

..DID: 8070  
..TXT:

**NIAGARA MOHAWK POWER CORPORATION**

March 31, 1999

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:

Fourth Revised Leaf No.	108
Fifth Revised Leaf No.	190
Fourth Revised Leaf No.	194

To: P.S.C. No. 218 Gas

Effective: April 1, 1999

On March 24, 1999, the Commission issued an Order concerning assignment of capacity that, among other items, required LDCs to offer capacity to those customers or marketers that wish to continue to take an assignment of capacity. The cost of capacity was required to be based on the utility's weighted average cost of capacity. The attached tariff leaves implement those provisions of the order.

The order also required each utility to include Staff's formula for recovery of stranded costs in its filed tariff. Niagara Mohawk filed revisions to its P.S.C. 218 Tariff in order to implement a pilot program which implemented a limited waiver of mandatory upstream interstate pipeline capacity assignment. This tariff filing was implemented effective November 16, 1998, under Case No. 98-G-1590 and was approved by the Public Service Commission's order dated November 4, 1998 and November 13, 1998.

Rule 17.15 of the Company's Tariff implements an Upstream Capacity Cost Surcharge Calculation based on a methodology approved by the P.S.C. in their November 13, 1998 order. The first annual period for this calculation was intended to be December 1, 1998 through November 30, 1998.

Discussions with the Commission's Staff have indicated that the Company is not required to alter its current methodology to the "staff formula method" until December 1, 1999. Therefore, the Company requests that the Commission confirm in its order approving this filing that the Company is not required to alter its current methodology until December 1, 1999.

Therefore, the Company has not made the further modifications referenced by the

Commission's March 24, 1999 order.

Ordering paragraph 3 of the Commission's March 24, 1999 order included waiver of the newspaper publication requirements of Section 66(12) of the Public Service Law.

Please advise me directly of any actions on this matter. I can be reached directly at 315-428-5777.

Sincerely,

Marcia G. Collier  
Manager of Gas Rates