

NIAGARA MOHAWK POWER CORPORATION
A **National Grid** Company
300 Erie Boulevard West
Syracuse, New York 13202
May 12, 2005

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

Re: Case 02-M-0515

Dear Secretary Brillling:

The enclosed tariff leaves, issued by Niagara Mohawk Power Corporation, A National Grid Company ("Company"), are transmitted for filing in accordance with the requirements of the Public Service Commission of the State of New York ("Commission").

Third Revised Leaf No. 216
Third Revised Leaf No. 216.1

To PSC No. 219 Gas

Effective: May 13, 2005

On November 2, 2004 and January 19, 2005, the Company filed revised tariff leaves in compliance with the Commission's August 4, 2004 Order in Case 02-M-0515. The August 4, 2004 Order required Niagara Mohawk and other gas utilities to file tariff leaves instituting firm delivery service for Residential Customers with Distributed Generation equipment within 90 days after the issuance date of the Order.

The Commission's Staff have requested changes to Leaf Nos. 216 and 216.1 to which the Company has agreed. These changes revise the proposed rates for residential distributed generation customers to reflect the class rate of return of existing residential customers rather than the Company's system average rate of return, resulting in Delivery Service rates of \$24.00 for the First 3 Therms or Less per Month per Meter and \$0.03200 for all Therms over 3 Therms.

The revisions to Leaf No. 216 also reflect the deletion of the reference to "base load DG units" and of the sentence "Service is not available to DG units operating on a peaking basis." from the applicability section of the leaf.

The change to Leaf No. 216.1 reflects a change to the Monthly Minimum Charge for service under Service Classification No. 13 to be \$24.00.

Newspaper publication of the proposed changes as required by 16NYCRR 720-8.1 has been waived in accordance with Ordering Paragraph 5 of the August 4, 2004 Order.

Please advise the undersigned of any action taken in regards to this filing.

Sincerely,

John T. Powers
Principal Rate Analyst, Gas Pricing

JTP/jsc (S:Tariffs/219Tariff/Docfiles/Letters/Lett96)