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**NIAGARA MOHAWK POWER CORPORATION**

September 20, 2001

Honorable Janet H. Deixler  
Secretary  
State of New York  
Department of Public Service  
Three Empire Plaza  
Albany, New York 12223

RE: Niagara Mohawk Power Corporation's Proposal to Offer Online  
Bill Payment and Presentment (Online Bill-Pay) Program

Dear Secretary Deixler:

The enclosed leaves, issued by Niagara Mohawk are transmitted for filing in accordance with the requirements of the Public Service Commission, State of New York:

Second Revised Leaf No.	74
Original Leaf No.	74.1
Third Revised Leaf No.	75
First Revised Leaf No.	78

To P.S.C. No. 218 Gas

Effective: December 3, 2001

**Purpose**

The purpose of this filing is to revise the Company's P.S.C. No. 218 Gas tariff to enable customers to view their bill and render payment to the Company via the Internet through an option called Online Bill Pay.

**Background**

One of the top customer-driven requests for an enhancement to the NMPC website has been the ability to pay their Niagara Mohawk bill online. Since 1999, the inquiries for this online application has increased as customers are being provided this option with some of their other monthly billers (cable, telephone, credit card, mortgage). Niagara Mohawk began the evaluation and design process for this initiative in the 1999-2000 timeframe but placed the initiative on hold until 2001 due to resource constraints. Niagara Mohawk will be implementing their Online Bill-Pay program as a pilot to employees in December 2001 followed with full implementation to the general NMPC customer population in January 2002.

All participants in the Online Bill-Pay program will no longer receive a hard copy of their bill through the U.S. mail but will receive an electronic replicate of their hard copy bill which can be printed or saved to disk by the customer. Participants will receive an email from NMPC that their current bill is available for viewing and payment. HEFPA notifications (16NYCRR Section 11.17) will be provided electronically to participants at the same time intervals as those notifications provided to non-participants through traditional mailings. These notifications will also be available as a static link on the electronic bill or via a connection to the NMPC website. Termination notices, shut-off notices,

and the like will continue to be mailed to the customer through the U.S. mail.

Customers wanting to participate in the Online Bill-Pay program will enroll in the program on the NMPC website by providing their NMPC account number(s). The billing period following the date of the customer's enrollment will begin the Online Bill-Pay program for that customer. NMPC will provide the customer's account to our Application Service Provider contractor who will in turn display the bill(s) to the customer as well as process the bill payment. Summaries and status of bills received online will be available at the NMPC website for up to six months after the bill was made available online.

Estimated savings of eliminating the printed bill and it's associated postage will be offset by the cost of the software package and installation and ongoing payment and email transaction costs. Benefits derived from providing an Online Bill-Pay program to our customers will be increased customer satisfaction.

Also, waiver of newspaper publication as required in 16NYCRR 720-8.1 is requested for this filing due to the fact that the Company will be notifying all eligible customers about the availability of this program through bill insert articles, FYI messages on customer's bills, call center queue messages, email notifications, notifications on the website, as well as incorporating messages of the availability of the application as appropriate in other customer communication venues.

A State Administrative Procedures Act (SAPA) Notice is enclosed for publication in the State Register.

Please advise the undersigned of any action taken in regards to this filing. Inquiries regarding this filing should be directed to Ms. Judith Brown, (315)428-6741.

Sincerely,

Marcia G. Collier  
Manager Gas Rates

MGC/wsp: (LETT165)