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NIAGARA MOHAWK POWER CORPORATION

December 6, 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 Compliance Filing per Opinion
No. 01-6 in Case No. 01-M-0075.

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.	156
First Revised Leaf No.	156.1
First Revised Leaf No.	156.2

To P.S.C. No. 218 Gas

Effective: January 1, 2002

Purpose

The tariff revisions included herein are being filed in compliance with
Opinion and Order No. 01-6 in Case 01-M-0075 - Joint Petition of Niagara
Mohawk Holdings, Inc., Niagara Mohawk Power Corporation, National Grid
Group plc and National Grid USA for Approval of Merger and Stock
Acquisition. The purpose of this filing is to revise the Company*s
P.S.C. No. 218 Gas Tariff to enable Service Classification No. 6, Large
Volume Interruptible Gas Transportation customers to choose monthly
between a Calendar Month Rate or an Annual Lock-In Rate.

Background

Under the current tariff term provisions, a customer*s ability to choose
a term of rate (monthly, quarterly, semi-annual or annual) is limited to
the 1st day of the month the customer commenced service on the SC6 rate.
This provision leads to inequities for customers with contract
commencement dates in the summer months versus customers with
commencement dates in the winter months due to seasonal pricing of
natural gas and alternative fuels (i.e. No. 6 and No. 2 fuel oils,
propane).

SC6 "Lock-In" Proposal

In the Joint Grid/NMPC proposal, the Company proposed to amend the SC6
tariff to include for each Calendar Month Rate established a
corresponding Annual Lock-In Rate. A customer will have the option of

choosing the Calendar Month Rate or the Annual Lock-In Rate, regardless of the SC6 Contract Commencement Date. The quarterly and semi-annual term of rate will no longer be available. Customers choosing the Calendar Month Rate will be subscribing to a Monthly Term of Rate, while customers choosing the Annual Lock-In Rate will subscribe to an Annual Term of Rate for the annual period commencing with the effective date of the Annual Lock-In rate selected. SC6 customers will no longer be saddled with a lock-in provision tied to the month a customer commenced service on the SC6 rate. Customers can choose a monthly or annual term of rate at any time of year except that when the annual lock-in rate is chosen, the customer is precluded from changing the rate for a period of one year commencing with day one of the month the lock-in rate became effective. This eliminates the need for annual renewals of the SC6 Contract Addendum.

Rate Setting and Communication Process

The rate setting process will remain the same as it is today, except that for each Calendar Month Rate established there will be a corresponding Annual Lock-In Rate. The Annual Lock-In Rate will be subject to the same floor and ceiling price as the Calendar Month Rate. The Company will continue to post the Calendar Month Rate and the new Annual Lock-In Rate as required by the tariff each month to the Company's website on the 15th day of the month in advance of the 1st day of the month for which the rate is effective. In the event the 15th day falls on a holiday or weekend, the rates will be posted on the next business day. SC6 customers will now be required to select via the Company's website their preferred term of rate by the 7th calendar day of the month the rates are effective. Today, SC6 customers can view their SC6 Interruptible Rate information via the "Your Account" Access Menu on the Company's website.

Waiver of newspaper publication as required in 16NYCRR 720-8.1 and Ordering Clause 6 of Opinion 01-6 is requested for this filing due to the fact that the Company will be notifying all seventeen current eligible customers about the tariff revisions directly through customer visits and/or certified letter.

Please advise the undersigned of any action taken in regards to this filing. Inquiries regarding this filing should be directed to Mr. John T. Powers, (315) 428-5613.

Sincerely,

John T. Powers
Gas Rate Analyst

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