

NIAGARA MOHAWK POWER CORPORATION
A **National Grid** Company
300 Erie Boulevard West
Syracuse, New York 13202
April 5, 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:

The attached leaf, issued by Niagara Mohawk Power Corporation ("Company"), is being transmitted for filing in accordance with the requirements of the Public Service Commission ("Commission"), State of New York.

First Revised Leaf No. 101

To PSC No. 219 Gas

Effective: July 7, 2004

The purpose of this filing is to propose revisions to Rule No. 21 - Payment of Interest on Customer Overcharges contained in PSC No. 219 Gas. Specifically, the Company is proposing to revise Rule No. 21.1.3 in regards to the manner the Company refunds customer overpayments and interest when the overpayments were caused by a Company error.

Currently, Rule No. 21.1.3 states that the total refund amount, overpayment and interest, will be first applied to the past due balance on the customer's account. Any remaining balance will be paid to the customer by check, unless the customer directs the Company otherwise. This policy was originally established in the tariff because the Company's billing system at that time, Customer Information System ("CIS"), was not capable of tracking customer credits on bills on an ongoing basis. The Company, therefore, was required by the constraints of the system to issue checks for refunds of remaining balances, rather than applying credits to ongoing bills.

The current billing system, Customer Service System ("CSS"), is capable of tracking these credits on an ongoing basis, therefore making it possible to use these remaining credits on future bills, or applying the credit to other accounts of the same customer with a past due balance, i.e., electric, gas or street lighting.

The Company, therefore, would like to revise the current tariff to incorporate the capabilities of the current system and apply these credits, unless otherwise directed by the customer, on an ongoing basis. This new policy would still give the customer the option, if requested, to receive the refund amount by check. This would bring Niagara Mohawk's practices regarding the refunding of overpayments and interest in line with the practices of other utilities in the state.

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

Newspaper advertising as required in Public Service Law 66 (12) (b) will be made on April 29, May 6, 13, and 20, 2004.

Any questions regarding this filing may be directed to Ms. Lisa M. Kiley, Manager, Accounts Processing at (315) 460-7030.

Please contact the undersigned of any action taken regarding this filing.

Sincerely;

Marcia G. Collier
Manager, Gas Pricing

MGC/asw (S:/tariffs/219tariff/docfile/letters/lett35.doc)
Attachments