

August 23, 2006

VIA ELECTRONIC FILING

Honorable Jaclyn A. Brillling, Secretary
State of New York Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case Nos. 01-E-0359 and 02-E-0576 -- New York State Electric & Gas Corporation's Economic Development Plan; Economic Incentive Rate Statement

Dear Secretary Brillling:

In accordance with the June 6, 2003 tariff filing submitted by New York State Electric & Gas Corporation ("the Company") in compliance with the Public Service Commission's Order Adopting Economic Development Plan In Part And Providing For Further Proceedings issued October 9, 2002, and the Order Modifying Economic Development Plan and Tariffs and Denying Rehearing issued May 9, 2003, in Case Nos. 01-E-0359 and 02-E-0576, the Company hereby files its Economic Incentive Rate Statement to be effective September 1, 2006.

EIR Statement No. 35 to PSC 120 – Electricity

Effective September 1, 2006

The attached statement contains the Economic Development Incentive (EDI) and Economic Development Zone Incentive (EDZI) discount rates for the applicable electric rate options. The monthly filing of changes to the EDI and EDZI discount rates is in accordance with NYSEG's filed tariffs. This statement will be filed on a monthly basis at least three days prior to the effective date.

Please direct any questions to Susan Glann at (607) 762-7265.

Very truly yours,

Christine M. Stratakos
Manager, Pricing & Analysis
Rates & Regulatory Economics

Enclosure