

NIAGARA MOHAWK POWER CORPORATION
A **National Grid** Company
300 Erie Boulevard West
Syracuse, New York 13202
October 12, 2004

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 No. 01-G-0509

Dear Secretary Brillling:

The enclosed tariff leaves, issued by Niagara Mohawk Power Corporation, are transmitted for filing in compliance with the requirements of the Public Service Commission of the State of New York.

Second Revised Leaf No. 177
Original Leaf No. 177.1

To PSC No. 219 Gas

Effective: January 15, 2005

On April 12, 2001, the Company filed tariff revisions to its PSC No. 219 Tariff in order to clarify that the Company's rules regarding the Discontinuance of Sales by a Marketer to customers participating in the Company's Daily Balancing program.

The revisions were filed in order to clarify that Daily Balancing customers, who are dropped from a Marketer's pool, could not be returned to the Company's sales service under Service Classification Nos. 2 or 3 as the Company does not hold interstate pipeline capacity or supply to serve these customers. The provisions provided instead, that short term gas supply is provided through a modification to the Company's normal Daily Balancing cash-out provisions until customers find a new marketer. This filing was approved by the Commission on November 28, 2001 and became effective on December 1, 2001.

The Company is filing Leaf 177 and 177.1 to PSC No. 219 Gas in order to include one clarifying change inadvertently omitted from the above referenced filing. The Customer Eligibility requirements currently stated on First Revised Leaf No. 177 under Paragraph 1A have been listed numerically on Second Revised Leaf No. 177.

The first sentence of Customer Eligibility is unchanged from the existing tariff. Condition A1 is a clarification of the second sentence of the Customer Eligibility section of Leaf 177. The existing sentence implies that only SC7 customers give up their ability to obtain future sales service under the Company's tariff if they participate in Daily Balancing. Such is not the case. The existing Tariff clearly indicates in Section B that, "When a customer participating in Daily Balancing is dropped from their marketer's pool either through a voluntary or involuntary action, the customer will default to Daily Balancing as a Direct Customer under the following conditions." In addition, the Company's Gas Transportation Operating Procedures Manual clearly indicates on Page 29 that Daily Balancing Customers forfeit their ability to obtain future sales service under the Company's tariff

and assumes all liability including, but not limited to, contingent liability for its decision to opt to participate in Daily Balancing. The revision in paragraph A1 is intended only to clarify the Company's existing tariff.

Item A2 is set forth in the second sentence of the existing Leaf 177. Item A3 is set forth on Leaf 143 of the existing Tariff and is only repeated here for purposes of additional clarity. Item A4 is set forth in the currently effective tariff in Service Classification Nos. 4, 7, and 8 on Leaf Nos. 142, 151, and 155, respectively, and is also repeated here for clarity. Item A5 is repetition of the last sentence of the Customer Eligibility paragraph in the currently effective tariff.

The notice required by the State Administrative Procedures Act ("SAPA") is enclosed for this filing.

The Company requests waiver of newspaper publication of the proposed changes required by 16 NYCRR 720-8.1 as the changes filed herein have no significant impact on the Company's customers.

Please address any questions regarding this filing directly to the undersigned (315) 428-5692.

Sincerely,

Marcia G. Collier
Manager, Gas Pricing

MGC/jsc (S:/tariffs/tariff219/docfile/letters/lett67)
Attachments