



January 29, 2013

VIA ELECTRONIC FILING

Honorable Jeffrey C. Cohen, Acting Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 12-E-0400 – Petition of Cayuga Operating Company, LLC to
Mothball Generating Units 1 and 2

Dear Acting Secretary Cohen:

New York State Electric & Gas Corporation (“NYSEG” or the “Company”) hereby transmits for filing the enclosed tariff leaves in compliance with the New York State Public Service Commission’s (“NYPSC” or “Commission”) Order Deciding Reliability Issues and Addressing Cost Allocation and Recovery, issued and effective December 17, 2012 (“the Order”), in the above referenced proceedings. These tariff leaves are transmitted for filing in compliance as identified herein and in accordance with the requirements of Appendix 7-H (electronic tariff filing system) to the Commission’s Codes, Rules and Regulations (16 NYCRR Appendix 7-H).

Below is a list of the revised tariff leaves to be effective March 1, 2013:

NYSEG – PSC No. 120

Leaf No. 2, Revision 12
Leaf No. 17, Revision 4
Leaf No. 17.1, Revision 0
Leaf No. 123, Revision 22
Leaf No. 133, Revision 23
Leaf No. 161, Revision 12
Leaf No. 197, Revision 21
Leaf No. 208, Revision 23
Leaf No. 221, Revision 22
Leaf No. 261, Revision 22



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Leaf No. 272, Revision 24
Leaf No. 289, Revision 38
Leaf No. 300, Revision 22
Leaf No. 310, Revision 19
Leaf No. 318, Revision 20
RSS Statement No. 1

NYSEG – PSC No. 121

Leaf No. 2, Revision 9
Leaf No. 14.1, Revision 5
Leaf No. 14.2, Revision 0
Leaf No. 24, Revision 19
Leaf No. 37, Revision 20
Leaf No. 59, Revision 19
Leaf No. 64, Revision 2
RSS Statement No. 1

Purpose of the Filing

The Company is filing tariff amendments in compliance with Ordering Clause 4 of the Order to effectuate a cost recovery mechanism for Reliability Support Services (“RSS”) as discussed in the Order.

Overview

As noted in the Order, the RSS surcharge provides for recovery from customers of costs incurred by the Company for third-party services to ensure that local reliability needs are met.

In accordance with Ordering Clause 4 of the Order, the tariffs have been developed to recover the monthly fixed payment costs; outside service and consultancy costs (*i.e.*, cost of service study, RFP, and other applicable fees); applicable capital expenditures; and any other costs passed on by any third-party to ensure local reliability needs. Any payments or credits received by the Company for energy and ancillary service revenues, any payments or credits received by the Company for capacity revenues, and any other applicable payments or credits by third parties (*e.g.*, other utility payments) will offset these costs.

Currently, NYSEG is conducting a study with the NYISO and National Grid related to the full reliability impacts stemming from the mothballing of the Cayuga facility. Based upon the outcome, it may be appropriate to allocate a portion of the RSS costs to National Grid in the future.

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Rate Design

NYSEG allocated the costs to the respective service classes based on the Company's embedded cost of service study from the Company's last rate proceeding¹. The RSS costs are allocated based upon the transmission plant allocation factors.

Based on the above, NYSEG has established class-specific surcharge rates in the following manner. For non-demand billed service classifications, the resulting surcharge rates are a cent/kWh charge, and for the demand billed service classifications, the resulting surcharge rates are on a dollar per kW charge, with the exception of Service Classification No. 11. For customers taking service under Service Classification No. 11, the RSS surcharge will be collected through an As Used Demand charge.

Newspaper Publication

In accordance with Ordering Clause 5 of the Order, the requirements of 66(12)(b) of the Public Service Law requiring newspaper publication has been waived.

If you have any questions related to this filing, please contact me at 607.762.8710.

Respectfully submitted,



Lori A. Cole
Manager - Regulatory & Tariffs
Rates and Regulatory Economics

¹ Case 09-E-0715, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corporation for Electric and Gas Service