

December 22, 2003

VIA ELECTRONIC FILING

Honorable Jaclyn A. Brillling, Acting 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 Acting 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 January 1, 2004.

EIR Statement No. 3 to PSC 120 – Electricity

Effective January 1, 2004

The attached statement contains the Economic Development Incentive (EDI) and Economic Development Zone Incentive (EDZI) discount rates for the applicable electric rate options. This statement will be filed on a monthly basis at least three days prior to the effective date.

Please direct any questions to Lisa Williams at (607) 762-7908.

Very truly yours,

Christine M. Stratakos  
Manager, Pricing & Analysis

Enclosure