



April 23, 2013

**VIA ELECTRONIC FILING**

Honorable Jeffrey C. Cohen  
Acting Secretary to the Commission  
State of New York 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:

In further 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"), New York State Electric & Gas Corporation ("NYSEG" or the "Company") hereby transmits for filing the enclosed tariff leaves. 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 May 23, 2013:

NYSEG – PSC No. 120  
Leaf No. 17, Revision 7

NYSEG – PSC No. 121  
Leaf No. 14.1, Revision 6



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### Overview

The instant filing is being submitted to propose additional clarifying changes after discussion with NYPSC Staff. More specifically, the Company is adding language to reflect that costs incurred by NYSEG for third party services to ensure local reliability needs are met are approved by the Commission. Additionally, the Company is revising the description on how the surcharge will be collected for each service classification.

The Company was directed by the Commission to solicit alternative solutions to address identified reliability needs created by the Cayuga mothballing<sup>1</sup>. As such, NYSEG is undertaking a competitive solicitation process (*i.e.*, Request for Proposals) to meet this requirement of the Order, and as a result employed the services of an outside consultant to develop a request for proposal and assist in evaluating responsive proposals. An estimate of these costs was included in the RSS surcharge rates which will be compared against actual expenses during the annual reconciliation process. The Company believes it is appropriate to recover these incremental consulting costs associated with the Requests for Proposals, which is directly related to the Cayuga facility, through the Reliability Support Services (RSS) Surcharge. The Company is incurring these incremental consulting costs as it evaluates reliability solutions and transmission upgrades associated with the Cayuga facility and its potential mothballing. The inclusion of these costs appropriately matches the cost recovery of this evaluation with cost incurrence.

If the Commission determines it does not approve inclusion of these incremental costs in the RSS Surcharge, then the Company would defer the costs for future recovery and respectfully requests the Commission to allow the Company to remove the associated incremental consulting costs during the annual reconciliation of the RSS Surcharge.

### 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 Dept.

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<sup>1</sup> Order, at p. 16