

February 27, 2004

VIA ELECTRONIC FILING

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

Re: Case No. 01-G-1668 – New York State Electric & Gas Corporation
Phase 2A Joint Proposal, Compliance Tariff Filing

Dear Secretary Brillling:

The enclosed leaves, 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 (“PSC” or “Commission”).

PSC No. 88 – Gas, Schedule for Gas Service - Transportation

Leaf No. 3, Revision 6
Leaf No. 5, Revision 7
Leaf No. 38, Revision 2
Leaf No. 39, Revision 2
Leaf No. 40, Revision 2
Leaf No. 41, Revision 2
Leaf No. 42, Revision 2
Leaf No. 118, Original
Leaf No. 119, Original
Leaf No. 120, Original
Leaf No. 121, Original
Leaf No. 122, Original
Leaf No. 123, Original
Leaf No. 124, Original

PSC No. 90 – Gas, Schedule for Gas Service

Leaf No. 90.1, Revision 5

Effective: March 1, 2004

This filing is hereby submitted in compliance with the Company’s August 8, 2003 Phase 2A Gas Joint Proposal (the “Phase 2A-JP”), as approved by the PSC in its Order Establishing Terms and Conditions of Service, Case 01-G-1668, issued September 23, 2003 (the “Order”). Pursuant to the

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Order, these tariff changes are being filed on not less than one day's notice to become effective March 1, 2004.

Phase 2A-JP Provision

The attached original and revised proposed tariff leaves are being filed pursuant to Section X of the Company's Phase 2A-JP which required NYSEG to work with gas marketers to develop a Dominion Transmission, Inc. Delivery Point Operator/City Gate Swing Customer Program for non-daily metered customers in the DTI Aggregation Pooling Area.

To implement this program, NYSEG has created a new General Information Section entitled, "Dominion Transmission, Inc. Delivery Point Operator City Gate Swing Customer Balancing Service Non-Daily Metered Transportation Requirements", and a new Service Classification entitled, "Dominion Citygate Swing Customer Balancing Service" (herein, referred to as "CSC Balancing Service"); both within the Company's existing PSC No. 88 - Gas tariff, as detailed below. In addition, the Company will develop a new Statement of Contribution to Storage Capacity Costs to be filed with the PSC, as further explained below.

Pursuant to the Phase 2A-JP, each Aggregation Pool Operator will be allowed to elect, on a Pool-wide basis, to take such CSC Balancing Service. Aggregation Pool Operators taking CSC Balancing Service will not be subject to the Non-Daily Metered Transportation Monthly Balancing Demand Charge that is a provision included in the Company's Non-Daily Metered Transportation Requirements.

Proposed CSC Balancing Service Tariffs

The following summarizes the proposed tariffs and statement:

1. PSC No. 88 - Gas, General Information Section 18, Dominion Transmission, Inc. Delivery Point Operator Citygate Swing Customer Balancing Service Non-Daily Metered Transportation Requirements, has been developed to provide a general description of the implementation rules and business processes associated with the CSC Balancing Service.
2. PSC No. 88 - Gas, Service Classification No. 18, Dominion Citygate Swing Customer Balancing Service ("CSC Balancing Service"), has been developed to set forth the detailed terms and conditions applicable to Aggregation Pool Operators electing such service.

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3. PSC No. 88 - Gas, Statement of Contribution to Storage Capacity Costs, has been developed to include a rate for the Contribution to Storage Capacity Costs ("CSCC") used in calculating the appropriate charge or credit to the Aggregation Pool Operator for any infield transfers of storage gas and capacity. (See Leaf Nos. 122 and 123, Service Classification No. 18, Conditions of Service, Sections 3.e and 3.f., for the Aggregation Pool Operator Charge and Credit provision). As further specified in SC No. 18, this CSCC rate will be set forth on the CSCC Statement to be filed with the PSC not less than three days prior to the effective date. The first CSCC Statement will be filed at a later date to be effective April 1, 2004.
4. PSC No. 90 - Gas, Section 14 (Gas Supply Charge), has been revised to specify that the revenues associated with the Contribution to Storage Capacity Costs charges and credits to Aggregation Pool Operators will be reflected in the calculation of the monthly Gas Supply Charge.

The targeted implementation date stated in the Phase 2A-JP is April 1, 2004, subject to NYSEG receiving full and timely cooperation from DTI. NYSEG has met with DTI and several Aggregation Pool Operators to discuss this CSC Balancing Service proposal. In addition, preliminary drafts of the tariffs were circulated to DTI, Aggregation Pool Operators, and Department of Public Service Staff ("DPS Staff"). Comments that NYSEG received on these drafts have been addressed and incorporated as appropriate.

In response to comments received during the development of the proposed CSC Balancing Service tariffs, the weighted average commodity cost of gas in storage ("WACOSG") will be applied for infield transfers of storage gas and capacity returned to the Company or released to the Aggregation Pool Operator. The Company reserves the right, however, to propose a revised methodology in response to changes in market conditions.

Also in response to comments received from marketers during the development of these tariffs, NYSEG agreed to remove language regarding the Company's option to obtain capacity dedicated to the CSC Balancing Service by the Aggregation Pool Operator if the Aggregation Pool Operator's Maximum Daily Aggregation Pool Quantity ("MDAPQ") decreases. The Company's concession in this regard is made with the understanding that the Company expects to make a filing to include such tariff provisions upon the resolution of the applicable regulatory and contract issues being addressed in other forums.

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In order to implement the Company's proposed CSC Balancing Service by April 1, 2004, NYSEG is requiring that Aggregation Pool Operators sign up for such service no later than March 1, 2004 – the proposed effective date of the tariffs.

Newspaper Publication

Pursuant to Ordering Clause No. 2 of the Order, the requirement of Section 66(12) (b) of Public Service Law as to newspaper publication is waived.

Conclusion and Contact Information

A copy of this filing has been served upon all parties to this proceeding, in accordance with Ordering Clause No. 2 of the Order.

Please direct any questions pertaining to this filing to Lisa Williams at (607) 762-7908 or me at (607) 762-7341.

Very truly yours,

Christine M. Stratakos
Manager – Pricing & Analysis

Encs.
cc: All Active Parties