

NIAGARA MOHAWK POWER CORPORATION  
A **National Grid** Company  
300 Erie Boulevard West  
Syracuse, New York 13202  
April 23, 2003

Honorable Janet Hand Deixler  
State of New York  
Public Service Commission  
Office of the Secretary, 19th Floor  
Three Empire State Plaza  
Albany, NY 12223

RE: Case No. 01-M-0075

Dear Secretary Deixler:

The attached tariff leaves, issued by Niagara Mohawk are transmitted for filing in accordance with the requirements of the Public Service Commission, State of New York:

Fourth Revised Leaf No. 100  
Fourth Revised Leaf No. 101  
Second Revised Leaf No. 124  
Third Revised Leaf No. 131  
First Revised Leaf No. 131.1  
Third Revised Leaf No. 134.1  
Tenth Revised Leaf No. 135  
Ninth Revised Leaf No. 137  
Third Revised Leaf No. 137.1  
Eighth Revised Leaf No. 140  
Second Revised Leaf No. 140.1  
Fourth Revised Leaf No. 150  
Second Revised Leaf No. 158  
Third Revised Leaf No. 165

To P.S.C. No. 218 Gas

Effective: September 1, 2003

**Purpose**

The purpose of this filing is to comply with Paragraph 1.6.1.2, 1.6.2.7, 1.6.3, and 1.6.7 of the Company's Joint Proposal filed on October 11, 2001 in Case 01-M-0075 and approved by the Commission in Opinion 01-6 issued and effective December 3, 2001. In addition, this filing complies with Section VI.B.3 of the Company's Gas Rate and Restructuring Proceeding in Case 99-G-0336 dated June 12, 2000 as approved by the Commission in Opinion 00-9 issued and effective July 27, 2000.

## **Explanation of Filing**

### **Delivery Rate Changes**

Paragraph 1.6.1.2 of the Company's Joint Proposal dated October 11, 2001 provides for the roll-in of State Net Income Taxes to Gas Delivery Rates in the amount of \$2,856,000. This paragraph provides for this roll-in to be done exclusive of SC 9 and SC 14 Special Contract Customers whose State Net Income Tax will be collected as a surcharge to delivery service rates. The rates resulting from the implementation of paragraph 1.6.1.2 are required to be filed by May 1, 2003 to become effective September 1, 2003.

In addition, paragraph 1.6.7 provides for certain rate design changes to become effective September 1, 2003. Specifically, paragraph 1.6.7.1 calls for the minimum charge for non-heating customers to be increased by \$1.50 effective September 1, 2003 from \$11.57 to \$13.07 monthly. For heating customers, paragraph 1.6.7 calls for the minimum charge to remain unchanged at \$14.55. The increase in the customer charges is to be implemented on a revenue-neutral basis by reducing the unit rate in the first block after the minimum charge. The Joint Proposal shows the rates which result from paragraph 1.6.7 in Attachment 22, pages 1 through 10.

The Company is filing the rates resulting from the roll-in of State Net Income Tax as provided for in paragraph 1.6.1.2 and the rate design changes required by paragraph 1.6.7 together in one filing, in that they are both scheduled to become effective on the same date, September 1, 2003. The workpapers supporting this filing have been sent directly to the Commission's staff.

Finally, the filing includes changes for former NMSuburban Gas Customers as provided for by Section VI.B.3 of the Company's Gas Rate and Restructuring Proceeding in Case 99-G-0336. Section VI.B.3 provides for a rate change for these customers to become effective on August 1, 2003. The Company hereby requests waiver of the effective date of this rate increase until September 1, 2003. This waiver is requested in order to avoid "back-to-back" rate changes for these customers on both August 1, 2003 and September 1, 2003. The August 1, 2003 rate changes implement the fourth step of a six year phase-in of the delivery rates applicable to these customers to those of all other Niagara Mohawk customers. The September 1, 2003 changes implement the roll-in of State Net Income Tax to rates of NMSuburban Gas Customers. The Company requests the waiver in order to avoid the significant amount of implementation costs related to both bill testing and communication to customers regarding these changes. The Company will not impose the one month of lost revenues on customers.

### **Revenue Sharing Targets**

The Company has also included in the tariff filing herein, changes in Net Revenue Sharing Targets for SC 4 & 6 Customers and for SC 9 Customers provided for in paragraph 1.6.2.7. This paragraph provides for a decrease in the target for SC 4 & 6 customers from \$6,108,000 to \$4,600,000. In addition, the target for SC 9 Customers has been revised from \$16,542,000 to \$20,000,000. Both of these changes are proposed to become effective on September 1, 2003 and are reflected on Second Revised Leaf No. 124.

### **Balancing Provisions**

Fourth Revised Leaf No. 100 has been revised to reflect the Balancing Charge applicable to Daily Balancing Customers effective September 1, 2003 as anticipated by Section 1.6.3 of the October 11, 2001 Joint Proposal. Language applicable to periods prior to September 1, 2003 has been deleted from the Company's tariff.

Tariff Leaf Nos. 131 and 131.1 have been revised to reflect the revised imbalance tolerance schedule set forth in Section 1.6.3 of the Joint Proposal. The balancing tolerance effective for the Company's Daily Balancing Customers is based on the level of the Company's DTI contracted storage capacity on April 1<sup>st</sup> of each year less any capacity released to Marketers. The schedule in Section 1.6.3 has been incorporated on Leaf 131.

**Advertising**

Newspaper publication of the proposed tariff changes will be made in accordance with 16NYCRR 720-8.1 on May 14, 21, 28, and June 4, 2003.

Please address any questions regarding this filing directly to the undersigned at (315) 428-5692 or John Powers at (315) 428-5613. Please advise the undersigned of any action taken in regards to this filing.

Sincerely,

Marcia G. Collier  
Manager, Gas Pricing

MGC/jsc  
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