



January 26, 2015

VIA ELECTRONIC FILING

Honorable Kathleen H. Burgess, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 12-E-0400 – Petition of Cayuga Operating Company, LLC to
Mothball Generating Units 1 and 2

Dear Secretary Burgess:

New York State Electric & Gas Corporation (“NYSEG” or the “Company”) hereby transmits for filing the enclosed Reliability Support Services (“RSS”) Statements to become effective February 1, 2015, in compliance with the New York State Public Service Commission’s (“Commission”) Order Deciding Reliability Need Issues and Addressing Cost Allocation and Recovery, issued and effective January 16, 2014 (“the Order”), in the above referenced proceeding. These statements are submitted in compliance as identified herein and in accordance with the requirements of Appendix 7-H (electronic tariff filing system) to the Commission’s Codes, Rules and Regulations (16 NYCRR Appendix 7-H).

NYSEG – PSC No. 120
RSS Statement No. 3

NYSEG – PSC No. 121
RSS Statement No. 3

Purpose of the Filing

The Company is filing amendments to its RSS Statements in compliance with Ordering Clause 3 of the Order. The Company is revising the existing RSS surcharges with updated costs for the period February 2015 to January 2016.



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Overview

On December 17, 2012, the Commission approved a Reliability Support Services Agreement (“RSSA-1”) between NYSEG and Cayuga Operating Company, LLC (“Cayuga”) for the period of January 16, 2013 through January 15, 2014¹. RSSA-1 allowed for the deferral of mothballing actions by Cayuga, which would ensure that NYSEG’s local reliability needs were met. An RSS surcharge mechanism was approved by the Commission in order to provide NYSEG with the ability to recover the costs incurred by the Company

On November 4, 2013, NYSEG submitted a proposal with the Commission requesting that it find the RSS Agreement (“RSSA-2”) with Cayuga as the preferred solution in continuing to meet its local reliability support services needs. In the proposal, NYSEG also requested that the RSS surcharge continue to be used as the mechanism to recover the costs. Ordering Clause 3 of the Order states that NYSEG shall recover the costs of the RSSA-2 Agreement through the RSS Surcharge.

The Company estimates that RSSA-2 expenses for the period February 2015 to January 2016 will be approximately \$31.8 million. The Company has also estimated that the annual true-up for 2014 is a \$19.6 million over-collection, which will be passed back to customers through the updated surcharges. Included in this over-collection amount is \$16.7 million in revenue sharing payments that were not originally forecasted. The difference of \$12.2 million is used to establish the surcharge rates effective February 1st, 2015.

Newspaper Publication

The Company respectfully requests the requirement of 66(12)(b) of the Public Service Law requiring newspaper publication be waived as customers will be informed of the revised surcharge amounts through bill messages.

If you have any questions related to this filing, please contact Patti Beaudoin at 607.762.7061 or me at 607.762.8710.

Respectfully submitted,



Lori A. Cole
Manager - Regulatory & Tariffs
Rates and Regulatory Economics Dept.

¹ Case 12-E-0400, Petition of Cayuga Operating Company, LLC to Mothball Generating Units 1 and 2, Order Deciding Reliability Issues and Addressing Cost Allocation and Recovery (issued December 17, 2012).