

# Niagara Mohawk

A **National Grid** Company



December 21, 2004

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

RE: Case No. 03-E-0188  
Order Regarding Retail Renewable Portfolio Standard

Dear Secretary Brilling:

Enclosed for filing with the Commission are an original and three copies of Niagara Mohawk Power Corporation's (Niagara Mohawk or Company) leaves being filed in compliance with the Public Service Commission's Order in Case No. 03-E-0188 issued and effective September 24, 2004.

Tenth Revised Leaf No. 9  
Eighth Revised Leaf No. 22  
Sixteenth Revised Leaf No. 59  
Sixteenth Revised Leaf No. 73  
Eighth Revised Leaf No. 85

To P.S.C. No. 214 Electricity

Effective: October 1, 2005

In February, 2003, a proceeding was instituted to explore the development of a Renewable Portfolio Standard (RPS) Program to increase the proportion of renewable energy that is consumed by retail Customers in New York State. The RPS is a recognized means of increasing the proportion of non-fossil fuel electricity purchases in a given jurisdiction. The objective of the Commission in instituting the RPS was to develop a plan to ensure that a substantially greater proportion of energy retailed in New York State comes from renewable resources within ten (10) years. The Instituting Order noted that four decades ago, twenty-five (25) percent of New York's electricity was derived from renewables and observed that a return to this level was in the public interest.

In furtherance of the above goal, the RPS program would include a collection of funds in a new RPS surcharge applied to delivery service, to be administered on a central basis by the New York State Energy Research and Development Authority (NYSERDA).

On September 24, 2004, an Order was issued by the Public Service Commission in the above Case and per Ordering Clause No. 2 adopted a Retail Renewable Portfolio Standard (RPS) applicable to retail electricity sales in New York State. Also, per Ordering Clause No. 3 an RPS surcharge was to be established by each utility to fund above-market costs of renewable resources under the new RPS program. The RPS was noted to be a volumetric charge applied to the delivery portion of Customer bills to all Retail Customers who pay the System Benefits Charge (SBC), Rule No. 41 of PSC No. 207 Electricity. The RPS Surcharge was ordered to commence with Customer bills issued on or after October 1, 2005.

Per this Order, the levels of funding for the RPS program are to be collected in rates over successive twelve-month periods, each such collection commencing three months prior to the applicable calendar year. The levels of funding are set forth in this Order and are to be used until the Commission revises the figures based on differing actual costs or administrative costs. By Ordering Clause No. 4 of this Order, each utility listed is directed to fashion their RPS rates for each collection period to correspond to the collection allocations per year as described in this Order.

Ordering Clause No. 7 of this Order directed the listed utilities to file tariff amendments and/or statements on not less than one days' notice to become effective October 1, 2005 within ninety (90) days of issuance of this Order, or December 22, 2004.

The purpose of this filing is to comply with Ordering Clause No. 7, and establish Rule No. 49-Renewable Portfolio Surcharge and the Renewable Portfolio Surcharge Statement No. 1, both effective October 1, 2005 in compliance with this Order.

A companion PSC No. 207 Electricity was filed on December 20, 2004 and contained Rule No. 49 written in the same manner as Rule No. 41 – System Benefits Charge of PSC No. 207 Electricity, specifically stating the service classifications and riders subject to this surcharge. Rule No. 49.3 states that Customers who participate in the New York State Renewable Portfolio Standard Program (RPS) are ineligible to participate in the Company's net metering programs for renewable resources. Also, included with this filing are tariff leaves updating each service classification that will be subject to the RPS.

RPS Statement No. 1 included with the companion PSC No. 207 filing presents the collection rate for the period October 1, 2005 through September 30, 2006 which will produce a collection of \$7,086,698 as stated in Appendix E of the above Order for the first collection period. These levels of funding for each year contained in Appendix E are to be collected in rates over successive twelve-month periods commencing three months prior to the applicable calendar year. The over/under collection for each year will be trued up on an annual basis.

The Company proposes an RPS collection rate of \$.000276/kWh to be effective on October 1, 2005 and will remain in effect until September 30, 2006. This collection rate is based on the sales forecast for Rate Year 2005 obtained from the Company's First Competitive Transition Charge ("CTC") Reset Filing in Case No. 01-M-0075 issued August 1, 2003.

The attachments that support the RPS calculation and the development of the proposed RPS collection rate are included with the companion PSC No. 207 Electricity filing.

Also as per Ordering Clause No. 7 of the above Order, the requirements of §66(12)(b) of the Public Service Law as to newspaper publication of the tariff revisions is waived.

Please advise the undersigned of any action taken with respect to this filing.

Sincerely,

Patricia J. Rivers  
Senior Rate Analyst  
Electric Pricing Department  
(315) 428-6833

PJR  
ATTACHMENT