

..DID: 7727  
..TXT:

March 1, 1999

Honorable John C. Crary  
Secretary  
Public Service Commission  
State of New York  
3 Empire State Plaza  
Albany, New York 12223

Re: Case Nos. 93-G-0932 and 97-G-1380

Dear Secretary Crary:

The enclosed revised leaves, 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, State of New York.

Second	Revised Leaf No. 12.1	to PSC No. 88 Gas
First	Revised Leaf No. 12.2	to PSC No. 88 Gas
Fourth	Revised Leaf No. 15	to PSC No. 88 Gas

Effective April 1, 1999.

#### Proposed Revisions

NYSEG submits further revisions to the proposed tariff leaves filed with the PSC on January 29, 1999 in the captioned case.

#### Reasons for Proposed Revisions

NYSEG proposes to revise the January 29, 1999 filing to correct a definitional oversight.

#### Background

On December 30, 1998, NYSEG filed a response to the New York Public Service Commission's (the "Commission" or the "PSC") Policy Statement Concerning the Future of the Natural Gas Industry and Order Terminating Capacity Assignment issued November 3, 1998, whereby LDC's were given the opportunity to demonstrate where such specific operational and reliability requirements continue to warrant capacity assignment. NYSEG prefaced its December 30, 1998 submission on two important caveats. The first caveat was that gas marketers serving core customers in circumstances where NYSEG does not require mandatory capacity assignment must show that they have firm non-recallable primary point deliverability to the applicable portion of NYSEG's system.

On January 29, 1999, NYSEG submitted its filing in compliance with the Commission's order in Case 93-G-0932 (and subsequent orders on rehearing) and 97-G-1380. Among other things, NYSEG's filing included tariff language to reflect the Company's caveat mentioned above. However, the Company's filing inadvertently included the term "Critical Care" customer instead of "Core" customer. The purpose of this filing is to correct this definitional oversight. NYSEG has discussed this change with Commission staff.

Furthermore, as a result of additional conversations with Staff, NYSEG would like to re-emphasize that the proposed mechanism for recovering stranded costs (i.e. "Market Transition Surcharge") is in compliance with Opinion No. 98-17. As stated in the Company's January 29, 1999 filing, the Commission recognized in Opinion No. 98-17 (mimeo, pp. 10-11), that since

NYSEG does not operate with a gas adjustment clause, it cannot rely on that mechanism to recover its strandable costs. Therefore, the Commission expressly stated in the Opinion that it "expected" NYSEG to propose another method to recover strandable costs. NYSEG's proposal for the recovery of prudently incurred stranded costs is consistent with Opinion No. 98-17 and reflects the need to minimize rate changes under a hard price cap. Specifically, NYSEG proposes to adjust the surcharge with limited frequency in an effort to retain the rate stability contemplated by the Settlement.

Newspaper Publication & SAPA

NYSEG requests waiver from newspaper publication, pursuant to 16 NYCRR 270.70(a), of this proposed change since this was published at the time the Company filed its' original filing on January 29, 1999 and this is a further revision to that filing.

Company Contacts

Questions regarding this filing should be addressed to myself at (607) 762-5611, or Dan Verdun at (607) 762-4296.

Very truly yours,

/dls  
Encls.  
Cy.: Alan F. Mostek, PSC

Steven R. Adams  
Manager - Gas Pricing