

September 10, 2003

Jaclyn A. Brillling, Acting Secretary to the Commission
New York State Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

RE: Compliance Filing - Energy tax Reform Act of 2000; New York State Electric & Gas Corporation's Gas Joint Proposal
Case 00-M-1556 – In the Matter of the Proposed Accounting and Ratemaking for the Tax Law Changes Included in the 2000-2001 New York State Budget;
Case No. 01-G-1668 – Proceeding on the Motion of the Commission as to the Rate, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Gas Service

Dear Acting Secretary Brillling:

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

On September 26, 2002, NYSEG filed revised Tax Surcharge Factor Statements to initiate a \$1,223,027 refund of over-collected gas business related New York State taxes for the year ending December 31, 2000. The 12-month refund was filed in compliance with the provisions of the Commission's Order Implementing Tax Law Changes on a Permanent Basis, issued and effective June 28, 2001, in Case No. 00-M-1556, and pursuant to NYSEG's Gas Joint Proposal dated September 12, 2002, in Case 01-G-1668.

NYSEG has verified that the refund will have been completed by the originally projected refund end date of September 30, 2003. Therefore, the Company is filing the enclosed revised Tax Surcharge Factor Statements to eliminate the refund factor from the Company's tax surcharge factors effective October 1, 2003.

Please direct any questions pertaining to this filing to Susan Gallia at (607) 762-7265.

Very truly yours,

Christine M. Stratakos
Manager – Rates & Tariffs

Encs.