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NIAGARA MOHAWK POWER CORPORATION

April 12, 2001

Honorable Janet Hand Deixler
Secretary
State of New York
Public Service Commission
Three Empire Plaza
Albany, New York 12223

Dear Secretary Deixler:

The enclosed tariff leaves, issued by Niagara Mohawk Power Corporation, are transmitted for filing in compliance with the requirements of the Public Service Commission of the State of New York.

Sixth Revised Leaf No. 188
Sixth Revised Leaf No. 189
Second Revised Leaf No. 197.20

To P.S.C. No. 218 Gas

Effective: July 01, 2001

The tariff leaves filed herein clarify the Company's rules regarding the Discontinuance of Sales by a Marketer to customers participating in the Company's Daily Balancing program. These revisions are being filed in order to clarify that Daily Balancing Customers, who are dropped from a Marketer's pool, cannot be returned to the Company's unbundled sales service under Service Classes No. 2 or 3 as the Company does not hold interstate pipeline capacity or supply to serve these customers. The provisions, provide instead, that short term gas supply is provided through a modification to the Company's Daily Balancing Cashout provisions until customers find a new marketer.

Second Revised Leaf No. 197.20 details the uniform business rules relative to "Discontinuance of Sales by Marketer to an Individual Customer". This language has been clarified as being applicable only to the Company's Monthly Balancing Customers. Paragraph b(v.) has been added to clarify that when a marketer discontinues sales to an individual Daily Balancing customer that the customer will remain on Daily Balancing as a direct customer. The specific details of Daily Balancing are then set forth on Sixth Revised Leaf Nos. 188, and 189.

Sixth Revised Leaf Nos. 188 and 189 have been filed to modify the Daily Balancing provisions of SC 11. Specifically, the revisions indicate that customers participating in Daily Balancing who are dropped from a Marketer's pool, either through voluntary or involuntary action, will default to Daily Balancing as a direct customer. The customer will be provided Daily Balancing Service for the first calendar month but with no Daily Cashout provisions applicable. The affected customer will be billed Monthly Cashout only. Starting with the second calendar month

the customer would be subject to both Daily and Monthly Cashout. The Company will provide the gas supply to these Daily Balancing customers on a best efforts basis until customers obtain a new marketer.

The notice required by the State Administrative Procedure Act is enclosed.

Newspaper publication of the proposed changes will be made in accordance with 16 NYCRR 720-8.1 on April 25, May 2, 9, and 16, 2001.

Marcia G. Collier
Manager of Gas Rates

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