

..DID: 5795
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NIAGARA MOHAWK POWER CORPORATION
October 16, 1998

Honorable Debra Renner
Acting Secretary
State of New York
Department of Public Service
Three Empire Plaza
Albany, New York 12223

Dear Acting Secretary Renner:

Attached for filing in accordance with the requirements of the Public Service Commission of the State of New York are the following tariff leaves:

First Revised Leaf No.	108
Original Leaf No.	108.1
First Revised Leaf No.	184
Original Leaf No.	184.1
First Revised Leaf No.	185
Second Revised Leaf No.	188
Third Revised Leaf No.	190
Second Revised Leaf No.	191
First Revised Leaf No.	192
First Revised Leaf No.	193
Second Revised Leaf No.	194
First Revised Leaf No.	195
Second Revised Leaf No.	197

To P.S.C. No. 218

Effective: November 16, 1998

In compliance with the Commission's Orders in cases 97-G-2067 and 98-G-0584, the Company is making this filing to implement a limited waiver of the requirement that customers take capacity assignment. The Company has worked with senior staff to develop the proposals made in this tariff filing. Also, in conjunction with this filing, the Company requests a waiver of Ordering Clause No. 2 in Case 98-G-0584 and Ordering Clause No. 3 in Case 97-G-2067, whereby the Company is requested to bear all costs for any additional capacity and supply costs above 832,500 DTs/day. This waiver is requested because the conditions of this pilot may cause the Company to incur supply costs that are beyond the Company's direct control.

The tariff leaves filed herein reflect modifications to the Company's Service Classification No. 11 - Load Aggregation in order to implement a pilot program which will discontinue the mandatory release of upstream pipeline transportation capacity by the Company upstream of delivery points into the CNG system. Requests for service under the Company's pilot program will be honored up to a cumulative maximum total of 84,000 Dth per day with 16,800 Dth per day of this amount reserved for residential customers. Under this program the Company will no longer be able to recover its total cost of that capacity from the marketers to whom the capacity is assigned. The shortfall will be recovered through a separate surcharge described below. If the costs collected from the Company's customers exceeds \$12 million annually, or the cap limit is reached, the Company will reassess its ability to

continue the pilot program.

In addition, this tariff modification calls for the implementation of a surcharge to be applied to SC 1,2,3, Sales Service customers and SC 5 & 7 Balanced and Basic Aggregation customers, as well as SC 12 & 13 customers. The surcharges are proposed to be implemented effective December 1, 1998 for Sales Customers and April 1, 1999 for Transportation Customers.

These leaves have an effective date of November 16, 1998. The Company is requesting that these tariff leaves become effective on November 13, 1998 on an emergency basis waiving the requirements of the State Administrative Procedure Act (SAPA). Emergency action is necessary for preservation of the general welfare of the customer. Immediate action is necessary to allow the Company's customers and marketers time to institute and enroll in this pilot program, for the same reasons the Commission approved similar pilot programs on an emergency basis for Orange & Rockland Utilities Inc. and Corning National Gas Corporation in Cases 98-G-1096 and 98-G-1134, respectively, on August 19, 1998. This will ensure that the Company's pilot program can begin for the month of December 1998 which will allow the greatest number of the Company's customers to purchase gas supplies from alternative suppliers for this 1998-1999 winter season.

The Company requests permission to allow the filing to become effective with less than the statutory minimum notice.

The notice required by the State Administrative Procedure Act is enclosed.

Newspaper Publication of the proposed changes as required by NYCRR 270.70 will be made on October 28, November 4, 11, and 18, 1998.

Please advise either myself or Robert E. Shanning of any actions taken on this filing. I can be reached at 315-428-5777 and Robert can be reached at 315-460-4024.

Sincerely,

Marcia G. Collier
Manager Revenue & Cost
Evaluation

RAT.60-G-125