

July 20, 2005

VIA ELECTRONIC FILING

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

Re: New York State Electric & Gas Corporation –  
Tariff Filing for Proposed Billing System Revisions

Dear Secretary Brillling:

The enclosed tariff leaves, issued by New York State Electric & Gas Corporation (“NYSEG” or “the Company”) are transmitted for filing in compliance with the requirements of the New York State Public Service Commission (“PSC” or “Commission”) and Appendix 7-H (electronic tariff filing system) to the Commission's Codes, Rules and Regulations (16 NYCRR Appendix 7-H). The leaves are proposed to become effective on January 1, 2006. A listing of the tariff leaves is enclosed as Attachment A.

Purpose of the Filing

The purpose of this filing is to modify NYSEG’s electric and gas tariff language to conform to the billing specifications of NYSEG’s new billing system: Customer Care and Service System (“CCS”). CCS is scheduled to become operational on January 1, 2006, replacing NYSEG’s current Customer Information System (“CIS”). Billings issued after January 1 will reflect the revised methodologies contained within these revised tariff leaves. This filing represents a key step in the Company's ongoing efforts to unbundle its rates and present those charges on an unbundled bill. In the tariffs submitted for filing herein, currently effective rates (e.g., the bundled rate option, retail access credit and tax surcharges) are being unbundled and will be shown separately on a customer's bill. The new billing system also will provide the platform for the implementation of unbundled charges for competitive services and associated bill format modifications which will be undertaken in the manner and timeframe previously proposed by the Company.<sup>1</sup>

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<sup>1</sup> Case 00-M-0504 – Proceeding on Motion of the Commission Regarding Provider of Last Resort Responsibilities, the Role of Utilities in Competitive Markets and Fostering the Development of Retail Competitive Opportunities – Unbundling Track, Letter Petition for Clarification, dated March 21, 2005.

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The majority of tariff leaves filed herein are due to the unbundling of rates within the CCS so that the components of the previously bundled rates may be displayed on customer bills. These changes, along with additional modifications to the tariff to reflect the functionality of the new billing system, are explained below. To assist in identifying tariff leaf revisions by category of change, the enclosed Attachment B contains a listing of tariff leaves, sorted by subject.

#### Unbundling of the NYSEG Fixed Price

Tariff leaves for all service classifications are included in this filing to provide for the unbundling of the BRO price. NYSEG proposes to unbundle each of the NYSEG Fixed Price (BRO) electricity rates into three components: 1) delivery charge, 2) transition charge and 3) commodity charge. These charges will be displayed separately on the customer's bill. The tariff leaves provided herein reflect the BRO prices that became effective on January 1, 2005 and April 1, 2005. Another set of BRO rates will become effective on October 1, 2005, in accordance with NYSEG's electric Joint Proposal. At that time, NYSEG will file revised BRO tariff leaves to incorporate the October 1, 2005 price change.

#### Unbundling of the NYSEG Fixed Price with Supply Credit

For customers served at the NYSEG Fixed Price with Supply Credit (BROw/RAC), the Retail Access Credit ("RAC") is proposed to also be unbundled. It is currently a bundled credit on customer bills, composed of the following three components: 1) energy, 2) capacity and 3) the additional component of \$.005 (applicable to small customers) or \$.003 (applicable to large customers). In the CCS, the RAC is proposed to be unbundled into two credit components for display on customer bills: 1) a combined credit for energy and capacity, and 2) the additional credit of \$.005 or \$.003.

#### Unbundling of the Competitive Supplier Price

Tariff leaves reflecting the electric Competitive Supplier Price (ERO) are proposed to be further unbundled into two components: 1) The delivery charge and 2) the \$.004 delivery credit (applicable to small customers) or \$.002 delivery credit (applicable to large customers). These charges will be displayed separately on the customer's bill.

#### Unbundling of Street Lighting and Outdoor Lighting Rates

Street Lighting (PSC 121) and Outdoor Lighting (Service Classification 5 of PSC 120) rates are proposed to be unbundled into the following components: Facilities or Operation & Maintenance charges, delivery charge, transition charge, and commodity charge (where applicable).

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For Street Lighting, the number of burn hours applicable to the month of February has been conformed to the definition of burn hours used for Outdoor Lighting to reflect the additional burn hours that will apply in February during a leap year. The bundled Street Lighting charges have historically been stated as annual charges, with 1/12 of the annual amount being billed to the customers each month. The proposed tariffs provide charges on a monthly basis. Delivery, transition and commodity charges to be billed each month will be based on actual burn hours for the months, or portions thereof.

#### Unbundling of Standby Rates (Service Classification 11)

Standby rates are proposed to be unbundled into their delivery and transition charge components. The grandfathered standby rates within Special Provision D of Service Classification 11 ("SC 11") were not unbundled because retail access is not available for customers taking service at SC 11. Such customers are eligible to take service at their otherwise applicable service classification ("OASC") and may participate in retail access by electing to take service under their unbundled OASC.

#### Unbundling of the Tax Surcharge Factor

Currently, each tariff rate is divided by a Tax Surcharge Factor to obtain the price that appears on customer bills. The Tax Surcharge Factors are currently filed on a Tax Surcharge Factor (TSF) Statement

In CCS, to collect Gross Income Tax, Municipal Tax, and Metropolitan Transportation Authority Tax, NYSEG proposes that each tariff rate be multiplied by a Tax Surcharge Percentage instead of being divided by a Tax Surcharge Factor. Tax Surcharge Percentages will be separately developed for, and applied to, residential and non-residential commodity rates and delivery rates. Taxes will appear as separate line items on customer bills. Unbundling of the Tax Surcharge Factor will facilitate customer understanding of the tax components of their bills. This unbundling of tax rates, based on the system capabilities of CCS, reflects the PSC's unbundling guidelines in Case 00-M-1556. The new Tax Surcharge Percentages are filed herein on Tax Surcharge Percentage (TSP) Statements for PSC 120, 121, 87 and 88. Additionally, in CCS the Tax Surcharge will no longer be assessed on late payment charges.

#### Waiver Request for Degree Day Proration of the Gas Supply Charge

Leaf 90 of PSC 90 (Gas) is filed to revise the method of prorating the Gas Supply Charge ("GSC") for a gas customer's heating load. NYSEG seeks waiver of Section 720 – 6.5 (c) of 16 NYCRR to permit proration of the GSC's for the heating load of gas heating customers based on degree days rather than the calendar day proration method set forth in 16 NYCRR. Proration of the

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GSC's for a gas customer's non-heating load will continue to be based on calendar days. Currently, all GSC's are prorated based on the number of days each GSC is in effect during the customer's billing period. Proration based on degree days will provide a more accurate match between the monthly Gas Supply Charges and the quantity of gas used by the gas heating customer within each of the Gas Supply Charge months applicable to the customer's billing period.

#### Retail Access Switch Dates

Tariff revisions to PSC 120 (Electricity) have been filed to permit a retail access switch to become effective on the interim estimated reading date in addition to the current practice of switching on either the regularly scheduled meter reading date or a special meter reading date. These changes are permitted by Section 5 of the current Uniform Business Practices ("UBP's"). A switch request continues to be subject to 15 days notice in accordance with the UBPs.

PSC 88 (Gas) tariffs have similarly been modified to permit non-daily read gas customers to switch to retail access on the next scheduled meter reading date, interim estimated reading date or special meter reading date, rather than the current tariff requirement for a 1<sup>st</sup> of the month switch date.

#### Proration of the Basic Service Charge

Electric and Gas tariffs currently require a customer to pay a full month's Basic Service Charge if they discontinue service within less than 30 days. Proposed revised tariffs have been filed to prorate the Basic Service Charge to reflect the actual number of days of a month that the customer took service.

#### System Benefits Charge and Renewable Portfolio Standard

In CCS, the System Benefits Charge ("SBC") is proposed to be unbundled as a separate item in the tariffs and on the bill. Presently, the SBC is collected through the customer's per kilo-Watt hour charges. The charge for the Renewable Portfolio Standard ("RPS") will become effective on October 1, 2005. At that time, NYSEG will file proposed revised tariff leaves to combine the SBC and RPS as one charge on the customer's bill, in accordance with the Commission's Order on RPS Bill Formats, Issued and effective December 22, 2004.

#### Budget Billing, Late Payment Charges, Deferred Payment Agreements

Proposed tariff leaves have been filed to rename "Balanced Billing" to "Budget Billing". Proposed tariff revisions are also filed to clarify that late payment charges will be assessed to any unpaid

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regular bills for service and to any unpaid installments on a deferred payment agreement, and to no longer assess late payment charges on the unpaid balance of a deferred payment agreement.

#### Revenue Neutrality

The CCS has been designed to produce no significant change in total revenue. Minor changes in revenue are produced as a result of changes in estimating, rounding, proration and truncation within the new CCS as compared with NYSEG's current CIS.

#### Outreach and Education

NYSEG will carry out a comprehensive outreach and education program for the successful implementation of its new billing system. Communications, training and outreach to customers, ESCOs and other stakeholders will be accomplished through many vehicles, including use of bill inserts and messages, direct mail, presentations and NYSEG's website.

#### Newspaper Publication & SAPA

In accordance with the requirement of Section 66 (12)(b) of the Public Service Law and 16 NYCRR Section 720-8.1 as to newspaper publication, notice of the proposed tariff changes will be published once in each week for four successive weeks in newspapers having general circulation in each customer rate area affected by the proposed changes.

A State Administrative Procedure Act Notice is enclosed for publication in the State Register.

#### Company Contact

Please direct any questions pertaining to this filing to Susan Gallia at (607) 762-7265 or to me at (607) 762-7341.

Very truly yours,

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

Enclosures

**New York State Electric & Gas Corporation  
Tariff Filing for Proposed Billing System Revisions**

**List of Proposed Tariff Leaves**

PSC No. 119 – Electricity, Schedule for Electric Service

Leaf No. 3, Revision 1  
Leaf No. 59, Revision 1  
Leaf No. 60, Revision 1  
Leaf No. 71, Revision 1  
Leaf No. 72, Revision 1  
Leaf No. 73, Revision 1  
Leaf No. 76, Revision 1  
Leaf No. 77, Revision 1  
Leaf No. 98, Revision 1  
Leaf No. 99, Revision 1  
Leaf No. 100, Revision 1  
Leaf No. 101, Revision 1

PSC No. 120 – Electricity, Schedule for Electric Service

Leaf No. 18, Revision 3  
Leaf No. 19, Revision 1  
Leaf No. 20, Revision 1  
Leaf No. 29, Revision 2  
Leaf No. 32, Revision 3  
Leaf No. 37, Revision 2  
Leaf No. 38, Revision 2  
Leaf No. 69, Revision 2  
Leaf No. 71, Revision 2  
Leaf No. 75, Revision 1  
Leaf No. 119, Revision 2  
Leaf No. 120, Revision 1  
Leaf No. 121, Revision 5  
Leaf No. 123, Revision 4  
Leaf No. 124, Revision 5  
Leaf No. 125, Revision 2  
Leaf No. 128, Revision 1  
Leaf No. 129, Revision 2  
Leaf No. 130, Revision 1  
Leaf No. 131, Revision 5  
Leaf No. 133, Revision 4

Leaf No. 135, Revision 5  
Leaf No. 136, Revision 1  
Leaf No. 139, Revision 5  
Leaf No. 140, Revision 1  
Leaf No. 147, Revision 1  
Leaf No. 148, Revision 5  
Leaf No. 155, Revision 1  
Leaf No. 157, Revision 5  
Leaf No. 158, Revision 5  
Leaf No. 160, Revision 4  
Leaf No. 163, Revision 1  
Leaf No. 166, Revision 5  
Leaf No. 167, Revision 5  
Leaf No. 168, Revision 1  
Leaf No. 173, Revision 1  
Leaf No. 174, Revision 5  
Leaf No. 175, Revision 5  
Leaf No. 184, Revision 1  
Leaf No. 185, Revision 1  
Leaf No. 187, Revision 2  
Leaf No. 188, Revision 2  
Leaf No. 189, Revision 3  
Leaf No. 190, Revision 3  
Leaf No. 191, Revision 3  
Leaf No. 193.4, Revision 2  
Leaf No. 194, Revision 1  
Leaf No. 195, Revision 1  
Leaf No. 196, Revision 1  
Leaf No. 197, Revision 4  
Leaf No. 198, Revision 5  
Leaf No. 198.1, Original  
Leaf No. 199, Revision 1  
Leaf No. 201, Revision 5  
Leaf No. 201.1, Original  
Leaf No. 202, Revision 1  
Leaf No. 203, Revision 1  
Leaf No. 205, Revision 1  
Leaf No. 206, Revision 5  
Leaf No. 208, Revision 4  
Leaf No. 209, Revision 6  
Leaf No. 212, Revision 1  
Leaf No. 214, Revision 1  
Leaf No. 215, Revision 5

Leaf No. 216, Revision 5  
Leaf No. 217, Revision 5  
Leaf No. 218, Revision 5  
Leaf No. 221, Revision 4  
Leaf No. 223, Revision 1  
Leaf No. 228, Revision 5  
Leaf No. 229, Revision 5  
Leaf No. 230, Revision 5  
Leaf No. 231, Revision 5  
Leaf No. 233, Revision 1  
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Leaf No. 251, Revision 5  
Leaf No. 257, Revision 1  
Leaf No. 258, Revision 1  
Leaf No. 259, Revision 5  
Leaf No. 261, Revision 4  
Leaf No. 262, Revision 5  
Leaf No. 263, Revision 2  
Leaf No. 268, Revision 1  
Leaf No. 269, Revision 1  
Leaf No. 270, Revision 5  
Leaf No. 272, Revision 4  
Leaf No. 273, Revision 6  
Leaf No. 287, Revision 6  
Leaf No. 288, Revision 6  
Leaf No. 288.1, Original  
Leaf No. 289, Revision 9  
Leaf No. 293, Revision 6  
Leaf No. 294.8, Revision 1  
Leaf No. 294.9, Revision 1  
Leaf No. 296, Revision 1  
Leaf No. 298, Revision 5  
Leaf No. 300, Revision 4  
Leaf No. 310, Revision 5  
Leaf No. 318, Revision 5  
TSP Statement No. 1 to PSC 120 - Electricity

PSC No. 121 – Electricity, Schedule for Electric Service - Street Lighting  
Leaf No. 2, Revision 3  
Leaf No. 4, Revision 1



Leaf No. 5, Revision 1  
Leaf No. 6, Revision 1  
Leaf No. 14, Revision 3  
Leaf No. 16, Revision 1  
Leaf No. 17, Revision 2  
Leaf No. 17.1, Original  
Leaf No. 18, Revision 1  
Leaf No. 19, Revision 3  
Leaf No. 20, Revision 4  
Leaf No. 21, Revision 4  
Leaf No. 22.2, Revision 2  
Leaf No. 24, Revision 5  
Leaf No. 25, Revision 2  
Leaf No. 26, Revision 2  
Leaf No. 27, Revision 2  
Leaf No. 28, Revision 2  
Leaf No. 29, Revision 1  
Leaf No. 30, Revision 3  
Leaf No. 31, Revision 4  
Leaf No. 32, Revision 4  
Leaf No. 34.3, Revision 2  
Leaf No. 35, Revision 2  
Leaf No. 36, Revision 1  
Leaf No. 37, Revision 5  
Leaf No. 38, Revision 2  
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Leaf No. 48, Revision 3  
Leaf No. 49, Revision 3  
Leaf No. 50, Revision 3  
Leaf No. 51, Revision 3  
Leaf No. 55, Revision 2  
Leaf No. 56, Revision 1  
Leaf No. 57, Revision 1  
Leaf No. 58, Revision 2  
Leaf No. 59, Revision 5

Leaf No. 60, Revision 2  
Leaf No. 61, Revision 2  
TSP Statement No. 1 to PSC 121 - Electricity

PSC No. 87 – Gas, Schedule for Gas Service

Leaf No. 10, Revision 7  
Leaf No. 11, Revision 4  
Leaf No. 14, Revision 8  
Leaf No. 18, Revision 5  
Leaf No. 33, Revision 1  
Leaf No. 36, Revision 4  
Leaf No. 45, Revision 5  
Leaf No. 57, Revision 1  
TSP Statement No. 1 to PSC 87 - Gas

PSC No. 88 – Gas, Schedule for Gas Service - Transportation

Leaf No. 8, Revision 8  
Leaf No. 8.1, Revision 5  
Leaf No. 50.13, Revision 5  
TSP Statement No. 1 to PSC 88 – Gas

PSC No. 90 – Gas, Schedule for Gas Service

Leaf No. 3, Revision 8  
Leaf No. 24, Revision 2  
Leaf No. 25, Revision 2  
Leaf No. 38, Revision 1  
Leaf No. 41, Revision 1  
Leaf No. 67, Revision 1  
Leaf No. 68, Revision 1  
Leaf No. 69, Revision 1  
Leaf No. 70, Revision 1  
Leaf No. 71, Revision 2  
Leaf No. 90, Revision 7

Proposed effective date: January 1, 2006