

September 24, 2010

VIA ELECTRONIC FILING

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

Re: Case 09-E-0715 and Case 09-G-0716 - New York State Electric & Gas
Corporation – Electric and Gas Rates – Compliance Filing

Dear Secretary Brillling:

The enclosed tariff leaves and statements, issued by New York State Electric & Gas Corporation (“NYSEG” or “the Company”), are being transmitted for filing in compliance with the New York State Public Service Commission Order Establishing Rate Plan (“Order”), issued and effective September 21, 2010 in the above-referenced proceedings. This filing is also made in accordance with Appendix 7-H (electronic tariff filing system) of the New York State Public Service Commission’s (“PSC” or “Commission”) Codes, Rules and Regulations (16 NYCRR Appendix 7-H). Appendix A sets forth a list of the revised tariff leaves and statements pertaining to the following Schedules:

PSC No. 87 – Gas
PSC No. 88 – Gas
PSC No. 90 – Gas
PSC No. 119 – Electricity
PSC No. 120 – Electricity
PSC No. 121 - Electricity

The purpose of this filing is to effectuate the electric and gas rate changes, as well as the other requirements of the Order. The tariffs and statements are filed to become effective on September 26, 2010. The amendments are summarized below. Further details can be found in the Joint Proposal (“JP”) and associated Appendices in the Order.

Base Delivery Rates

The base delivery rates effective September 26, 2010, September 1, 2011 and September 1, 2012 are set forth in Appendix T to the JP. Appendix S of the JP contains descriptions of the rate design changes associated with electric customer or gas monthly minimum charges, delivery per kWh charges, delivery per kW charges and delivery per therm charges.

Appendix S also contains several other rate provisions that have been incorporated into the tariffs and/or statements filed herein:

- The Bill Issuance and Payment Processing Charge (“BIPP”) has been converted from a per-meter charge to a per-bill charge.
- Electric competitive meter charges have been updated based on the results of the Embedded Cost of Service study.
- For seasonal customers, NYSEG will base its bill test on base delivery revenues plus the BIPP.
- Standby rates have been developed using the methodology set forth in Case 02-E-0779, with one exception: the customer charges were increased based on the percentage increase of the otherwise applicable service classification (“OASC”) customer charge. In addition, standby customers will pay the same monthly per kWh transition charge as the standby customers’ OASC.
- Current electric sub-transmission class customers are grandfathered as of 9/26/10 and sub-transmission service will no longer be available to new service locations.
- Consolidation of the Industrial/High Load Factor (“I/HLF”) and non-I/HLF rates for electric Service Classification (“SC”) Nos. 2, 3P, 7-1, 7-2, 7-3 and 7-4 is accomplished over a seven-year period, commencing on 9/26/10. The rates for all seven years are stated in the tariff leaves submitted herein.
- Based on the results of the Marginal Cost of Service Study, new electric economic development delivery rates have been implemented for Economic Development Zone Incentive (“EDZI”) and Incremental Load Incentive (“ILI”) customers in the applicable service classifications. For gas, the availability of EDI rate incentives and EDZI rate incentives to customers that are located in Empire Zones and qualified for Empire Zone benefits has been discontinued. Existing EDZI and EDI customers are grandfathered for the remaining term of their incentive.
- The gas lost-and-unaccounted-for (“LAUF”) methodology has been modified for 2011, where changes in the LAUF factor will be based on an average of the actual LAUF volumes for the immediately preceding three twelve month periods ending August 31, except that any negative losses are replaced with a zero when calculating the average. The LAUF factor will not be reset if the average result from those periods falls within 5%, plus or minus, of the LAUF factor then in effect.
- Several street and area lighting modifications have been put into effect, including the offering of a new energy-only street lighting service class.
- The buy back formula used to calculate the value of the energy purchased from customers under SC No. 10 has been modified to price variances between the actual and the scheduled purchases at the NYISO Real Time Locational Based Marginal Pricing. Whether generators are eligible for or have obtained a Point Identification Number from the NYISO will determine the price they are paid under the pricing formula.

Electric Non-Bypassable Charge (“NBC”)

As set forth in Appendix G to the JP, NYSEG’s electric wholesale transmission revenues embedded in base rates is \$55 million annually. Any difference between the \$55 million

embedded in base delivery rates (calculated on a historical monthly average basis) and actual wholesale transmission revenues will be reconciled monthly through the NBC. Also, NYSEG's transmission wheeling costs were shifted from base delivery rates to the NBC. The JP provides for Positive Benefits Adjustments in the amounts of \$30.0 million in Rate Year 1 and \$15.0 million in Rate Year 2 to be used to reduce the NBC. The NBC statement filed herein incorporates these NBC provisions.

Merchant Function Charges ("MFC")

Electric and gas MFCs are computed in accordance with Appendix W to the JP. For gas, separate MFCs have been developed for residential and non-residential customers. For electric, separate MFCs have been developed for large customers (SC Nos. 2, 3, and 7) and small customers (SC Nos. 1, 8, 12, 5, 6, 9 and streetlighting). Electric and gas MFC statements are filed herein to effectuate the provisions of Appendix W. In addition, the 9/1/10 Gas Supply Charge ("GSC") statement is filed herein to include the updated MFC. No other changes were made to the 9/1/10 GSC statement.

Purchase of Receivables ("POR") discount

Separate POR discount percentages have been developed for electric and gas in accordance with Appendix W to the JP. Updated POR discount statements are filed herein.

Revenue Decoupling Mechanism ("RDM")

The Company is implementing a delivery service revenue per class RDM for electric, and a delivery service revenue per customer RDM for gas, for each rate year. The electric service classes subject to the RDM are: SC Nos. 1, 2 (including those customers taking service under the Company's space heating special provision), 3P, 6, 7-1, 7-2, 7-3, 8, 9 and 12 of PSC No. 120. The gas service classes subject to the RDM are: SC Nos. 1 and 2 of PSC No. 87 and SC Nos. 1, 5, 13, and 14 of PSC No.88. Monthly RDM targets for September 2013 through December 2013 will be equal to the corresponding month from the prior year. The electric and gas RDM targets for Rate Year 3 will repeat annually until changed by the Commission. Appendix U contains the provisions applicable to the respective RDMs.

Newspaper Publication

Notice of this filing will be published in newspapers and proof of publication shall be filed with the Secretary in accordance with Ordering paragraph four of the Order.

Questions concerning this filing should be directed to Lori Cole at (607) 762-8710, or to me at (585) 771-4692.

Very truly yours,

Mark O. Marini
Director - Regulatory
Rates & Regulatory Economics

Enclosures

New York State Electric & Gas Corporation
List of Proposed Tariff Leaves

PSC No. 119 – Electricity, Schedule for Electric Service

Leaf No. 3, Revision 2

Leaf No. 101, Revision 2

PSC No. 120 – Electricity, Schedule for Electric Service

Leaf No. 2, Revision 9

Leaf No. 21, Revision 5

Leaf No. 22, Revision 7

Leaf No. 108, Revision 5

Leaf No. 108.1, Revision 2

Leaf No. 117.8, Revision 7

Leaf No. 117.11, Revision 6

Leaf No. 117.12, Revision 6

Leaf No. 119, Revision 11

Leaf No. 122, Revision 10

Leaf No. 123, Revision 21

Leaf No. 124, Revision 19

Leaf No. 129, Revision 14

Leaf No. 131, Revision 21

Leaf No. 133, Revision 22

Leaf No. 134, Revision 7

Leaf No. 135, Revision 15

Leaf No. 138, Revision 6

Leaf No. 139, Revision 20

Leaf No. 142, Revision 9

Leaf No. 147, Revision 13

Leaf No. 149, Revision 12

Leaf No. 155, Revision 13

Leaf No. 156, Revision 12

Leaf No. 157, Revision 21

Leaf No. 158, Revision 21

Leaf No. 160, Revision 17

Leaf No. 165, Revision 6

Leaf No. 166, Revision 20

Leaf No. 167, Revision 20

Leaf No. 170, Revision 9

Leaf No. 170.1, Revision 3

Leaf No. 171, Revision 4

Leaf No. 173, Revision 13

Leaf No. 176, Revision 12

Leaf No. 184, Revision 13

Leaf No. 185, Revision 10
Leaf No. 193.4, Revision 11
Leaf No. 194, Revision 13
Leaf No. 195, Revision 10
Leaf No. 197, Revision 20
Leaf No. 198, Revision 20
Leaf No. 198.2, Revision 8
Leaf No. 201, Revision 20
Leaf No. 202, Revision 12
Leaf No. 203, Revision 10
Leaf No. 207, Revision 9
Leaf No. 208, Revision 22
Leaf No. 208.1, Revision 6
Leaf No. 211, Revision 1
Leaf No. 212, Revision 13
Leaf No. 213, Revision 12
Leaf No. 214, Revision 13
Leaf No. 215, Revision 21
Leaf No. 216, Revision 21
Leaf No. 220, Revision 8
Leaf No. 227, Revision 6
Leaf No. 228, Revision 20
Leaf No. 229, Revision 19
Leaf No. 230 Revision 19
Leaf No. 231, Revision 19
Leaf No. 238, Revision 3
Leaf No. 243, Revision 9
Leaf No. 243.1, Revision 4
Leaf No. 243.2, Revision 3
Leaf No. 247, Revision 13
Leaf No. 248, Revision 21
Leaf No. 249, Revision 21
Leaf No. 250, Revision 21
Leaf No. 252, Revision 12
Leaf No. 257, Revision 10
Leaf No. 260, Revision 9
Leaf No. 261, Revision 21
Leaf No. 262, Revision 19
Leaf No. 268, Revision 10
Leaf No. 271, Revision 9
Leaf No. 272, Revision 23
Leaf No. 272.1, Revision 4
Leaf No. 276, Revision 2
Leaf No. 276.1, Revision 1
Leaf No. 277, Revision 2
Leaf No. 278, Revision 2

Leaf No. 279, Revision 2
Leaf No. 287, Revision 23
Leaf No. 287.1, Revision 9
Leaf No. 287.2, Revision 0
Leaf No. 288, Revision 24
Leaf No. 288.1, Revision 17
Leaf No. 288.2, Revision 9
Leaf No. 288.3, Revision 0
Leaf No. 289, Revision 37
Leaf No. 293, Revision 23
Leaf No. 294.1, Revision 4
Leaf No. 296, Revision 10
Leaf No. 299, Revision 9
Leaf No. 300, Revision 21
Leaf No. 301, Revision 6
DISC Statement No. 3
TCS Statement No. 69
MFC Statement No. 5

PSC No. 121 – Electricity, Schedule for Electric Service

Leaf No. 3, Revision 2
Leaf No. 7, Revision 3
Leaf No. 17, Revision 11
Leaf No. 22.2, Revision 11
Leaf No. 24, Revision 18
Leaf No. 26, Revision 11
Leaf No. 27, Revision 11
Leaf No. 28, Revision 13
Leaf No. 34.3, Revision 13
Leaf No. 35, Revision 13
Leaf No. 36, Revision 6
Leaf No. 37, Revision 19
Leaf No. 38, Revision 4
Leaf No. 40, Revision 11
Leaf No. 41, Revision 13
Leaf No. 42, Revision 12
Leaf No. 43, Revision 12
Leaf No. 54.6, Revision 9
Leaf No. 55, Revision 14
Leaf No. 56, Revision 13
Leaf No. 57, Revision 12
Leaf No. 58, Revision 7
Leaf No. 58.1, Revision 0
Leaf No. 58.2, Revision 0
Leaf No. 59, Revision 18
Leaf No. 61, Revision 4

Leaf No. 62, Revision 1
Leaf No. 63, Revision 1
Leaf No. 64, Revision 1
Leaf No. 65, Revision 1
Leaf No. 66, Revision 1
Leaf No. 67, Revision 1
DISC Statement No. 3
TCS Statement No. 69
MFC Statement No. 5

PSC No. 87 – Gas, Schedule for Gas Service

Leaf No. 3, Revision 6
Leaf No. 11.1, Revision 2
Leaf No. 11.2, Revision 3
Leaf No. 12, Revision 13
Leaf No. 12.1, Revision 6
Leaf No. 13, Revision 14
Leaf No. 13.1, Revision 12
Leaf No. 14, Revision 12
Leaf No. 15, Revision 10
Leaf No. 15.1, Revision 5
Leaf No. 16, Revision 11
Leaf No. 17, Revision 18
Leaf No. 18.1, Revision 4
Leaf No. 19, Revision 4
Leaf No. 20, Revision 4
Leaf No. 24, Revision 7
Leaf No. 32, Revision 5
Leaf No. 34, Revision 11
Leaf No. 34.1, Revision 14
Leaf No. 43, Revision 10
Leaf No. 44, Revision 14
Leaf No. 45, Revision 7
Leaf No. 46, Revision 5
Leaf No. 47, Revision 10
Leaf No. 48, Revision 16
Leaf No. 49, Revision 4
Leaf No. 50, Revision 4
Leaf No. 52, Revision 8
Leaf No. 52.1, Revision 0
Leaf No. 52.2, Revision 0
Leaf No. 53, Revision 13
Leaf No. 55, Revision 6
Leaf No. 56, Revision 9
GSC Statement No. 98
IGSC Statement No. 37

MFC Statement No. 1

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

Leaf No. 50.15, Revision 3
Leaf No. 50.26, Revision 9
Leaf No. 50.28, Revision 3
Leaf No. 50.29, Revision 3
Leaf No. 50.30, Revision 3
Leaf No. 51, Revision 12
Leaf No. 52, Revision 11
Leaf No. 52.1, Revision 8
Leaf No. 52.2, Revision 8
Leaf No. 53, Revision 14
Leaf No. 53.1, Revision 15
Leaf No. 55, Revision 8
Leaf No. 56, Revision 5
Leaf No. 58, Revision 7
Leaf No. 60, Revision 12
Leaf No. 63, Revision 10
Leaf No. 68, Revision 12
Leaf No. 68.1, Revision 6
Leaf No. 68.2, Revision 6
Leaf No. 69, Revision 16
Leaf No. 69.1, Revision 12
Leaf No. 69.1.1, Revision 6
Leaf No. 71, Revision 8
Leaf No. 72, Revision 5
Leaf No. 73, Revision 5
Leaf No. 74, Revision 8
Leaf No. 78, Revision 6
Leaf No. 95, Revision 10
Leaf No. 96, Revision 13
Leaf No. 98.1, Revision 15
Leaf No. 101, Revision 15
Leaf No. 102, Revision 14
Leaf No. 103, Revision 14
Leaf No. 104, Revision 14
Leaf No. 105, Revision 21
Leaf No. 106, Revision 8
Leaf No. 106.1, Revision 2
Leaf No. 106.2, Revision 1
Leaf No. 108, Revision 4
Leaf No. 113, Revision 11
Leaf No. 113.1, Revision 10
Leaf No. 113.2, Revision 0

Leaf No. 113.3, Revision 0
Leaf No. 126, Revision 5
Leaf No. 127, Revision 9
DISC Statement No. 6

PSC No. 90 – Gas, Schedule for Gas Service Transportation

Leaf No. 3, Revision 9
Leaf No. 3.1, Revision 9
Leaf No. 71, Revision 3
Leaf No. 90, Revision 10
Leaf No. 90.4, Revision 4
Leaf No. 90.5, Revision 5
Leaf No. 90.5.1, Revision 3
Leaf No. 90.6, Revision 8
Leaf No. 90.6.1, Revision 2
Leaf No. 90.6.2, Revision 0
Leaf No. 90.7, Revision 2
Leaf No. 90.10, Revision 5
Leaf No. 91, Revision 8
Leaf No. 99, Revision 9
Leaf No. 100, Revision 3
Leaf No. 105.2, Revision 1
Leaf No. 106, Revision 5
Leaf No. 107, Revision 5
Leaf No. 108, Revision 5
Leaf No. 109, Revision 5
Leaf No. 110, Revision 5