BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

In the Matter of the Verified Petition of St. Lawrence Gas Company, Inc. to Amend its Certificate of Public Convenience and Necessity under Section 68 of the Public Service Law for the Exercise of Gas Franchises in the Towns of Brasher, Lawrence, and Stockholm in St. Lawrence County, and the Towns of Bangor, Burke, Chateaugay, Malone and Moira and the Villages of Brushton, Burke, Chateaugay and Malone in Franklin County	)	Case 10-G-0295

VERIFIED PETITION OF ST. LAWRENCE GAS COMPANY, INC. TO AMEND CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

Kevin M. Bernstein, Esq.
Bond, Schoeneck & King, PLLC
One Lincoln Center
Syracuse, New York 13202
Tel: (315) 218-8329
Email: kbernstein@bsk.com

Dated: April 5, 2012

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

In the Matter of the Verified Petition of St. Lawrence Gas Company, Inc. to Amend its Certificate of Public Convenience and Necessity under Section 68 of the Public Service Law for the Exercise of Gas Franchises in the Towns of Brasher, Lawrence, and Stockholm in St. Lawrence County, and the Towns of Bangor, Burke, Chateaugay, Malone and Moira and the Villages of Brushton, Burke, Chateaugay and Malone in Franklin County	)	Case 10-G-0295

VERIFIED PETITION OF ST. LAWRENCE GAS COMPANY, INC. TO AMEND CERTIFICATE

To: The State of New York Public Service Commission

St. Lawrence Gas Company, Inc. ("St. Lawrence Gas" or the "Company") by and through its attorneys, Bond, Schoeneck & King, PLLC, hereby petitions the State of New York Public Service Commission ("Commission" or "PSC") to amend its Certificate of Public Convenience and Necessity issued by the Commission on February 17, 2011 under Section 68 of the Public Service Law ("PSL") to exercise the rights and privileges of gas franchises granted by the Towns of Brasher, Lawrence, and Stockholm in St. Lawrence County and the Towns of Bangor, Burke, Chateaugay, Malone and Moira and Villages of Brushton, Burke, Chateaugay, and Malone in Franklin County.

I. COMPANY INFORMATION

1. St. Lawrence Gas is a corporation duly organized and existing under the laws of the State of New York, having its principal office at 33 Stearns Street, Massena, New York 13662-0270.

2. A certified copy of the Company's Certificate of Incorporation, and all amendments thereto, have heretofore been filed with the Commission in Case Numbers 19351 and 22738.

II. PROCEDURAL HISTORY

3. On April 7, 2010, the Company filed an Article VII Application (Case No. 10-T-0154) with the Commission for a 48-mile natural gas transmission line between the Town of Norfolk in St. Lawrence County and the Village of Chateaugay in Franklin County.

4. On June 16, 2010, the Company filed a Verified Petition ("Section 68 Petition") for a Certificate of Public Convenience and Necessity under Section 68 of the PSL for the Exercise of Gas Franchises in numerous municipalities in Franklin and St. Lawrence Counties in connection with the proposed construction of gas plant ("distribution and service lines" or "mains and services"). The approximately 50 miles of distribution lines are proposed to be constructed from the above-referenced gas transmission facility. The gas transmission line and distribution and service lines are collectively referred to as the "Project."

5. After issuance of the Secretary's compliance determination on July 15, 2010, public statement hearings were held on August 24, 2010 and a preliminary conference of the active parties was then held on August 27, 2010. After exploratory discussions among the parties, a Notice of Impending Settlement Negotiations was sent to all parties and duly filed with the Commission on September 15, 2010.

6. After thorough discussion of the issues, the Signatory Parties entered into a Joint Proposal as of December 21, 2010, in which the parties' various positions were addressed through settlement.

7. On February 17, 2011, the Commission issued an Order Granting Certificate of Environmental Compatibility and Public Need ("Certificate") and Authorizing Exercise of New Franchises pursuant to the Company's Article VII Application and Section 68 Petition. In so doing, the Commission adopted the terms of the Joint Proposal, including with regard to economic feasibility, rates and consistency with the Commission's 1989 Policy Statement on gas franchise expansions.[1]

8. The Company subsequently filed an Environmental Management and Construction Plan ("EM&CP") on March 11, 2011 with the Commission and on June 7, 2011, the Commission issued an Order approving the EM&CP.

III. PURPOSE OF PETITION TO AMEND CERTIFICATE

9. The purpose of this Petition is to request that the Commission adopt a revised economic feasibility analysis model prepared by the Company to allow a seven (7) year development period ("Revised Development Period") to increase the temporary surcharge and allow two additional years of temporary surcharge collection and that the initial investment be offset by a Contribution in Aid of Construction ("CIAC") surcharge to be authorized during the Revised Development Period. The revisions are necessary because of increased construction and material costs from that estimated in the original Petition.

A. Increased Construction Cost

10. After going through an extensive Request for Proposal ("RFP") process, the cost for the Project is now significantly more than previously anticipated. Since the Certificate was issued, the Company issued a RFP to potential contractors to perform the work

[1] Case 89-G-078, *Expansion of Gas Service,* Statement of Policy Regarding Rate Treatment to be Afforded to the Expansion of Gas Service into New Franchise Areas (issued December 11, 1989)("1989 Policy")

authorized under the Certificate. The RFP requested a lump sum bid for all labor, supervision, clearing, machinery, tools and materials to complete the installation of the pipeline. On July 1, 2011, the Company opened 8 lump sum bids in response to the RFP. The bids ranged from $23.4 to 31.7 million, compared to the $9.2 million included in the financial model attached to the Article VII and Section 68 applications. Because of these prices, all bids were rejected and the contractors notified that a second RFP would be issued.

11. A revised RFP was issued on August 10, 2011. The goal of the revised RFP was to allow contractors a longer construction window (including clearing during the winter). The revised RFP also separated the project into two (2) phases (sometimes called spreads)[2], requested pricing for each phase and requested unit pricing for materials (e.g., paving restoration, rock excavation). The responses to this revised RFP did not measurably improve the pricing for the entire project and in some cases the prices increased.

12. Based on the prices obtained during the two (2) rounds of RFP and responses, the decision was then made to scale the Project back, at least for now (until additional public funding is available), to just Phase 1, and negotiate with four (4) potential contractors. The Company concluded negotiations in January 2012. As a result of these negotiations, the Company was able to reduce the total price for the construction of Phase 1 to $14.5 million. It is probable that another RFP will be issued for Phase 2 prior to the completion of Phase 1.

13. The Company is currently working with the preferred Contractor on cost estimates for Phase II but has not entered into formal negotiations. It is probable that an RFP will be

[2] Phase 1 includes the section of the pipeline from the Company's existing franchise to the Town of Malone. Phase 2 includes the section from the Town of Malone to the Town of Chateaugay.

issued for Phase II construction prior to the completion of Phase I. Project costs for Phase II included in the financial analysis are based on the preferred Contractor's cost estimates. If actual costs, as a result of formal negotiations with contractors, are projected to be in excess of what is included in the financial analysis, the Company will seek additional public contributions before the commencement of Phase II construction. In this regard, the Company has recently filed an application for a $300,000 grant with the St. Lawrence River Development Agency as part of their Community Development and Environmental Improvement Fund. Other agencies including the North Country Regional Economic Development Council have been identified as a potential source for additional public funding.

B. Gas Supply

14. The Company continues to have access to adequate supplies of natural gas to serve the prospective customers. Gas supply required for the proposed distribution system will be secured through an increase in existing upstream capacity and commodity contracts. The Company currently holds Firm Transportation Service ("Firm Service") contracts on the TransCanada Pipeline System ("TCPL") with a receipt point of Empress Alberta and delivery point at the Niagara Gas Transmission Limited interconnection at Cornwall, Ontario.

C. Market Survey

15. To help determine the economic viability of the proposed expansion project, a sample residential and commercial survey was conducted beginning the week of February 17, 2008. A door-to-door survey was completed for a portion of the expansion area. Potential energy savings at the time contributed to the very positive results.

16. The Company completed a second customer survey beginning on August 6, 2010 and concluding on September 15, 2010. The goal of the second survey was to identify any change in potential customer interest due to the addition of the proposed customer surcharge. The survey results for the 429 residential responses showed that 96% indicated that they would convert to natural gas by year five. Commercial survey responses totaled 48 with 100% indicating that they would convert to natural gas by year five. The extremely positive scores resulting from the 2010 survey clearly indicate that potential customers are very interested in converting to natural gas and that the temporary surcharge would not have any impact on potential conversions. See Exhibit G-2, updated September 2010, filed September 29, 2010.

17. The customer survey completed in 2010 and the potential energy savings at the time contributed to the very positive results. Today, projected residential energy savings remain at similar levels to those calculated in 2010 even with the inclusion of the revised Temporary Surcharge and the inclusion of a proposed Contribution in Aid of Construction surcharge ("CIAC Surcharge"). For example, in 2010, natural gas was approximately 43% less expensive than fuel oil; today natural gas is approximately 41% less expensive. The savings over propane in 2010 were approximately 62%; and today the estimated savings are approximately 54%. See **Exhibit 1**, revised Exhibit G-2, Market Data, Updated March 2012.

18. The survey completed in 2010 asked residents within the expansion area the following question: Even if St. Lawrence Gas must include a temporary surcharge for the first 5 years, would you still be interested in converting your home heating system and/or water heating system to natural gas under the following conditions: Savings of as much as 30%

to 40% over fuel oil, savings of as much as 40% to 60% over propane, and savings of as much as 45% to 65% over electricity. Given the current estimate of savings even including both the revised Temporary Surcharge and the CIAC Surcharge, the Company believes that no additional survey is required and the results of the 2010 survey are indicative of current customer opinion.

19. SLG believes that a majority of the residents and businesses will make the economic decision to convert to natural gas and that the estimated customer additions and associated increased volume of gas incorporated in this filing are reasonable.

D. <u>Potential Customer Attachments</u>

20. It is anticipated that firm gas service will be provided to 2,234 residential, 388 commercial (including 4 New York State Department of Corrections Facilities) and 2 industrial or anchor customers by the end of Project year 7.

21. Customer attachments have been estimated through a physical count of each house and business along the pipeline route and throughout the towns and villages where gas will be distributed. This house count was then used as a basis from which a saturation percentage was applied to calculate annual customer attachments.

22. Volumes for residential and small commercial customers (anchor customers excluded) have been adjusted based on trends of customers in the Company's existing service territory. Annual gas consumption of 92 decatherms ("Dt") per residential customer and 633 Dt per small commercial customer have been incorporated into the feasibility model.

IV. <u>REVISED ECONOMIC FEASIBILITY, CAPITAL COSTS, AND FUNDING</u>

23. In its Section 68 Application, St. Lawrence Gas estimated that its total 5 year plant costs for the transmission line and the associated distribution systems would be $23.5 million,

and would be offset by a $6.3 million allocation from the County of Franklin Industrial Development Agency ("COFIDA").[3] Under the previous model, St. Lawrence Gas would provide $17.2 million towards the project over the five year development period and would fund the investment in a manner consistent with the capital structure of 50% debt, 50% equity as approved in St. Lawrence Gas's latest rate case, Case 08-G-1392.

24. The Company has prepared a revised economic feasibility analysis of the Project, which includes transmission and distribution, based on a 7 year Revised Development Period. The revisions are a result of increased construction and material costs from the amounts originally estimated as part of the Company's Section 68 Petition. See ¶¶ 10 to 13 above. This revised analysis is based on incremental distribution revenue and costs associated with a forecast of residential, commercial and industrial customer additions. See **Exhibit 2**, revised Exhibit G-3, Revenue, Expense and Income, Updated March 2012.

25. The results of the revised financial analysis indicate a shortfall in feasibility without the addition of CIAC Surcharges and a revision to the temporary surcharge ("Temporary Surcharge") approved by the Commission in its February 17, 2011 Order. In addition to the surcharges, the Company is proposing to extend the Development Period from 5 years to 7 years to allow for an average return over the life of the project consistent with the average return included in the original filing and approved by the Commission. The new CIAC Surcharges and the revised Temporary Surcharge will be allocated to all customers within the expansion area.

26. Total 7-year plant costs for the transmission line and the associated distribution systems are now estimated at $41.2 million, and will be offset by the $6.3 million allocation from

[3] This funding offset has precedence in other New York Section 68 cases (Case 04-G-0537 and Case 98-G-1024).

the COFIDA. It is proposed that the initial investment will also be offset by a CIAC Surcharge in the amount of $22.2 million over the Revised Development Period.

27. The Company will provide $34.9 million towards the project over the 7-year Revised Development Period and will fund the investment in a manner consistent with the capital structure of 50% debt, 50% equity as previously proposed and approved by the Commission.

28. The Company will continue to look to attract additional public contributions to offset the potential CIAC surcharges and/or increased costs during the Revised Development Period. If additional contributions are found the Company proposes to offset increased costs and/or the CIAC requirement by an equal amount.

29. The revised temporary surcharge and proposed CIAC Surcharge, assuming they are implemented, will be allocated to all customers within the expansion area. The development of the revised Temporary Surcharge and the various CIAC Surcharges is based on achieving the Company's allowed rate of return over the Revised Development Period while maintaining a minimum of 35% competitive advantage over fuel oil.

30. The 1989 Policy generally establishes, among other things, that if a new franchise proposal is projected to earn the allowed rate of return by the fifth year, all investments and revenues would be afforded normal rate treatment. If the fifth year rate of return is expected to be less than the allowed rate of return, rate determinations during the five-year development period shall include imputations equal to the projected average revenue deficiency during the five-year period and a company may, at its option, impose a surcharge on customers in the new area during the five-year development period. A

company may also receive contributions from municipalities or individual customers to offset the need for such a surcharge.

31. While the 1989 Policy was adopted to normally allow a company five years to achieve the rate of return for the system and maintain that rate, the Commission has recognized that there may be instances where a longer development period, coupled with a CIAC and temporary surcharge, are necessary in order to ensure the success of the expansion and to reduce the burden on existing customers. See 1989 Policy, Case 09-G-0252, Corning Natural Gas Corporation, Petition for a Certificate of Public Convenience and Necessity, Order Granting a Certificate of Public Convenience and Necessity (issued June 19, 2009), pp. 17-18. In Corning, the Commission offered Corning three (3) options to mitigate the sixth-year and beyond risk of long-term under-recovery. Id at pp. 18-19. In connection with its review of Corning's proposed rate structure, the Commission also agreed to depart from the typical five (5) year development period. See Case 09-G-0252, Corning Natural Gas Corporation, Petition for a Certificate of Public Convenience and Necessity, Order Granting Rehearing in Part (issued July 24, 2009), pp. 13-14. Indeed, the 1989 Policy recognized that "[a]lternative standards or measurement of the economic feasibility of new franchise expansions may be considered by the Commission upon adequate showing by utilities."

32. In addition to the public contribution of $6.3 million, the feasibility of the project is also dependent on property tax abatement over the first 14 years of the project. To that end, St. Lawrence Gas has entered into Payment in Lieu of Taxes ("PILOT") agreements from all taxing jurisdictions within the project area.

V. <u>THE BENEFITS OF THE PROJECT WARRANT FAVORABLE CONSIDERATION OF THE PROPOSED REVISED ECONOMIC FEASIBILITY MODEL AND IS IN THE PUBLIC INTEREST</u>

33. The Company is undertaking this Project as a natural extension of its current services throughout northern New York State. As noted in the Company's Article VII and Section 68 Applications, the availability of natural gas service as an energy alternative is considered to be essential to communities, residents and businesses within the Project area. The benefits of natural gas can help attract and retain jobs within the Project area, can help reduce New York State's carbon footprint and can provide meaningful savings in energy costs for the local businesses and residents.

34. This expansion project, even incorporating the Company's alternative economic feasibility model and measurements, is in the public interest for several reasons. The Project has tremendous support both locally and statewide. Natural gas availability in this region has the potential to dramatically improve the local economy. Two very large employers in Northern New York will benefit from the availability of natural gas. Agri-Mark McCadam ("McCadam") is the larger of the two industrial customers located within the expansion area. More than 200 local dairy farms ship their milk to the Chateaugay facility. This represents the milk production from more than 20,000 dairy cows. According to McCadam, studies have shown that the economic impact of the money generated and subsequently spent exceeds $13,000 per cow on an annual basis. Therefore, the plant and associated dairy farms represent more than $260 million in economic activity. <u>See</u> **Exhibit 2**, Schedule G-2A.6 for a recent letter of support from McCadam.

35. Northern Franklin County is part of a larger extensive agricultural economy dominated by dairy farms, which have played a role in the expansion of the region. In Franklin County, for example, natural gas availability is considered pivotal to the survival of McCadam. McCadam has struggled with very high energy costs as they currently use #6 oil for production.

36. St. Lawrence County is the largest dairy producer in the State. Reduced energy costs will also assist the second industrial customer located within the proposed expansion area. The availability of natural gas to North Country Dairy can help them remain competitive and will allow them the potential to grow their business through reduced energy expense. North Country Dairy currently also uses #6 fuel oil for a large portion of their production.

37. The dairy farms throughout St. Lawrence and Franklin County are major employers, and their impact can be seen throughout the local economy in transportation jobs, retail sale, sales tax revenue, and other multipliers.

38. This Project will have a large and positive impact on the community's overall economic viability. The lack of natural gas has hampered Franklin County's ability to attract new companies and businesses to the area, reducing employment opportunities for residents and forcing local residents to move elsewhere to find work. The high cost of energy has made it difficult for existing businesses to expand and has increased the cost of living for local residents. Not only will the existing businesses and residents benefit from this Project, but there will also be multiplier impacts of the construction and customer savings which will bring additional revenue to the counties and state.

39. The Project will have significant positive regional and statewide economic impact. As demonstrated in the information contained in Exhibit 6 to the Article VII Application, the

Project's construction phase and customer savings will result in millions of additional dollars of revenue to the State and Franklin and St. Lawrence Counties. Statewide, the customer savings is estimated to equal $60 million dollars over 20 years, and that savings is expected to generate an additional $32 million statewide (indirect and induced spending). The fiscal impact of the construction activity and customer savings to New York State is expected to equal $1.7 million in additional tax revenue over 20 years. Regionally, the economic impacts (St. Lawrence and Franklin County) will include an additional $10.6 million generated from the expenditure of the customer savings over 20 years. See also original Section 68 Application, Exhibits AA and BB.

VI. ANTICIPATED REVENUES, RATE TREATMENT, AND EXPENSES

40. Distribution revenues for each service classification have been calculated in accordance with St. Lawrence Gas's filed P.S.C. No. 3 Gas Tariff and SLG's latest rate case, Case 08-G-1392. The revised economic feasibility analysis of the Project has been calculated using the incremental net revenue and costs associated with the forecast of residential, commercial and industrial customer additions.

41. An average annual net margin per customer type, has been used to project the total net margin revenue incorporated in the financial analysis. Average net margin per customer type has been multiplied by the projected number of customers in each service classification to arrive at total net margin revenue. A summary of customer additions, customer usage and revenue is presented in an updated Schedule G-3A.4 of Exhibit G-3. See **Exhibit 2** herein.

42. Large volume (or anchor) customer net margin has been calculated individually by applying distribution rates as incorporated in P.S.C. No. 3 Gas Tariff, Service

Classification No's 2 and 3 and SLG's latest rate case, Case 08-G-1392 to projected customer usage.

43. Included in the financial analysis are the incremental expenses associated with the Project including annual depreciation, property taxes, marketing expenses and operating and maintenance ("O&M") expenses.

44. Property taxes are based on the incremental capital investment associated with the transmission line, distribution line and associated equipment. The calculation of property tax expense is reduced through proposed PILOT Agreements, as described above.

45. Net income has been calculated and is presented as part of the financial analysis of the total project.

46. As provided for in the approved Joint Proposal, the method of determining whether there is Excess Revenue at the end of the Revised Development Period will remain. Therefore, any Excess Revenue will be refunded to each service class in proportion to the actual surcharge revenues collected from such service class over the Revised Development Period.

VII. <u>POTENTIAL ENVIRONMENTAL IMPACTS</u>

47. The potential environmental impacts associated with St. Lawrence Gas Company's Petition to Amend the Certificate issued by the Commission on February 17, 2011 are non-existent. In connection with its underlying review of the proposed gas distribution system, the Commission issued a Negative Declaration under the State Environmental Quality Review Act ("SEQRA") on September 16, 2010. There are no environmental impacts associated with this Petition to Amend and therefore this request constitutes a Type II Action under the SEQRA and no further action in this regard is required by the

Commission. Should the Commission believe that this request should be considered an unlisted action, a draft Short Environmental Assessment Form is included with this Petition as **Exhibit 3.**

VIII. TIMING

48. The Company is proposing to begin construction of Phase I of the Project as soon as possible to allow for natural gas availability to Anchor customers located within the Phase I area by November 2012. Phase II construction would commence with clearing during the winter of 2012-2013 and construction of the pipeline sometime in late spring of 2013.

WHEREFORE, for the reasons set forth herein, St. Lawrence Gas respectfully requests that the Certificate granted by the Commission on February 17, 2011 be amended to authorize the revised economic feasibility model, including the imposition of a temporary surcharge and CIAC during a seven (7) year development period, and to grant St. Lawrence Gas such other and further relief as the Commission deems just and proper.

Respectfully submitted,

BOND, SCHOENECK & KING, PLLC

By: Kevin Bernstein

Kevin M Bernstein, Esq.
Attorneys for Petitioner
St. Lawrence Gas Company, Inc.
One Lincoln Center
Syracuse, New York 13202
Telephone: 315-218-8000

Date: April 5, 2012

VERIFICATION

STATE OF NEW YORK)
COUNTY OF ST. LAWRENCE) ss:

Bernard J. Carvel, being duly sworn, deposes and says that he is the Manager Construction, Special Projects of the Petitioner St. Lawrence Gas Company, Inc.; that he has read the attached Verified Petition to Amend Certificate of Public Convenience and Necessity and knows the contents thereof; that the same is true to his own knowledge except as to those matters alleged to be on information and belief and as to those matters he believes them to be true.

St. Lawrence Gas Company, Inc.

Bernard J. Carvel

Sworn to before me this
4th day of April, 2012.

Sharon A. Gaines
Notary Public

SHARON A. GAINES
A Notary Public of New York
County of St. Lawrence
My Commission Expires 8/23/2013

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

In the Matter of the Verified Petition	)	
of St. Lawrence Gas Company, Inc. to	)	Case 10-G-0295
Amend its Certificate of Public Convenience	)	
and Necessity under Section 68 of the Public	)	
Service Law for the Exercise of Gas Franchises	)	
in the Towns of Brasher, Lawrence, and	)	
Stockholm in St. Lawrence County, and the	)	
Towns of Bangor, Burke, Chateaugay, Malone	)	
and Moira and the Villages of Brushton, Burke,	)	
Chateaugay and Malone in Franklin County	)	

EXHIBIT 1

UPDATED EXHIBIT G-2
WITH SCHEDULES

MARKET DATA

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

In the Matter of the Verified Petition of St. Lawrence Gas Company, Inc. to Amend its Certificate of Public Convenience and Necessity under Section 68 of the Public Service Law for the Exercise of Gas Franchises in the Towns of Brasher, Lawrence, and Stockholm in St. Lawrence County, and the Towns of Bangor, Burke, Chateaugay, Malone and Moira and the Villages of Brushton, Burke, Chateaugay and Malone in Franklin County	))))))))))	Case 10-G-0295

St. Lawrence Gas Company, Inc.
Norfolk to Chateaugay Gas Transmission Line Project

Exhibit G-2 (Updated March 2012)

Market Data

Exhibit G-2 Market Data

This section addresses the requirements of 16 NYCRR § 87.2.

G-2.1 Increased Volume of Gas

SLG is estimating an increased volume of gas based on the annual volumes described in more detail in Exhibit G-1; section G-1.2 for both transmission and distribution. The total annual volume has been estimated by multiplying average usage per customer type by total projected customer attachments. Customer attachments have been estimated through a physical count of each house and business along the pipeline route and throughout the towns and villages where gas will be distributed. This house count was then used as a basis from which a saturation percentage was applied to calculate annual customer attachments.

SLG analyzed several different saturation rates to determine an appropriate and conservative rate to be used in the projection of customer attachments (see Table G-2.1).

Table G-2.1 Five Year Saturation Rate Analysis

Type	EGD	Gouverneur	Staff	Survey	Avg.	Model*
Residential	62%	51%	50%	79%	61%	57%
Commercial	61%	89%	50%	81%	70%	69%

**Based on Project Year (6 years of construction)*

SLG's parent, Enbridge Gas Distribution ("EGD"), has used a 62% saturation rate by year five for residential attachments and 61% for commercial attachments. These rates have been developed by EGD for use in certain expansion projects throughout its distribution system. Actual saturation rates within the Village of Gouverneur, which represents the last significant expansion area within the St. Lawrence Gas distribution system were calculated in 2002 (6th year) at 51% for residential customers and 89.6% for commercial customers. Staff has used a 50% saturation or turnover rate in recent cases (Case 96-G-0403 and Case 04-G-0576) and the results from the sample customer survey show very favorable indications above 93% by year five, as shown in Schedules G-2A.3 and G-2A.4.

G-2.2 Estimate of Volumes of Gas Delivered to Markets Prior to Pipeline

Since there is not currently any natural gas available in the proposed expansion area this section is not applicable.

G-2.3 Total Annual Peak Day Gas Requirements by Service Classification

Total peak day requirements by service classification are presented in Schedule G-2A.2. Peak day data is presented for year 5 and year 15 of the project. SLG does not have the ability to record daily residential and commercial consumption data and has therefore calculated peak day requirements using data provided by Enbridge Gas Distribution ("EGD"). EGD has supplied peak day factors for Brockville, Ontario which have been used by SLG to estimate peak day usage for residential and commercial customers in the expansion area.

The city of Brockville was used as a proxy for SLG's service area based on its location. Brockville is approximately 20 miles to the east of Ogdensburg, NY which is located on the western end of SLG's distribution system.

The two industrial customers in the expansion area have provided oil consumption history. SLG has used this customer data to extrapolate peak day natural gas usage.

G-2.4 Total Past and Expected Future Curtailment

The expansion project has no interruptible customers included in the financial model and therefore the model includes no curtailment.

G-2.5 Basic Factors Used in Estimated Requirements

Volumetric requirements for residential and small commercial customers have been estimated based on trends of customers in SLG's existing service territory and the average consumption rates used in SLG's latest rate case, Case 08-G-1392.

G-2.6 Peak Day and Annual Deficiencies

Total peak day deficiencies are based on 82 heating degree days and are based on data provided by EGD as described in section G-2.3. Total annual degree days of 8,006 are based on SLG's 2010 budget.

A more detailed calculation of peak day deficiencies and factors is provided in Schedule G-2A.5

G-2.7 Market Survey

To help determine the economic viability of the proposed expansion project, a sample residential and commercial survey was conducted beginning the week of

February 17, 2008. Notification of the survey was made through the local newspapers and on local radio stations. SLG also held three public meetings to provide information on the survey and the proposed expansion project. On February 21, 2008 a public meeting was held at the Malone Town Office, on February 23, 2008 SLG attended the Tri-Town Winter Carnival and on February 26, 2008 a public meeting was held at the Chateaugay Town Hall.

A door to door survey was completed for a portion of the expansion area. Company employees went door to door to gather information from the residents and businesses or left surveys to be returned. Included in the survey package were the following:

- Covering letter providing an explanation of the survey
- A "Why Natural Gas" information sheet
- A survey form
- An energy savings calculator; and
- A self addressed postage paid envelope

Respondents of the survey identified their current type of heating system. Approximately 91% of the residents who responded to the survey use fuel oil as their energy source, 7% use propane and 2% use electricity. The commercial results were 83% fuel oil, 17% propane and 0% electricity.

SLG completed a second customer survey beginning on August 6, 2010 and concluding on September 15, 2010. The goal of the second survey was to identify any change in potential customer interest due to the addition of the proposed customer surcharge.

The 2010 survey used several different methods to reach out to potential customers including direct mail, SLG web site, public information sessions and personal contact.

A total of 494 responses, representing 494 potential gas customers, were received as part of the 2010 survey. Of this total, 446 represented residential customers and 48 represented commercial or industrial customers.

Each response was reviewed. If the response included information from a landlord for multiple addresses each address was counted as a separate response. If a response did not have an address or if the response could not be identified as positive or negative it was excluded from the results. There were 17 responses excluded due to lack of information.

There were 32 residential responses that were identified as being outside the proposed service area. These responses were counted in the survey results due to the potential for future expansions. Table G.2-2 summarizes the survey responses.

Table G.2-2 Survey Responses Received – 2010 Survey

	Total Received	Insufficient Information	Responses Counted In Survey
Residential	446	17	429
Commercial	48	0	48
Total	494	17	457

The survey results for the 429 residential responses show that 96% indicated that they would convert to natural gas by year five.

For additional analysis the residential responses were separated into two categories. The first category represents responses that were identified as single meter responses. The second category is for multiple meter responses. One response received was for an apartment complex with 127 units that currently uses propane. It is expected that there will be multiple meters at this location.

Table G.2-3 Survey Responses – Multiple versus Single Meters – 2010 survey

Responses	Responses Counted	Conversion by Year 5 (%)
Single Meter	269	93%
Multiple Meter	160	100%
Total	429	96%

To be conservative the final survey results and confidence calculations are based on single meter responses. The results produce a tight confidence interval of +/- 2.94% (at a 95% confidence level) with regard to respondents who indicated they would convert to natural gas by year 5. The confidence calculation is based on a total potential customer count of 3,937 and total responses of 269 with 93% of those responses indicating that they would convert to natural gas by year 5. Confidence level calculations may be verified at: http://www.metrixmatrix.com/calc/confidence.html

Commercial survey responses totaled 48 with 100% indicating that they would convert to natural gas by year five. Several business owners were personally contacted along with the corporate office of one of the major retail store located in Malone. The commercial confidence calculation is based on a total potential customer count of 550 and total responses of 48 with 100% of those responses indicating that they would convert to natural gas by year 5.

Commercial survey results also produce a tight confidence interval of approximately +/-3.00% (at a 95% confidence level) with regard to respondents who indicated they would convert. St. Lawrence Gas has conservatively estimated the confidence interval at +/- 3.00% due to the 100% positive response rate. The confidence calculator does not allow calculations using a 100% response rate.

To confirm the accuracy of both residential and commercial confidence levels St. Lawrence Gas has consulted with Metrix Matrix Inc., a well regarded company that conducts SLG's annual customer Satisfaction Survey. Metrix Matrix is the reporter of record for over fifteen utilities to their respective Public Utilities Commissions.

The extremely positive scores resulting from the 2010 survey clearly indicate that potential customers are very interested in converting to natural gas and that the temporary surcharge does not have any impact on potential conversions.

The 2010 survey results are summarized in Schedules G-2A.1 and G-2A.2.

The customer survey completed in 2010 and the potential energy savings at the time contributed to the very positive results. Today, projected residential energy savings remain at similar levels to those calculated in 2010 even with the inclusion of the revised Temporary Surcharge and the inclusion of a proposed Contribution in Aid of Construction surcharge ("CIAC Surcharge"). For example, in 2010 natural gas was approximately 43% less expensive than fuel oil; today natural gas is approximately 41% less expensive. The savings over propane in 2010 were approximately 62%; and today the estimated savings are approximately 54% (see Schedule G2A.1).

The survey completed in 2010 asked residents within the expansion are the following question "Even if St. Lawrence Gas must include a temporary surcharge for the first 5 years, would you still be interested in converting your home heating system and/or water heating system to natural gas under the following conditions: Savings of as much as 30% to 40% over fuel oil, savings of as much as 40% to 60% over propane, and savings of as much as 45% to 65% over electricity. Given the current estimate of savings including both the revised Temporary Surcharge and the inclusion of the CIAC Surcharge the Company believes that no additional survey is required and the results of the 2010 survey are indicative of current customer opinion.

SLG believes that a majority of the residents and businesses will make the economic decision to convert to natural gas and that the estimated customer additions and associated increased volume of gas incorporated in this filing are reasonable.

A comparison of residential fuel costs is presented in Schedule G-2A.1.

In addition to the customer surveys, SLG has initiated numerous contacts with public officials, business owners, industrial customers and residents within the expansion area. People contacted were extremely positive and all agree that natural gas availability can create energy savings and economic benefits to the area. Numerous letters of support were provided with SLG's filing on September 29, 2010 and included at that time as Schedule G-2A.7. A more recent letter from McCadam's owner, Agri-Mark, is attached under Schedule G-2A.6.

G-2.8 Franchise Rights

SLG secured all necessary franchises to serve the expansion area in 2000 and 2001 except for the Town of Burke which was secured on April 13, 2010.

St. Lawrence Gas Company, Inc.
Amended Section 68 - April 3, 2012
Exhibit G-2 Total Gas Supply

Exhibit G-2
Schedule G-2A.1

Residential Energy Cost Comparison

Energy Source	Annual Consumption	Unit of Measure	Unit Cost	Annual Cost	Savings by Conversion to Natural Gas	% Savings	Savings by Conversion to Natural Gas with Surcharges	% Savings with Surcharges
Fuel Oil*	806	gallons	$ 4.085	$ 3,293.00	$ 1,774.00	54%	$ 1,344.00	41%
Propane**	1217	gallons	$ 3.495	$ 4,253.00	$ 2,734.00	64%	$ 2,304.00	54%
Natural Gas***	1120	therms	$ 1.356	$ 1,519.00	$ -	-	$ -	-
Natural gas with Surcharge****	1120	therms	$ 1.740	$ 1,949.00	$ -	-	$ -	-

* Source: NYSERDA "New York Home Heating Oil Price Monitoring Program" - March 10, 2012
** Source: NYSERDA, "New York Home Propane Price Monitoring Program" - March 10, 2012
*** Average Company residential rate for March 2012
**** Surcharge includes $0.104/therm Temporary Surcharge plus $0.280/therm CIAC Surcharge

St. Lawrence Gas Company, Inc.
Amended Section 68 - April 3, 2012
Exhibit G-2 Total Gas Supply

Exhibit G-2
Schedule G-2A.2

Section A

1) Increased Volume of Gas

Annual Volumes (Therms)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
SC#1 Residential	39,555	641,860	1,225,782	1,636,775	2,044,316	2,426,803	2,514,369	2,596,569
SC#2 Small General Firm Service	3,350,916	4,255,444	4,892,459	5,369,186	5,682,181	5,940,621	6,072,956	6,161,080
SC#3 Large General Firm Service	1,221,796	2,602,568	2,602,568	2,602,568	2,602,568	2,602,568	2,602,568	2,602,568
SC#4 Interruptible	-	-	-	-	-	-	-	-
	4,612,267	7,499,872	8,720,809	9,608,529	10,329,065	10,969,992	11,189,893	11,360,217

2)

Volume of gas delivered to market 3 years prior to proposed Operation of pipleine	2008	2009	2010
SC#1 Residential	0	0	0
SC#2 Small General Firm Service	0	0	0
SC#3 Large General Firm Service	0	0	0
SC#4 Interruptible	0	0	0
	0	0	0

3)

Total Annual Peak Day by Service Classification	Year 5 Mcf	Year 15 Mcf
SC#1 Residential	2,462	3,005
SC#2 Small General Firm Service	4,774	5,745
SC#3 Large General Firm Service	1,370	1,370
SC#4 Interruptible	-	-
	8,605	10,120

4)

Total Past and Expected Curtailment	Mcf
SC#4 Interruptible	N/A

5) **Total Basic Factors Used in Estimated Future Requirements**

Residential	Based on average annual usage of the Company's existing system - 1,150 therms
Commercial	Based on average annual usage of the Company's existing system - 6,190 therms
Industrial Firm	Based on individual customer historic oil usage converted to therms

5i) **Peak Day and Annual Degree Day Deficiencies**

Peak Day	Based on the Company's existing system - 82 DDD
Annual	Based on the Company's existing system - 8,006 DDD (2010 Budget)

5ii) **Peak Day and Annual Consumption Factors**

Peak Day	Based on the Company's existing system - 82 DDD
Annual	Based on the Company's existing system - 8,006 DDD (2010 Budget)

b) **Market Survey**

A sample market survey was conducted beginning Augst 6, 2010 and ending on September 15, 2010. The results of the survey are shown in the table below.

Residential Survey	Owner	Tenant	Not Interested	Will use gas First year	Will use gas by year 3	Will use gas by year 5	Will use gas by year 10
Brasher Residential	18	0	0	15	2	1	0
Brushton Residential	19	1	2	10	4	3	1
Burke Residential	14	0	1	8	3	1	1
Chateaugay Residential	26	0	3	18	3	2	0
Malone Residential	150	11	7	103	39	9	3
Moira Residential	5	0	0	5	0	0	0
North Bangor Residential	16	0	0	14	2	0	0
North Lawrence Residential	5	0	0	4	1	0	0
Winthrop Residential	4	0	0	3	1	0	0
Residential Totals	257	12	13	180	55	16	5
							269

Total Respondents	269		
Will use gas in year 1	67%		
Will use gas by year 3	20%		
Will use gas by year 5	6%		
Will use gas by year 10	2%	Total 5 year	93%
Not Interested	5%	Total 10 year	95%
	100%		

Commercial Survey

	Owner	Tenant	Not Interested	Will use gas First year	Will use gas by year 3	Will use gas by year 5	Will use gas by year 10
Malone Commercial	37	2	0	36	2	1	0
Brasher Commercial	1	0	0	1	0	0	0
Burke Commercial	1	0	0	1	0	0	0
Brushton Commercial	1	0	0	1	0	0	0
Chateaugay Commercial	1	0	0	1	0	0	0
North Bangor	2	0	0	2	0	0	0
N. Lawrence Commercial	1	0	0	1	0	0	0
Winthrop Commercial	2	0	0	2	0	0	0
Commercial Totals	46	2	0	45	2	1	0
							48

Total Respondents	48		
Will use gas in year 1	94%		
Will use gas by year 3	4%		
Will use gas by year 5	2%		
Will use gas by year 10	0%	5 year	100%
Not Interested	0%	10 year	100%
	100%		

St. Lawrence Gas Company, Inc.
Amended Section 68 - April 3, 2012
Exhibit G-2 Total Gas Supply

Exhibit G-2
Schedule G-2A.5

Peak day estimate for Franklin County
Based on Brockville Area (Enbridge Gas Distribution)

1 m3 = 35.3146 Cf
1 m3 = .353146 Ccf
1 m3 = .0353146 Mcf

		m3	Ccf	Mcf	Year 5 Number of Customers	Ccf Total Peak Hr.	Mcf Total Peak Hour	Ccf Total Peak Day	Mcf Total Peak Day
Residential Peak/hr		1.3	0.4591	0.0459	2,234	1,026	103	24,615	2,462
Commercial Peak/hr		9.0273	3.1880	0.3188	382	1,218	122	29,228	2,923
Anchor Commercial Customers					6	771	77	18,510	1,851
					2,622	3,015	301	72,353	7,235
Industrial	McCadam						31		750
	North Lawrence						26		620
							57		1,370
Total							359		8,605

1 m3 = .0353146 Mcf

		m3	Ccf	Mcf	Year 15 Number of Customers	Ccf Total Peak Hr.	Mcf Total Peak Hour	Ccf Total Peak Day	Mcf Total Peak Day
Residential Peak/hr		1.3	0.4591	0.0459	2,727	1,252	125	30,047	3,005
Commercial Peak/hr		9.0273	3.1880	0.3188	509	1,623	162	38,945	3,894
Anchor Commercial Customers					6	771	77	18,510	1,851
					3,242	3,646	365	87,502	8,750
Industrial	McCadam						31		750
	North Lawrence						26		620
							422		1,370
Total							786		10,120

EXHIBIT G-2

SCHEDULE G-2A.6

LETTER OF SUPPORT

Agri·Mark®
Serving Farm Families Since 1980

Mailing Address: P.O. Box 5800
Lawrence, MA 01842
978-689-4442

March 14, 2012

James P. Ward
Enbridge St. Lawrence Gas
P.O. Box 270
Massena, NY 13662

Dear Mr. Ward,

Dairy farming and dairy product manufacturing are huge economic engines for the state of New York. Dairy is the leading agricultural industry in the state and places New York as the third largest producer of milk in the country. The Agri-Mark cheese plant in Chateaugay receives milk from more than 200 farms that milk more than 20,000 dairy cows in total. From the farm to the plant, and the services in-between (including hauling, feed, equipment, veterinary services, etc.), the impact of money generated and spent per cow exceeds $13,000 annually. This represents an impact of over $260 million of economic activity.

The impact on the rural economy and within rural communities is particularly significant. At the farm level, $2.50 of local economic activity is generated by every $1 spent by a dairy farm. Every job created on a dairy farm creates an additional 1.24 jobs in the community. At dairy processing plants, every $1 of product sold generates an additional $1.26 to the community. Every job created in a dairy processing plant supports an additional 4.72 jobs—the highest job multiplier in the state. The Chateaugay plant employs 100 people, which therefore supports another 472 jobs.

Although there are over 115 dairy processing plants in New York, there are only 6 located in the North Country. Rising fuel costs make it increasingly important for there to be nearby plants where milk can be efficiently shipped from the farms in the region. Longer distances traveled to move milk translates not only into higher costs for farms and dairy companies, but also into increased emissions and a larger carbon footprint.

As a cooperative, the farmer members of Agri-Mark own the company. Not only does the Chateaugay plant provide an important service as one of the few processing plants in the region, 100% of the profits that the plant generates from its award-winning McCadam and Cabot products go back into the hands of local farmers. Energy costs are a significant portion of the costs of processing milk and manufacturing cheese. The availability of natural gas as a likely lower cost energy choice for the plant is crucial for the current and future operations of that facility. It clearly would help maintain the competitiveness and profitability of the Chateaugay plant which in turn, supports the farmers, the employees, and the region as a whole.

Sincerely,

Robert D. Wellington
Senior V.P. of Economics,
Communications & Legislative Affairs

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

In the Matter of the Verified Petition	)	
of St. Lawrence Gas Company, Inc. to	)	Case 10-G-0295
Amend its Certificate of Public Convenience	)	
and Necessity under Section 68 of the Public	)	
Service Law for the Exercise of Gas Franchises	)	
in the Towns of Brasher, Lawrence, and	)	
Stockholm in St. Lawrence County, and the	)	
Towns of Bangor, Burke, Chateaugay, Malone	)	
and Moira and the Villages of Brushton, Burke,	)	
Chateaugay and Malone in Franklin County	)	

EXHIBIT 2

UPDATED EXHIBIT G-3
WITH SCHEDULES

REVENUE, EXPENSE & INCOME

**BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION**

In the Matter of the Verified Petition of St. Lawrence Gas Company, Inc. to Amend its Certificate of Public Convenience and Necessity under Section 68 of the Public Service Law for the Exercise of Gas Franchises in the Towns of Brasher, Lawrence, and Stockholm in St. Lawrence County, and the Towns of Bangor, Burke, Chateaugay, Malone and Moira and the Villages of Brushton, Burke, Chateaugay and Malone in Franklin County	)	Case 10-G-0295

St. Lawrence Gas Company, Inc.
Norfolk to Chateaugay Gas Transmission Line Project

Exhibit G-3 (Updated March 2012)

Revenue, Expense & Income

G-3.1 Revenue, Expense and Income

G-3.1.1 Financial Analysis

The Company has prepared a revised economic feasibility analysis of the project, which includes transmission and distribution, based on a 7 year development period ("Revised Development Period"). The revisions are a result of increased construction and material costs from the amounts originally estimated as part of the Company's Application for a Certificate of Public Convenience and Necessity under Section 68 of the Public Service Law for the Exercise of Gas Franchises - Case 10-G-0295 ("Section 68"). This revised analysis is based on incremental distribution revenue and costs associated with a forecast of residential, commercial and industrial customer additions.

Attached as Schedule G-3A.2 is a detailed calculation of the project's economic feasibility showing net revenues, annual expenses and rates of return. The analysis extends to an 8 year period in order to capture the impact a proposed Contribution in aid of Construction Surcharge ("CIAC Surcharge") and a revised Temporary Surcharge. The economic feasibility of the project is aided by the postponement of property tax by means of Payment in Lieu of Tax Agreements, as described in Section G-3.1.3 below.

As part of its financial analysis the Company calculated the financial impact of maintaining a 5 year development period, increasing the CIAC Surcharge to recover a capital offset required to reduce capital costs to the same level previously approved by the Commission, and keeping the Temporary Surcharge at $0.0666 per therm (See Exhibit G-3A.2A). While the Company was able to reduce the capital to the same level previously approved through an increase in the CIAC Surcharge, it was not able to achieve its allowed rate of return by the 5th year of development. It was also unable to achieve its allowed rate of return by the 6th year. The Company was also unable to achieve the average rate of return over the development period as approved by the Commission. For these reasons the Company is proposing alternative measurements of economic feasibility.

Total 7 year plant costs for the transmission line and the associated distribution systems are estimated at $41.2 million, and will be offset by a $6.3 million allocation from the County of Franklin Industrial Development Agency ("COFIDA"). It is proposed that the initial investment will also be offset by a CIAC Surcharge in the amount of $22.2 million over the Revised Development Period.

The Company will provide $34.9 million towards the project over the 7 year development period and will fund the investment in a manner consistent with the capital structure of 50% debt, 50% equity as approved in the Company's latest rate case, Case 08-G-1392.

The Company's investment is conditional upon final St. Lawrence Gas Company, Inc. Board of Directors approval.

G-3.1.2 Surcharge Calculations and Revenue

The results of the revised financial analysis indicate a shortfall in feasibility without the addition of a CIAC surcharge and a revision to the Temporary Surcharge. In addition to the surcharges the Company is proposing to extend the Development Period from 5 years to 7 years to allow for an average return over the life of the project consistent with the average return included in the original filing and Joint Proposal.

The Company will look to attract additional public contributions to offset the potential CIAC surcharges and/or increased costs during the Development Period. If additional contributions are found the Company proposes to offset increased costs and/or the CIAC requirement by an equal amount.

For presentation in this Amended Section 68 filing the financial model summarized in Schedule G-3A.2 includes a revised temporary surcharge and a CIAC surcharge in years 1 through 7. The Company believes that the conservative approach taken in its customer conversion analysis fully reflects any affect of the imposition both the revised temporary customer surcharge and the proposed CIAC surcharges. In this regard, the Company notes the current stability in price of natural gas and its significant economic advantage over fuel oil, electricity and propane. See Schedule G-2A.1 for a comparison of fuel rates.

The revised temporary surcharge, assuming it is implemented, will be allocated to all customers within the expansion area. The average surcharge rate has been applied to all sales volume each year for the first seven years to calculate annual surcharge revenue, See Table G-3.1 below:

Table G-3.1 Surcharge Revenue

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Annual Therms	4,612,267	7,499,872	8,720,809	9,608,529	10,329,065	10,969,992	11,189,893
Surcharge per therm	$0.104	$0.104	$0.104	$0.104	$0.104	$0.104	$0.104
Surcharge Revenue	$479,676	$779,987	$906,964	$999,287	$1,074,223	$1,140,879	$1,163,749

The proposed CIAC surcharge, assuming it is implemented, will be allocated to all customers within the expansion area. See Tables G-3.2.1 through G-3.2.3 below:

Table G-3.2.1 CIAC Surcharge Revenue – Residential Customers

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Annual Therms	39,555	641,860	1,225,782	1,636,775	2,044,316	2,426,803	2,514,369
Surcharge per therm	$0.280	$0.280	$0.280	$0.280	$0.280	$0.280	$0.280
Surcharge Revenue	$11,075	$179,721	$343,219	$458,297	$572,408	$679,505	$704,023

Table G-3.2.2 CIAC Surcharge Revenue – Commercial Customers

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Annual Therms	3,350,916	4,255,444	4,892,459	5,369,186	5,682,181	5,940,621	6,072,956
Surcharge per therm	$0.400	$0.400	$0.400	$0.400	$0.400	$0.400	$0.400
Surcharge Revenue	$1,340,366	$1,702,178	$1,956,984	$2,147,674	$2,272,872	$2,376,248	$2,429,182

Table G-3.2.3 CIAC Surcharge Revenue – Industrial Customers

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Annual Therms	1,221,796	2,602,568	2,602,568	2,602,568	2,602,568	2,602,568	2,602,568
Surcharge per therm	$0.300	$0.300	$0.300	$0.300	$0.300	$0.300	$0.300
Surcharge Revenue	$366,539	$780,770	$780,770	$780,770	$780,770	$780,770	$780,770

The development of the revised temporary surcharge and the various CIAC surcharges is based on achieving the Company's allowed rate of return over the development period while maintaining a minimum of 35% savings over fuel oil for an average customer profile using current average energy rates.

G-3.2.1 Revenues

Distribution revenues for each service classification have been calculated in accordance with the Company's filed P.S.C. No. 3 Gas Tariff and the Company's latest rate case, Case 08-G-1392. The economic feasibility analysis of the project has been calculated using the incremental net revenue and costs associated with the forecast of residential, commercial and industrial customer additions.

An average annual net margin per customer type, excluding the anchor customers, has been used to project the total net margin revenue incorporated in the financial analysis. Average net margin per customer type has been multiplied by the projected number of customers in each service classification to arrive at total net margin revenue. A summary of customer additions, customer usage and revenue is presented in Schedule G-3A.4

Large volume customer net margin has been calculated individually by applying distribution rates as incorporated in P.S.C. No. 3 Gas Tariff, Service Classification No's 2 and 3 to projected customer usage. The net margin and usage for each large volume customer is presented below:

Table G-3.4

Description	**Service Classification**	**Volume (Therms)**	**Net Margin**
Customer #1	SC#2	147,287	$16,343
Customer #2	SC#2	117,454	$14,958
Customer #3	SC#2	1,069,220	$70,707
Customer #4	SC#2	996,400	$65,820
Customer #5	SC#2	38,960	$8,043
Customer #6	SC#3	992,891	$40,623
Customer #7	SC#2	895,770	$61,485
Customer #8	SC#3	1,609,678	$50,215

G-3.3.1 Expense

The Company, as described in section G-3.1.1, has completed a financial analysis of the total project. Included in this analysis are the incremental expenses associated with the project including annual depreciation, property taxes, marketing expenses and operating and maintenance ("O&M") expenses.

G-3.4.1 Income

Net income has been calculated and is presented as part of the financial analysis of the total project in Schedule G-3A.2.

St. Lawrence Gas Company, Inc.
Amended Section 68 - April 3, 2012
Exhibit G-3 Revenue, Expense & Income

G-3
G-3A.1

System wide statement for last year preceeding the filing

ST. LAWRENCE GAS COMPANY, INC.
Unaudited Income Statement
2011

Revenue	$	38,398,806.48
Other Operating Revenue	$	1,911,740.13
	$	40,310,546.61
Gas Costs	$	25,892,989.07
O&M Expenses	$	8,231,208.98
Depreciation	$	1,079,095.57
Other Operating Taxes	$	2,215,623.95
Other Interest, Amortization & Expense	$	661,210.49
	$	38,080,128.06
Income Before Taxes	$	2,230,418.55
State and Federal Income Taxes	$	934,669.97
Net Income	$	1,295,748.58

St. Lawrence Gas Company, Inc.

Exhibit G-3 Revenue, Expense & Income

Exhibit G-3
Schedule G-3A.2

Pro forma incremental statement for each of the first eight full years of operation of the proposed facility.

	2012-13 Year 1	2013-14 Year 2	2014-15 Year 3	2015-16 Year 4	2016-17 Year 5	2017-18 Year 6	2018-19 Year 7	2019-20 Year 8
Revenue	318,226	870,280	1,306,380	1,630,739	1,911,511	2,168,124	2,250,985	2,320,315
Surcharge Revenue	479,675	779,987	906,964	999,289	1,074,224	1,140,878	1,163,749	-
Total Revenue	$ 797,901	$ 1,650,266	$ 2,213,344	$ 2,630,027	$ 2,985,734	$ 3,309,002	$ 3,414,734	$ 2,320,315
Expenses								
Property Taxes	0	0	0	0	21,948	107,234	212,972	331,094
Operation & Maintenance	44,251	83,916	117,950	148,788	178,368	183,264	183,264	183,264
Marketing/Advertising/Rent	86,983	86,149	86,150	26,858	15,000	15,000	15,000	15,000
Depreciation	335,966	503,701	517,299	476,348	424,574	362,787	289,796	262,006
Total Expenses	$ 467,200	$ 673,766	$ 721,399	$ 651,994	$ 639,890	$ 668,285	$ 701,032	$ 791,364
Net Income Before Tax	$ 330,701	$ 976,500	$ 1,491,945	$ 1,978,033	$ 2,345,844	$ 2,640,717	$ 2,713,702	$ 1,528,951
State Income Tax	$ 5,302	$ 42,742	$ 78,823	$ 115,241	$ 143,623	$ 167,193	$ 175,475	$ 92,966
Federal Income Tax	$ 23,588	$ 190,148	$ 350,665	$ 512,678	$ 638,941	$ 743,795	$ 780,641	$ 413,579
Net Income after Tax for ROR	$ 301,811	$ 743,610	$ 1,062,457	$ 1,350,114	$ 1,563,280	$ 1,729,729	$ 1,757,586	$ 1,022,406
Interest Expense (Net of AFUDC))	273,239	366,635	378,986	352,581	320,972	283,358	238,899	218,835
State & Federal Inc Tax - Other	(6,661)	3,043	1,071	903	777	979	1,286	287
Net Income Per Books	$ 35,233	$ 373,932	$ 682,400	$ 996,630	$ 1,241,531	$ 1,445,392	$ 1,517,401	$ 803,284
Return on Average Investment	1.77%	2.98%	4.17%	5.71%	7.26%	9.08%	10.88%	6.98%
Return on Equity	0.54%	2.79%	5.34%	8.42%	11.52%	15.16%	18.76%	10.96%
Property, Plant and Equipment								
Beginning Plant	24,127,100	18,596,065	29,155,322	31,360,056	32,490,700	33,524,929	34,272,408	34,575,583
Additions	468,965	10,559,257	2,204,734	1,130,644	1,034,229	747,479	303,175	294,843
CIAC - Third Parties	(6,000,000)	0	0	0	0	0	0	0
CIAC Surcharge Revenue	(1,717,981)	(4,380,650)	(7,461,623)	(10,848,365)	(14,474,416)	(18,310,940)	(22,224,916)	(22,224,916)
Depreciation	335,966	839,667	1,356,966	1,833,314	2,257,888	2,620,675	2,910,471	3,172,477
Ending PP&E	16,542,118	23,935,005	22,541,467	19,809,021	16,792,625	13,340,793	9,440,196	9,473,033
Average PP&E	16,699,667	23,967,861	23,732,721	21,207,410	18,253,202	14,867,388	11,009,414	9,567,606
Accum. Def. Income Taxes								
Beginning Balance	0	317,409	927,844	1,571,569	2,302,733	3,129,416	4,042,419	4,993,468
Additions	317,409	610,435	643,725	731,164	826,683	913,003	951,049	(549,715)
Ending Balance	317,409	927,844	1,571,569	2,302,733	3,129,416	4,042,419	4,993,468	4,443,754
Average Accum. Def. Income Taxes	197,769	719,698	1,387,820	2,088,070	2,882,754	3,769,422	4,706,733	4,716,957
Add: Working Capital (Averages)								
Materials & Supplies	96,253	133,267	142,179	147,190	151,581	154,508	155,867	157,184
Prepayments	14,973	20,731	22,117	22,896	23,579	24,035	24,246	24,451
1/8 of O&M	16,404	21,258	25,513	21,956	24,171	24,783	24,783	24,783
Total Working Capital	127,630	175,256	189,808	192,042	199,331	203,326	204,896	206,418
Excess Earnings Base	43,094	103,856	140,061	173,635	197,052	219,463	227,177	147,332
Average Rate Base	17,068,159	24,966,671	25,450,410	23,661,156	21,532,339	19,059,599	16,148,220	14,638,313
Contribution in Aid of Construction								
Received June 25, 2010	(300,000)							
2012-13	(6,000,000)							
	(6,300,000)							
Income Tax Calculation								
Net Income Before Taxes	330,701	976,500	1,491,945	1,978,033	2,345,844	2,640,717	2,713,702	1,528,951
Add: Book Depreciation	335,966	503,701	517,299	476,348	424,574	362,787	289,796	262,006
Add: CIAC Surcharge Revenue	1,717,981	2,662,669	3,080,973	3,386,742	3,626,051	3,836,524	3,913,976	(2)
Sub-total	2,384,648	4,142,870	5,090,217	5,841,123	6,396,469	6,840,028	6,917,474	1,790,955
Less:								
Interest	$273,239	$366,635	$378,986	$352,581	$320,972	$283,358	$238,899	$218,835
Tax Depreciation	1,233,470	1,588,442	1,934,300	1,973,092	1,913,724	1,839,282	1,745,394	1,682,972
Taxable Income	$877,939	$2,187,793	$2,776,931	$3,515,450	$4,161,773	$4,717,388	$4,933,181	($110,852)
State Tax Rate	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%
State Income Taxes	$ 62,334	$ 155,333	$ 197,162	$ 249,597	$ 295,486	$ 334,935	$ 350,256	$ (7,871)
NIAST	$ 815,605	$ 2,032,460	$ 2,579,769	$ 3,265,853	$ 3,866,287	$ 4,382,453	$ 4,582,925	$ (102,981)
Federal Tax Rate	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
Federal Income Taxes	$ 277,306	$ 691,036	$ 877,121	$ 1,110,390	$ 1,314,538	$ 1,490,034	$ 1,558,194	$ (35,014)
NIAT	$ 538,299	$ 1,341,424	$ 1,702,648	$ 2,155,463	$ 2,551,749	$ 2,892,419	$ 3,024,731	$ (67,967)

St. Lawrence Gas Company, Inc.
Update April 3, 2012 — Exhibit: G-3
Exhibit G-3 Revenue, Expense & Income — Schedule: G-3A.2A

5 Year Development Period - Increased CIAC and $0.066 per therm Temporary Surcharge

Pro forma incremental statement for each of the first six full years of operation of the proposed facility.

	2012-13 Year 1	2013-14 Year 2	2014-15 Year 3	2015-16 Year 4	2016-17 Year 5	2017-18 Year 6
Revenue	318,226	870,280	1,306,380	1,630,739	1,911,511	2,168,124
Surcharge Revenue	304,410	494,989	575,575	634,163	681,717	-
Total Revenue	$ 622,635	$ 1,365,269	$ 1,881,956	$ 2,264,902	$ 2,593,228	$ 2,168,124
Expenses						
Property Taxes	0	0	0	0	21,948	107,234
Operation & Maintenance	44,251	83,916	117,950	148,788	178,368	183,264
Marketing/Advertising/Rent	86,983	86,149	86,150	26,858	15,000	15,000
Depreciation	334,179	496,461	503,430	455,130	395,438	376,874
Total Expenses	$ 465,413	$ 666,526	$ 707,530	$ 630,776	$ 610,754	$ 682,372
Net Income Before Tax	$ 157,222	$ 698,743	$ 1,174,426	$ 1,634,126	$ 1,982,474	$ 1,485,752
State Income Tax	$ (6,940)	$ 23,276	$ 56,741	$ 91,508	$ 118,743	$ 84,685
Federal Income Tax	$ (30,875)	$ 103,551	$ 252,425	$ 407,095	$ 528,256	$ 376,741
Net Income after Tax for ROR	$ 195,037	$ 571,916	$ 865,260	$ 1,135,523	$ 1,335,475	$ 1,024,326
Interest Expense (Net of AFUDC))	272,135	361,423	373,704	343,006	307,612	292,941
State & Federal Inc Tax - Other	(6,642)	3,668	602	879	938	26
Net Income Per Books	$ (70,456)	$ 206,825	$ 490,954	$ 791,638	$ 1,026,925	$ 731,359
Return on Average Investment	1.15%	2.31%	3.46%	4.93%	6.46%	5.24%
Return on Equity	-0.70%	1.55%	3.92%	6.86%	9.92%	7.48%
Property, Plant and Equipment						
Beginning Plant	24,127,100	18,596,065	29,155,322	31,360,056	32,490,700	33,524,929
Additions	468,965	10,559,257	2,204,734	1,130,644	1,034,229	747,479
CIAC - Third Parties	(6,000,000)	0	0	0	0	0
CIAC Surcharge Revenue	(1,903,944)	(4,850,427)	(8,261,417)	(12,011,769)	(16,028,697)	(16,028,697)
Depreciation	334,179	830,640	1,334,070	1,789,200	2,184,638	2,561,512
Ending PP&E	16,357,942	23,474,255	21,764,569	18,689,731	15,311,594	15,682,199
Average PP&E	16,606,545	23,612,872	23,067,436	20,204,935	16,894,014	15,778,280
Accum. Def. Income Taxes						
Beginning Balance	0	388,662	1,106,095	1,872,124	2,735,748	3,702,373
Additions	388,662	717,434	766,029	863,624	966,625	(565,750)
Ending Balance	388,662	1,106,095	1,872,124	2,735,748	3,702,373	3,136,623
Average Accum. Def. Income Taxes	233,795	857,033	1,645,197	2,475,893	3,408,576	3,417,038
Add: Working Capital (Averages)						
Materials & Supplies	96,253	133,267	142,179	147,190	151,581	154,508
Prepayments	14,973	20,731	22,117	22,896	23,579	24,035
1/8 of O&M	16,404	21,258	25,513	21,956	24,171	24,783
Total Working Capital	127,630	175,256	189,808	192,042	199,331	203,326
Excess Earnings Base	30,200	81,918	114,755	145,876	167,304	135,121
Average Rate Base	16,998,170	24,727,079	25,017,196	23,018,746	20,669,225	19,533,766
Contribution in Aid of Construction						
Received June 25, 2010	(300,000)					
2012-13	(6,000,000)					
	(6,300,000)					
Income Tax Calculation						
Net Income Before Taxes	157,222	698,743	1,174,426	1,634,126	1,982,474	1,485,752
Add: Book Depreciation	334,179	496,461	503,430	455,130	395,438	376,874
Add: CIAC Surcharge Revenue	1,903,944	2,946,483	3,410,990	3,750,352	4,016,928	0
Sub-total	2,395,345	4,141,687	5,088,846	5,839,608	6,394,840	1,862,626
Less:						
Interest	$272,135	$361,423	$373,704	$343,006	$307,612	$292,941
Tax Depreciation	1,233,470	1,588,442	1,934,300	1,973,092	1,913,724	1,839,282
Taxable Income	$889,740	$2,191,822	$2,780,842	$3,523,510	$4,173,504	($269,597)
State Tax Rate	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%
State Income Taxes	$ 63,172	$ 155,619	$ 197,440	$ 250,169	$ 296,319	$ (19,141)
NIAST	$ 826,568	$ 2,036,203	$ 2,583,402	$ 3,273,341	$ 3,877,185	$ (250,456)
Federal Tax Rate	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
Federal Income Taxes	$ 281,033	$ 692,309	$ 878,357	$ 1,112,936	$ 1,318,243	$ (85,155)
NIAT	$ 545,535	$ 1,343,894	$ 1,705,045	$ 2,160,405	$ 2,558,942	$ (165,301)

St. Lawrence Gas Company, Inc.
Amended Section 68 - April 3, 2012
Exhibit G-3 Revenue, Expense & Income

Exhibit G-3
Schedule G-3A.3

a2 i) **Annual revenues and volumes**

Revenues	2011-2012 Year 1	2012-2013 Year 2	2013-2014 Year 3	2014-2015 Year 4	2015-2016 Year 5	2016-2017 Year 6	2016-2018 Year 7	2016-2019 Year 8
Residential Sales	$ 17,564	$ 296,253	$ 566,078	$ 757,546	$ 947,514	$ 1,123,350	$ 1,163,224	$ 1,201,080
Commercial Sales	$ 251,843	$ 483,189	$ 649,465	$ 782,355	$ 873,159	$ 953,937	$ 996,923	$ 1,028,397
Industrial Firm Sales	$ 48,819	$ 90,838	$ 90,838	$ 90,838	$ 90,838	$ 90,838	$ 90,838	$ 90,838
Interruptible Sales	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ 318,226	$ 870,280	$ 1,306,380	$ 1,630,739	$ 1,911,511	$ 2,168,124	$ 2,250,985	$ 2,320,315
	$ 318,226	$ 870,280	$ 1,306,380	$ 1,630,739	$ 1,911,511	$ 2,168,124	$ 2,250,985	$ 2,320,315
Transportation Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Surcharge Revenue	$ 479,675	$ 779,987	$ 906,964	$ 999,289	$ 1,074,224	$ 1,140,878	$ 1,163,749	$ -
Total Revenue	$ 797,901	$ 1,650,266	$ 2,213,344	$ 2,630,027	$ 2,985,734	$ 3,309,002	$ 3,414,734	$ 2,320,315

Volumes (Dt)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Residential Sales	3,956	64,186	122,578	163,678	204,432	242,680	251,437	259,657
Commercial Sales	335,092	425,544	489,246	536,919	568,218	594,062	607,296	616,108
Industrial Firm Sales	122,180	260,257	260,257	260,257	260,257	260,257	260,257	260,257
Interruptible Sales	-	-	-	-	-	-	-	-
	461,227	749,987	872,081	960,853	1,032,907	1,096,999	1,118,989	1,136,022
	461,227	749,987	872,081	960,853	1,032,907	1,096,999	1,118,989	1,136,022
Transportation Volume	-	-	-	-	-	-		
Total Volume	461,227	749,987	872,081	960,853	1,032,907	1,096,999	1,118,989	1,136,022

St. Lawrence Gas Company, Inc.
Amended Section 68 - April 3, 2012
Exhibit G-3 Revenue, Expense & Income

Exhibit G-3
Schedule G-3A.4

Customer Additions	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total	
Residential SC#1	475	564	423	394	378	129	77	2,440	2,234
Commercial SC#2	101	93	79	60	55	37	27	452	388
Industrial SC#3	2	-	-	-	-	-	-	2	
Interruptible SC#4	-	-	-	-	-	-	-	-	
Total	578	657	502	454	433	166	104	2,894	

Customer Usage Dt's	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 6
Residential SC#1	3,956	64,186	122,578	163,678	204,432	242,680	251,437	259,657
Commercial SC#2	335,092	425,544	489,246	536,919	568,218	594,062	607,296	616,108
Industrial SC#3	122,180	260,257	260,257	260,257	260,257	260,257	260,257	260,257
Interruptible SC#4	-	-	-	-	-	-	-	-
Total	461,227	749,987	872,081	960,853	1,032,907	1,096,999	1,118,989	1,136,022

Customer Net Margin	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 6
Residential SC#1	$ 17,564	$ 296,253	$ 566,078	$ 757,546	$ 947,514	$ 1,123,350	$ 1,163,224	$ 1,201,080
Commercial SC#2	$ 251,843	$ 483,189	$ 649,465	$ 782,355	$ 873,159	$ 953,937	$ 996,923	$ 1,028,397
Industrial SC#3	$ 48,819	$ 90,838	$ 90,838	$ 90,838	$ 90,838	$ 90,838	$ 90,838	$ 90,838
Interruptible SC#4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	$ 318,226	$ 870,280	$ 1,306,380	$ 1,630,739	$ 1,911,511	$ 2,168,124	$ 2,250,985	$ 2,320,315
Surcharge Revenue	$ 479,675	$ 779,987	$ 906,964	$ 999,289	$ 1,074,224	$ 1,140,878	$ 1,163,749	$ -
Total Net Margin Revenue	$ 797,901	$ 1,650,266	$ 2,213,344	$ 2,630,027	$ 2,985,734	$ 3,309,002	$ 3,414,734	$ 2,320,315
	797,901	1,650,266	2,213,344	2,630,027	2,985,734	3,309,002	3,414,734	2,320,315

St. Lawrence Gas Company, Inc.
Amended Section 68 - April 3, 2012
Exhibit G-3 Revenue, Expense & Income

Exhibit G-3
Schedule G-3A.5

Property Plant & Equipment and Depreciation		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Total Assets	Beginning Plant	24,127,100	18,596,065	29,155,322	31,360,056	32,490,700	33,524,929	34,272,408	34,575,583
	Additions	468,965	10,559,257	2,204,734	1,130,644	1,034,229	747,479	303,175	294,843
	CIAC - Third Parties	(6,000,000)	-	-	-	-	-	-	-
	CIAC Surcharge Revenue	(1,717,981)	(4,380,650)	(7,461,623)	(10,848,365)	(14,474,416)	(18,310,940)	(22,224,916)	(22,224,916)
	Depreciation	335,966	839,667	1,356,966	1,833,314	2,257,888	2,620,675	2,910,471	3,172,477
	Ending PP&E	16,542,118	23,935,005	22,541,467	19,809,021	16,792,625	13,340,793	9,440,196	9,473,033
	Average PP&E	16,699,667	23,967,861	23,732,721	21,207,410	18,253,202	14,867,388	11,009,414	9,567,606

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

In the Matter of the Verified Petition of St. Lawrence Gas Company, Inc. to Amend its Certificate of Public Convenience and Necessity under Section 68 of the Public Service Law for the Exercise of Gas Franchises in the Towns of Brasher, Lawrence, and Stockholm in St. Lawrence County, and the Towns of Bangor, Burke, Chateaugay, Malone and Moira and the Villages of Brushton, Burke, Chateaugay and Malone in Franklin County	))))))))))	Case 10-G-0295

EXHIBIT 3

SHORT ENVIRONMENTAL IMPACT
ASSESSMENT FORM

617.20

Appendix C
State Environmental Quality Review
SHORT ENVIRONMENTAL ASSESSMENT FORM
For UNLISTED ACTIONS Only

PART I - PROJECT INFORMATION (To be completed by Applicant or Project Sponsor)

1. APPLICANT/SPONSOR St. Lawrence Gas Company, Inc.	2. PROJECT NAME St. Lawrence/Franklin County Gas Distribution Project

3. PROJECT LOCATION:
Municipality See Box 4 County Franklin and St. Lawrence County

4. PRECISE LOCATION (Street address and road intersections, prominent landmarks, etc., or provide map)
Towns of Brasher, Lawrence, and Stockholm in St. Lawrence County and Towns of Bangor, Burke, Chateaugay, Malone and Moira and Villages of Brushton, Burke, Chateaugay and Malone in Franklin County

5. PROPOSED ACTION IS:
☐ New ☐ Expansion ☑ Modification/alteration

6. DESCRIBE PROJECT BRIEFLY:
Petition to Amend Certificate of Public Convenience and Necessity granted on February 17, 2011 to allow a revised economic feasibility model. Negative Declaration previously issued by Commission on September 16, 2010.

7. AMOUNT OF LAND AFFECTED:
Initially N/A acres Ultimately N/A acres

8. WILL PROPOSED ACTION COMPLY WITH EXISTING ZONING OR OTHER EXISTING LAND USE RESTRICTIONS?
☑ Yes ☐ No If No, describe briefly

9. WHAT IS PRESENT LAND USE IN VICINITY OF PROJECT?
☐ Residential ☐ Industrial ☐ Commercial ☐ Agriculture ☐ Park/Forest/Open Space ☐ Other
Describe:
Various land uses; no change to previously evaluated distribution project.

10. DOES ACTION INVOLVE A PERMIT APPROVAL, OR FUNDING, NOW OR ULTIMATELY FROM ANY OTHER GOVERNMENTAL AGENCY (FEDERAL, STATE OR LOCAL)?
☐ Yes ☑ No If Yes, list agency(s) name and permit/approvals:

11. DOES ANY ASPECT OF THE ACTION HAVE A CURRENTLY VALID PERMIT OR APPROVAL?
☑ Yes ☐ No If Yes, list agency(s) name and permit/approvals:
Exercise of gas franchises authorized by Commission Order issued February 17, 2011

12. AS A RESULT OF PROPOSED ACTION WILL EXISTING PERMIT/APPROVAL REQUIRE MODIFICATION?
☑ Yes ☐ No

I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TRUE TO THE BEST OF MY KNOWLEDGE

Applicant/sponsor name: BERNARD J. CARVER Date: APRIL 4, 2012

Signature: [signature]

If the action is in the Coastal Area, and you are a state agency, complete the Coastal Assessment Form before proceeding with this assessment

OVER

Reset

PART II - IMPACT ASSESSMENT (To be completed by Lead Agency)

A. DOES ACTION EXCEED ANY TYPE I THRESHOLD IN 6 NYCRR, PART 617.4? If yes, coordinate the review process and use the FULL EAF.
☐ Yes ☑ No

B. WILL ACTION RECEIVE COORDINATED REVIEW AS PROVIDED FOR UNLISTED ACTIONS IN 6 NYCRR, PART 617.6? If No, a negative declaration may be superseded by another involved agency.
☐ Yes ☑ No

C. COULD ACTION RESULT IN ANY ADVERSE EFFECTS ASSOCIATED WITH THE FOLLOWING: (Answers may be handwritten, if legible)

C1. Existing air quality, surface or groundwater quality or quantity, noise levels, existing traffic pattern, solid waste production or disposal, potential for erosion, drainage or flooding problems? Explain briefly:

No

C2. Aesthetic, agricultural, archaeological, historic, or other natural or cultural resources; or community or neighborhood character? Explain briefly:

No

C3. Vegetation or fauna, fish, shellfish or wildlife species, significant habitats, or threatened or endangered species? Explain briefly:

No

C4. A community's existing plans or goals as officially adopted, or a change in use or intensity of use of land or other natural resources? Explain briefly:

No

C5. Growth, subsequent development, or related activities likely to be induced by the proposed action? Explain briefly:

No

C6. Long term, short term, cumulative, or other effects not identified in C1-C5? Explain briefly:

No

C7. Other impacts (including changes in use of either quantity or type of energy)? Explain briefly:

No

D. WILL THE PROJECT HAVE AN IMPACT ON THE ENVIRONMENTAL CHARACTERISTICS THAT CAUSED THE ESTABLISHMENT OF A CRITICAL ENVIRONMENTAL AREA (CEA)?
☐ Yes ☑ No If Yes, explain briefly:

E. IS THERE, OR IS THERE LIKELY TO BE, CONTROVERSY RELATED TO POTENTIAL ADVERSE ENVIRONMENTAL IMPACTS?
☐ Yes ☑ No If Yes, explain briefly:

PART III - DETERMINATION OF SIGNIFICANCE (To be completed by Agency)

INSTRUCTIONS: For each adverse effect identified above, determine whether it is substantial, large, important or otherwise significant. Each effect should be assessed in connection with its (a) setting (i.e. urban or rural); (b) probability of occurring; (c) duration; (d) irreversibility; (e) geographic scope; and (f) magnitude. If necessary, add attachments or reference supporting materials. Ensure that explanations contain sufficient detail to show that all relevant adverse impacts have been identified and adequately addressed. If question D of Part II was checked yes, the determination of significance must evaluate the potential impact of the proposed action on the environmental characteristics of the CEA.

☐ Check this box if you have identified one or more potentially large or significant adverse impacts which **MAY** occur. Then proceed directly to the FULL EAF and/or prepare a positive declaration.

☐ Check this box if you have determined, based on the information and analysis above and any supporting documentation, that the proposed action **WILL NOT** result in any significant adverse environmental impacts **AND** provide, on attachments as necessary, the reasons supporting this determination.

Public Service Commission	
Name of Lead Agency	Date
Print or Type Name of Responsible Officer in Lead Agency	Title of Responsible Officer
Signature of Responsible Officer in Lead Agency	Signature of Preparer (If different from responsible officer)

Reset