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NIAGARA MOHAWK POWER CORPORATION
January 22, 1998

Honorable John C. Crary
Secretary
Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Dear Secretary Crary:

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

First Revised Leaf No. 151
To P.S.C. No. 218

Effective: May 1, 1998

Service Classification 5I Tariff Modification

First Revised Tariff Leaf No. 151 filed herein reflects a modification to the Calendar Month Rate section of Service Classification No. 5 Interruptible gas transportation service. This revision provides for customers that elect an other-than-monthly term of rate to be billed, in any given month, the lesser of their term rate or the currently effective monthly rate. If the monthly rate is the lesser of the two rates, that rate shall only be applicable for the month that the rate is effective. Upon completion of the pertinent month, the customer shall revert to the rate applicable to their term of rate, as elected on the customer's anniversary date. This provision shall be applied during every calendar month throughout the customer's term of rate.

This revision is being filed in response to customer feedback with regards to their individual anniversary dates. This is the date during which a customer selects the length of the term (annual, semi-annual, quarterly or monthly) for which they may lock-in the rate that is effective at that time. Specifically, customers perceive that a seasonality of pricing trends exists. Based upon this perception, customers have expressed the concern that their particular anniversary date predicates the rate that is available for

them, if they desire to select a non-monthly term. Consequently, this in turn affects the customer's choice of term they select to lock-in the rate. The customers' contention is that certain periods of the year lend themselves to more favorable rates to lock-into than other periods. This filing is designed to address these concerns in that, in any given month, a non-monthly term customer is guaranteed to be billed the lower of their term rate versus the monthly rate that is effective.

In conjunction, although not subject to a tariff revision, please be advised of the addition of a new market condition to the Service Classification 5 Interruptible Transportation Rate Statement. Consistent with the effective date of First Revised Leaf No. 151, the criterion of the quantity of a customer's fuel usage (size), shall be added to the matrix pricing methodology. The addition of the usage criterion, in conjunction with the existing criteria of alternate fuel type, geographic location and tax exempt/non-exempt status, shall bring the number of criteria utilized in the pricing matrix to four. This criteria shall be added to the transportation rate statement effective March 1, 1998.

The Company requests waiver of the advertising requirements, as set forth in accordance with 16 NYCRR 270.70, as all effected customers shall be directly notified. The notice required by the State Administrative Procedures Act is enclosed.

Please advise the undersigned of any actions taken with respect to this filing. If you should have any questions or comments, or desire further information, I can be reached at the Niagara Mohawk office at telephone number (315) 460-4061.

Sincerely,

Marcia G. Collier