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By Electronic Mail

Hon. Kathleen A. Burgess

Secretary

NYS Public Service Commission

Three Empire State Plaza

Albany, New York 12223

**Re: Niagara Mohawk Power Corporation d/b/a Niagara Mohawk  
Tariff Filing Dated May 14, 2014**

**Case 14-E-0026 - Petition of Niagara Mohawk Power Corporation  
d/b/a National Grid for Waiver of Tariff Rule 46.3.2**

Dear Secretary Burgess:

By letter filing dated May 14, 2014 Niagara Mohawk submitted proposed tariff revisions to its tariffs applicable to Rule 46 and PSC No. 222-Electricity. Niagara Mohawk proposed to allocate costs of the benefits of hedging by NYISO zone; reconcile the Market Mass Adjustment by zone; and obtain discretion to spread out the monthly supply reconciliation over two or more months rather than one month as is currently required.

The Retail Energy Supply Association ("RESA")<sup>1</sup> is cognizant of the efforts by the Niagara Mohawk to address the pricing issues that arose in the past winter.

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<sup>1</sup> RESA's members include: AEP Energy, Inc.; Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; GDF SUEZ Energy Resources NA, Inc.; Homefield Energy; IDT Energy, Inc.; Integrys Energy Services, Inc.; Interstate Gas Supply, Inc. dba IGS Energy; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; NRG Energy, Inc.; PPL EnergyPlus, LLC; Stream Energy; TransCanada Power Marketing

However, the proposal to further delay the reconciliation over “two or more months” is ill-considered and unreasonable.

Adoption of this approach further exacerbates the lack of transparency and relevance of utility commodity pricing. The goal of pricing transparency and presenting the customer with a clear picture of the impact of taking ESCO service as compared to utility service becomes muddled and incoherent if the utility charges do not reflect current costs and are cloaked in veils of mystery.

Utility commodity rates vary each month and often reflect one-time and out of period charges. They also incorporate both monthly and annual adjustments to true-up the recovery of related commodity costs that were under/over recovered in the previous month or calendar year, and from time to-time will be adjusted to reflect recovery of refunds. Given the inevitable lag of the adjustments, the utility rates become a perpetual snapshot reporting of applicable utility charges, and it is likely that customers will only look at the current charges and overlook subsequent adjustments to previously published rates. To further delay the reconciliation period as now requested would only further serve to make the utility rates less transparent and relevant for making pricing decisions.

Further, delaying the reconciliation is especially troublesome in Niagara Mohawk due to the current use of the web based Price Calculator. In 2013, Niagara Mohawk introduced a web-based Price Calculator that purportedly enables customers to compare their ESCO charges with the Company commodity charges for a comparable historical period.<sup>2</sup> As customers will be directed to compare their ESCO prices on the Price Calculator it is imperative that the utility prices reflected therein be accurate and current. Obviously if the utility delays the reconciliation from previous months the utility rates will not be accurate and the customer will not be provided with an accurate comparison.

Moreover, the recovery of prior charges in later months will skew the Company cost data in those periods. If the reconciliation is delayed by two months or more, the cost data in those later months will be infected with the charges actually attributable to prior months. Thus, the data in later months becomes inaccurate.

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Ltd. and TriEagle Energy, L.P. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

<sup>2</sup> See, Cases 12-E-0201 and 12-G-0202 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric and Gas Service, Report of ESCO Pricing Tools and Consumer Communications Collaborative, dated June 13, 2013.

In view of the foregoing, it is imperative that the Commission enhance rather than detract from the accuracy of utility pricing. Delaying reconciliation of costs would undercut the accuracy and transparency of utility pricing.

Thank you for your assistance in this matter.

Respectfully submitted,

Retail Energy Supply Association

By: *Usher Fogel, Counsel*

Usher Fogel, Counsel

Cc: Jeremy Euto, Esq. (by electronic mail)