicle and office equipment	**66,705**	17,311
Assets in construction	**300,374**	209,679
Software and other intangibles	**6,361**	5,277
Goodwill	**1,289,132**	1,289,132
Other intangibles	**-**	6,363
Total	**11,194,701**	10,741,622
Accumulated depreciation and amortization	**(3,291,668)**	(3,231,591)
Utility plant, net	**$ 7,903,033**	$ 7,510,031

Note 5. Derivatives

In the normal course of business, the Company is party to derivative instruments, such as futures, options, swaps, and physical forwards that are principally used to manage commodity prices associated with natural gas and electric distribution operations. These financial exposures are monitored and managed as an integral part of the Company's overall financial risk management policy. The Company generally engages in activities at risk only to the extent that those activities fall within commodities and financial markets to which it has a physical market exposure in terms and volumes consistent with its core business.

The Company records the changes in fair value of the derivative instruments it uses as regulatory assets or liabilities because various rate agreements associated with its gas and electric distribution subsidiaries allow for the pass-through of the commodity cost of natural gas, electricity, and the costs related to hedging activities.

Commodity Derivative Instruments – Regulated Accounting

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Niagara Mohawk Power Corporation	(1) _ An Original (2) X A Resubmission	(Mo, Da, Yr) 09/09/2013	2012/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

The Company is exposed to certain risks relating to its ongoing business operations, primarily commodity price risk. Financial and physical forward contracts on gas and electricity are entered into to manage this price risk and reduce the cash flow variability associated with the Company's forecasted purchases and sales of natural gas and electricity associated with its operations. Our strategy is to minimize fluctuations in gas and electricity sales prices to our regulated customers. Because we follow regulatory accounting treatment for our derivatives as described above, changes in fair value of our derivatives have no immediate income statement impact. Gains or losses on the settlement of these contracts are initially deferred and then refunded to or collected from our customers consistent with regulatory requirements.

The following are commodity volumes in dekatherms ("dths") and megawatt hours ("Mwhs") associated with our derivative contracts:

		Electric		Gas	
		December 31,		December 31,	
		2012	2011	2012	2011
		(in thousands)		(in thousands)	
Physicals:	Gas purchase (dths)	n/a	n/a	15,342	26,352
	Electric (Mwhs)	-	896	n/a	n/a
Financials:	Gas swaps (dths)	n/a	n/a	5,830	6,600
	Gas options (dths)	n/a	n/a	1,420	4,640
	Electric swaps (Mwhs)	6,988	4,361	n/a	n/a
	Electric options (Mwhs)	n/a	37,800	n/a	n/a
Total:		6,988	43,057	22,592	37,592

The following table presents the Company's derivative assets and liabilities that are included in the accompanying balance sheets for the above contracts:

	Asset Derivatives			Liability Derivatives	
	December 31,			December 31,	
	2012	2011		2012	2011
	(in thousands of dollars)			(in thousands of dollars)	
Current assets:			Current liabilities:		
Gas swap contracts	$ 92	$ -	Gas swap contracts	$ 1,596	$ 9,249
Gas option contracts	112	548	Gas option contracts	312	1,142
Gas purchase contracts	21	1,262	Gas purchase contracts	1,411	836
Electric swap contracts	8,199	289	Electric swap contracts	3,091	20,012
Electric option contracts	-	-	Electric option contracts	-	59
	8,424	2,099		6,410	31,298
Deferred assets:			Deferred liabilities:		
Gas swap contracts	105	-	Gas swap contracts	206	1,483
Gas option contracts	-	-	Gas option contracts	-	205
Electric swap contracts	3,270	275	Electric swap contracts	1,754	184
Electric option contracts	-	39,774	Electric option contracts	-	-
	3,375	40,049		1,960	1,872
Total	$ 11,799	$ 42,148	Total	$ 8,370	$ 33,170

The Company had no non-regulated derivative contracts as of December 31, 2012 and December 31, 2011. The change in fair value of the regulated contracts is offset by changes in regulatory assets and liabilities. As a result, the changes in fair value of derivative contracts and their offsetting regulatory assets and liabilities had no impact on the accompanying statements of income.

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Niagara Mohawk Power Corporation	(1) _ An Original (2) X A Resubmission	09/09/2013	2012/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

The following table presents the impact the change in the fair value of the Company's derivative contracts had on the accompanying balance sheets for the years ended December 31, 2012 and December 31, 2011:

	Years Ended December 31,	
	2012	2011
	(in thousands of dollars)	
Regulatory assets:		
Gas swap contracts	$ (8,930)	$ (3,281)
Gas option contracts	(1,035)	774
Gas purchase contracts	575	(4,031)
Electric swap contracts	(15,351)	(14,983)
Electric cptions contracts	(59)	59
	(24,800)	(21,462)
Regulatory liabilities:		
Gas swap contracts	197	(404)
Gas option contracts	(436)	548
Gas purchase contracts	(1,241)	35
Electric swap contracts	10,905	(737)
Electric cption contracts	(39,774)	(9,918)
	(30,349)	(10,476)
Total decrease in net regulatory liabilities (assets)	$ 5,549	$ (10,986)

Credit and Collateral

Derivative contracts are primarily used to manage exposure to market risk arising from changes in commodity prices. In the event of non-performance by a counterparty to a derivative contract, the desired impact may not be achieved. The risk of counterparty non-performance is generally considered a credit risk and is actively managed by assessing each counterparty credit profile and negotiating appropriate levels of collateral and credit support. In instances where a counterparty's credit quality has declined, or credit exposure exceeds certain levels, we may limit our credit exposure by restricting new transactions with the counterparty, requiring additional collateral or credit support and negotiating the early termination of certain agreements. Similarly, the Company may be required to post collateral to its counterparties. As of December 31, 2012 and December 31, 2011, the Company has paid $0 million and $8.1 million, respectively, to its counterparties as collateral associated with outstanding derivative contracts. This amount has been recorded as special deposits, with offsetting positions in the accompanying balance sheets.

In addition, certain of the Company's derivative instruments contain provisions that require its debt to maintain an investment grade credit rating from each of the major credit rating agencies. If the Company's credit rating were to fall below a certain level, it would be in violation of these provisions, and the counterparties to the derivative instruments could request immediate and ongoing full overnight collateralization on derivative instruments in net liability positions. The aggregate fair value of the Company's derivative instruments with credit-risk-related contingent features that are in a liability position on December 31, 2012 and December 31, 2011 was $2.5 million and $31.5 million, respectively. The Company had posted collateral of $0 million and $8.1 million for these instruments at December 31, 2012 and December 31, 2011, respectively. If the Company's credit rating were to be downgraded by one or two levels, it would not be required to post any additional collateral. If the Company's credit rating were to be downgraded by three levels, it would be required to post $2.7 million additional collateral to its counterparties.

Note 6. Fair Value Measurements

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) _ An Original (2) X A Resubmission	09/09/2013	2012/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following table presents assets and liabilities measured and recorded at fair value in the accompanying balance sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2012 and December 31, 2011:

December 31, 2012	Level 1	Level 2	Level 3	Total
	(in thousands of dollars)			
Assets:				
Derivative contracts	$ -	$ 10,368	$ 1,431	$ 11,799
Available for sale securities	16,231	8,067	-	24,298
Total assets	16,231	18,435	1,431	36,097
Liabilities:				
Derivative contracts	-	7,131	1,239	8,370
Net assets	$ 16,231	$ 11,304	$ 192	$ 27,727

December 31, 2011	Level 1	Level 2	Level 3	Total
	(in thousands of dollars)			
Assets:				
Derivative contracts	$ -	$ 1,560	$ 40,588	$ 42,148
Available for sale securities	16,882	7,319	-	24,201
Total assets	16,882	8,879	40,588	66,349
Liabilities:				
Derivative contracts	-	31,603	1,567	33,170
Net assets (liabilities)	$ 16,882	$ (22,724)	$ 39,021	$ 33,179

The following is a description of the inputs to and valuation techniques used to measure the fair values above:

Derivatives

The Company's Level 2 fair value derivative instruments primarily consist of over-the-counter ("OTC") swaps and forward physical gas deals where market data for pricing inputs is observable. Level 2 pricing inputs are obtained from the New York Mercantile Exchange ("NYMEX") and Intercontinental Exchange ("ICE"), except cases in which ICE publishes seasonal averages or there were no transactions within the last seven days. Level 2 derivative instruments may utilize discounting based on quoted interest rate curves that may include a liquidity reserve calculated based on bid/ask spread. Substantially all of these price curves are observable in the marketplace throughout at least 95% of the remaining contractual quantity, or they could be constructed from market observable curves with correlation coefficients of 0.95 or higher.

Level 3 fair value derivative instruments primarily consist of our gas OTC forwards, options, and physical gas transactions where pricing inputs are unobservable, as well as other complex and structured transactions. Complex or structured transactions can introduce the need for internally-developed models based on reasonable assumptions. Industry-standard valuation techniques, such as the Black-Scholes pricing model, Monte Carlo simulation, and Financial Engineering Associates libraries are used for valuing such instruments. A derivative contract is also deemed to be Level 3 when forward curve is internally developed, extrapolated or derived from market observable curve with correlation coefficients less than 0.95, or optionality is present, or non-economical assumptions are made.

Available for Sale Securities

Available for sale securities primarily include equities and investments based on quoted market prices in active markets (Level 1) and municipal and corporate bonds based on quoted prices of similar traded assets in open markets (Level 2).

Level 3 Fair Value Measurements

The following table presents the fair value reconciliation of Level 3 derivative assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2012 and December 31, 2011:

	Years Ended December 31,	
	2012	2011
	(in thousands of dollars)	
Balance, at beginning of year	**$ 39,021**	$ 49,473
Transfers out of Level 3	**(1,803)**	67
Total gains or losses included in regulatory assets and liabilities	**2,126**	(10,577)
Purchases	**998**	(436)
Settlements	**(40,150)**	494
Balance, at end of year	**$ 192**	$ 39,021
The amount of total gains or losses for the period included in net income attributed to the change in unrealized gains or losses related to regulatory assets and liabilities at year-end	**$ -**	$ -

A transfer into Level 3 represents existing assets or liabilities that were previously categorized at a higher level for which the inputs became unobservable. A transfer out of Level 3 represents assets and liabilities that were previously classified as Level 3 for which the inputs became observable based on the criteria discussed previously for classification in Level 2. These transfers, which are recognized at the end of each period, result from changes in the observability of forward curves from the beginning to the end of each reporting period. There were no transfers between Level 1 and Level 2 or transfers into Level 3 during the years ended December 31, 2012 and December 31, 2011.

Other Fair Value Measurements

The fair market value of the Company's long-term debt was estimated based on the quoted market prices for similar issues or on the current rates offered to the Company for debt of the same remaining maturity. The fair value of our long-term debt at December 31, 2012 and December 31, 2011 was $2 billion.

All other financial instruments on the balance sheets such as money pool and intercompany balances, accounts receivable and accounts payable are stated at cost, which approximates fair value.

Note 7. Income Taxes

The components of federal and state income tax expense (benefit) are as follows:

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Niagara Mohawk Power Corporation	(1) _ An Original (2) X A Resubmission	09/09/2013	2012/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

	(in thousands of dollars)			
Current tax expense:				
Federal	$	22,494	$	131,647
State		12,434		14,961
Total current tax expense		34,928		146,608
Deferred tax expense (benefit):				
Federal		76,125		(89,490)
State		11,006		7,885
		87,131		(81,605)
Amortized investment tax credits, net [1]		(2,126)		(1,984)
Total deferred tax expense (benefit)		85,005		(83,589)
Total income tax expense	$	119,933	$	63,019
Total income taxes in the statements of income:				
Income taxes charged to operations	$	124,933	$	67,799
Income taxes credited to other income (deductions)		(5,000)		(4,780)
Total	$	119,933	$	63,019

(1) Investment tax credits ("ITC") are being deferred and amortized over the depreciable life of the property giving rise to the credits.

Reconciliation between the expected federal income tax expense, using the federal statutory rate of 35%, to the Company's actual income tax expense for the years ended December 31, 2012 and December 31, 2011 is as follows:

	Years Ended December 31,			
	2012		2011	
	(in thousands of dollars)			
Computed tax	$	109,139	$	67,753
Change in computed taxes resulting from:				
State income tax, net of federal benefit		15,236		14,850
Depreciation differences not normalized		17,560		21,346
Removal costs not normalized		(17,174)		(15,595)
Allowance for equity funds used during construction		(2,671)		(2,121)
Investment tax credit		(2,126)		(1,984)
Provision to return adjustments		281		(2,726)
Other items, net		(312)		(18,504)
Total		10,794		(4,734)
Federal and state income taxes	$	119,933	$	63,019

Significant components of the Company's net deferred tax assets and liabilities at December 31, 2012 and December 31, 2011 are as follows:

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Niagara Mohawk Power Corporation	(1) _ An Original (2) X A Resubmission	(Mo, Da, Yr) 09/09/2013	2012/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

	December 31,			
	2012		2011	
	(in thousands of dollars)			
Deferred tax assets:				
Environmental reserve	$	193,832	$	191,257
Pensions, PBOP and other employee benefits		97,894		206,657
Allowance for uncollectible accounts		72,727		78,575
Future federal benefit on state taxes		45,184		43,369
Reserves not currently deducted		26,673		4,987
Other items		51,259		40,436
Total deferred tax assets (1)		487,569		565,281
Deferred tax liabilities:				
Property related differences		1,674,974		1,480,058
Regulatory assets - other		121,518		236,232
Regulatory assets - environmental		191,023		185,483
Other items		177,537		254,160
Total deferred tax liabilities		2,165,052		2,155,933
Net deferred income tax liability		1,677,483		1,590,652
Deferred investment tax credit		22,862		23,415
Non-current deferred income tax liability	$	1,700,345	$	1,614,067

(1) Due to the issuance of Revenue Procedure 2011-43, the Company has written-off the prior year valuation allowance related to state NOL's that are no longer believed to be realizable.

The Company is a member of the NGNA and subsidiaries consolidated federal income tax return. The Company has joint and several liability for any potential assessments against the consolidated group.

The Company adopted the provisions of FASB guidance which clarifies the accounting for uncertain tax positions as modified by FERC Docket AI07-2-000. FASB guidance provides that the financial effects of a tax position shall initially be recognized when it is more likely than not, based on the technical merits, that the position will be sustained upon examination, assuming the position will be audited and the taxing authority has full knowledge of all relevant information. FERC docket AI07-2-000 issues supplementary guidance requiring entities to continue to recognize deferred income taxes for Commission accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in the financial statements. As of December 31, 2012 and December 31, 2011, the Company did not have any unrecognized tax benefits on a FERC basis.

The following table reconciles the changes in the Company's unrecognized tax benefits for the years ended December 31, 2012 and December 31, 2011:

	Years Ended December 31,			
	2012		2011	
	(in thousands of dollars)			
Balance at the beginning of the year	$	222,276	$	182,058
Additions based on tax positions related to the prior years		(62,324)		24,069
Additions based on tax positions related to the current year		(426)		16,149
Balance at the end of the year	$	159,526	$	222,276

As of December 31, 2012 and December 31, 2011, the Company has accrued for interest related to unrecognized tax benefits of $22.3

million and $22.0 million, respectively. During years ended December 31, 2012 and December 31 2011, the Company recorded interest expense of $0.3 million and $9.4 million, respectively. The Company recognizes accrued interest related to unrecognized tax benefits in other interest expense and related penalties, if applicable, in other deductions in the accompanying statements of income. No penalties were recognized during the years ended December 31, 2012 and December 31, 2011.

It is reasonably possible that other events will occur during the next twelve months that would cause the total amount of unrecognized tax benefits to increase or decrease. However, the Company does not believe any such increases or decreases would be material to its results of operations, financial position, or liquidity.

It is reasonably possible that other events will occur during the next twelve months that would cause the total amount of unrecognized tax benefits to increase or decrease. However, the Company does not believe any such increases or decreases would be material to their results of operations, financial position, or liquidity.

In fiscal year 2012, the IRS commenced an audit of NGNA and subsidiaries for the fiscal years ending March 31, 2008 and March 31, 2009. Fiscal years ended March 31, 2010 through March 31, 2012 remain subject to examination by the IRS.

New York State income tax returns have been examined and all issues have been agreed with the New York State Department of Revenue through March 31, 2005. During the year ended March 31, 2010, the State of New York began a new audit cycle covering the years ended March 31, 2006 through March 31, 2008. The years ended March 31, 2009 through March 31, 2012 remain subject to examination.

The following table indicates the earliest tax year subject to examination:

Jurisdiction	Tax Year
Federal	March 31, 2005*
New York	March 31, 2006

*The Company is in the process of appealing certain disputed issues with the IRS Office of Appeals relating to its tax returns for March 31, 2005 through March 31, 2007. The Company does not anticipate a change in its unrecognized tax positions in the next twelve months as a result of filing the appeals. However, the Company's tax sharing agreement may result in a change to allocated tax as a result of current and future audits or appeals.

Note 8. Debt

Short-term debt

The Company has regulatory approval from the FERC to issue up to $1 billion of short-term debt. As of December 31, 2012 and December 31, 2011, the Company has no short-term debt outstanding to external third parties.

Long-term debt

Long-term debt consisted of the following at December 31, 2012 and December 31, 2011:

Series	Rate %	Maturity	December 31, 2012	2011
			(in thousands of dollars)	
Senior Notes: (1)				
4.12%	4.119	November 28, 2042	$ 400,000	$ -
2.72%	2.721	November 28, 2022	300,000	-
4.88%	4.881	August 15, 2019	750,000	750,000
3.55%	3.553	October 1, 2014	500,000	500,000
State Authority Tax exempt Bonds:				
5.15% (2)	5.150	November 1, 2025	75,000	75,000
2013	Variable	October 1, 2013	45,600	45,600
2029	Variable	July 1, 2029	115,705	115,705
Bonds			2,186,305	1,486,305
State Authority Tax exempt Bonds:				
2015	Variable	July 1, 2015	100,000	100,000
2023	Variable	December 1, 2023	69,800	69,800
2025	Variable	December 1, 2025	75,000	75,000
2026	Variable	December 1, 2026	50,000	50,000
2027	Variable	March 1, 2027	25,760	25,760
2027	Variable	July 1, 2027	93,200	93,200
Other Long-term Debt			413,760	413,760
Niagara Mohawk Holdings, Inc. Note (1)	5.800	November 1, 2012	-	500,000
Unamortized discounts			(161)	(353)
Total long-term debt			$ 2,599,904	$ 2,399,712

Intercompany Notes

On November 1, 2012, the Company repaid $500 million of intercompany long-term notes outstanding with Niagara Mohawk Holdings, Inc., the parent of the Company. These notes carried an interest rate of 5.80%.

Senior Notes

In November 2012, the Company issued $300 million of unsecured long-term debt at 2.721% with a maturity date of November 28, 2022. Additionally, in November 2012, the Company issued $400 million of long-term debt at 4.119% with a maturity date of November 28, 2042.

In August 2009, the Company issued $750 million of unsecured long-term debt at 4.881% with a maturity date of August 15, 2019. Additionally, in September 2009 the Company issued $500 million of long-term debt at 3.553% with a maturity date of October 1, 2014.

State Authority Financing Bonds

The assets of the Company are subject to liens and other charges and are provided as collateral over borrowings of $650 million of State Authority Financing Bonds. These bonds were issued to secure a like amount of tax-exempt revenue bonds issued by the New York State Energy Research and Development Authority ("NYSERDA"). Approximately $575 million of such securities bear interest at short-term adjustable interest rates (with an option to convert to other rates, including a fixed interest rate) ranging from 0.48% to 0.83% for the year ended December 31, 2012. The bonds are currently in the auction rate mode and are backed by bond insurance. These bonds cannot be put back to the Company and in the case of a failed auction, the resulting interest rate on the bonds would revert to the maximum rate which depends on the current appropriate, short-term benchmark rate and the senior secured rating of the Company or the bond insurer, whichever is greater. The effect on interest expense has not been material at this time.

The Company also has $75 million of 5.15% fixed rate pollution control revenue bonds issued through the NYSERDA which are callable at par. Pursuant to agreements between NYSERDA and the Company, proceeds from such issues were used for the purpose of financing the construction of certain pollution control facilities at the Company's generation facilities (which the Company subsequently sold) or to refund outstanding tax-exempt bonds and notes.

The aggregate maturities of long-term debt subsequent to December 31, 2012 are as follows:

(in thousands of dollars) Years Ended December 31,		
2013	$	45,600
2014		500,000
2015		-
2016		-
2017		-
Thereafter		2,054,465
Total	$	2,600,065

The Company is obligated to meet its non-financial covenants and during the years ended December 31, 2012 and December 31, 2011, the Company was in compliance with all of such covenants.

Note 9. Commitments and Contingencies

Purchase Commitments

The Company has several types of long-term contracts for the purchase of electric power. Substantially all of these contracts require power to be delivered before the Company is obligated to make payment. The Company has entered into various contracts for electricity and gas delivery, storage and supply services. Certain of these contracts require payment of annual demand charges. The Company is liable for these payments regardless of the level of services required from third parties. Such charges are currently recovered from utility customers as gas and electric costs.

In addition, the Company has various capital commitments related to the construction of property, plant, and equipment.

The Company's commitments under these long-term contracts for years subsequent to December 31, 2012 are summarized in the table below:

(in thousands of dollars) Years Ended December 31,	Power	Capital Expenditures
2013	$ 204,828	$ -
2014	192,144	147,318
2015	158,928	-
2016	105,247	-
2017	95,420	-
Thereafter	910,428	-
Total	$ 1,666,995	$ 147,318

The Company's subsidiaries can purchase additional energy to meet load requirements from other independent power producers ("IPPs"), other utilities, energy merchants or the ISO-NE at market prices.

Operating Lease Commitments

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) _ An Original (2) X A Resubmission	09/09/2013	2012/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

The Company has various operating leases relating to office space. Total rental expense for operating leases included in operations and maintenance expense in the accompanying statements of income was $4 million for the years ended December 31, 2012 and December 31, 2011.

A summary of future minimum lease payments due each year subsequent to December 31, 2012 are as follows:

(in thousands of dollars) Years ended December 31,		
2013	$	4,529
2014		4,091
2015		4,146
2016		4,197
2017		4,248
Thereafter		24,403
Total	$	45,614

Asset Retirement Obligations

The Company has various asset retirement obligations associated with its distribution facilities. These obligations have remained substantially unchanged since December 31, 2011, except for normal accretion adjustments and costs incurred. Generally, the Company's largest asset retirement obligations relate to: (i) legal requirements to cut (disconnect from the electricity and gas distribution system), purge (clean of natural gas and PCB contaminants) and cap gas mains within the Company's gas distribution and transmission system when mains are retired in place; or dispose of sections of gas main when removed from the pipeline system; (ii) cleaning and removal requirements associated with storage tanks containing waste oil and other waste contaminants; and (iii) legal requirements to remove asbestos upon major renovation or demolition of structures and facilities.

The following table represents the changes in the asset retirement obligations for the years ended December 31, 2012 and December 31, 2011:

	December 31,	
	2012	2011
	(in thousands of dollars)	
Balance as of beginning of year	**$ 9,256**	$ 11,038
Accretion expense	**504**	510
Liabilities settled	**560**	(2,292)
Balance as of end of year	**$ 10,320**	$ 9,256

Legal Matters

The Company is subject to various legal proceedings arising out of the ordinary course of its business. The Company does not consider any of such proceedings to be material, individually or in the aggregate, to its business or likely to result in a material adverse effect on its results of operations, financial condition, or cash flows.

Environmental Matters

The normal ongoing operations and historic activities of the Company are subject to various federal, state, and local environmental laws and regulations. Under federal and state Superfund laws, potential liability for the historic contamination of property may be imposed on responsible parties jointly and severally, without regard to fault, even if the activities were lawful when they occurred.

The United States Environmental Protection Agency ("EPA"), and the New York Department of Environmental Conservation ("DEC"), as well as private entities, have alleged that the Company is a potentially responsible party under state or federal law for the remediation of numerous sites. The Company's most significant liabilities relate to former MGP facilities formerly owned or operated by the Company. The Company is currently investigating and remediating, as necessary, those MGP sites and certain other properties under agreements with the EPA and the DEC.

The Company believes that obligations imposed on the Company because of the environmental laws will not have a material result on its operations or financial condition because pursuant to the State of New York Public Service Commission's Order ("PSC Order") approving the Company's electric and gas rate plans, issued and effective March 15, 2013, the Company has an annual rate allowance of $ 42 million , consisting of $35.7 million in electric base rates and $6.3 million in gas base rates. Any annual spend above the $42 million annual rate allowance is 100% deferred for future recovery, unless the Company's earnings are higher than the 9.3% ROE level. In the event the Company's Site Investigation and Remediation costs exceed the rate allowance and the Company's earnings are higher than 9.3%, excess earning credits will be deferred for the benefit of ratepayers as provided under the terms of the rate plan's earnings sharing mechanism. As a result, the Company has recorded a regulatory asset representing the investigation, remediation, and monitoring obligations it expects to recover from ratepayers.

On April 26, 2013, General Electric filed a lawsuit against Niagara Mohawk Power Corporation seeking contribution under the Comprehensive Environmental Response, Compensation, and Liability Act for an unspecified portion of General Electric's alleged response costs incurred in remediating PCB contamination in the Hudson River. General Electric alleges that Niagara Mohawk Power Corporation's liability arises because its removal of the Fort Edward Dam in 1973 resulted in the migration of sediments, contaminated with PCBs released into the environment by General Electric, downstream of the former dam's location. The Company denies liability and is defending this action.

The Company is pursuing claims against other potentially responsible parties to recover investigation and remediation costs it believes are the obligations of those parties. The Company cannot predict the success of such claims. As of December 31, 2012 and December 31, 2011, the Company had reserves related to its environmental obligations of $460.4 million and $454.3 million, respectively, within other deferred credits in the accompanying balance sheets, which represents management's best estimate of the future costs to investigate and remediate the sites as necessary. These environmental reserves are recorded on an undiscounted basis. However, remediation costs for each site may be materially higher than noted, depending upon changing technologies and regulatory standards, selected end use for each site, and actual environmental conditions encountered. The high end of the range of potential liabilities at December 31, 2012, was estimated at $ 601.8 million.

Nuclear Contingencies

As of December 31, 2012 and December 31, 2011, the Company had a liability of $167.7 million and $167.6 million, respectively, in other deferred credits on the accompanying balance sheets, for the disposal of nuclear fuel irradiated prior to 1983. The Nuclear Waste Policy Act of 1982 provides three payment options for liquidating such liability and the Company has elected to delay payment, with interest, until the year in which Constellation Energy Group Inc., which purchased the Company's nuclear assets, initially plans to ship irradiated fuel to an approved DOE disposal facility.

In March 2010, the DOE filed a motion with the Nuclear Regulatory Commission to withdraw the license application for a high-level nuclear waste repository at Yucca Mountain. The DOE's withdrawal motion has been challenged and is being litigated before the NRC and the D.C. Circuit. In January 2010 the US government announced that it has established a Blue Ribbon Commission ("BRC") to perform a comprehensive review and provide recommendations regarding the disposal of the nation's spent nuclear fuel and waste. In January 2012, the BRC issued its report and recommendations which provides for numerous policy recommendations currently under review and consideration by the US Secretary of Energy. Therefore, the Company cannot predict the impact that the recent actions of the DOE and the US government will have on the ability to dispose of the spent nuclear fuel and waste.

Sales and Use Tax Contingencies

The Company is subject to periodic tax audits by federal and state authorities. In 2005, the Company was subject to a sales and use tax audit conducted by the State of New York for the audit period June 2001 through November 2005, which was settled in August 2011.

The State of New York commenced an audit for the period December 2005 through February 2012 during the quarter ended September 30, 2012. The Company accrued $8.0 million and $9.9 million at December 31, 2012 and December 31, 2011, respectively, within other deferred credits in the accompanying balance sheets.

Note 10. Related Party Transactions

Money Pool

The Company is engaged in various transactions with KeySpan, NGUSA and certain affiliates. Generally, the subsidiaries do not maintain separate cash balances. As of November 1, 2012, the existing money pools were consolidated into a Regulated Money Pool and an Unregulated Money Pool. Financing for the Company's working capital and gas inventory needs are obtained through participation in the Regulated Money Pool. The Company, as a participant in the Regulated Money Pool, can both borrow and lend funds. Borrowings from the Regulated and Unregulated Money Pools bear interest in accordance with the terms of the applicable money pool agreement.

The Regulated and Unregulated Money Pools are funded by operating funds from participants in the applicable Money Pool. Collectively, NGUSA and KeySpan have the ability to borrow up to $3 billion from National Grid plc for working capital needs including funding of the Money Pools, if necessary. At December 31, 2012 and December 31, 2011, the Company had short-term money pool investments of $147.0 million and $95.6 million, respectively, which is included as notes receivable to associated companies in the accompanying balance sheets.

Accounts Receivable from Associated Companies and Accounts Payable to Associated Companies

NGUSA and its affiliates also provide various services to the Company, including executive and administrative, financial (including accounting, auditing, risk management, tax and treasury/finance), human resources, information technology, legal and strategic planning that are charged between the companies and charged to each company appropriately. In addition, the Company has a tax sharing agreement with NGNA in filing consolidated tax returns. The Company's share of the tax liability is allocated resulting in a payment to or refund from NGNA.

The Company records short-term payables to and receivables from certain of its affiliates in the ordinary course of business. The amounts payable to and receivable from its affiliates do not bear interest and are settled through the money pool. At December 31, 2012 and December 31, 2011, the Company had a net outstanding accounts receivable from affiliates/accounts payable to associated companies as follows:

	Accounts Receivable From Associated Companies		Accounts Payable To Associated Companies	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(in thousands of dollars)		*(in thousands of dollars)*	
NGUSA (Parent)	$ 2,180	$ 797	$ 869	$ -
Massachusetts Electric Company	578	1,124	3,520	1,689
Brooklyn Union Gas Company	3,520	-	10	-
New England Power Company	936	-	-	-
Opinac NA	-	-	17,016	16,999
Narragansett Electric Company	942	713	146	1,500
NGUSA Service Company	8,333	6,707	84,636	7,113
KeySpan Gas East Corporation	8,617	-	-	-
KeySpan Electric Services	7,886	-	19,891	5,842
NG Generation LLC	1,714	-	-	-
Others	4,094	559	5,758	1,510
Total	$ 38,800	$ 9,900	$ 131,846	$ 34,653

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Niagara Mohawk Power Corporation	(1) _ An Original (2) X A Resubmission	(Mo, Da, Yr) 09/09/2013	2012/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

Service Company Charges

The affiliated service companies of NGUSA provide certain services to the Company at their cost. The service company costs are generally allocated to associated companies through a tiered approach. First and foremost, costs are directly charged to the benefited company whenever practicable. Secondly, in cases where direct charging cannot be readily determined, costs are typically allocated using cost/causation principles linked to the relationship of that type of service, such as number of employees, number of customers/meters, capital expenditures, value of property owned, total transmission and distribution expenditures, etc. Lastly, all other costs are allocated based on a general allocator.

Charges from the service companies of NGUSA to the Company for the years ended December 31, 2012 and December 31, 2011 were $609.8 million and $452.3 million, respectively.

Holding Company Charges

NGUSA received charges from National Grid Commercial Holdings Limited, an affiliated company in the UK, for certain corporate and administrative services provided by the corporate functions of National Grid plc to its US subsidiaries. These charges, which are recorded on the books of NGUSA, have not been reflected on these financial statements.

Note 11. Cumulative Preferred Stock

The Company has certain issues of non-participating preferred stock which provide for redemption at the option of the Company. A summary of cumulative preferred stock at December 31, 2012 and December 31, 2011 is as follows:

	Shares Outstanding		Amount		
	December 31,		**December 31,**		Call
Series	**2012**	2011	**2012**	2011	Price
	(in thousands of dollars, except per share and number of shares data)				
$100 par value -					
3.40% Series	**57,524**	57,524	**$ 5,753**	$ 5,753	$ 103.500
3.60% Series	**137,152**	137,152	**13,715**	13,715	104.850
3.90% Series	**95,171**	95,171	**9,517**	9,517	106.000
Total	**289,847**	289,847	**$ 28,985**	$ 28,985	

Note 12. Dividend Restrictions

The indenture securing the Company's mortgage debt provides that retained earnings shall be reserved and held unavailable for the payment of dividends on common stock to the extent that expenditures for maintenance and repairs plus provisions for depreciation do not exceed 2.25% of depreciable property as defined therein. These provisions have never resulted in a restriction of the Company's retained earnings.

The Company is limited by MRP, NYPSC orders, and FERC orders with respect to the amount of dividends the Company can pay. As long as the bond ratings on the least secure forms of debt issued by the Company and National Grid plc remain investment grade and do not fall to the lowest investment grade rating (with one or more negative watch downgrade notices issued with respect to such debt), the Company is allowed to pay dividends.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) [ ] An Original (2) [X] A Resubmission	09/09/2013	End of 2012/Q4

STATEMENT OF INCOME

Quarterly
1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable
5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	3,290,336,642	3,835,295,565		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	2,043,296,716	2,273,844,599		
5	Maintenance Expenses (402)	320-323	192,567,671	224,042,782		
6	Depreciation Expense (403)	336-337	214,334,066	211,096,606		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337	25,389	23,284		
8	Amort. & Depl. of Utility Plant (404-405)	336-337	879,819	283,418		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337	36,911	36,913		
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		196,174,340	600,702,305		
13	(Less) Regulatory Credits (407.4)			22,373,361		
14	Taxes Other Than Income Taxes (408.1)	262-263	231,677,377	245,317,517		
15	Income Taxes - Federal (409.1)	262-263	23,071,858	131,532,210		
16	- Other (409.1)	262-263	12,560,112	14,947,036		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	227,334,796	671,047,037		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	138,032,564	749,727,593		
19	Investment Tax Credit Adj. - Net (411.4)	266				
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)			465,674		
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		3,003,926,491	3,602,238,629		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		286,410,151	233,056,936		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	Line No.
						1
2,682,250,700	3,105,469,534	607,528,472	729,181,414	557,470	644,617	2
						3
1,654,313,658	1,765,128,415	388,983,058	508,716,184			4
162,601,359	188,805,237	29,966,312	35,237,545			5
169,124,981	167,045,055	45,209,085	44,051,551			6
13,054	10,979	12,335	12,305			7
878,962	277,898	857	5,520			8
36,911	36,913					9
						10
						11
181,467,596	585,995,561	14,706,744	14,706,744			12
	22,373,361					13
181,181,518	193,724,876	50,495,859	52,592,641			14
21,462,382	75,249,577	1,609,476	56,282,633			15
9,396,617	-1,895,284	3,163,495	16,842,322			16
179,864,489	671,547,263	47,470,307	-500,226			17
109,045,726	749,757,119	28,986,838	-29,526			18
						19
						20
	395,993		69,881			21
						22
						23
						24
2,451,295,801	2,874,192,003	552,630,690	728,046,626			25
230,954,899	231,277,531	54,897,782	1,134,788	557,470	644,617	26

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		286,410,151	233,056,936		
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)					
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)		5,478,850	3,840,977		
35	Nonoperating Rental Income (418)		671,101	220,690		
36	Equity in Earnings of Subsidiary Companies (418.1)	119	-363,157	-120,272		
37	Interest and Dividend Income (419)		5,509,357	4,907,966		
38	Allowance for Other Funds Used During Construction (419.1)		7,629,329	6,061,115		
39	Miscellaneous Nonoperating Income (421)		61,099	145,079		
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		8,228,879	7,373,621		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		2,514,900	2,774,664		
46	Life Insurance (426.2)		2,782,945	3,203,825		
47	Penalties (426.3)		1,564,005	2,146,779		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		1,081,742	1,617,189		
49	Other Deductions (426.5)		428,950	2,815,775		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		8,372,542	12,558,232		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	783,201	776,036		
53	Income Taxes-Federal (409.2)	262-263	-577,720	114,635		
54	Income Taxes-Other (409.2)	262-263	-126,151	14,276		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277		-2,924,936		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	2,170,446			
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)		2,126,165	1,983,850		
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-4,217,281	-4,003,641		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		4,073,618	-1,180,770		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		64,088,250	61,619,469		
63	Amort. of Debt Disc. and Expense (428)		3,893,378	2,464,006		
64	Amortization of Loss on Reaquired Debt (428.1)		2,263,600	1,108,069		
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)		60,460	60,460		
67	Interest on Debt to Assoc. Companies (430)		24,577,495	29,036,033		
68	Other Interest Expense (431)		7,665,471	8,317,921		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		3,854,699	1,171,431		
70	Net Interest Charges (Total of lines 62 thru 69)		98,573,035	101,313,607		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		191,910,734	130,562,559		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		191,910,734	130,562,559		

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) _ An Original (2) X A Resubmission	09/09/2013	2012/Q4

FOOTNOTE DATA

Schedule Page: 114 Line No.: 2 Column: g

The Regulatory Staff identified error in recording of 18-A Assessment journal entry true-up in Other Electric Revenue account 94560000.

Reported Total	Revised Total
$2,717,542,795	$2,682,250,700

Schedule Page: 114 Line No.: 4 Column: g

The Regulatory Staff identified error in recording of 18-A Assessment journal entry true-up in Regulatory commission expense account 99280000 and the segment classification in Employee pensions and benefits account 99260000.

Reported Total	Revised Total
$1,690,275,815	$1,654,313,658

Schedule Page: 114 Line No.: 4 Column: i

The Regulatory Staff identified error in the segment classification in Employee pensions and benefits account 99260000.

Reported Total	Revised Total
$388,312,996	$388,983,058

Schedule Page: 114 Line No.: 15 Column: g

The Regulatory Staff identified error in the segment classification in Income taxes - Federal account 94091000.

Reported Total	Revised Total
$21,644,512	$21,462,382

Schedule Page: 114 Line No.: 15 Column: i

The Regulatory Staff identified error in the segment classification in Income taxes - Federal account 94091000.

Reported Total	Revised Total
$1,427,346	$1,609,476

Schedule Page: 114 Line No.: 16 Column: g

The Regulatory Staff identified error in the segment classification in Income taxes - Other account 94091000.

Reported Total	Revised Total
$9,412,579	$9,396,617

Schedule Page: 114 Line No.: 16 Column: i

The Regulatory Staff identified error in the segment classification in Income taxes - Other account 94091000.

Reported Total	Revised Total
$3,147,533	$3,163,495

Niagara Mohawk Power Corporation
Notes to Financial Statements
Please refer to Statement AA, Pages 6 – 36, for Notes to Financial Statements

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		713,216,553	683,594,219
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		192,293,891	130,682,831
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24	(3.4% = $195.6k); (3.6% = $493.7k); (3.9% = $371.2k)		-1,060,497	(1,060,497)
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)		-1,060,497	(1,060,497)
30	Dividends Declared-Common Stock (Account 438)			
31			-210,000,000	(300,000,000)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-210,000,000	(300,000,000)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		694,449,947	713,216,553
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		694,449,947	713,216,553
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)		-1,962,482	(1,842,210)
50	Equity in Earnings for Year (Credit) (Account 418.1)		-383,157	(120,272)
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)		-2,345,639	(1,962,482)

Niagara Mohawk Power Corporation
Notes to Financial Statements
Please refer to Statement AA, Pages 6 – 36, for Notes to Financial Statements

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) [ ] An Original (2) [X] A Resubmission	09/09/2013	End of 2012/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	9,261,296,938	7,040,208,660
4	Property Under Capital Leases	744,010	
5	Plant Purchased or Sold		
6	Completed Construction not Classified	339,728,501	290,685,795
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	9,601,769,449	7,330,894,455
9	Leased to Others	3,425,127	3,425,127
10	Held for Future Use		
11	Construction Work in Progress	300,373,531	257,214,386
12	Acquisition Adjustments	1,289,132,075	1,061,730,253
13	Total Utility Plant (8 thru 12)	11,194,700,182	8,653,264,221
14	Accum Prov for Depr, Amort, & Depl	3,291,667,673	2,444,090,144
15	Net Utility Plant (13 less 14)	7,903,032,509	6,209,174,077
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	3,287,992,379	2,440,415,986
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	2,981,008	2,979,872
22	Total In Service (18 thru 21)	3,290,973,387	2,443,395,858
23	Leased to Others		
24	Depreciation	694,286	694,286
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)	694,286	694,286
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	3,291,667,673	2,444,090,144

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
1,910,034,142				311,054,136	3
				744,010	4
					5
20,280,210				28,762,496	6
					7
1,930,314,352				340,560,642	8
					9
					10
31,418,777				11,740,368	11
227,401,822					12
2,189,134,951				352,301,010	13
718,627,608				128,949,921	14
1,470,507,343				223,351,089	15
					16
					17
718,626,472				128,949,921	18
					19
					20
1,136					21
718,627,608				128,949,921	22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
718,627,608				128,949,921	33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) [ ] An Original (2) [X] A Resubmission	09/09/2013	End of 2012/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents	77,175,727	
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	77,175,727	
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights	8,220	
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)	8,220	
36	D. Other Production Plant		
37	(340) Land and Land Rights		
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators		
42	(345) Accessory Electric Equipment		
43	(346) Misc. Power Plant Equipment		
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)		
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	8,220	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.
7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.
8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.
9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
70,817,949			6,357,778		3
					4
70,817,949			6,357,778		5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
			8,220		27
					28
					29
					30
					31
					32
					33
					34
			8,220		35
					36
					37
					38
					39
					40
					41
					42
					43
					44
					45
			8,220		46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	96,779,499	41,223
49	(352) Structures and Improvements	31,590,831	644,501
50	(353) Station Equipment	774,932,649	6,612,267
51	(354) Towers and Fixtures	120,569,091	49,003
52	(355) Poles and Fixtures	468,140,670	82,162,416
53	(356) Overhead Conductors and Devices	319,071,085	47,108,640
54	(357) Underground Conduit	36,179,816	1,518,744
55	(358) Underground Conductors and Devices	115,567,019	2,992,712
56	(359) Roads and Trails	2,339,016	
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	1,965,169,676	141,129,506
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights	30,690,625	3,384,988
61	(361) Structures and Improvements	36,028,378	1,404,835
62	(362) Station Equipment	504,503,233	26,167,683
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures	905,698,211	41,339,173
65	(365) Overhead Conductors and Devices	1,004,437,006	51,449,365
66	(366) Underground Conduit	147,409,670	6,672,427
67	(367) Underground Conductors and Devices	477,739,023	30,486,286
68	(368) Line Transformers	790,812,503	37,853,377
69	(369) Services	432,689,969	11,446,315
70	(370) Meters	125,830,807	1,880,335
71	(371) Installations on Customer Premises	7,900,108	-27,911
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems	218,120,438	13,856,035
74	(374) Asset Retirement Costs for Distribution Plant	33,000	
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	4,681,892,971	225,912,908
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights	2,489,984	13,894
87	(390) Structures and Improvements	97,309,318	-889,129
88	(391) Office Furniture and Equipment	8,989,995	106,288
89	(392) Transportation Equipment	56,363	
90	(393) Stores Equipment	2,143,249	
91	(394) Tools, Shop and Garage Equipment	35,818,792	239,191
92	(395) Laboratory Equipment	21,637,080	232,204
93	(396) Power Operated Equipment	220,444	58,831
94	(397) Communication Equipment	73,484,781	63,145
95	(398) Miscellaneous Equipment	49,538,117	
96	SUBTOTAL (Enter Total of lines 86 thru 95)	291,688,123	-175,576
97	(399) Other Tangible Property		
98	(399.1) Asset Retirement Costs for General Plant	600,100	
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	292,288,223	-175,576
100	TOTAL (Accounts 101 and 106)	7,016,534,817	366,866,838
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	7,016,534,817	366,866,838

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) [ ] An Original (2) [X] A Resubmission	09/09/2013	End of 2012/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
2,086		37,965	96,856,601		48
56,587		-61,645	32,117,100		49
6,493,617	4,518,804	61,647	779,631,750		50
36,671		-59	120,581,364		51
2,537,391	18,286,434	-3,633	566,048,496		52
491,721	9,714,244		375,402,248		53
5,843			37,692,717		54
82,407			118,477,324		55
			2,339,016		56
					57
9,706,323	32,519,482	34,275	2,129,146,616		58
					59
34,799		-37,963	34,002,851		60
110,034			37,323,179		61
5,405,861		392,383	525,657,438		62
					63
4,353,319		-295,332	942,388,733		64
2,355,975		278,397	1,053,808,793		65
483,268			153,598,829		66
1,378,335		10,316	506,857,290		67
3,331,446		81,342	825,415,776		68
1,718,054		-8	442,418,222		69
1,114,090			126,597,052		70
160,272			7,711,925		71
					72
4,705,980			227,270,493		73
	6,000		39,000		74
25,151,433	6,000	429,135	4,883,089,581		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
			2,503,878		86
207,975		889,132	97,101,346		87
			9,096,283		88
		-1	56,362		89
			2,143,249		90
-20,120,906			56,178,889		91
			21,869,284		92
			279,275		93
		105,733	73,653,659		94
1,443	-861,039		48,675,635		95
-19,911,488	-861,039	994,864	311,557,860		96
					97
	134,300		734,400		98
-19,911,488	-726,739	994,864	312,292,260		99
85,764,217	31,798,743	1,458,274	7,330,894,455		100
					101
					102
					103
85,764,217	31,798,743	1,458,274	7,330,894,455		104

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) [ ] An Original (2) [X] A Resubmission	09/09/2013	End of 2012/Q4

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	2,345,925,096	2,345,262,536		662,560
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	156,437,276	156,437,276		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others	32,458			32,458
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):				
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	156,469,734	156,437,276		32,458
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	14,946,998	14,946,266		732
13	Cost of Removal	53,231,499	53,231,499		
14	Salvage (Credit)	6,669,036	6,669,036		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	61,509,461	61,508,729		732
16	Other Debit or Cr. Items (Describe, details in footnote):	224,903	224,903		
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	2,441,110,272	2,440,415,986		694,286
	Section B. Balances at End of Year According to Functional Classification				
20	Steam Production				
21	Nuclear Production				
22	Hydraulic Production-Conventional	669,270	-24,674		693,944
23	Hydraulic Production-Pumped Storage	342			342
24	Other Production				
25	Transmission	537,900,601	537,900,601		
26	Distribution	1,716,370,809	1,716,370,809		
27	Regional Transmission and Market Operation				
28	General	186,169,250	186,169,250		
29	TOTAL (Enter Total of lines 20 thru 28)	2,441,110,272	2,440,415,986		694,286

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) [ ] An Original (2) [X] A Resubmission	09/09/2013	End of 2012/Q4

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g).Include in column (i) the average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year Account No. (c)	Deferred for Year Amount (d)	Allocations to Current Year's Income Account No. (e)	Allocations to Current Year's Income Amount (f)	Adjustments (g)
1	Electric Utility						
2	3%						
3	4%						
4	7%						
5	10%	18,962,465	410	1,273,659	420	1,722,194	
6							
7							
8	TOTAL	18,962,465		1,273,659		1,722,194	
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10							
11			0		0		
12	4%	131,865	410	20,913	420	28,278	
13							
14	10%	4,320,953	410	277,846	420	375,693	
15							
16							
17							
18							
19							
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48							

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)

Balance at End of Year (h)	Average Period of Allocation to Income (i)	ADJUSTMENT EXPLANATION	Line No.
			1
			2
			3
			4
18,513,930			5
			6
			7
18,513,930			8
			9
			10
			11
124,500			12
			13
4,223,106			14
			15
			16
			17
			18
			19
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			22
			23
			24
			25
			26
			27
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			44
			45
			46
			47
			48

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

OTHER DEFFERED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than $100,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS Contra Account (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Year (f)
1	Energy Service Company Deposits	1,697,925	232	200,000	842,347	2,340,272
2						
3	Unregulated Generator Capital					
4	Capital Work Reimb. - Oneida	6,777,694	456	259,377	319,349	6,837,666
5						
6	Capital Work Reimb. - Salamanca	705,693				705,693
7						
8	Demutualization - UMICO Holdings	1,128,420				1,128,420
9						
10	Liability for Environmental					
11	Restoration Costs	454,292,156	182	28,494,470	34,593,188	460,390,874
12						
13	Supplemental Executive					
14	Retirement Plan Liability	3,057,020	242	653,376	362,626	2,766,270
15						
16	FAS 106	698,242,090	131/128/182	239,900,481	51,411,018	509,752,627
17						
18	Liability for Nuclear Fuel					
19	Disposal Costs	167,586,931			116,501	167,703,432
20						
21	KS- Deriv MTM Regulated- LT	1,688,057	182	2,302,946	820,583	205,694
22						
23	Pension Cost	-320,171,707	926/131	65,333,750	95,659,224	-289,846,233
24						
25	Other Post Employment Benefit					
26	Liability	28,587,975	926	206,188	2,680,444	31,062,231
27						
28	Def Incentive Comp - Pensions	4,676,927	128	4,800,525	1,555,273	1,431,675
29						
30	Fin48 SIT Timing Issues		431			
31	Fin48 FIT Timing Issues					
32	Fin48 SIT Permanent Issues		409			
33	Long Term Interest Payable	22,081,695	431	12,736,229	12,991,840	22,337,306
34						
35						
36	Large Project Salvage	299,394				299,394
37						
38	Def Cr - Sales Tax Acc		408/431	10,134,328	18,154,272	8,019,944
39						
40	All Other	17,544,076	Various	23,725,203	14,137,863	7,956,736
41						
42						
43						
44						
45						
46						
47	TOTAL	1,088,194,346		388,746,873	233,644,528	933,092,001

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) [ ] An Original (2) [X] A Resubmission	09/09/2013	End of 2012/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to property not subject to accelerated amortization
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	1,183,960,454	273,597,277	124,459,549
3	Gas	296,097,606	80,017,679	42,510,250
4				
5	TOTAL (Enter Total of lines 2 thru 4)	1,480,058,060	353,614,956	166,969,799
6				
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru	1,480,058,060	353,614,956	166,969,799
10	Classification of TOTAL			
11	Federal Income Tax	1,348,555,806	270,487,984	118,939,235
12	State Income Tax	131,502,254	83,126,972	48,030,564
13	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) [ ] An Original (2) [X] A Resubmission	09/09/2013	End of 2012/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		Balance at End of Year	Line No.
		Account Credited	Amount	Account Debited	Amount		
(e)	(f)	(g)	(h)	(i)	(j)	(k)	
							1
					6,399,032	1,339,497,214	2
					1,871,494	335,476,529	3
							4
					8,270,526	1,674,973,743	5
							6
							7
							8
					8,270,526	1,674,973,743	9
							10
					6,788,241	1,506,892,796	11
					1,482,285	168,080,947	12
							13

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) [ ] An Original (2) [X] A Resubmission	09/09/2013	End of 2012/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR: Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR: Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Regulatory Assets - Meger rat			
4	Regulatory Assets - Environmen	185,482,896	15,261,308	10,552,132
5	Regulatory Assets - Other	177,672,726	14,025,733	102,299,434
6	Other items	222,390,236	370,793,682	443,288,024
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	585,545,858	400,080,723	556,139,590
10	Gas			
11	Regulatory Assets - Environmen		2,693,172	1,862,141
12	Regulatory Assets - Other	58,559,612	1,577,919	45,704,822
13	Other items	31,769,957	86,976,296	91,104,967
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)	90,329,569	91,247,387	138,671,930
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	675,875,427	491,328,110	694,811,520
20	Classification of TOTAL			
21	Federal Income Tax	597,930,251	403,269,809	570,283,896
22	State Income Tax	77,945,176	88,058,301	124,527,623
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) [ ] An Original (2) [X] A Resubmission	09/09/2013	End of 2012/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
							2
		gas					3
			27,822,435			162,369,637	4
				190	17,696,024	107,095,049	5
						149,895,894	6
							7
							8
			27,822,435		17,696,024	419,360,580	9
							10
					27,822,434	28,653,465	11
		190	9,838			14,422,871	12
						27,641,286	13
							14
							15
							16
			9,838		27,822,434	70,717,622	17
							18
			27,832,273		45,518,458	490,078,202	19
							20
			22,844,033		37,360,411	445,432,542	21
			4,988,240		8,158,048	44,645,662	22
							23

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Begining of Current Quarter/Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Current Quarter/Year (f)
1	Federal Regulatory Liability (FAS 109)	15,983,282	190	2,324,432	1,071,958	14,730,808
2	Gas Refund		431/495	3,768,944	14,121,932	10,352,988
3	Miscellaneous Liabilities	1,442,402	426	13,202,490	13,182,819	1,422,731
4	Temporary State Assessment 18-A		419/431/928	8,611,743	18,977,772	10,366,029
5	Renewable Portfolio Surcharge Program Cost Deferr	723,264	456	4,395,517	4,055,831	383,578
6	Excess Storm Reserve		456	991,287	27,794,975	26,803,688
7	Consumer Service Advocate	117,500			9,979	127,479
8	Deferral Carrying Charge 10-E-0050	1,606,022	431	3,183,379	1,405,142	-172,215
9	Revenue Decoupling Mechanism - Electric	25,366,173	456	53,184,851	46,392,306	18,573,628
10	Rate Subject to Refund	50,000,000	419	114,400,000	69,700,000	5,300,000
11	Electric Supply Reconciliation Mechanism				10,446,730	10,446,730
12	Proceeds from Sale of Emissions Allowance	1,985,135	407	1,228,362	1,261,962	2,018,735
13	Clean Air Act - Roseton	186,280	254	300	3,900	189,880
14	Gain on Redemption of 8.35 Series Bond	240,466	429.1	60,460		180,006
15	Customer Service System Conversion Savings Gas	244,593				244,593
16	Unbilled Gas Revenue	18,093,000	173	16,551,000	18,944,000	20,486,000
17	Gas Non-core Revenue Sharing	2,046,862	242	5,691,880	5,350,839	1,705,821
18	Electric Customer Service Penalty	1,998,916			1,084	2,000,000
19	Gas Contingency Reserve	1,434,946	431	830	10,661	1,444,777
20	Environment Insurance Recoveries	4,741,379				4,741,379
21	Gas Customer Service Penalty	83,745				83,745
22	Loss on Sale of Building	2,269				2,269
23	System Benefit Charge Program Deferred	1,491,652	232	4,489,911	3,020,672	22,413
24	Exit Fees Deferred				1,186	1,186
25	Diana Dolgeville - IPP Settlement	4,922,128				4,922,128
26	Merchant Function Charge	185,973	495	1,039,122	2,629	-850,520
27	Site Investigation and Remediation Expenditure De	1,505,515	930	2,021,372	3,998,211	3,482,354
28	System Benefit Charge Program Cost - Electric	25,839,561	456	15,811,938	32,430,965	42,458,588
29	System Benefit Charge Program Cost - Gas	6,665,947	495	2,657,426	4,445,673	8,454,194
30	Affordability Program		456	170,341	1,485,430	1,315,089
31	Transmission Revenue Adjustment Clause	286,721	182/456	13,685,922	13,399,201	
32	Commodity Adjustment Clause	19,202,571	456	20,714,876	1,512,305	
33	State Regulatory Liability (FAS 109)	32,664,135				32,664,135
34	OPEB Exp Deferred - Gas	5,579,325	182	5,579,325		
35	Economic Development Fund	6,648,249	456	7,129,206	34,383,965	33,903,008
36	Gross Receipts Tax Customer Refund - Gas	54,386				54,386
37	Gas Millenium Fund Deferral		182/865	179,086	256,207	77,121
38	NYPA Residential Hydropower Benefit	2,300,088	456	7,147,405	4,847,317	
39	Bonus Depreciation Adjustment	77,897				77,897
40	Gas Futures - Gas Supply	1,809,568	175	4,129,615	2,649,888	329,841
41	TOTAL	349,994,744		454,391,803	542,332,878	437,935,819

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities	Balance at Begining of Current Quarter/Year	DEBITS		Credits	Balance at End of Current Quarter/Year
			Account Credited	Amount		
	(a)	(b)	(c)	(d)	(e)	(f)
1	KeySpan Merger Savings - Gas	220,806				220,806
2	Electric Swaps - Electric Supply	40,336,101	175	83,006,910	54,137,965	11,469,146
3	Voltage Migration Fee Deferral	15,712	456	1,482	114	14,344
4	Long Term Debt True Up	18,836,909				18,836,909
5	Federal Tax Refund 1991-1995	9,329,143			863,645	10,192,788
6	Curtailment	495,134				495,134
7	NYPA Hydropower Benefit		456	1,072,704	1,384,190	311,486
8	Pension Expense Deferred - Electric	1,070,613	610	17,257,235	15,200,247	-986,375
9	OPEB Expense Deferred - Electric	30,780,363	610	26,190,280	99,818,262	104,408,345
10	Low Income Allowance Discount Program	395,837	495	3,058,541	3,855,882	1,193,178
11	Site Investigation and Remediation Expenditures D	13,182,376	660	11,653,631	20,553,389	22,082,134
12	Legacy Transition Charge				933,785	933,785
13	NYPA Replacement Power & Expansion Power				3,481,747	3,481,747
14	Miscellaneous Penalties				335,902	335,902
15	Case 08-G-0609 Joint Proposal Amortization				2,451,124	2,451,124
16	Regulatory Deferral - Liability Conversion				4,151,097	4,151,097
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	349,994,744		454,391,803	542,332,678	437,935,819

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) _ An Original (2) X A Resubmission	09/09/2013	2012/Q4

FOOTNOTE DATA

Schedule Page: 278 Line No.: 5 Column: a

Pursuant to the Commission's September 24, 2004 Order in Case No. 03-E-0188: The Renewable Portfolio Surcharge "RPS" is a mechanism which permits the Company to recover from customers costs associated with providing financial incentives for the development of renewable resources in New York State

Schedule Page: 278 Line No.: 7 Column: a

Per NIMO Rate Case 10-E-0050 the Company will hire one additional Consumer Advocate at an annual cost of $117,500. In the event that the Company does not hire an additional Consumer Advocate, the allowance will be deferred for future ratepayer use (or prorated dependent on hire date) (LI/ED Stipulation p.1 A)

Schedule Page: 278 Line No.: 8 Column: a

In accordance with NIMO Rate Case 10-E-0050 rate order pages 102 through 104 the Company is required to record carrying charges on new and existing deferrals recorded after December 31, 2010. The carrying charges will be calculated at the pretax WACC (9.4527%) based on the approved stay out Return On Equity ("ROE") of 9.3%.

Schedule Page: 278 Line No.: 10 Column: a

In accordance with NIMO Rate Case 10-E-0050 order pages 8 through 10, $50 million of revenue is subject to refund based on the findings of a Service Company allocation audit. To the extent that the PSC audit determines that certain allocated costs charged to NIMO were unreasonable they will be refunded to customers and this can only be fully realized upon a satisfactory completion of the audit by the NYPSC. As such we have determined that the revenue should not be realized for USGAAP and will be deferred as a regulatory liability. Amortization period: January 2012 - December 2012

Schedule Page: 278 Line No.: 12 Column: a

Niagara Mohawk Power Corporation PSC Case no. 08-G-0609, Merger Joint Proposal

Schedule Page: 278 Line No.: 13 Column: a

Amounts are accounted for in accordance with: 09-M-0727

Schedule Page: 278 Line No.: 14 Column: a

Amortization period: October 2002 - December 2015

Schedule Page: 278 Line No.: 15 Column: a

Pursuant to order in Case 07-M-0943: The Customer Service System (CSS) was developed by Niagara Mohawk pre-merger and was originally paid for by NY ratepayers. Since the merger, CSS has been implemented for other National Grid Companies. This deferral is a result of allocating costs to the National Grid Companies utilizing CSS. The allocation method was agreed to with the NY PSC to appropriately allocate CSS cost and credit chargeback. This account carries the GAS allocation, with Electric accounted for via account 254506.

Schedule Page: 278 Line No.: 17 Column: a

Account relates to relevant invoicing for an Oil Infrastructure Study referenced to Case 00-G-0096. Additional schedules also indicate margin calculations referenced to NYSERDA.

Schedule Page: 278 Line No.: 18 Column: a

Section 1.2.4.8 of the Joint Proposal: The Joint Proposal prescribes a comprehensive list of Service Quality Standards, and a schedule of penalties in the event Niagara Mohawk fails to meet the Standards. Under most circumstances, the penalties are included as an offset to the deferral account. Section 1.2.4.8 of the Joint Proposal provides that: "Niagara Mohawk shall include in the Deferral Account any penalties associated with failure to meet the Service Quality standards set forth in Attachment 9, not otherwise credited to customers under Section 1.2.3.7." The Stipulation included adjustments of $1.7 million that increased electric. This account comprises those allotted to Electric, and account # 254517 those recognized as GAS.

In accordance with CASE 10-E-0050 - Compliance Filing of Niagara Mohawk Power Corporation to Eliminate Competitive Transition Charges from Electric Rates and Petition to Recover Certain Deferral Balances and CASE 07-E-1533 - Petition of Niagara Mohawk Power Corporation for Authorization to Defer Electric Transmission and Distribution Investment Costs. This account was involved in a balance transfer transaction which moved all or a portion of the account balance to create the newly formed Regulatory Asset account 182492,

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which will be amortized over a 15 month period beginning in January 2012, as per the aforementioned Orders.

Schedule Page: 278 Line No.: 19 Column: a

Per the Commission's February 14, 2000 Order in Case 99-G-1369

Schedule Page: 278 Line No.: 21 Column: a

As per 254513 account results, Section 1.2.4.8 of the Joint Proposal: The Joint Proposal prescribes a comprehensive list of Service Quality Standards, and a schedule of penalties in the event Niagara Mohawk fails to meet the Standards. Under most circumstances, the penalties are included as an offset to the deferral account. Section 1.2.4.8 of the Joint Proposal provides that: "Niagara Mohawk shall include in the Deferral Account any penalties associated with failure to meet the Service Quality standards set forth in Attachment 9, not otherwise credited to customers under Section 1.2.3.7." The Stipulation included adjustments of $1.7 million that increased electric. This account comprises those allotted to GAS, and account # 254513 those recognized as Electric.

Schedule Page: 278 Line No.: 22 Column: a

In accordance with CASE 10-E-0050 - Compliance Filing of Niagara Mohawk Power Corporation to Eliminate Competitive Transition Charges from Electric Rates and Petition to Recover Certain Deferral Balances and CASE 07-E-1533 - Petition of Niagara Mohawk Power Corporation for Authorization to Defer Electric Transmission and Distribution Investment Costs. This account was involved in a balance transfer transaction which moved all or a portion of the account balance to create the newly formed Regulatory Asset account 182492, which will be amortized over a 15 month period beginning in January 2012, as per the aforementioned Orders.

Schedule Page: 278 Line No.: 23 Column: a

Case 05-M-0090 orders in the matter of the System Benefits Charge, Order Constituting the System Benefots Charge (SBC) and the SBC-Funded Public Benefit Programs

Schedule Page: 278 Line No.: 28 Column: a

Amounts relate to the Enhanced SBC Electric component program which falls under the NYSERDA Agreement dated as of March 1, 2006 as amended on January 22, 2009, September 1, 2009 and February 26, 2010. Amounts correspond to relevant SBC Payment Schedule amounts based on this NYSERDA Agreement.

Schedule Page: 278 Line No.: 29 Column: a

Case 07-M-0548: Per the order, the Company shall implement an EEPS Fast Track program and defer any over or under collections.

Schedule Page: 278 Line No.: 31 Column: a

Decrease was due to over collection from rate payers as compared prior year end, where we were in a receivable position. This account works in conjunction with 254541.

Schedule Page: 278 Line No.: 32 Column: a

Niagara Mohawk Power Corporation Statement of Commodity Adjustment Charge (CAC) P.S.C. No. 220 - Rule 29.2

Schedule Page: 278 Line No.: 34 Column: a

Case 08-G-0609, Section 4.1.1: The company will defer and reconcile its actual annual OPEB Expenses to the level allowed in rates. See Appendix L-1 and JE 6264D for detailed calculation

Schedule Page: 278 Line No.: 35 Column: a

Under the Rate Plan, Niagara Mohawk increased the funding for economic development in base rates, and the parties agreed that actual expenditures and economic development discounts above or below the rate allowance would be included in the deferral account under the methodology set forth in Section 1.2.4.7 of the Rate Plan. The reconciliation associated with the Economic Development Plan includes the following components: (1) Empire Zone Rider (EZR) discounts for new and expanding customers; (2) the discounts associated with flex rate contracts signed under SC-11 or SC-12; (3) the funding associated with incremental economic development initiatives in Niagara Mohawk's Economic Development Plan approved by the Commission and the DPS Staff pursuant to Section 1.2.10.2 of the Rate Plan; and (4) incremental expenditures for non-labor spending on new economic development initiatives. Section 1.2.4.7 requires that Niagara Mohawk complete a monthly

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reconciliation of the actual economic development discounts provided to customers and the actual incremental non-labor economic development spending to the allowance in rates for these activities. The allowance in rates is set forth in Attachment 15 to the Rate Plan.

Schedule Page: 278 Line No.: 36 Column: a

Rate Case 09-M-0727, Merger Joint Proposal

Schedule Page: 278 Line No.: 37 Column: a

Pursuant to Tariff Rule 30 and the Commission's February 14, 2000 Order in Case 99-G-1369: Niagara Mohawk is to recover and reconcile research and development Millenium Fund Costs in accordance with these rules. The order was Issued & Effective February 14, 2000

Schedule Page: 278 Line No.: 38 Column: a

Per the Statement of Adjustment to Charges Pursuant to the New York Power Authority (NYPA) Hydropower Benefit Reconciliation Mechanism Statement No. 21 To P.S.C. No. 220 Electricity, Effective: December 1, 2010, the purpose of the filing was to implement the reconciliation mechanism associated with Schedule PSC No. 220 Electricity, Rule 40 - Adjustment to Changes Pursuant to the New York Power Authority (NYPA) Hydropower Benefit Reconciliation Mechanism. This rule was established in accordance with Section 1.2.3.2 and Attachment 6 of the Joint Proposal in P.S.C. Case No. 01-M-0075 as approved by the Commission in its Opinion No. 01-6, Opinion and Order Authorizing Merger and Adopting Rate Plan,issued and effective December 3, 2001, and subsequently amended by the Commission in its Order Approving Tariff Amendments, issued and effective August, 28, 2003 in Case No. 03-E-0905 and Order issued and effective December 17, 2007 in Case No. 01-M-0075

Schedule Page: 278 Line No.: 39 Column: a

Section 1.2.4.2.1 of the Joint Proposal: A 2002 amendment to section 168 of Internal Revenue Code authorized additional first year tax depreciation for qualified property. Such accelerated depreciation has the effect of reducing the Company's revenue requirements by increasing deferred income taxes, which in turn results in a reduction to rate base. As noted above, section 1.2.4.2.1 of the Joint Proposal provides that the effect of such tax law changes be included in the Deferral Account if it exceeds $2.0 million per year. Section 3.4 of the Stipulation addresses the process for recording deferrals for bonus depreciation in several ways. First, that section clarifies that Niagara Mohawk may defer the effects of bonus depreciation only where it is associated with the forecasted construction budget and plant additions underlying the Joint Proposal rates. Second, it requires Niagara Mohawk to develop with Staff, and then, within 120 days of the Commission order on the Stipulation, file with the Commission, a methodology for determining the bonus depreciation benefit attributable to forecasted construction budget and plant additions. Finally, it specifically provides for adjustments to the deferral account following final IRS audit adjustments. Niagara Mohawk and Staff have not yet had the opportunity to jointly develop such a methodology; the methodology underlying the forecast is Niagara Mohawk's.

In accordance with CASE 10-E-0050 - Compliance Filing of Niagara Mohawk Power Corporation to Eliminate Competitive Transition Charges from Electric Rates and Petition to Recover Certain Deferral Balances and CASE 07-E-1533 - Petition of Niagara Mohawk Power Corporation for Authorization to Defer Electric Transmission and Distribution Investment Costs. This account was involved in a balance transfer transaction which moved all or a portion of the account balance to create the newly formed Regulatory Asset account 182492, which will be amortized over a 15 month period beginning in January 2012, as per the aforementioned Orders.

Schedule Page: 278.1 Line No.: 1 Column: a

As per a/c 254568, The Rate Plan, at Section 1.2.4.19: provides that in the event National Grid closes any additional mergers or acquisitions within the United States, Niagara Mohawk shall implement a Follow-on Merger Credit calculated pursuant to methodology set forth in Attachment 10, which is designed to credit the deferral Account by fifty percent of the additional synergies (net of costs to achieve) produced by the follow-on merger and allocable to Niagara Mohawk electric operations. On July 20, 2006, National Grid and KeySpan filed with the NYPSC a joint petition of a proposed acquisition of the stock of KeySpan by National Grid. Case 06-M-0878 was instituted to provide a process for the NYPSC

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to consider the petition. On July 6, 2007, a Merger and Gas Revenue Requirement Joint Proposal ("KS Joint Proposal") by and among KeySpan, National Grid, DPS Staff, the Consumer Protection Board and other signatory parties, was submitted to the Commission. The KS Joint Proposal specifies an annual level of mature synergy savings of $156 million.

In its Orders of August 23, 2007 and September 17, 2007 approving National Grid's merger with KeySpan Corporation, the Commission approved $156 million in mature synergy savings associated with the merger. By its Order of May 29, 2008, the Commission determined that the NMPC share of synergy savings from the KeySpan merger to be $52 million for the period August 2007 through December 2011.

Schedule Page: 278.1 Line No.: 3 Column: a

Pursuant to Rule 44 of the Tariff: in the event of any increase in a customer's delivery voltage pursuant to Rule 44.1.2, the customer shall be required to pay the difference between the distribution and CTC charges applicable to the customer's former delivery voltage and the distribution and CTC charges applicable to the higher delivery voltage at which the customer is to be served after the voltage increase. Amortization period: July 2008 - June 2023.

Schedule Page: 278.1 Line No.: 4 Column: a

This account represents relevant deferrals in relation to NYSERDA Promissory Notes, and Floating Series A and K, for which Interest and Amortization is calculated as relevant. Deferral schedule on file also references to "NYSERDA Auction Rate Debt (4.4.6)".

Schedule Page: 278.1 Line No.: 5 Column: a

In proceeding 09-M-0554, dated July 14, 2009: NMPC d/b/a National Grid provides notice and seeks commission approval necessary for the disposition of the federal income tax refund and the associated interest pursuant to Section 113(2) of the NY PSL. This gives the Commission the authority to determine whether the refund should be passed through, in whole or in part, to the customers and to order the manner and the extent of such a distribution.

In accordance with CASE 10-E-0050 - Compliance Filing of Niagara Mohawk Power Corporation to Eliminate Competitive Transition Charges from Electric Rates and Petition to Recover Certain Deferral Balances and CASE 07-E-1533 - Petition of Niagara Mohawk Power Corporation for Authorization to Defer Electric Transmission and Distribution Investment Costs. This account was involved in a balance transfer transaction which moved all or a portion of the account balance to create the newly formed Regulatory Asset account 182492, which will be amortized over a 15 month period beginning in January 2012, as per the aforementioned Orders.

Schedule Page: 278.1 Line No.: 8 Column: a

The Joint Proposal Section 1.2.4.13: provides that Niagara Mohawk will reconcile its allowed and actual pension expense in accordance with the Commission's Statement of Policy, with the noted section specifically providing that Niagara Mohawk is to include any under or over-recoveries of pension expense in the Deferral Account. The procedures for the reconciliation are set forth in Attachment 16 to the Joint Proposal, and the documentation for the pension expense reconciliation is provided in Attachment 6, Schedule 12. The Stipulation prescribes methodologies for determining (1) the percentage of pension costs that will be capitalized (section 3.8.1), and (2) the credit to be recorded for deferred pension costs associated with employees who transfer between Niagara Mohawk and National Grid USA Service Co. after the pension plan valuation for a given year (section 3.8.2).

Schedule Page: 278.1 Line No.: 9 Column: a

As with account 182554, The Joint Proposal: provides for the reconciliation of allowed and actual OPEB expense and for deferral of variances in accordance with the Statement of Policy. The procedures for OPEB reconciliation, which are included in Attachment 16 to the Joint Proposal, directly parallel the pension reconciliation set forth in the prior section. Documentation for OPEB expense reconciliation is included in Attachment 6, Schedule 13. Parallel treatment of pensions and OPEBs extends to the Stipulation, which makes OPEB expense subject to the same provisions that govern pension expense. These include the establishment of methodologies for determining capitalization and for

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capturing the impact of employee transfers between Niagara Mohawk and National Grid USA Service Co., as well as the provisions that do not directly affect the present filing.

Schedule Page: 278.1 Line No.: 10 Column: a

Under Section 1.2.9 of the Joint Proposal, Niagara Mohawk agreed to implement a Low Income Rate that consisted of a $5.00 per month discount from the customer charge for residential low income customers. The details of the program are set forth in Attachment 19, Section 2 to the Joint Proposal. The allowance in rates for the program was $2.0 million per year. On December 27, 2005, the Commission approved the Company's proposal to continue and expand the low income rate program for calendar years 2006 through 2009. The Commission authorized the Company to expand participation in the program to include all electric customers for whom the Company received a payment from the Home Energy Assistance Program ("HEAP") over the preceding fourteen (14) months. The Commission approved an increase of $2.4 million in base rates to fund the expanded program and authorized Niagara Mohawk to "defer any difference between the total discounts provided and the rate allowance in each calendar year".

Schedule Page: 278.1 Line No.: 15 Column: a

The Company will continue amortizing the net regulatory asset at a monthly rate of $1,225,583 and will continue crediting the deferred account for the same amount until suck time as new gas base delivery rates become effective in the Company's next gas base rate proceeding. The rate treatment of the net regulatory asset deferred balances resulting from the deferrals set forth herein, the difference between the new regulatory deferred balance reflected in the revenue requirement and the actual balance as of May 19, 2009, and any new regulatory credit arising from the continued amortization of the net regulatory asset at a rate of $1,225,562 per month beyond the expiration of Rate Plan Year Two, will be decided by the Commission in the Company's next gas rate proceeding.

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OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS Written off During the Quarter/Year Account Charged (d)	CREDITS Written off During the Period Amount (e)	Balance at end of Current Quarter/Year (f)
1	Regulatory Tax Asset (FAS 109)	180,666,981	8,341,604	283	2,559,350	186,448,235
2	Deferred Environmental Restoration Costs	454,157,160	24,783,635	253	18,532,862	460,407,933
3	Storm Restoration Costs Deferred	11,998,980	37,417,532	571/593	20,600,000	28,816,512
4	Transmission Revenue Adjustment Clause		17,655,918	456	11,110,349	6,545,569
5	Asset Retirement Obligation Regulatory Asset	7,904,162	808,123	230	127,571	8,584,714
6	NYPA Residential Hydropower Benefit Reconciliation		196,012			196,012
7	Gas Futures - Gas Supply	17,115,747	3,528,859	245/253	17,120,412	3,524,194
8	Electric Swaps - Electric Supply	20,254,433	26,438,941	244/245	41,847,865	4,845,509
9	Temporary State Assessment 18-A	1,638,349		419/431/45	1,638,349	
10	Medicare Act tax benefit deferral	11,468,756				11,468,756
11	FAS 158 - Pension	297,253,498	89,617,374	253/926	81,758,795	305,112,077
12	FAS 158 - OPEB	195,775,840		926	102,303,031	93,472,809
13	Debt True Up - Electric	423,865	483,482	456	99,179	808,168
14	Deferral Summary Case 10-E-0050	236,145,960	15,122,300	456	196,589,897	54,678,363
15	Merchant Function Charge - Electric	949,638	612,755	456	911,864	650,529
16	Fuel Cost Deferred	924,400				924,400
17	Gas Adjustment Clause	26,945,000	67,595,655	142/804	72,449,519	22,091,136
18	Other Post Retirement Benefits - Electric	3,250,639		926	2,766,000	484,639
19	NIMO Case 08-G-0609 Joint Proposal Amortization	8,104,523	4,902,248	407	13,006,771	
20	Excess AFUDC - Electric Plant in Service	196,258	2,874	406	20,116	179,016
21	System Benefit Charge Program Cost Deferred		7,196,096	456	1,072,925	6,122,171
22	80/20 Revenue Sharing Mechanism	575,766	1,767,032	495	553,464	1,789,334
23	Pension Expense Deferred - Electric		1,637,460	182/431/92	3,827,257	-2,189,797
24	Electric Plant in Service Excess AFUDC	518,002	3,279	406	22,950	498,331
25	OPEB Expense Deferred - Electric		4,741,659	182/926	7,548,392	-2,806,733
26	Generation Stranded Costs Adjustments	1,161,790	128	131/228/92	377,347	784,571
27	Pension Expense Deferred - Gas	5,537,701	81,465	431/926	1,563,860	4,055,306
28	Incentive Return on Retirement Funding	122,491				122,491
29	Gas Millenium Fund Deferral	171,831	160,391	495	332,222	
30	Revenue Decoupling Mechanism	9,478,648	7,158,608	419/495	4,573,232	12,064,024
31	NIMO - Low Income Program	2,601,525	1,107,577			3,709,102
32	State Regulatory Asset (FAS 109)	(76,330,661)	9,468,791	182/283	15,925,237	-82,787,107
33	Legacy Transition Charge		5,623,431	456	5,015,084	608,347
34	Electric Supply Reconciliation Mechanism		56,631,084	456	35,180,687	21,450,397
35	Dunkirk Settlement Deferral		14,033,668	419/456	490,540	13,543,128
36	Regulatory Deferral - Asset Conversion		266,838			266,836
37						
38						
39						
40						
41						
42						
43						
44	TOTAL	1,419,010,302	407,383,819		659,925,127	1,166,468,994

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Schedule Page: 232 Line No.: 2 Column: a

Per Attachment 14, Joint Proposal dated October 11, 2001: Original approval obtained; Per order in the NIMO Gas Rate Case 08-G-0609 modifications were made for the gas business.

Schedule Page: 232 Line No.: 3 Column: a

Under Section 1.2.4.5 of the Rate Plan, Niagara Mohawk is allowed to defer and recover the Incremental costs that exceed $2.0 million from any individual major storm as defined under NYCRR Part 97, provided that NIMO has first spent a total of $6.0 million on Incremental costs of Major Storms in that year, which has not been included in the deferral. Case 01-M-0075 - Rate Plan 1.2.4.5 - Niagara Mohawk shall include in the Deferral Account any Incremental Costs that exceed $2.0 million from any individual Major Storm occurring in a calendar year, provided that Niagara Mohawk has first spent a total of $6.0 million on Incremental Costs of Major Storms in that year, which has not been included in the Deferral Account. A Major Storm shall be defined in accordance with the Commission's definition in 16 NYCRR Part 97.

Schedule Page: 232 Line No.: 9 Column: a

Case 09-M-0311, dated June 19, 2009: Provides authorization to defer the difference between total assessment expense (Temporary State Assessment and General Assessment) and the amount collected from customers. Carrying charges should be calculated by applying the corporations' authorized pre-tax rate of return to the net of tax un-recovered Temporary State Assessment payments. The deferred assessment expense and accrued carrying charges are to be recovered through the Temporary State Assessment surcharge or adjustment and reconciliation mechanism over 5 years, 7/1/2009 through 6/30/2014.

Schedule Page: 232 Line No.: 10 Column: a

Section 1.2.4.2 of the Joint Proposal: The Medicare Reform Act reduces the Company's tax expense. The reduction in tax expense is reflected in the deferral account under Section 1.2.4.2 of the Joint Proposal, which is quoted in connection with the Bonus Tax Depreciation discussed under Schedule 37 of Attachment 6.

Schedule Page: 232 Line No.: 13 Column: a

In accordance with NIMO Rate Case 10-E-0050 order page 86 a deferral mechanism has been established for NIMO's variable rate pollution control revenue bonds. On a monthly basis Accounting will compare the actual interest, expenses and associated DD&E amortization to a default interest rate of 1.26% and forecasted expenses per exhibit AED-1, Schedule 1, page 1 of 2 (variable debt only). The difference will be recorded as either a regulatory asset or liability. Key assumption - the expenses included in the true up calculation include interest and related debt fees and expenses. The mechanism is modeled after the previously PSC-approved NIMO gas auction rate debt true up (Case 08-G-0609).

Schedule Page: 232 Line No.: 14 Column: a

In accordance with CASE 10-E-0050 - Compliance Filing of Niagara Mohawk Power Corporation to Eliminate Competitive Transition Charges from Electric Rates and Petition to Recover Certain Deferral Balances and CASE 07-E-1533 - Petition of Niagara Mohawk Power Corporation for Authorization to Defer Electric Transmission and Distribution Investment Costs. This account was created to house the transfer/collapsing of balances, which will be amortized over a 15 month period beginning in January 2012, as per the aforementioned Orders.

Schedule Page: 232 Line No.: 15 Column: a

In accordance with the NIMO Rate Case 10-E-0050 order pages 97 through 99 a true up will take place to reconcile Merchant Function Charge ("MFC") revenue to the revenue requirement in rates. Any over or under collection will be factored into the following years MFC rate calculation. It should be noted that this mechanism is replacing the Customer Service Backout Credit ("CSBC") as the means to fairly distribute the cost burden of commodity procurement between full service customers and those who receive their electric commodity from an Energy Service Companies ("ESCO"). As rates have not been changed in the CSS billing system for the month of January it was determined to continue the CSBC deferral through January 31, 2011 with the MFC true up effective February 1, 2011. Key Assumption - the true up will be based on the revenue requirement and not actual cost. This is in accordance with conversations held with the NYPSC and is consistent with our previously established gas MFC methodology. On a monthly basis MFC

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revenue as derived from a revenue data warehouse Business Objects query of cons types "VC" and "VD" will be conducted and compared to the revenue requirement as stated in the tariff. The following schedules illustrate the monthly calculation:

Schedule Page: 232 Line No.: 16 Column: a

Memorandum of Agreement dated 3/31/03

Schedule Page: 232 Line No.: 17 Column: a

PSC No: 219 GAS, Initial Effective Date 08/1/03

Schedule Page: 232 Line No.: 18 Column: a

Merger Joint Proposal incl Attachment 1, Page 6, Line 11

Schedule Page: 232 Line No.: 19 Column: a

Amortization period: April 2009 - July 2012

Schedule Page: 232 Line No.: 20 Column: a

Amortization period: April 2004-June 2023

Schedule Page: 232 Line No.: 22 Column: a

Rate Case 08-G-0609: The Revenue Sharing Targets are set within this case

Schedule Page: 232 Line No.: 23 Column: a

The Joint Proposal Section 1.2.4.13: provides that Niagara Mohawk will reconcile its allowed and actual pension expense in accordance with the Commission's Statement of Policy, with the noted section specifically providing that Niagara Mohawk is to include any under or over-recoveries of pension expense in the Deferral Account. The procedures for the reconciliation are set forth in Attachment 16 to the Joint Proposal, and the documentation for the pension expense reconciliation is provided in Attachment 6, Schedule 12. The Stipulation prescribes methodologies for determining (1) the percentage of pension costs that will be capitalized (section 3.8.1), and (2) the credit to be recorded for deferred pension costs associated with employees who transfer between Niagara Mohawk and National Grid USA Service Co. after the pension plan valuation for a given year (section 3.8.2).

Schedule Page: 232 Line No.: 24 Column: a

mortization period: April 2004 - April 2038

Schedule Page: 232 Line No.: 25 Column: a

The Joint Proposal: provides for the reconciliation of allowed and actual OPEB expense and for deferral of variances in accordance with the Statement of Policy. The procedures for OPEB reconciliation, which are included in Attachment 16 to the Joint Proposal, directly parallel the pension reconciliation set forth in the prior section. Documentation for OPEB expense reconciliation is included in Attachment 6, Schedule 13. Parallel treatment of pensions and OPEBs extends to the Stipulation, which makes OPEB expense subject to the same provisions that govern pension expense. These include the establishment of methodologies for determining capitalization and for capturing the impact of employee transfers between Niagara Mohawk and National Grid USA Service Co., as well as the provisions that do not directly affect the present filing.

Schedule Page: 232 Line No.: 26 Column: a

Under Section 1.2.4.11 of the Rate Plan, Niagara Mohawk is authorized to include in the deferral account "any reductions or additions to stranded costs associated with the implementation of the Niagara Mohawk Joint Proposal for Nine Mile Point (Case No. 01-E-0011), and the implementation of any of Niagara Mohawk's other agreements for the sale of the fossil and hydro generating assets to the extent allowed by the orders in those cases". The Stipulation provided for the resolution of all but two issues associated with Niagara Mohawk's March 27, 2006 Supplemental Compliance Filing in Case No. 01-E-0011, the Nine Mile divestiture proceeding. Specifically, Section 7 of the Stipulation included an agreement to settle a number of issues the net adjustments for which amounted to a net reduction in generation stranded costs of $39.1 million recognized effective June 30, 2005. At the same time, Section 2.1 of the Stipulation authorized Niagara Mohawk to record in the Deferral Account an increase of $38.9 million in nuclear-related SFAS 109 costs that had not previously been recorded.
The net effect of these agreed-upon adjustments was less than $200,000 for the year ending June 30, 2005.
The unresolved issues include (1) pension fair value deferral adjustment associated with

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Nine Mile, and (2) quantification of a nuclear transmission-related SFAS 109 adjustment, both as described in Section 2.4.1 of the Stipulation.

In accordance with CASE 10-E-0050 - Compliance Filing of Niagara Mohawk Power Corporation to Eliminate Competitive Transition Charges from Electric Rates and Petition to Recover Certain Deferral Balances and CASE 07-E-1533 - Petition of Niagara Mohawk Power Corporation for Authorization to Defer Electric Transmission and Distribution Investment Costs. This account was involved in a balance transfer transaction which moved all or a portion of the account balance to create the newly formed Regulatory Asset account 182492, which will be amortized over a 15 month period beginning in January 2012, as per the aforementioned Orders.

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Rate Plan, Section 1.2.4.15: Niagara Mohawk is authorized to defer any "refunds or revenue effects associated with the resolution of Case No. 99-E-0503" which involves the application of Section 76 of Public Service Law to religious institutions. Section 76 allows certain facilities owned or leased by a "corporation or association organized and conducted in good faith for religious purposes" to obtain electric service "for such religious purposes" at residential rates. The interpretation and application of this provision was subject to a long history of disputes that have been addressed by the Commission in Case No. 99-E-0503. The revenue effects of those decisions, either via refund, rate reclassification, or both are included in the deferral account.

Schedule Page: 232 Line No.: 28 Column: a

Sections 1.1.2 and 1.1.3 of the Memorandum of Agreement: Among the most significant issues involved in the Memorandum of Agreement that was reached between the Staff and Niagara Mohawk on March 31, 2003 was the funding for pension costs that had been recognized but not recovered from customers during the Power Choice period, and for an early retirement program that Niagara Mohawk had completed in 1994, but for which it had never received rate recovery. The funding requirements for the one-time costs associated with unrecovered pension costs during Power Choice totaled $40.0 million. The costs associated with the early retirement program minus offsets agreed to in the Memorandum of Agreement equaled $169.7 million, for a total of $209.7 million. Niagara Mohawk had not funded these amounts in its pension and OPEB plans. Under Sections 1.1.2 and 1.1.3 of the Memorandum of Agreement, Niagara Mohawk agreed to fund these amounts by the end of the Rate Plan Period, but was also given the flexibility to complete the funding earlier during the Rate Plan Period. In the latter event, Niagara Mohawk was allowed to include a limited return on the funding in the deferral account.
Specifically, clause (2) of Section 1.1.2 and (3) of Section 1.1.3 provide that: "Niagara Mohawk shall be allowed to include in the deferral account established under Section 1.2.4 of the Rate Plan or any extensions thereof a return on this incremental . . . investment from the date at which it is made, which return shall be calculated in accordance with Attachment 5."

Schedule Page: 232 Line No.: 29 Column: a

Pursuant to Tariff Rule 30 and the Commission's February 14, 2000 Order in Case 99-G-1369: Niagara Mohawk is to recover and reconcile research and development Millenium Fund Costs in accordance with these rules. The order was Issued & Effective February 14, 2000

Schedule Page: 232 Line No.: 30 Column: a

Case 08-G-0609, Section 2.2.5: Applies to service classes SC1, 2 and 7 and will reconcile actual delivery service revenues to allowed delivery service revenues. Any shortfall or excess will be refunded or surcharged (with interest) to customers in the next calendar year. That volumetric transaction will also be subject to reconciliation.

Schedule Page: 232 Line No.: 31 Column: a

Case 08-G-0609, Section 4.4.4 (appendix L-8): The Company will defer and reconcile the amount of low income program costs recovered in rates (Section 6.1) to the actual costs of the program. The Company is only allowed to establish a deferred debit for actual costs greater than those recovered in rates if its actual annual earnings result in a return on equity that does not exceed 10.2%. The establishment of a deferred credit is not subject to an earnings test.

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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FOOTNOTE DATA

Schedule Page: 232 Line No.: 35 Column: a

On March 14, 2012, NRG Energy Inc (NRG), the owner of the Dunkirk Generation Station, filed notice with the FERC of its intent to mothball the Dunkirk Generation Station no later than September 10, 2012. The Dunkirk Generating Station consists of four generating units, two interconnected to the transmission system at 115kV (Dunkirk 1 and 2); and two interconnected to the transmission system at 230kV (Dunkirk 3 and 4). At the time of NRG's mothball notice, neither NMPC nor the New York Independent System Operation (NYISO) had performed a study evaluating the impacts of and solutions to the mothballing of all four Dunkirk units while all other generation remained available. Because the Company had not had sufficient time to perform studies to assess reliability needs created by mothballing the generating units, it has relied on other studies performed prior to the mothball notice to identify system impacts. Based on these studies, the Company believes the proposed mothballing of the Dunkirk Station would result in significant impacts to transmission system reliability in western NY. The Company's studies indicate that Dunkirk's Unit 1 and Unit 2 must remain available for an interim period of time to maintain system reliability until permanent transmission system reliability solutions can be implemented.

On July 20, 2012, the Company entered into a nine month (September 1, 2012 – May 31, 2013) agreement for Reliability Support Services with NRG. The Agreement sets forth the terms under which NMPC would procure reliability support services (RSS) from NRG's Dunkirk generating units to maintain transmission system reliability in western New York for an interim period of time. The Company requested approval from the NYPSC for recovery of RSS costs under the Agreement.

The Agreement was approved by the NYPSC on August 16, 2012. The NYPSC in Case 12-E-0136, *Order Deciding Reliability Issues and Addressing Cost Allocation and Recovery*, provided "National Grid shall defer the costs of procuring Reliability Support Services from Dunkirk Power LLC and accrue carrying charges at the other customer provided capital rate. If the recovery period for the Reliability Support Service costs decided in Case 12-E-0201 extends beyond the rate year in that proceeding, accrual of interest on the Reliability Support Service costs will be increased to the allowed pre tax rate of return starting on April 1, 2013."

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ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Begining of Year (b)	Balance at End of Year (c)
1	Electric		
2	Pension, OPEB and other employee benefits	170,923,438	80,826,000
3	Reserve- Environmental	160,655,879	162,818,662
4	Allowance for uncollectible accounts	63,646,056	58,908,948
5	Other items	57,949,101	80,675,160
6			
7	Other		
8	TOTAL Electric (Enter Total of lines 2 thru 7)	453,174,474	383,228,770
9	Gas		
10	Pensions, OPEB and other employee benefits	35,733,447	17,067,864
11	Reserve- Environmental	30,601,120	31,013,078
12	Allowance for uncollectible accounts	14,929,322	13,818,148
13	Other items	30,842,995	42,441,616
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15	112,106,884	104,340,706
17	Other (Specify)		
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	565,281,358	487,569,476

Notes

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) [ ] An Original (2) [X] A Resubmission	09/09/2013	End of 2012/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)		
14	Maintenance		
15	(510) Maintenance Supervision and Engineering		
16	(511) Maintenance of Structures		
17	(512) Maintenance of Boiler Plant		
18	(513) Maintenance of Electric Plant		
19	(514) Maintenance of Miscellaneous Steam Plant		
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)		
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)		
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering		
63	(547) Fuel		
64	(548) Generation Expenses		
65	(549) Miscellaneous Other Power Generation Expenses		
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)		
68	Maintenance		
69	(551) Maintenance Supervision and Engineering		
70	(552) Maintenance of Structures		
71	(553) Maintenance of Generating and Electric Plant		
72	(554) Maintenance of Miscellaneous Other Power Generation Plant		
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)		
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)		
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	781,375,000	896,865,534
77	(556) System Control and Load Dispatching		
78	(557) Other Expenses		
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	781,375,000	896,865,534
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	781,375,000	896,865,534
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	981,039	872,817
84			
85	(561.1) Load Dispatch-Reliability	15,627,494	2,375,753
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	2,547,095	2,759,628
87	(561.3) Load Dispatch-Transmission Service and Scheduling		155
88	(561.4) Scheduling, System Control and Dispatch Services	4,110,197	4,109,374
89	(561.5) Reliability, Planning and Standards Development	1,061,309	1,274,783
90	(561.6) Transmission Service Studies	629	686
91	(561.7) Generation Interconnection Studies	9,058	11,646
92	(561.8) Reliability, Planning and Standards Development Services	703,895	884,641
93	(562) Station Expenses	4,748,605	3,211,119
94	(563) Overhead Lines Expenses	5,308,451	4,751,287
95	(564) Underground Lines Expenses	54,034	27,871
96	(565) Transmission of Electricity by Others		3,900
97	(566) Miscellaneous Transmission Expenses	6,834,822	8,289,818
98	(567) Rents	10,898,249	10,774,612
99	TOTAL Operation (Enter Total of lines 83 thru 98)	52,874,877	39,348,090
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	2,781,486	2,391,426
102	(569) Maintenance of Structures	10,101	19,525
103	(569.1) Maintenance of Computer Hardware	439,713	574,725
104	(569.2) Maintenance of Computer Software	541,085	927,002
105	(569.3) Maintenance of Communication Equipment	18,830	45,404
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	6,161,927	6,709,501
108	(571) Maintenance of Overhead Lines	26,960,900	22,462,501
109	(572) Maintenance of Underground Lines	179,675	468,429
110	(573) Maintenance of Miscellaneous Transmission Plant	527,540	588,252
111	TOTAL Maintenance (Total of lines 101 thru 110)	37,621,257	34,186,765
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	90,496,134	73,534,855

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	4,084,887	4,278,588
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	4,084,887	4,278,588
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	4,084,887	4,278,588
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	5,967,415	3,357,801
135	(581) Load Dispatching	7,954,277	11,441,447
136	(582) Station Expenses	9,901,800	7,409,892
137	(583) Overhead Line Expenses	9,787,537	12,526,027
138	(584) Underground Line Expenses	5,672,064	5,613,627
139	(585) Street Lighting and Signal System Expenses	1,005,743	1,399,573
140	(586) Meter Expenses	9,226,795	9,862,708
141	(587) Customer Installations Expenses	5,514,093	6,203,060
142	(588) Miscellaneous Expenses	41,968,290	39,964,152
143	(589) Rents	347,924	419,795
144	TOTAL Operation (Enter Total of lines 134 thru 143)	97,345,938	98,198,082
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	37,292	174,867
147	(591) Maintenance of Structures	601,398	809,310
148	(592) Maintenance of Station Equipment	8,481,125	9,341,317
149	(593) Maintenance of Overhead Lines	101,950,830	128,084,363
150	(594) Maintenance of Underground Lines	2,884,865	4,831,703
151	(595) Maintenance of Line Transformers	2,309,529	2,730,233
152	(596) Maintenance of Street Lighting and Signal Systems	4,422,280	4,910,308
153	(597) Maintenance of Meters	815,272	1,012,990
154	(598) Maintenance of Miscellaneous Distribution Plant	1,082,075	426,675
155	TOTAL Maintenance (Total of lines 146 thru 154)	122,584,666	152,321,766
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	219,930,604	250,519,848
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	2,021,954	2,655,777
160	(902) Meter Reading Expenses	3,973,750	3,805,945
161	(903) Customer Records and Collection Expenses	36,748,628	39,150,652
162	(904) Uncollectible Accounts	22,535,431	35,301,601
163	(905) Miscellaneous Customer Accounts Expenses	866,474	473,677
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	66,146,237	81,387,652

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	6,252	79,282
168	(908) Customer Assistance Expenses	152,918,658	156,921,205
169	(909) Informational and Instructional Expenses	1,058,132	975,773
170	(910) Miscellaneous Customer Service and Informational Expenses	790,101	2,978,821
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	154,773,143	160,955,081
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	24,115	5,921
175	(912) Demonstrating and Selling Expenses	1,508,983	485,674
176	(913) Advertising Expenses	8,361	4,124
177	(916) Miscellaneous Sales Expenses	19,792	1,764
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	1,561,251	497,483
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	46,507,126	60,524,181
182	(921) Office Supplies and Expenses	58,450,236	50,268,178
183	(Less) (922) Administrative Expenses Transferred-Credit		94,072
184	(923) Outside Services Employed	32,265,749	24,943,794
185	(924) Property Insurance	1,399,275	1,074,523
186	(925) Injuries and Damages	19,112,688	14,852,481
187	(926) Employee Pensions and Benefits	188,068,120	193,585,551
188	(927) Franchise Requirements	1,305	1,090
189	(928) Regulatory Commission Expenses	96,604,448	97,986,380
190	(929) (Less) Duplicate Charges-Cr.		272,238
191	(930.1) General Advertising Expenses	2,541,588	585,803
192	(930.2) Miscellaneous General Expenses	35,531,618	35,058,785
193	(931) Rents	15,670,172	5,083,449
194	TOTAL Operation (Enter Total of lines 181 thru 193)	496,152,325	483,597,905
195	Maintenance		
196	(935) Maintenance of General Plant	2,395,436	2,296,706
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	498,547,761	485,894,611
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	1,816,915,017	1,953,933,652

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) [ ] An Original (2) [X] A Resubmission	09/09/2013	End of 2012/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	13,492		
4	Transmission	9,647,753		
5	Regional Market			
6	Distribution	59,574,758		
7	Customer Accounts	19,241,075		
8	Customer Service and Informational	3,198,642		
9	Sales	131,058		
10	Administrative and General	35,254,104		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	127,060,882		
12	Maintenance			
13	Production			
14	Transmission	9,196,388		
15	Regional Market			
16	Distribution	53,996,034		
17	Administrative and General	1,651,083		
18	TOTAL Maintenance (Total of lines 13 thru 17)	64,843,505		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	13,492		
21	Transmission (Enter Total of lines 4 and 14)	18,844,141		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	113,570,792		
24	Customer Accounts (Transcribe from line 7)	19,241,075		
25	Customer Service and Informational (Transcribe from line 8)	3,198,642		
26	Sales (Transcribe from line 9)	131,058		
27	Administrative and General (Enter Total of lines 10 and 17)	36,905,187		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	191,904,387	5,419,555	197,323,942
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution	6,688,764		
37	Customer Accounts	4,207,063		
38	Customer Service and Informational	1,209,176		
39	Sales	551,677		
40	Administrative and General	3,845,018		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	16,501,698		
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

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DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	14,165,889		
49	Administrative and General	44,415		
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	14,210,304		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)	20,854,653		
58	Customer Accounts (Line 37)	4,207,063		
59	Customer Service and Informational (Line 38)	1,209,176		
60	Sales (Line 39)	551,677		
61	Administrative and General (Lines 40 and 49)	3,889,433		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	30,712,002	1,343,727	32,055,729
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	222,616,389	6,763,282	229,379,671
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	77,541,916	5,368,307	82,910,223
69	Gas Plant	18,014,835	1,279,169	19,294,004
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	95,556,751	6,647,476	102,204,227
72	Plant Removal (By Utility Departments)			
73	Electric Plant	11,339,669	910,918	12,250,587
74	Gas Plant	1,221,006	82,608	1,303,614
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	12,560,675	993,526	13,554,201
77	Other Accounts (Specify, provide details in footnote):			
78	Other Work In Progress	2,805,198	49,591	2,854,789
79	Preliminary Survey and Investigation	1,331,643	2,379	1,334,022
80	Miscellaneous Accounts Payable and Accruals	-26,899		-26,899
81	Expense of Non Utility Operation	606,991	1,724	608,715
82	Miscellaneous Income Deductions	10,662		10,662
83	Donations	31,743	520	32,263
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	4,759,338	54,214	4,813,552
96	TOTAL SALARIES AND WAGES	335,493,153	14,458,498	349,951,651

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of aquisition adjustments)

1. Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403; (c) Depreciation Expense for Asset Retirement Costs (Account 403.1; (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).
2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant				195,786	195,786
2	Steam Production Plant					
3	Nuclear Production Plant					
4	Hydraulic Production Plant-Conventional	32,458				32,458
5	Hydraulic Production Plant-Pumped Storage					
6	Other Production Plant					
7	Transmission Plant	40,174,782	3,596	359,742		40,538,120
8	Distribution Plant	107,345,846	9,458	323,434		107,678,738
9	Regional Transmission and Market Operation					
10	General Plant	8,903,594				8,903,594
11	Common Plant-Electric	12,668,301				12,668,301
12	TOTAL	169,124,981	13,054	683,176	195,786	170,016,997

B. Basis for Amortization Charges

404 Depreciation Rate:

Description	Depreciation Base	Depreciation Rate
35040	27,275,776	1.31%
36015	7,842,152	1.33%
36025	16,603,553	1.33%

405 Depreciation Rate:

Description	Depreciation Base	Depreciation Rate
30200	3,431,918	4.51%

Name of Respondent Niagara Mohawk Power Corporation	This Report Is: (1) [ ] An Original (2) [X] A Resubmission	Date of Report (Mo, Da, Yr) 09/09/2013	Year/Period of Report End of 2012/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	Intangible Plant						
13	302	6,358					
14	Subtotal	6,358					
15	Hydralic Production Pt	8					
16	Subtotal	8					
17	Transmission:						
18	350	96,857					
19	352	32,117	65.00		1.54	R1.5	45.09
20	353	725,012	45.00		2.22	R2	30.97
21	353.1	3,152	45.00		2.22	R2	35.04
22	353.55	51,468	30.00		3.33	R2	18.82
23	354	120,581	70.00		1.42	R3	32.62
24	355	566,048	65.00		1.54	S2	50.38
25	356	2,202					
26	356.10	145,043	75.00		1.33	R2.5	56.75
27	356.20	228,158	75.00		1.33	R2.5	58.17
28	357.1	9,918	75.00		1.33	R4	53.15
29	357.2	27,775	75.00		1.33	R4	50.78
30	358	118,477	75.00		1.33	R1.0	59.24
31	359	2,339	75.00		1.33	R3	63.24
32	Subtotal	2,129,147					
33							
34	Distribution:						
35	360	17,399					
36	360.25	16,604	75.00		1.33	R2	68.31
37	361	37,323	75.00		1.34	R1.5	56.12
38	362	489,756	60.00		1.66	R1.5	46.53
39	362.1	2,382	60.00		1.66	R1.5	54.63
40	362.55	33,520	30.00		3.27	R1.5	18.76
41	364	942,389	65.00		1.54	S-5	53.97
42	365	1,053,809	50.00		2.00	R4	33.97
43	366.1	85,112	75.00		1.34	R1.5	58.07
44	366.2	68,486	75.00		1.34	R1.5	52.78
45	367.1	506,857	75.00		1.33	R1.5	62.71
46	368.1	43,312	45.00		2.23	L1.5	36.84
47	368.2	499,173	45.00		2.23	L1.5	32.29
48	368.3	282,931	45.00		2.23	L1.5	33.70
49	369.10	305,620	50.00		2.00	R2	33.03
50	369.20	9,630	75.00		1.34	R1.0	57.21

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) [ ] An Original (2) [X] A Resubmission	09/09/2013	End of 2012/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	369.21	127,168	75.00		1.33	R1.5	63.04
13	370.10	53,196	20.00		5.00	S1.5	12.60
14	370.20	33,329	20.00		5.00	R3	13.05
15	370.3	8,701	20.00		5.00	R3	12.20
16	370.35	31,371	20.00		5.00	R3	10.74
17	371	7,712	40.00		2.50	SC	29.38
18	373.1	79,272	50.00		2.00	L0.5	39.17
19	373.2	147,999	70.00		1.43	L0.5	60.00
20	374	39					
21	Subtotal	4,883,090					
22							
23	General:						
24	389	2,504					
25	390	97,101	55.00		1.82	S0	39.54
26	391	5,137	22.00		4.55	R2.5	9.56
27	391.10	2,811	22.00		4.55	L1	11.56
28	391.20	1,148	5.00		17.40	R3	2.12
29	392	56					
30	393	2,143	22.00		4.55	L1.5	10.48
31	394	3,897	22.00		4.54	S1	14.67
32	394.10	6,369	22.00		4.54	S1	11.06
33	394.20	45,913	22.00		4.54	L0	16.53
34	395	21,825	22.00		4.55	L1.5	11.95
35	395.1	44	22.00		4.55	L1.5	10.42
36	396	279	14.00		7.14	L3	11.71
37	397.2	50,362	22.00		4.52	L1	14.54
38	397.3	5,359	22.00		4.52	L1	14.33
39	397.4	32	8.00		0.21	S2	2.69
40	397.5	6,682	22.00		4.55	L1	15.52
41	397.6	11,220	22.00		4.55	L1	11.72
42	398	8,627	22.00		4.54	L3	7.34
43	398.1	468	22.00		4.54	L0.5	12.61
44	398.55	493	22.00		4.54	L3	10.09
45	398.56	39,087	22.00		4.54	L0	13.71
46	Subtotal	311,557					
47	ARO						
48	399.1	735					
49	Subtotal	735					
50	Total	7,330,895					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

RESERVE FOR DEPRECIATION OF COMMON UTILITY PLANT

Balance January 1, 2012	118,374,377
Depreciation and Amortization Provisions for year charged to:	
Depreciation - Electric	12,688,301
Depreciation - Gas	2,235,583
Amortization - Electric	
Amortization - Gas	
Transportation - Clearing Account	
Total Depreciation and Amortization Provisions	14,903,884
Net Charges for Plant Retired:	
Book Cost of Plant Retired	(1,790,041)
Cost of Removal	(1,862,462)
Salvage (Credit)	0
Net Charges for Plant Retired	(3,652,503)
Other Debit or Credit Items:	
Net increase in Retirement Work in Progress	1,093,357
Transfer of Provisions to Electric Department	(268,711)
Other Credit Miscellaneous	(148,809)
Balance December 31, 2012	$128,949,921

Common Utility Expenses and Departmental Allocation

The basis for the allocation of Common Plant is 85% of Common Plant is allocated to Electric Plant and 15% of Common Plant is allocated to Gas Plant.

The last date of approval prescribed by the Public Service Commission of the State of New York in its Uniform System of Accounts for the Electric and Gas was the Niagara Mohawk Merger Petition and Joint Proposal authorized in 2001. CASE 01-M-0075-Joint Petition of Niagara Mohawk Holdings, Inc., Niagara Mohawk Power Corporation, National Grid Group plc and National Grid USA for Approval of Merger and Stock Acquisition, Opinion and Order Authorizing Merger and Adopting Rate Plan (December 3, 2001)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are know, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b)amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjust-ments (f)
1	FEDERAL					
2	Income Taxes	82,386,495		22,494,138	68,987,935	-41,551,878
3	FICA Contribution	3,820,355		19,515,660	23,040,196	501,115
4	Unemployment	-39,256		16,849	170,321	197,668
5	Other					
6	SUBTOTAL	86,167,594		42,026,647	92,198,452	-40,853,095
7						
8	STATE					
9	Franchise - Tax on Net	4,403,649		12,433,961	29,993,000	
10	Franchise - Gross Earnings	1,493,453		16,855,705	15,509,550	
11	Franchise - Excess Dividends					
12	Temporary Surcharges					
13	Sec. 186a (Gross Inc)					
14	Sec. 186 (Gross Earnings)					
15	Sec. 186 (Excess Dividends)					
16	MTA Surcharge					
17	Unemployment Insurance	7,758		565,907	451,744	-106,902
18	Disability Insurance					
19	Sales and Use	7,682	5,168,324		4,161,009	6,338,490
20	Petroleum Business Tax - NY					
21	Other					
22	SUBTOTAL	5,912,542	5,168,324	29,855,573	50,115,303	6,231,588
23						
24	LOCAL					
25	Real Estate	3,346		182,624,788	182,622,504	
26	Special Franchise					
27	Municipal Gross Income	1,587,607		15,500,396	15,668,744	-3,347
28	NYC Special Franchise					
29	Public Utility Excise					
30	Sales and Use	5,562	3,742,580			3,737,018
31	Other					
32	SUBTOTAL	1,596,515	3,742,580	198,125,184	198,291,248	3,733,671
33						
34	OTHER					
35	New Jersey Unemployment					
36	Non - NY Franchise Tax					
37	Use Tax from STS	1,164,604		-2,618,727	-1,625,081	-170,960
38	Miscellaneous	-5,642		3,346		
39						
40						
41	TOTAL	94,835,613	8,910,904	267,392,023	338,979,922	-31,058,796

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Niagara Mohawk Power Corporation	(1) ☐ An Original (2) ☒ A Resubmission	09/09/2013	End of 2012/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
						1
	5,659,182	21,462,382			1,031,756	2
796,934		16,599,251			2,916,409	3
4,940		60,443			-43,594	4
						5
801,874	5,659,182	38,122,076			3,904,571	6
						7
						8
	13,155,391	9,396,617			3,037,344	9
2,839,609		12,096,508			4,759,197	10
						11
						12
						13
						14
						15
						16
15,019		565,907				17
						18
	2,983,161					19
						20
						21
2,854,628	16,138,552	22,059,032			7,796,541	22
						23
						24
5,630		142,381,963			40,242,825	25
						26
1,415,912		12,639,840			2,860,556	27
						28
						29
						30
						31
1,421,542		155,021,803			43,103,381	32
						33
						34
						35
						36
		-3,162,394			543,667	37
-2,296						38
						39
						40
5,075,748	21,797,734	212,040,517			55,348,160	41

Niagara Mohawk Power Corporation

Transmission Working Capital

Line No.	Description	Source	December 31, 2012
1	Materials and Supplies	Schedule B	10,050,288
2	Prepayments	Schedule C	7,874,518
3	Cash Working Capital	Schedule D	8,305,807

Niagara Mohawk Power Corporation

Transmission Materials and Supplies

Line No.	Description	Source	December 31, 2012
1	Total Materials and Supplies (154)	Statement AA/FF1 48.c	37,635,743
2	Materials and Supplies Directly assigned to Transmission		
3	% Directly Assigned to Transmission		10.01%
4	Materials and Supplies allocated to Transmission	Line 3 * Line 1	3,767,207
5	Materials and Supplies Directly assigned to Distribution		
6	% Assigned to Electric Distribution		17.38%
7	Materials and Supplies allocated to Distribution	Line 6 * Line 1	6,541,213
8	Percentage not directly assigned	1 - Line 3 - Line 6	72.61%
9	Materials and Supplies not directly assigned	Line 8 * Line 1	27,327,323
10	Gross Electric Plant Allocation Factor		79.31%
11	Transmission Plant Allocation Factor		28.99%
12	Remainder Construction Materials & Supplies Allocated	Line 9 * Line 10 * Line 11	6,283,081
13	Total Transmission Materials & Supplies	Line 4 + Line 12	10,050,288

Niagara Mohawk Power Corporation
Transmission Prepayments

Line No.	Description	Source	December 31, 2012
1	Total Prepayments	Statement AA/FF1 57.c	53,063,617
2	Less Prepayments for Federal and State Income Tax		18,814,573
3	Subtotal of Prepayments	Line 1 - Line 2	34,249,044
4	% Assigned to Electric		79.31%
5	Materials and Supplies allocated to Electric	Line 4 * Line 5	27,163,271
6	% Assigned to Transmission		28.99%
7	Materials and Supplies allocated to Transmission	Line 5 * Line 6	7,874,518

Niagara Mohawk Power Corporation

Transmission Cash Working Capital

Line No.	Description	Source	December 31, 2012
1	Transmission Operations and Maintenance Expense	Statement AH/FF1 112.b	90,496,134
2	Less Load Dispatching	Acct # 561	24,049,677
3	Subtotal	Line 1 - Line 2	66,446,457
4	Allocation Factor (45 days / 360 days = 1 month times 1.5)		12.50%
5	Transmission Cash Working Capital	Line 3 * Line 4	8,305,807

Niagara Mohawk Power Corporation
Construction Work In Progress

This statement is not applicable. The Company's revenue requirement formula under Attachment H of the NYISO OATT does not rely on data and supporting assumptions relating to construction work in progress amounts. In addition, the Company is not requesting inclusion of Construction Work in Progress in its revenue requirement formula in the RR component of Attachment H.

Niagara Mohawk Power Corporation
Notes Payable

This statement is not applicable. The Company's revenue requirement formula under Attachment H of the NYISO OATT does not rely on data and supporting assumptions relating to notes payable amounts. In addition, the Company is not requesting inclusion of Notes Payable in its revenue requirement formula in the RR component of Attachment H.

Niagara Mohawk Power Corporation
Monthly AFC Rates

	Debt	Equity	Total
In effect:			
January 2012	1.8353%	4.5160%	6.3513%
February 2012	1.8414%	4.5319%	6.3733%
March 2012	1.8466%	4.5455%	6.3921%
April 2012	1.8517%	4.5585%	6.4101%
May 2012	1.8417%	4.8417%	6.6834%
June 2012	1.8417%	4.8417%	6.6834%
July 2012	1.8412%	4.8429%	6.6842%
August 2012	1.8764%	4.7578%	6.6342%
September 2012	1.8764%	4.7578%	6.6342%
October 2012	1.8764%	4.7578%	6.6342%
November 2012	1.8764%	4.7578%	6.6342%
December 2012	1.8764%	4.7578%	6.6342%

NIAGARA MOHAWK
COMPUTATION OF AFUDC RATE
BY ORDER NO. 561 METHOD
December 2011 Calculation used January 2012

	Amount (000's)	Capitalization Ratio		Cost Rates		S/W	Rates for Gross AFDC Rates		Factor (1-)		Net-of-Tax Rates
Weighted Average Short-Term Debt Balance	$8,994		S	0.050%	X	0.04 =	0.002%	X		=	
						1-S/W					
Long-Term Debt **Mar 11 Bal.**	2,400,065	49.20%	X	3.87%	X	0.96 =	1.833%	X		=	
Preferred Stock **Mar 11 Bal.**	28,985	0.59%	X	3.66%	X	0.96 =	0.021%				
Common Equity	3,736,943										
Goodwill	-1,289,132										
Hedging-Gain/Loss	0										
Min Pension	863										
Mar 11 Bal.	**2,448,674**	50.20%	X	9.30%	X	0.96 =	4.495%				
Total Capitalization	**4,877,724**	100.00%									
AFUDC Rate							6.351%				%

NIAGARA MOHAWK
COMPUTATION OF AFUDC RATE
BY ORDER NO. 561 METHOD
January 2012 Calculation used February 2012

	Amount (000's)	Capitalization Ratio		Cost Rates		S/W	Rates for Gross AFDC Rates		Factor (1-)		Net-of-Tax Rates
Weighted Average Short-Term Debt Balance	$8,094			S 0.045%	X	0.03 =	0.002%	X		=	
						1-S/W					
Long-Term Debt **Mar 11 Bal.**	2,400,065	49.20%	X	3.87%	X	0.97 =	1.840%	X		=	
Preferred Stock **Mar 11 Bal.**	28,985	0.59%	X	3.66%	X	0.97 =	0.021%				
Common Equity	3,736,943										
Goodwill	-1,289,132										
Hedging-Gain/Loss	0										
Min Pension	863										
Mar 11 Bal.	**2,448,674**	50.20%	X	9.30%	X	0.97 =	4.511%				
Total Capitalization	**4,877,724**	100.00%									
AFUDC Rate							6.373%				%

NIAGARA MOHAWK
COMPUTATION OF AFUDC RATE
BY ORDER NO. 561 METHOD
February 2012 Calculation used March 2012

	Amount (000's)	Capitalization Ratio		Cost Rates		S/W	Rates for Gross AFDC Rates		Factor (1-)		Net-of-Tax Rates
Weighted Average Short-Term Debt Balance	$7,358		S	0.041%	X	0.03 =	0.001%	X		=	
						1-S/W					
Long-Term Debt **Mar 11 Bal.**	2,400,065	49.20%	X	3.87%	X	0.97 =	1.845%	X		=	
Preferred Stock **Mar 11 Bal.**	28,985	0.59%	X	3.66%	X	0.97 =	0.021%				
Common Equity	3,736,943										
Goodwill	-1,289,132										
Hedging-Gain/Loss	0										
Min Pension	863										
Mar 11 Bal.	**2,448,674**	50.20%	X	9.30%	X	0.97 =	4.524%				
Total Capitalization	**4,877,724**	100.00%									
AFUDC Rate							6.392%				========= %

NIAGARA MOHAWK
COMPUTATION OF AFUDC RATE
BY ORDER NO. 561 METHOD
March 2012 Calculation used April 2012

	Amount	Capitalization Ratio		Cost Rates		S/W	Rates for Gross AFDC Rates		Factor (1-)		Net-of-Tax Rates
	(000's)										
Weighted Average Short-Term Debt Balance	$6,745		S	0.038%	X	0.03 =	0.001%	X		=	
						1-S/W					
Long-Term Debt **Mar 11 Bal.**	2,400,065	49.20%	X	3.87%	X	0.97 =	1.851%	X		=	
Preferred Stock **Mar 11 Bal.**	28,985	0.59%	X	3.66%	X	0.97 =	0.021%				
Common Equity	3,736,943										
Goodwill	-1,289,132										
Hedging-Gain/Loss	0										
Min Pension	863										
Mar 11 Bal.	**2,448,674**	50.20%	X	9.30%	X	0.97 =	4.537%				
Total Capitalization	**4,877,724**	100.00%									
AFUDC Rate							6.410%				%

NIAGARA MOHAWK
COMPUTATION OF AFUDC RATE
BY ORDER NO. 561 METHOD
April 2012 Calculation used May 2012

	Amount (000's)	Capitalization Ratio		Cost Rates		S/W	Rates for Gross AFDC Rates		Factor (1-)		Net-of-Tax Rates
Weighted Average Short-Term Debt Balance	$0		S	0.000%	X	0.00 =	0.000%	X		=	
						1-S/W					
Long-Term Debt **Mar 12 Bal.**	2,400,065	47.59%	X	3.87%	X	1.00 =	1.842%	X		=	
Preferred Stock **Mar 12 Bal.**	28,985	0.57%	X	3.66%	X	1.00 =	0.021%				
Common Equity	3,904,363										
Goodwill	-1,289,132										
Hedging-Gain/Loss	0										
Min Pension	-1,096										
Mar 12 Bal.	**2,614,135**	51.84%	X	9.30%	X	1.00 =	4.821%				
Total Capitalization	**5,043,184**	100.00%									
AFUDC Rate							6.683%				%

NIAGARA MOHAWK
COMPUTATION OF AFUDC RATE
BY ORDER NO. 561 METHOD
May 2012 Calculation used June 2012

	Amount (000's)	Capitalization Ratio		Cost Rates		S/W		Rates for Gross AFDC Rates		Factor (1-)		Net-of-Tax Rates
Weighted Average Short-Term Debt Balance	$0			0.117%	X	0.00	=	0.000%	X		=	
	===========		S			1-S/W						
Long-Term Debt **Mar 12 Bal.**	2,400,065	47.59%	X	3.87%	X	1.00	=	1.842%	X		=	
Preferred Stock **Mar 12 Bal.**	28,985	0.57%	X	3.66%	X	1.00	=	0.021%				
Common Equity	3,904,363											
Goodwill	-1,289,132											
Hedging-Gain/Loss	0											
Min Pension	-1,096											
Mar 12 Bal.	**2,614,135**	51.84%	X	9.30%	X	1.00	=	4.821%				
Total Capitalization	**5,043,184**	100.00%										
	===========	===========										
AFUDC Rate								6.683%				
								====================				======== %

NIAGARA MOHAWK
COMPUTATION OF AFUDC RATE
BY ORDER NO. 561 METHOD
June 2012 Calculation used July 2012

	Amount (000's)	Capitalization Ratio		Cost Rates		S/W		Rates for Gross AFDC Rates		Factor (1-)		Net-of-Tax Rates
Weighted Average Short-Term Debt Balance	$0		S	0.000%	X	0.00	=	0.000%	X		=	
						1-S/W						
Long-Term Debt **Mar 12 Bal.**	2,400,065	47.58%	X	3.87%	X	1.00	=	1.841%	X		=	
Preferred Stock **Mar 12 Bal.**	28,985	0.57%	X	3.66%	X	1.00	=	0.021%				
Common Equity	3,905,751											
Goodwill	-1,289,132											
Hedging-Gain/Loss	0											
Min Pension	-1,096											
Mar 12 Bal.	**2,615,523**	51.85%	X	9.30%	X	1.00	=	4.822%				
Total Capitalization	**5,044,573**	100.00%										
AFUDC Rate								6.684%				%

NIAGARA MOHAWK
COMPUTATION OF AFUDC RATE
BY ORDER NO. 561 METHOD
Period: August 2012 to December 2012
ACTUAL RATE

Input Cell

	Amount		Capitalization Ratio		Cost Rates		(S / W)		Rates for Gross AFUDC	
Weighted Average **Short-Term Debt**										
Balance	$ -	S			0.000%	s	0.0%	=	0.000%	$Ai = s(S / W) + d(D / D + P + C) (1 - S / W)$
Long-Term Debt							1- (S / W)			
12/31/11 Bal.	$ 2,399,711,594	D	48.49%	x	3.87%	d	100.0%	=	1.88%	$Ai = s(S / W) + d(D / D + P + C) (1 - S / W)$
Preferred Stock							1- (S / W)			
12/31/11 Bal.	$ 28,984,701	P	0.59%	x	3.66%	p	100.0%	=	0.02%	$Ae = [1 - S / W] [p P / D + P + C) + c (C / D + P + C)]$
Common Equity	$ 3,808,922,072									
Goodwill	$ (1,289,132,075)									
Hedging-Gain/Loss	$ -									
Min Pension	$ 820,673						1- (S / W)			
12/31/11 Bal.	$ 2,520,610,669	C	50.93%	x	9.30%	c	100.0%	=	4.74%	$Ae = [1 - S / W] [p P / D + P + C) + c (C / D + P + C)]$
Total Capitalization	$ 4,949,306,964		100.00%						6.63%	

FERC Docket No.ER14-
EXH No. ___ (NMP-4)
Statement AP
Period I

Niagara Mohawk Power Corporation
Federal Income Tax Deduction – Interest
(000)

Line No.		
1	Interest for Borrowed Funds Used for Electric Utility Construction - Account 432	$3,855
2		
3	Interest on Debt to Associated Companies	
4	Money Pool Interest Expense	$0
5	Niagara Mohawk Holdings, Inc.	$24,577
6	Total Account 430	$24,577
7		
8	Other Interest	
9	Miscellaneous Interest	$8,235
10	Interest Expense - Tax	($633)
11	Interest on Customer Deposits	$0
12	Interest on Nuclear Fuel Disposal Costs	$0
13	Interest on OATT Deposits	$0
14	Interest on Deferred Compensation	$0
15	Other Interest - Commitment Fee	$63
16	Total Account 431	$7,665
17		
18		
19	Interest on Long Term Debt	
20	Rate Base	$1,271,370
21	Weighted Long Term Debt Rate	1.90%
22	Interest on Long Term Debt	$24,156

Niagara Mohawk Power Corporation
Federal Income Tax Deduction – Other Than Interest
(000)

Line No.			
1	(I) Difference Between Tax and Book Depreciation 1/		$143,203
2	(II) Taxes, Insurance and Pension Costs Capitalized		$0
3	(III) Cost of Removal		$69,697
4	Preferred Dividend Paid Deduction		$353
5	**Total Other**		$70,050
6	**1/ Tax Depreciation and Amortization Under IRC:**		
7	Straight Line	$0	
8	ADR System	$0	
9	ACRS	$696	
10	MACRS	$347,903	
11	**Total Tax Depreciation and Amortization**		$348,599
12	Book Depreciation and Amortization:		
13	Book Depreciation	$205,396	
14	Total Book Depreciation and Amortization		$205,396
15	Difference Between Tax and Book Depreciation		$143,203
16	Note: Amounts represent combined electric and gas business and tie to FERC Form 1 page 261-A.		

Niagara Mohawk Power Corporation
Federal Income Tax Expense
FERC Form 1 12/31/12

Line No.		Electric	Gas	Other	Total
1	**410**				
	Contra Account				
2	**282**				
3	Property Related Differences	96,110,392	23,037,057	0	119,147,449
	Contra Account				
4	**283**				
5	Property Taxes	0	0	0	0
6	Regulatory Asset - Environmental	1,859,605	328,166	0	2,187,770
7	Regulatory Asset - Pension	2,282,917	467,585	0	2,750,503
8	Regulatory Asset - Other	5,548,900	0	0	5,548,900
9	Regulatory Asset - Not in Rate Base	0	0	0	0
10	Unamortized Debt Discount	267,564	54,802	0	322,366
11	**Subtotal**	**9,958,986**	**850,553**	**0**	**10,809,539**
	Contra Account				
12	**190**				
13	FIT on Deferred SIT	0	0	0	0
14	Accrued Interest	0	0	0	0
15	Bad Debts	3,938,213	923,778	0	4,861,991
16	Deferred Compensation	12,121	2,483	0	14,604
17	Employee Compensation and Benefits	0	0	0	0
18	Hedging	0	0	0	0
19	OPEB Liability	60,326,573	12,303,877	0	72,630,450
20	Other Items	(46,622,645)	4,171,672	0	(42,450,973)
21	Pension Liability	111,457	22,828	0	134,285
22	Regulatory Liability - Other	12,683,605	0	0	12,683,605
23	Reserve - Environmental	0	0	0	0
24	Reserve - Other	617,453	0	0	617,453
25	Unbilled Revenue	3,705,365	758,930	0	4,464,296
26	**Subtotal**	**34,772,142**	**18,183,569**	**0**	**52,955,711**
	Total				
27	**410**	**140,841,520**	**42,071,179**	**0**	**182,912,698**
28	**Below the Line Reclass (410.2)**	1,854,095	316,350		2,170,445
29	**Adjusted Total 410**	**142,695,615**	**42,387,529**		**185,083,143**

Niagara Mohawk Power Corporation
Federal Income Tax Expense
FERC Form 1 12/31/12

Line No.		Electric	Gas	Other	Total
1	**411**				
2	**Contra Account 282**				
3	Property Related Differences	0	0	0	0
4	**Contra Account 283**				
5	Property Taxes	(374,106)	(76,624)	0	(450,730)
6	Regulatory Asset - Environmental	0	0	0	0
7	Regulatory Asset - Merger Rate Stranded	(0)	(0)	0	(0)
8	Regulatory Asset - Pension	0	0	0	0
9	Regulatory Asset - OPEB	(30,534,387)	(6,254,031)	0	(36,788,418)
10	Regulatory Asset - Storm Costs	0	0	0	0
11	Regulatory Asset - Other	(92,774,431)	(8,821,798)	0	(101,596,228)
12	Regulatory Asset - Not in Rate Base	(1,730,982)	(327,640)	0	(2,058,622)
13	Unamortized Debt Discount	0	0	0	0
14	**Subtotal**	**(125,413,905)**	**(15,480,093)**	**0**	**(140,893,998)**
15	**Contra Account 190**				
16	FIT on Deferred SIT	(3,495,874)	(356,394)	0	(3,852,269)
17	Accrued Interest	(74,255)	(15,209)	0	(89,464)
18	Bad Debts	0	0	0	0
19	Deferred Compensation	0	0	0	0
20	Employee Compensation and Benefits	(774,693)	(158,672)	0	(933,365)
21	Hedging	(193,268)	(315,331)	0	(508,599)
22	OPEB Liability	0	0	0	0
23	Other Items	67,556,431	(4,342,248)	0	63,214,184
24	Pension Liability	(17,671,463)	(3,619,456)	0	(21,290,919)
25	Regulatory Liability - Other	0	0	0	0
26	Reserve - Environmental	(1,798,038)	(342,483)	0	(2,140,522)
27	Reserve - Other	(0)	(292,442)	0	(292,442)
28	Unbilled Revenue	0	0		0
29	**Subtotal**	**43,548,841**	**(9,442,236)**	**0**	**34,106,605**
30	**Total 411**	**(81,865,064)**	**(24,922,329)**	**0**	**(106,787,393)**
31	**Below the Line Reclass (411.2)**	0	0		0
32	**Adjusted Total 411**	**(81,865,064)**	**(24,922,329)**	**0**	**(106,787,393)**

Niagara Mohawk Power Corporation
Additional State Income Tax Deductions
($000)

Line No.		
1	**New York State Franchise Tax**	
2	Additional New York State Depreciation	$88,834
3	Regulatory Asset Amortization	$139,604
4	Additional New York State Loss on Asset Disposition	$0
5	Total Additional State Tax Deductions (L2 + L3 + L4)	$228,438
6	Tax Exempt Interest Income	($292)
7	Dividends Received Deduction	($67)
8	Bonus Depreciation	($220,690)
9	State Tax Expense	($12,434)
10	Total State Tax Unallowable Deductions (L6 + L7+L8 + L9)	($233,483)

NOTE: Amounts represent combined electric and gas business.

Niagara Mohawk Power Corporation
State Income Tax Expense
FERC Form 1 12/31/12

Line No.		Electric	Gas	Other	Total
1	**410**				
	Contra Account				
2	**282**				
3	Property Related Differences	7,278,807	1,831,650	0	9,110,457
	Contra Account				
4	**283**				
5	Property Taxes	108,303	22,183	0	130,486
6	Regulatory Asset - Environmental	2,505,614	442,167	0	2,947,781
7	Regulatory Asset - Merger Rate Stranded	6,981,979	0	0	6,981,979
8	Regulatory Asset - Pension	463,106	94,853	0	557,959
9	Regulatory Asset - Other	1,125,634	0	0	1,125,634
10	Regulatory Asset - Not in Rate Base	0	0	0	0
11	Unamortized Debt Discount	6,769	1,386	0	8,156
12	**Subtotal**	**11,191,406**	**560,589**	**0**	**11,751,995**
	Contra Account				
13	**190**				
14	Accrued Interest	0	0	0	0
15	Bad Debts	798,895	187,395	0	986,290
16	Deferred Compensation	2,459	504	0	2,963
17	Employee Compensation and Benefits	0	0	0	0
18	Hedging	0	0	0	0
19	OPEB Liability	12,237,676	2,495,929	0	14,733,605
20	Pension Liability	22,610	4,631	0	27,241
21	Other Items	2,639,010	0	0	2,639,010
22	Regulatory Liability - Other	2,572,960	0	0	2,572,960
23	Reserve - Environmental	0	0	0	0
24	Reserve - Other	425,051	2,080	0	427,131
25	Unbilled Revenue	0	0	0	0
26	**Subtotal**	**18,698,661**	**2,690,539**	**0**	**21,389,200**
	Total				
27	**410**	**37,168,874**	**5,082,778**	**0**	**42,251,652**

Niagara Mohawk Power Corporation
State Income Tax Expense
FERC Form 1 12/31/12

Line No.		Electric	Gas	Other	Total
1	**411**				
	Contra Account				
2	**282**				
3	Property Related Differences	0	0	0	0
	Contra Account				
4	**283**				
5	Regulatory Asset - Environmental	0	0	0	0
6	Regulatory Asset - Merger Rate Stranded	0	0	0	0
7	Regulatory Asset - Pension	0	0	0	0
8	Regulatory Asset - OPEB	(6,194,118)	(1,268,675)	0	(7,462,793)
9	Regulatory Asset - Storm Costs	0	0	0	0
10	Regulatory Asset - Other	(10,539,374)	(536,390)	0	(11,075,764)
11	Regulatory Asset - Not in Rate Base	(310,392)	(58,118)	0	(368,510)
12	Property Taxes	0	0	0	0
13	Unamortized Debt Discount	0	0	0	0
14	**Subtotal**	**(17,043,884)**	**(1,863,182)**	**0**	**(18,907,067)**
	Contra Account				
15	**190**				
16	Net Operating Loss	0	0	0	0
17	Accrued Interest	(15,063)	(3,085)	0	(18,148)
18	Bad Debts	0	0	0	0
19	Deferred Compensation	0	0	0	0
20	Employee Compensation and Benefits	(735,939)	(150,734)	0	(886,673)
21	Hedging	(6,491,351)	(1,385,491)	0	(7,876,842)
22	OPEB Liability	0	0	0	0
23	Other Items	(1,224)	(74,664)	0	(75,888)
24	Pension Liability	(1,581,163)	(323,853)	0	(1,905,015)
25	Regulatory Liability - Other	0	(0)	0	(0)
26	Reserve - Environmental	(364,745)	(69,475)	0	(434,220)
27	Reserve - Other	0	0	0	0
28	Unbilled Revenue	(947,293)	(194,024)	0	(1,141,317)
29	**Subtotal**	**(10,136,778)**	**(2,201,326)**	**0**	**(12,338,104)**
	Total				
30	**411**	**(27,180,662)**	**(4,064,508)**	**0**	**(31,245,171)**

Niagara Mohawk Power Corporation
Transmission Revenue Credit

Line No.		Source	Calender Year 12
1	Transmission of Electricity for Others (456.1)	FF 1 300.22b	116,613,858
2	Less: Transmission of Electricity by ISO (ECR, CRR, SR)		51,366,798
3	Subtotal	Line 1 - Line 2	65,247,060
4			
5	Less:		
6	TSC Customers		18,995,983
7	Green Island & Richmondville		193,962
8	Subtotal Deductions	Line 6 + Line 7	19,189,945
9			
10	Subtotal Transmission Revenue Credit	Line 3 + Line 8	46,057,115
11			
12	Transmission Support Revenue (456010 & 456040)		1,147,980
13			
14	Total Transmission Revenue Credit	Line 10 + Line 12	47,205,095

Niagara Mohawk Power Corporation
Transmission Rate of Return
December 31, 2012

Line No.		Source	Amount	Percent of Total	Rate	Return
1	Long Term Debt	Statement AA/FF1 112.24c	2,600,065,000			
2	Less Unamortized Loss on Reacquired Debt	Statement AA/FF1 111.81c	21,469,590			
3	Long Term Debt	Line 1 - Line 2	2,578,595,410	49.55%	3.83%	1.90%
4	Preferred Stock	Statement AA/FF1 112.3c	28,984,701	0.45%	3.66%	0.02%
5	Common Stock Issued	Statement AA/FF1 112.2c	187,364,863			
6	Other Paid in Capital	Statement AA/FF1 112.7c	2,954,692,284			
7	Retained Earnings	Statement AA/FF1 112.11c	694,449,947			
8	Common Equity	Lines 5 thru 7	3,836,507,094	50.00%	11.50%	5.75%
9						
10	Total Investment Return	Line 3 + Line 4 + Line 8	6,444,087,205			7.66%

Niagara Mohawk Power Corporation
Cost of Money
Twelve Months Ending December 31, 2012

Line No.		Source	Beginning Balance	Ending Balance	Average	2012
1	**Interest on Long Term Debt**					
2						
3	Total Niagara Mohawk Interest on Long Term Debt	Statement AB FF1/117 62c + 67c				88,665,745
4	Amortization of Debt Discount Expense	Statement AB/FF1 117 63c				3,893,378
5	Amortization of Loss on Reacquired Debt	Statement AB/FF1 117 64c				2,263,600
6	Less: Amortization of Premium on Debt	Statement AB/FF1 117 65c				
7	Less: Amortization of Gain on Reacquired Debt	Statement AB/FF1 117 66c				60,460
8	**Interest Costs plus Expense**	Sum Lines 3-7				94,762,263
9						
10	**Total Long Term Debt**					
11						
12	Total Niagara Mohawk Long Term Outstanding Debt	Statement AA/FF1 112.18 thru .21	2,400,065,000	2,600,065,000	2,500,065,000	
13	Unamortized Premium on Long Term Debt	Statement AA/FF1 112.22			0	
14	Less Unamortized Debt Discount Expense	Statement AA/FF1 112.23	353,406	160,611	257,009	
15	Less: Unamortized Loss on Reacquired Debt	Statement AA/FF1 111.81	24,128,513	21,308,979	22,718,746	
16	**Total Long Term Debt**	Sum Lines 12-15	2,375,583,081	2,578,595,410	2,477,089,246	
17	**Debt Cost as % of Debt**	Line 8 / Line 16 Average			3.83%	
18						
19						
20	**Preferred Stock**					
21						
22	Total Niagara Mohawk Dividends Declared	Statement AC/FF1 118 29c				1,060,497
23	Total Niagara Mohawk Preferred Stock	Statement AA/FF1 112.3c				28,984,701
24	**Preferred Stock Cost**	Line 22 / Line 23				3.66%

NIAGARA MOHAWK POWER CORPORATION
Cost of short-term debt

This statement is not applicable. The Company's revenue requirement formula under Attachment H of the NYISO OATT does not rely on data and supporting assumptions relating to cost of short term debt amounts. In addition, the Company is not requesting inclusion of Cost of Short Term Debt in its revenue requirement formula under Attachment H.