

NIAGARA MOHAWK POWER CORPORATION
A **National Grid** Company
300 Erie Boulevard West
Syracuse, New York 13202
April 6, 2003

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. 02-M-0515

Dear Secretary Brillling:

The attached tariff leaf, issued by Niagara Mohawk, is transmitted for filing in accordance with the requirements of the Public Service Commission, State of New York:

First Revised Leaf No. 215.1

To PSC No. 219 Gas

Effective: April 16, 2004

Purpose

Ordering Paragraph 1 of the Commission's April 24th Order in Case 02-M-0515 required Niagara Mohawk and other gas utilities to file tariff leaves instituting firm delivery service for non-residential Distributed Generation customers within 90 days after the issuance date of the Order. On July 18, 2003, Niagara Mohawk complied with the April 24, 2003 Order via tariff revisions to its tariff. Additionally, on December 3, 2003, the Commission issued an Order in Case 02-M-0515 approving the Company's tariff leaves subject to certain modification. On December 19, 2003 the Company filed revised tariff leaves in compliance with the Commission's December 3rd Order. Subsequent to the December 19, 2003 compliance filing, the PSC Staff has requested a revision to the delivery service rates applicable to customers with DG units rated at least 5MW, but less than 50MW. The December 19, 2003 filing incorporated a three-part rate with the demand charge set at the full unit cost of delivery service of \$0.80 per therm of maximum peak period daily demand with a delivery service commodity rate of \$0.0004 per therm.

Revision

Tariff Leaf No. 215.1 reflects the Commission Staff's request to revise the December 19, 2003 filed rate design applicable to DG units rated at least 5MW, but less than 50MW. The revision allocates a portion (15%) of the demand charge revenue requirement to the delivery service commodity rate. Additionally, the revision establishes a seasonal rate differential to the delivery service commodity rate through the incorporation of a summer discount of 10% with a corresponding winter premium.

Advertising

Newspaper publication of the proposed tariff changes has been waived in accordance with Ordering Paragraph 8 of the December 3rd, 2003 Order.

Please address any questions regarding this filing directly to the undersigned at (315) 428-5613.

Sincerely,

John T. Powers
Principal Rate Analyst

JTP/jsc (S:TARIFFS/219Tariff/Docfiles/Letters/Lett39)