

..DID: 17845
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NIAGARA MOHAWK POWER CORPORATION
300 Erie Blvd. West
Syracuse, New York 13202

December 6, 2001

Honorable Janet H. Deixler, Secretary
Secretary
Public Service Commission
3 Empire State Plaza
Albany, New York 12223

Dear Secretary Deixler:

Enclosed for filing with the Commission is Niagara Mohawk Power Corporation's (Niagara Mohawk or Company) Statement No. 7 being filed in compliance with the Public Service Commission's Order in Case No. 00-M-1556 issued and effective December 21, 2000.

Revenue Tax Surcharge Statement No. 7

To P.S.C. No. 214 Electricity

Effective: January 1, 2002

This filing constitutes the Company's compliance with recent tax changes included in the 2000-2001 New York State Budget. These changes, when fully implemented by 2005, are expected to reduce the state and local tax burden on electric, gas, water and steam utility tax bills by about \$330 million annually. This filing implements a further reduction in the tax surcharge on commodity and delivery for 2002, as well as implements a separate tax surcharge for residential and non-residential customers as further directed in the above Order.

On October 31, 2001 the Department of Public Service, Office of Accounting and Finance, authorized the Company to pass back to Customers \$17,666,626 during the taxable year ending December 31, 2002. This amount was included in the calculation of the surcharge factor for collection of New York State Taxes in the above Statement No. 31. Attachment 1 included with the companion PSC No. 207 filing shows the derivation of these surcharges.

Waiver of the requirements of §66(12)(b) of the Public Service Law as to newspaper publication of the tariff revisions is requested for this filing.

Please advise the undersigned of any action taken with respect to this filing.

Sincerely,

George A. Bauman
Manager, Tariff Services

GAB/PJC
ATTACHMENT
LETTSTAT