

..DID: 9723  
..TXT:

August 31, 1999

Honorable Debra Renner  
Acting Secretary  
Public Service Commission  
State of New York  
3 Empire State Plaza  
Albany, New York 12223

Re: Case No. 97-G-1380

Dear Acting Secretary Renner:

The enclosed revised leaf, issued by New York State Electric & Gas Corporation ("NYSEG" or the "Company"), is transmitted for filing in compliance with the requirements of the Public Service Commission, State of New York.

Fifth Revised Leaf No. 12.1 to PSC No. 88 Gas  
Effective September 1, 1999.

#### Proposed Revisions

NYSEG submits a further revision to the proposed tariff leaf in compliance with the Commission's August 19, 1999 order in Case 97-G-1380. NYSEG has also revised its monthly rate statements to reflect a 20% swing factor for purposes of calculating the Service Classification No. 11 – Non-Daily Metered Transportation Monthly Balancing Service rates.

#### Reasons for Proposed Revisions

NYSEG proposes to revise the tariff leaf to clarify that assignment of capacity does not apply to pre-aggregation transportation customers.

#### Discussion

On January 29, 1999, NYSEG filed tariff revisions, which among other things created Service Classification No. 11 – Non-Daily Metered Transportation Monthly Balancing Service. The Company proposed that the Service Classification No. 11 rate be computed using a 35% swing factor. NYSEG believes that its 35% factor is appropriate and certain statements made in the aforementioned Commission Order are incorrect. Particularly, NYSEG did not use the highest weather forecast error in determining the 35% level nor did the Company imply that the two types of errors, forecast and weather, are always additive. In fact, NYSEG adjusted downward both error percentages to reflect a lower swing percentage.

NYSEG does not believe a 20% swing factor is sufficient to recognize the daily variations between usage and nominations for non-daily metered pools. Nevertheless, since aggregation is still in its early stages, the Company will utilize the 20% swing factor for purposes of determining its Service Classification No. 11 rates. However, the Company reserves its right to request a higher swing factor in the future.

#### Refunds

NYSEG will refund affected Aggregation Pool Operators amounts collected since April 1, 1999 for the difference between monthly balancing rates computed using the 35% swing factor and the 20% swing factor. Refunds will be issued during the September billing cycle.

Demonstration of Firm Capacity to the Citygate

In compliance with the Commission's Order, NYSEG will file with the Director of the Office of Gas and Water a copy of the affidavit used by the Company to verify that marketers are in compliance with the Commission's March 24, 1999 Order regarding a demonstration of firm, non-recallable primary delivery point capacity to the citygate for the five winter months November through March. NYSEG will file its affidavit for the 1999/2000 winter season by October 1, 1999.

Additionally, NYSEG will be filing further tariff amendments clarifying the five winter month capacity requirement in its October 1, 1999 compliance filing.

Newspaper Publication

Pursuant to ordering paragraph No. 6, requirements of Section 66(12)(b) of the Public Service Law as to newspaper publication have been waived.

Company Contacts

Questions regarding this filing should be addressed to myself at (607) 762-5611, or Dan Verdun at (607) 762-4296.

Very truly yours,

/dls  
Encls.  
Cy.: Alan F. Mostek, PSC

Steven R. Adams  
Manager - Gas Pricing, Regulation & Strategy