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FEDERAL ENERGY  
REGULATORY  
COMMISSION

September 18, 2000

BY HAND DELIVERY

The Honorable David P. Boergers  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

Re: Central Hudson Gas & Electric Corporation, et al.,  
Docket Nos. ER97-1523-023, OA97-470-021 and, ER97-4234-019.

Dear Secretary Boergers:

Pursuant to Section 206 of the Federal Power Act, and Part 35 of the Commission's Regulations and in compliance with the Commission's July 31, 2000 order in the above-captioned dockets,<sup>1</sup> New York State Electric & Gas Corporation ("NYSEG") respectfully submits for filing an original and five (5) copies of the tariff sheets included in Appendix A attached hereto. NYSEG requests that the tariff sheets be made effective retroactive to November 18, 1999, subject to refund, and that the Commission grant any and all waivers of its regulations to allow the tariff sheets to be effective on that date.

<sup>1</sup> Central Hudson Gas & Electric Corp. et al., 92 FERC ¶ 61,128 (2000) ("July 31 Order").

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## I. Background

In Docket Nos. ER97-1523-023, 0A97-470-021 and ER97-4234-019, the Commission approved the New York Independent System Operator Open Access Transmission Tariff (as subsequently amended and supplemented, the "NYISO OATT"). Order Conditionally Accepting Tariff and Market Rules, Approving Market-based Rates, and Establishing Hearing and Settlement Judge Procedures," Central Hudson Gas & Electric Corp., 86 FERC ¶ 61,062 (1999) (the "January 1999 Order"). The NYISO OATT contains a license plate rate design, pursuant to which transmission customers pay the company-specific, embedded cost transmission rate of only the transmission owner from whose system energy is withdrawn from the New York Control Area. The NYISO OATT eliminates pancaking, but each of the eight transmission owners in the NYCA has its own transmission service charge ("TSC") under the ISO OATT. The TSC applicable to each of the Commission jurisdictional transmission owners is based on a common formula.

In the January 1999 Order, the Commission set the TSC formula for hearing. The active parties in the case reached a settlement of all issues associated with the TSC formula and the application of that formula to each applicable transmission provider. In the January 1999 Order, the Commission approved the use by each jurisdictional transmission owner of its last Commission-accepted or -approved annual transmission revenue requirement ("ATRR") for use as a component of the TSC formula.<sup>2</sup> NYSEG's last accepted ATRR was the subject of a hearing in FERC Docket No. ER97-2353-000 and was pending before the Commission. The parties to the TSC settlement in the NYISO dockets recognized that to the extent the Commission modified NYSEG's ATRR in Docket No. ER97-2353, NYSEG would have to modify the revenue requirement component in the TSC formula to develop the NYSEG TSC. Accordingly, the TSC settlement required NYSEG to make a compliance filing to conform the NYSEG TSC to the Commission's order in Docket No. ER97-2353 in accordance with the provisions of the TSC settlement.

In the July 31 Order, the Commission approved the TSC settlement and required the transmission providers to make a compliance filing to modify the NYISO OATT to give effect to the TSC settlement. On August 30, 2000, the Members of the Transmission Owners Committee of the Energy Association of New York State, formerly known as the Member Systems of the New York Power Pool ("Member Systems"), submitted the conforming tariff sheets required by the July 31 Order. However, the July 31 Order recognized that, in addition to the changes required by the TSC settlement, further adjustments would be required upon the Commission's issuance of an order in NYSEG's pending rate case, Docket No. ER97-2353-000. The July 31 Order directed NYSEG to submit a compliance filing in this docket within thirty (30) days of the issuance of a Commission order in Docket No. ER97-2353-000. On August 17, 2000, the Commission issued an order in Docket No. ER97-2353-000 (the "August 17 Order").<sup>4</sup>

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<sup>2</sup> Central Hudson Gas & Electric Corp., et al., 86 FERC ¶ 61,062 (1999) ("January 27, 1999 Order").

<sup>3</sup> Central Hudson Gas & Electric Corporation ("Central Hudson"), Consolidated Edison Company of New York, Inc. ("Con Edison"), LIPA, New York State Electric & Gas Corporation ("NYSEG"), Niagara Mohawk Power Corporation ("Niagara Mohawk"), Orange and Rockland Utilities, Inc.

NYSEG hereby submits this filing to reflect the further adjustments associated with the August 17 Order.

## II. Proposed Changes

The August 17 Order, among other things, requires NYSEG to make certain adjustments to its transmission revenue requirement. With these adjustments, NYSEG's revised transmission revenue requirement, which serves as the starting point for computation of the NYSEG TSC, is \$100,195,643.

The adjustments to the transmission revenue requirement reflect the following adjustments to NYSEG's cost of service required by the August 17 Order: (1) removal of \$5,627,501 in costs from Account No. 565 associated with six (6) contracts pursuant to which NYSEG was the transmission customer;<sup>5</sup> (2) increased revenue credits from \$1.7 million by \$2.9 million to \$4.6 million for non-New York Power Pool off-system sales; and (3) a return on equity of 10.56 percent. The revenue requirement includes certain Account 565 expenses specifically permitted by the Commission in the August 17 Order. In addition, the August 17 Order affirmed the Initial Decision's recommendation regarding the calculation of Gross Receipts Taxes ("GRT") which also affects the NYSEG TSC. Pursuant to the TSC settlement, NYSEG revised the GRT components of the TSC in the accompanying revised tariff sheets.<sup>6</sup> Finally, the August 17 Order changed NYSEG's transmission and scheduling rates for municipal and cooperative customers. The transmission rate went from \$3.97/KWM to \$3.611 RWM, while the scheduling rate went from \$0.06 to \$0.05. These modifications are reflected on Sheet No. 217 attached. The modifications of the GRT required by the August 17 Order appears on Sheet No. 219 attached. All adjustments noted above are subject to further modification depending on the outcome of any orders on rehearing and/or appeals of the August 17 Order.

## III. Effective Date

Pursuant to the terms of the TSC settlement, the tariff sheets would be effective retroactive to the first day of NYISO operations, November 18, 1999. NYSEG will make refunds today, with interest thereon, computed in accordance with 18 C.F.R. Section 35.19(a),<sup>7</sup>

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("O&R"), Power Authority of the State of New York ("NYPA") and Rochester Gas and Electric Corporation ("RG&E").

<sup>5</sup> New York State Electric & Gas Corporation, 92 FERC ¶ 61,169 (2000).

<sup>6</sup> NYSEG shall not include in the ECR component of the TSC congestion rents associated with the six transmission contracts the costs of which were removed from the revenue requirement.

<sup>7</sup> See August 17 Order at 2-3.

Within 15 days after such refunds are made, NYSEG will file a report with the Commission, and upon acceptance and approval of such report, NYSEG's refund obligation will be complete.

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## IV.

Contents of the Filing

In accordance with Section 35.7 of the Commission's Regulations, NYSEG is submitting the following:

- (1) This transmittal letter;
- (2) Substitute tariff sheets (Appendix A);
- (3) A red-lined version of the substitute tariff sheets (Appendix B);
- (4) A form of notice suitable for publication in the Federal Register;
- (5) A computer diskette containing the form of notice; and
- (6) A computer diskette containing the substitute tariff sheets.

## V.

A copy of this filing, together with all enclosures except for the computer diskettes, is being served on each person on the official service list for this proceeding.

Respectfully submitted,

*Stuart A. Caplan / A.S.*  
Stuart A. Caplan  
Margaret Mayora  
Attorneys for New York State  
Electric & Gas Corporation

cc: Official Service List