

May 26, 2005

VIA ELECTRONIC

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

Re: Case No. 02-M-0515
Order Providing for Gas Service for Residential Distributed Generation

Dear Secretary Brillling:

The enclosed leaves, issued by Rochester Gas and Electric Corporation (“RG&E”) and New York State Electric & Gas Corporation (“NYSEG”), collectively referred to as “the Companies” are transmitted for filing in compliance with the requirements of the New York State Public Service Commission (“PSC” or “Commission”).

RG&E

PSC No. 16 – Gas

Leaf No. 147.7, Revision 1
Leaf No. 147.1, Revision 1
Leaf No. 147.2, Revision 1
Leaf No. 147.3, Revision 1

NYSEG

PSC No. 87 – Gas

Leaf No. 55, Revision 1
Leaf No. 57, Revision 1

PSC No. 88 – Gas

Leaf No. 125, Revision 1
Leaf No. 128, Revision 1

Effective: May 27, 2005

This filing is made to further comply with the Commission’s Order Providing For Gas Service For Residential Distributed Generation, issued and effective August 4, 2004 in Case No. 02-M-0515 (the “August 4 Order”). These tariffs shall be effective on a temporary basis, on not less than one day’s notice, and shall not be made permanent until approved by the Commission. This filing is also made in accordance with Appendix 7-H (electronic tariff filing system) to the Commission’s Codes, Rules and Regulations (16 NYCRR Appendix 7-H).

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Background

RG&E and NYSEG filed tariffs in response to the Commission's August 4 Order on November 2, 2004. Subsequent to that filing, Staff had discussions with the Companies to further clarify the August 4 Order.

Overview

Today's filing proposes to revise Service Classification No. 8 – Residential Distributed Generation Firm Gas Sales Service ("SC 8") and Service Classification No. 9 – Residential Distributed Generation Gas Transportation Service ("SC 9") under P.S.C. No. 16 Gas for RG&E, and Service Classification No. 11 - Residential Distributed Generation Firm Gas Sales Service ("SC 11") and Service Classification No. 19 - Residential Distributed Generation Firm Aggregation Transportation Service ("SC 19") under P.S.C. Nos 87 and 88, respectively for NYSEG.

The filing is being made per the request of the Department of Public Service Commission Staff ("Staff") to eliminate tariff provisions requiring residential DG customers to have and maintain a fifty percent combined load factor in order to be eligible for the rates. The August 4 Order required the residential DG rates be designed using a fifty percent combined load factor. Staff indicated it was not the intent of the August 4 Order that the fifty percent load factor also be an eligibility requirement for the rate. Discussions between Staff and the Companies also noted that these rates can be reevaluated and fine-tuned after the initial three-year implementation period. With this understanding, the Companies are filing these revised tariffs.

Other Issues

The requirement of Section 66 (12) (b) of the Public Service Law as to newspaper publication is waived per the August 4 Order.

Service to Parties and Company Contact

RG&E and NYSEG are serving a copy of today's filing on all parties. Please direct any questions pertaining to this filing to Carolyn Sweeney at (585) 771-4809 or Cindy Reed at (607) 762-7656.

Very truly yours,

Mark O. Marini
Manager, Rate and Regulatory Economics