

NIAGARA MOHAWK POWER CORPORATION
A **National Grid** Company
300 Erie Boulevard West
Syracuse, New York 13202
July 27, 2004

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

Dear Secretary Brillling:

Attached for filing in accordance with the regulations of the PSC of the State of New York is the Statement of Balancing Service Cost Recovery effective September 1, 2004.

The Balancing Service Cost Recovery Rate (BSCR) set forth herein has been calculated in accordance with the BSCR provision found on First Revised Leaf No. 176 of the Company's Gas Tariff, PSC No. 219. The rate is calculated by dividing \$345,000 plus any prior period (over)/under recoveries by the forecasted delivery volumes for Service Classification Nos. 1, 2, 5, 7, 8 and 12 excluding SC 1, 2 and 12 customers taking gas supply service.

<u>Statement</u>	<u>Number</u>	<u>Applicable to Service Class</u>	<u>Effective Date</u>
Statement of Balancing Service Cost Recovery	BSC-3	11	September 1, 2004

Very truly yours,

John T. Powers
Principal Rate Analyst

JTP/jsc (S:tariffs/219tariff/docfile/letters/lett54)