



Lori A. Cole
Manager – Regulatory and Tariffs

July 21, 2017

VIA ELECTRONIC FILING

Honorable Kathleen H. Burgess, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

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

Dear Secretary Burgess:

New York State Electric & Gas Corporation (“NYSEG” or the “Company”) hereby transmits for filing the enclosed Reliability Support Services (“RSS”) Statements to become effective August 1, 2017, in compliance with the New York State Public Service Commission’s (“Commission”) Order Deciding Reliability Need Issues and Addressing Cost Allocation and Recovery, issued and effective January 16, 2014 (“the Order”), in the above referenced proceeding. These statements are submitted 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).

NYSEG – PSC No. 120
RSS Statement No. 7

NYSEG – PSC No. 121
RSS Statement No. 7

Purpose of the Filing

In accordance with NYSEG’s electric tariff, Section 3 of PSC 120-Electricity, the Company is resetting the RSS surcharge effective August 1, 2017. The charges are set to zero for all service classes. The Company plans to reset the charges effective September 1, 2017, which are expected to be credits, to reconcile the remaining RSS initial term balances.

Overview

On December 17, 2012, the Commission approved a Reliability Support Services Agreement (“RSSA-1”) between NYSEG and Cayuga Operating Company, LLC (“Cayuga”)

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for the period of January 16, 2013 through January 15, 2014¹. RSSA-1 allowed for the deferral of mothballing actions by Cayuga, which would ensure that NYSEG's local reliability needs were met. An RSS surcharge mechanism was approved by the Commission in order to provide NYSEG with the ability to recover the costs incurred by the Company.

On November 4, 2013, NYSEG submitted a proposal with the Commission requesting that it find the RSS Agreement ("RSSA-2") with Cayuga as the preferred solution in continuing to meet its local reliability support service needs. NYSEG also requested that the RSS surcharge continue to be used as the mechanism to recover the costs. Ordering Clause 3 of the Order states that NYSEG shall recover the costs of the RSSA-2 Agreement through the RSS surcharges.

NYSEG has revised the RSS surcharge to become effective August 1, 2017. The charges for all service classes are set to zero. The Company plans to reset the RSS surcharge for September 2017 to reflect the current net RSS deferral balance and any outstanding Cayuga invoices. The RSS surcharge effective September 1, 2017 is expected to result in a credit to customers.

Lastly, on June 30, 2017, Cayuga provided notice (Case 05-E-0889) to the Commission, NYISO and the Company that it no longer intended to mothball Cayuga Units 1 and 2 and withdrew its previous notice to mothball the facility as provided in 2012. It should be noted that a provision within the RSS Agreement survives termination of the RSS Agreement for a period of five (5) years that could provide further benefits to customers beyond the contract term. Any benefits that occur due to this provision will be deferred by the Company for future return to customers.

If you have any questions related to this filing, please contact Patti Beaudoin at 607.762.7061.

Respectfully submitted,



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Enclosures

¹ Case 12-E-0400, Petition of Cayuga Operating Company, LLC to Mothball Generating Units 1 and 2, Order Deciding Reliability Issues and Addressing Cost Allocation and Recovery (issued December 17, 2012).