

..DID: 17291
..TXT:

October 8, 2001

Honorable Janet H. Deixler
Secretary
State of New York
Public Service Commission
3 Empire State Plaza
Albany, New York 12223

Re: Collection of the Temporary Metropolitan Business Tax Surcharge

Dear Secretary Deixler:

The enclosed revised Statements issued by New York State Electric & Gas Corporation ("NYSEG" or the "Company"), are transmitted for filing in compliance with the requirements of the Public Service Commission ("Commission"), State of New York.

Statement No. TSF 2 to PSC No. 87 Gas
and
Statement No. TSF 2 to PSC No. 88 Gas

Effective October 30, 2001.

The above Tax Surcharge Factor ("TSF") statements are being filed pursuant to General Information Section 3 of PSC Nos. 87 and 88 entitled "Increase in Prices and Charges Applicable Where Service is Supplied" which allows for the recovery and reconciliation of actual Temporary Metropolitan Business Tax expense through the Temporary Metropolitan Business Tax Surcharge ("MTA").

The revised statements show higher Tax Surcharge Factors, resulting in lower customer bills, and will be effective the first day of NYSEG's November billing cycle, which is October 30, 2001. These surcharge factors may be revised in February and March of 2002 pursuant to the reconciliation provision contained in the pertinent tariff section.

Historically, NYSEG's MTA Tax liability was based on Gross Receipts Tax only. The Gross Receipts Tax returns were filed on March 15 each year and NYSEG filed its revised MTA statement in April of each year. In 2000, however, the NYS Energy Tax Reform made utilities subject to the NYS Income Tax as well as the Gross Receipts Tax. Therefore, NYSEG's total MTA Tax liability for 2000 could not be determined until the 2000 NYS Income Tax return was filed on September 15, 2001.

The workpaper supporting the revised Tax Surcharge Factors will be forwarded to Alan F. Mostek via overnight mail. Questions regarding this filing should be directed to me at (607) 762-5611.

Very truly yours

Steven R. Adams
Manager - Gas Pricing, Regulation & Strategy

Encls.
Cy.: Alan F. Mostek, PSC