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

October 1, 2004

Honorable Jaclyn A. Brillling, Secretary
Public Service Commission
3 Empire State Plaza
Albany, New York 12223

RE: Case No. 01-M-0075
Joint Proposal of Niagara Mohawk Power Corporation, National Grid plc
and National Grid and National Grid USA for Approval of Merger and Stock Acquisition

Dear Secretary Brillling:

Enclosed for filing with the New York State Public Service Commission (the "Commission") are an original and three copies of Niagara Mohawk Power Corporation's ("Niagara Mohawk" or "Company") tariff amendments in compliance with the Commission's Opinion No. 01-6, Opinion and Order Authorizing Merger and Adopting Rate Plan, issued and effective December 3, 2001, and Order issued November 5, 2003, Compliance Filing to Update Market Price Forecast and Reset Competitive Transition Charges in Retail Delivery Rates.

Identification of Tariff Amendments

Sixteenth Revised Leaf No. 7
Sixteenth Revised Leaf No. 19
Fourteenth Revised Leaf No. 59
Eleventh Revised Leaf No. 72
Seventeenth Revised Leaf No. 82

To P.S.C. No. 214

Effective: January 1, 2005

Description of the Filing

On August 1, 2003, the Company submitted to the Commission the First Competitive Transition Charge Reset Compliance Filing ("First CTC Reset Filing") pursuant to Case No. 01-M-0075 ("Joint Proposal"). This filing was intended to implement Niagara Mohawk's obligation under the Rate Plan to reset the Competitive Transition Charges ("CTC") in retail delivery rates to reflect the forecast of the market price of electricity in the coming two years. This filing was approved by the Commission and the Company implemented the rates and charges that became effective January 1, 2004 for the first year of the CTC Reset period. The prices set forth in those rates and charges will remain in effect through December 31, 2004.

The Joint Proposal and First CTC Reset Filing also contemplated that the allocation of the revenues collected under the Rate Plan between CTC charges and other delivery charges would change

each year as shown in Attachment 3, Schedule 6 of the November 6, 2002 filing as amended as shown in Attachment 2, Schedules 1.1 and 1.2 of the August 1, 2003 filing. The Distribution Delivery and CTC price components of such Delivery prices are to be adjusted each year so that Niagara Mohawk will recover its ongoing costs of providing delivery service each year, and recover the agreed upon amount of stranded costs over the ten-year term of the Joint Proposal. To implement this feature of the Joint Proposal, the Distribution Delivery and CTC components must be revised each year to reflect the proper recovery of revenues associated with these two pricing components. Accordingly, this filing proposes the revisions to PSC No. 207 Electricity Delivery prices for the calendar year 2005 in accordance with the prices established and presented in the First CTC Reset Filing of August 1, 2003. The bundled Delivery prices, defined as the composite of Distribution Delivery and CTC prices, are unchanged from 2004 Delivery prices except for two PSC 207 service classifications and five PSC 214 service classifications.

As per the Attachment, included with the companion PSC No. 207 Electricity filing being issued today under separate cover, the total delivery charges for PSC 214 SC-1 Private Area Lighting Service and SC-2 Municipal Street Lighting Service will decrease by \$0.00013/kWh and \$0.00014/kWh respectively, and the total delivery charges for PSC 214 SC-3 Energy Only Service, SC-6 Customer Owned-Company Maintained Service and SC-4 Traffic Signal Service will each increase by \$0.00067/kWh.

The above changes are in accordance with the First CTC Reset Filing of August 1, 2003. As stated in Attachment 2, Explanation of Proposed Electric Delivery Rates, Section 3, Allocation and Design of the CTC Reset, the total delivery charges for PSC 207 SC-1 and SC-1C and PSC 214 SC-1, SC-2, SC-3, SC-6, and SC-4 are not constant over the CTC Reset period because the magnitude of the Reset CTC reductions which produced class CTC revenues less than zero for PSC 207 SC-1C and PSC 214 SC-3, SC-6, and SC-4. Thus, these service classification's CTC rates were set equal to zero and the CTC reduction otherwise allocable PSC 207 SC-1C was reallocated to PSC 207 SC-1 and the CTC reduction otherwise allocable to PSC 214 SC-3, SC-6, and SC-4 was reallocated to PSC 214 SC-1 and SC-2 service classes in proportion to each service classification's energy sales.

Other Administrative Tariff Changes

In compliance with the filed Tariff, specifically PSC No. 207 Electricity, Rule No. 29- Delivery Charge Adjustment, the Company will implement the 2005 Hedged Percentage Factors effective January 1, 2005. The Rule presents the Hedged Percentage Factors by service classification for each year of the Joint Proposal's term. For 2005 the factors are reduced from 95% to 90% for PSC No.207 SC-2 Non-Demand, from 85% to 80% for SC-2 Demand, from 20% to 0% for PSC Nos. SC-3, SC-4 and SC-5 less than 2 MW, and from 85% to 80% for all service classifications under PSC No. 214 Electricity. All other factors currently in effect will remain unchanged. The Hedged Percentage Factors are applied to the Delivery Charge Adjustment (DCA) that reconciles the Company's actual Electricity Supply Cost with the forecast Electricity Supply Cost upon which the CTC was established. The DCA is applicable to customers served under the Company's Standard Rate Service program as defined in Rule No. 48 of PSC No. 207 Electricity.

Newspaper Publication

Newspaper publication will be made on October 14, 21, and 28 and November 4, 2004 in accordance with Public Service Law 66(12)(b).

Inquires about this Filing

Anyone with questions regarding this filing may call or write the undersigned. Copies of this filing will be served on all active parties in the proceedings by U.S. Mail.

Respectfully submitted,

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JJB

Attachments

xc: Hon. Joel A. Linsider, Administrative Law Judge

All Active Parties