

NIAGARA MOHAWK POWER CORPORATION  
A **National Grid** Company  
300 Erie Boulevard West  
Syracuse, New York 13202  
October 21, 2004

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

Dear Secretary Brilling:

Attached for filing in accordance with the requirements of the Public Service Commission of the State of New York is the following Statement:

Statement of Net Revenue Sharing Surcharge No. 3

To PSC No. 219 Gas

Effective: December 1, 2004

The Company files this Statement per Rule 26.1 of its PSC No. 219 Gas Tariff in compliance with the Gas Rate and Restructuring Settlement Agreement in Case 99-G-0336. This rule requires the Company to submit for review and approval its calculation of any net revenue sharing refund or recovery. The resulting calculation for the twelve months ending August 31, 2004 is a surcharge of \$0.006767 per therm.

Workpapers supporting the \$0.006767 per therm surcharge have been sent directly to the Commission's Staff.

The resulting under-collection for the period twelve months ending August 31, 2004 is (\$5,306,020).

Please advise the undersigned of any actions taken on this filing at (315) 428-5201 or Nancy.Hughes@us.ngrid.com.

Sincerely,

Nancy L. Hughes  
Sr. Rate Analyst, Gas Pricing

NLH/jsc (S:/tariffs/tariff219/docfile/letters/lett65)  
Attachment