

November 23, 2004

VIA ELECTRONIC FILING

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

Re: Case Nos. 01-E-0359 and 02-E-0576 – New York State Electric & Gas  
Corporation - Compliance Tariff Filing

Dear Secretary Brillling:

New York State Electric & Gas Corporation ("NYSEG" or the "Company") hereby submits for filing the following enclosed tariff leaves in compliance with orders issued by the New York Public Service Commission (the "PSC" or the "Commission") as identified herein and Appendix 7-H (electronic tariff filing system) to the Commission's Codes, Rules and Regulations (16 NYCRR Appendix 7-H).

PSC No. 120 – Electricity, Schedule for Electric Service

Leaf No. 141, Revision 1  
Leaf No. 142, Revision 1  
Leaf No. 169, Revision 1  
Leaf No. 170, Revision 2  
Leaf No. 210, Revision 1  
Leaf No. 236, Revision 1  
Leaf No. 243, Revision 2  
Leaf No. 274, Revision 1

Effective: January 1, 2005

On October 7, 2004, NYSEG filed tariffs in the above-cited Cases to set forth the Bundled Rate Option ("BRO" or "NYSEG Fixed Price") rates that become effective January 1, 2005, as provided for in NYSEG's Electric Joint Proposal. Today's filing establishes the incentive rate discounts for the Small Business Growth Incentive and Incubator Development Incentive, to become effective January 1, 2005. These calculations are in accordance with: (i) the Commission's Order Adopting Economic Development Plan In Part And Providing For Further Proceedings, issued October 9, 2002 in Cases 01-E-0359 et al.; and (ii) the Commission's Order Modifying Economic Development Plan and Tariffs and Denying Rehearing, issued May 9, 2003 in Cases Nos. 01-E-0359 et al. (Collectively, the "Economic Development Orders"); and (iii) NYSEG's current Small Business Growth Incentive and Incubator Development Incentive tariff

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provisions that were filed on June 6, 2003, in accordance with the Economic Development Orders.

Small Business Growth Incentive ("SBGI")

In compliance with the PSC's May 9, 2003 Order, on June 6, 2003, NYSEG filed tariff revisions to the Small Business Growth Incentive Special Provisions for Service Classification Nos. 2, 3, 6, 7 and 9 of PSC No. 120 – Electricity. An excerpt from the currently effective Service Classification No. 2 SBGI tariff is provided below:

Beginning January 1, 2004, the incentive rate will be revised annually, calculated based on the Transition Charge associated with the NYSEG Fixed Price (BRO) rates. Effective January 1, 2004, the incentive rate per kWh for qualified kWhs will be \$.0281. Annual incentive rates thereafter will be determined in conjunction with the BRO rates for the second commodity offering period, pursuant to the Company's Electric Rate Plan.

Customers who are qualified for such SBGI on or after July 1, 2003 will have their service bills reduced by an incentive rate of \$.0225 per kilowatt-hour for all qualified kilowatt-hours used thereunder.

Effective January 1, 2005, the incentive rate will be revised to be equivalent to the applicable Transition Charge associated with the NYSEG Fixed Price (BRO) rates established for the second commodity offering period, per the Company's Electric Rate Plan.

Today's tariff filing sets forth the actual SBGI rates to become effective January 1, 2005, in accordance with the above tariff provision, based on the January 1, 2005 NYSEG Fixed Price (BRO) transition charges that were calculated on September 30, 2004 in compliance with NYSEG's electric Joint Proposal. Additionally, the PSC's May 9, 2003 Order provided for a gradual change in the SBGI discount, to be filed on January 1 of each year of the Company's Electric Rate Plan for customers that received SBGI as of July 1, 2003, to ameliorate the impact of the change in discount from the then-current \$0.03 discount to the equivalent of the Transition Charge. Consistent with the May 9, 2003 Order regarding gradualism, today's filing sets forth the SBGI rate to be effective January 1, 2006, based on the January 1, 2005 transition charges.

Incubator Development Incentive ("IDI")

Similarly, NYSEG's June 6, 2003 compliance filing revised the Incubator Development Incentive Special Provisions for Service Classification Nos. 2, 3, and 7 of PSC No. 120 – Electricity. An excerpt from the currently effective Service Classification No. 2 IDI tariff is provided below:

Customers who qualify under the Incubator Development Incentive (IDI) in Section 13 of the General Information section of this Schedule on or after July 1, 2003 may select the applicable NYSEG Fixed Price (BRO) or the NYSEG Fixed Price with Supply Credit (BRO w/RAC) for the qualified incented load.

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Such customers will have their service bills reduced by an incentive rate of \$.0186 per kilowatt-hour for all qualified kilowatt-hours used thereunder.

Effective January 1, 2005, this incentive rate will be revised to be equivalent to the applicable Transition Charge, less the ancillary service costs and NTAC components, associated with the NYSEG Fixed Price (BRO) rates established for the second commodity offering period, per the Company's Electric Rate Plan.

Today's tariff revisions set forth the actual IDI rates to become effective January 1, 2005, in accordance with the above tariff provision, based on the January 1, 2005 NYSEG Fixed Price (BRO) transition charges that were calculated on September 30, 2004 in compliance with NYSEG's electric Joint Proposal.

#### Publication

Ordering Clause No. 3 of the PSC's May 9, 2003 Economic Development Order waived the requirement of § 66(12)(b) of the Public Service Law and 16 NYCRR §720-8.1 as to newspaper publication.

A copy of this filing has been served upon all parties to this proceeding.

#### Company Contacts

Please direct any questions pertaining to this filing to Susan Gallia at (607) 762-7265 or to me at (607) 762-7341.

Very truly yours,

Christine M. Stratakos  
Manager, Pricing & Analysis

Encs.

cc: All Active Parties