

July 1, 2009

VIA ELECTRONIC FILING

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

Re: Case No. 09-E-0227 - Proceeding on New York State Electric & Gas  
Corporation's Petition Regarding its Commodity Programs

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, 2010. A listing of the proposed revised tariff leaves is enclosed as Attachment A.

Purpose of the Filing

The purpose of this filing is to eliminate the Fixed Price Option ("FPO") and to reflect the necessary changes associated with the elimination of the FPO offerings including revisions to the calculation of the commodity charge for the NYSEG Supply Service and revisions to the transition charge, which is applicable to customers whether they choose the NYSEG Supply Service or ESCO Supply Service. The changes being made are consistent with the Company's Petition filed on March 2, 2009 and the presentation given by the Company at the Technical Conference on April 29, 2009 regarding its Voice Your Choice Program and commodity offerings. Furthermore, revisions were made in the General Information sections for Economic Development Rate Incentives and individual service classifications to reflect changes as described below.

Overview of the Filing

With the discontinuation of the FPO, the Voice Your Choice program will be discontinued on January 1, 2010. The Company will not conduct a Voice Your choice enrollment campaign this Fall. As described in the Company's Outreach and Education Plan, included as Attachment B of this filing, NYSEG will conduct outreach and education activities that will focus on the market-based supply service and continue messages regarding competitive supplier choice. The Voice Your Choice enrollment

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period had provided customers with a specific annual time period to choose between a fixed price or variable price option from the Company or service from an ESCO. With the elimination of the FPO, the Company will offer only one commodity service and customers will continue to be able to switch between the ESCO Supply Service and the Company's Supply Service at any time, subject to notification periods described in the Uniform Business Practices. Section 25, Supply Service Options, contained within the General Information section of NYSEG's tariff, PSC No. 120, has been revised to reflect the changes in supply service offerings available to customers. Customers initiating service who have not provided their choice for supply service will be billed in accordance with provision for the NYSEG Supply Service.

A customer taking service from NYSEG will be billed fixed delivery charges, a transition charge, a merchant function charge and a market-based supply charge. Customers taking service under non-demand billed rates (Service Classification Nos. 1, 5, 6, 8, 9, 11 [non-demand], 12, and Street Lighting) will continue to benefit from any hedge positions entered into on behalf of those customers. Furthermore, the supply charge will include ancillary charges and NYPA Transmission Access Charges ("NTAC"). These charges are currently collected through the Transition Charge. ESCOs will become responsible for collecting these charges from their customers; and the Company's practice of reimbursing ESCOs for ancillary and NTAC costs will stop. Additionally, NYSEG will allocate to ESCOs their proportion of Unaccounted For Energy. NYSEG is the only utility in the State that continues to absorb these differences. The tariffs provide for reconciliation of any costs incurred related to supply on a monthly basis.

The Transition Charge will be the same for customers whether they choose NYSEG or ESCO Supply Service and will be reconciled and updated monthly. The tariff changes also reflect the removal of the Transition Charge credit for customers electrically connected east of the Total East interface.

Certain customers that qualified for economic incentives (Economic Development Zone Incentive "EDZI" and the Industrial Development Incentive "IDI") were required to take service under the FPO for the portion of their load that received the incentive. Effective with the elimination of the FPO, these customers will be allowed to select the NYSEG Supply Service or ESCO Supply Service as of January 1, 2010. The per kilowatt-hour incentive discounts for EDZI will be reduced from \$0.04 and \$0.0325 to \$0.0225 to generally reflect the elimination of the fixed price which included a multiplier and adder as compared to the market price<sup>1</sup>. The Company will no longer segment these customers into two different pricing structures and will use the \$0.0225 for all customers receiving the EDZI for loads qualifying prior to July 1, 2003. These customers will be required to select the same supply service for their entire load.

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<sup>1</sup> The retail rate for the Company's fixed commodity price included a multiplier of 116.9% and then added \$0.006 per kWh

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Newspaper Publication

The Company requests that the requirement of Section 66(12)(b) of the Public Service Law and 16 NYCRR Section 720-8.1 as to newspaper publication be waived as NYSEG will be conducting outreach and education activities pursuant to its Outreach and Education Plan.

Company Contacts

If there any questions concerning this filing, please call Lori Cole at (607) 762-8710 or Carl King at (607) 347-2959.

Very truly yours,

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

Enclosures

**New York State Electric & Gas Corporation**

**List of Proposed Tariff Leaves**

PSC No. 120 – Electricity, Schedule for Electric Service

Leaf No. 2, Revision 6  
Leaf No. 21, Revision 3  
Leaf No. 22, Revision 5  
Leaf No. 24, Revision 4  
Leaf No. 25, Revision 4  
Leaf No. 26, Revision 7  
Leaf No. 27, Revision 3  
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Leaf No. 111.1, Revision 2  
Leaf No. 117.6, Revision 4  
Leaf No. 117.7, Revision 4  
Leaf No. 117.8, Revision 6  
Leaf No. 117.9, Revision 7  
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Leaf No. 117.24, Revision 1  
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Leaf No. 121, Revision 17  
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MFC Statement No. 03 to PSC 120 - Electricity

PSC No. 121 – Electricity, Schedule for Electric Service

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Leaf No. 19, Revision 13  
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