

..DID: 16296  
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NIAGARA MOHAWK POWER CORPORATION  
300 Erie Blvd. West  
Syracuse, New York 13202

July 31, 2001

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

RE: Case Nos. 94-E-0098 and 94-E-0099  
Proceedings on Motion of the Commission as to the Rates  
Charges, Rules and Regulations of Niagara Mohawk Power Corporation  
for Electric Service and Electric Street Lighting Service

Dear Secretary Deixler:

Enclosed for filing with the New York State Public Service Commission ("the Commission") is Niagara Mohawk Power Corporation's ("Niagara Mohawk" or "Company") revised supplemental filing to the Company's initial Power Choice year four and five compliance filing dated April 27, 2001 and the supplemental compliance filing dated July 2, 2001. This filing is being made in compliance with the Commission's: 1) Opinion No.98-8, Opinion and Order Adopting Terms of Settlement Agreement Subject to Modifications and Conditions, issued and effective March 20, 1998, and 2) Order Concerning Tariff Amendments Setting Rates for All Customers Classes and Implementing a Retail Access Program, issued and effective August 26, 1998.

Identification of Tariff Leaves

Twelfth Revised Leaf No. 7  
Eighth Revised Leaf No. 9  
Sixth Revised Leaf No. 10  
Second Revised Leaf No. 14.1  
Twelfth Revised Leaf No. 19  
Sixth Revised Leaf No. 22  
Second Revised Leaf No. 33.1  
Tenth Revised Leaf No. 59  
Second Revised Leaf No. 67.1  
Fourteenth Revised Leaf No. 73  
Thirteenth Revised Leaf No. 82  
Sixth Revised Leaf No. 85  
Seventh Revised Leaf No. 86  
Fourth Revised Leaf No. 87  
Second Revised Leaf No. 95.1

To PSC No. 214 Electricity

Effective: September 1, 2001

Description of Filing

Commodity Price Forecast

Section 4.2.6 of the Power Choice Settlement Agreement requires that the volumetric (per kWh) competitive transition charge (CTC) components of the Delivery Prices under PSC Nos. 207 and 214 Electricity be adjusted to reflect an updated commodity market price forecast. Natural gas prices have a major impact on electric commodity costs for two reasons: (1) certain contracts

with independent power producers are indexed to the price of natural gas, and (2) natural gas prices are highly correlated with the electric commodity price because the cost of gas-fired generation often determines the wholesale market price of electricity.

Two filings have been made to support a Power Choice Year 4 & 5 compliance filing (1) the original April 27, 2001 filing which is based upon a forecast of natural gas and electricity costs made in August 2000, and (2) a supplemental July 2, 2001 filing which was based upon a forecast of natural gas and electricity costs made on May 18, 2001. Exhibit 1, included with the PSC No. 207 companion filing issued July 31, 2001, illustrates the NYMEX Natural Gas Futures Contract Price for the month of December 2001 as such contract was traded between the periods of August 31, 2000 through July 19, 2001. The point in time when each of the aforementioned forecasts was developed is highlighted on this chart. This chart indicates that the natural gas futures price forecast in the original April 27, 2001 filing now better reflects prospective market prices than the supplemental July 2001 filing.

Commodity prices and forecasts are expected to remain volatile over time. Both forecasts and associated rate impacts have been provided in the companion PSC No. 207 filing so that the Commission can consider both when they are reviewing the proposed rates for implementation on September 1, 2001.

#### Revised Tariffs

Included with this filing are formal tariff leaves that present the revised proposed prices. Exhibits and workpapers supporting rate design for P.S.C. No. 214 Electricity have been included with the P.S.C. No. 207 companion filing submitted to the Commission on July 31, 2001.

Also, included with the P.S.C. No. 207 companion filing are detailed descriptions of modifications to the rules listed below that impact all service classification of P.S.C. No. 214.

Rule No. 29 - Delivery Charge Adjustment  
Rule No. 43 - Transmission Revenue Adjustment  
Rule No. 46 - Electricity Supply Cost  
Rule No. 48 - Administration of Standard Rate Service and Market Rate Service

#### Newspaper Publication

The Company requests waiver of newspaper publication in accordance with 16NYCRR 136.70 since this supplemental filing will be issued to all active parties in Case Nos. 94-E-0098, 0099 and 01-M-0075.

#### Inquiries About the Filing

Anyone with questions regarding this filing may call the undersigned.

Sincerely,

George A. Bauman, Manager  
Tariff Services Department  
(315) 428-6821

GAB

Attachments

xc: All Active Parties  
In Case Nos. 94-E-0098, 0099 and 01-M-0075  
By U.S. Mail

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