

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE
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July 22, 2014

Honorable Kathleen H. Burgess
Secretary
State of New York
Public Service Commission
3 Empire State Plaza
Albany, New York 12223-1350

RE: Case 12-G-0499 - Petition of New York State Electric & Gas
Corporation for Authority to Exercise a Gas Franchise in the Town of
Plattsburgh, Clinton County.

Dear Secretary Burgess:

Attached please find copies of the Interrogatory Request (IR) responses submitted by New York State Electric and Gas Company (NYSEG) to the Department of Public Service Staff (Staff) in the above-captioned proceeding. Staff submits these IR responses into the record because Staff relied upon the answers therein as part of Staff's investigation into the appropriate economic feasibility analysis and build-out plan for the Town of Plattsburgh, New York.

Sincerely,

Diane T. Dean
Assistant Counsel

Attachments

New York State Electric & Gas
PLATTSBURGH GAS EXPANSION
Case 12-G-0499
INTERROGATORY/DOCUMENT REQUEST

Requesting Party and No.: James Lyons and Davide Maioriello (DPS-8)

Response No.: PGE-13-008

Request Date: March 13, 2014

Response Date: March 25, 2014

Respondent: Lori Cole

RE: Revised Model Parameters - Results

QUESTION:

A recent DPS Staff meeting with the Town of Plattsburgh regarding the NYSEG proposal made to the Department at a Staff/Company meeting held on January 17, 2014, resulted in some suggested changes to NYSEG's proposed footprint (Zones A, G, H, I).

1. Run NYSEG's financial model/develop a footprint removing: 31A, 32A, 28A, 33A and the Northern Section of 18 from the footprint and include: 2A, 3A, 4A, 12, 13A and the first 1/4 mile or so of 8 (these additions visually appear to be the more densely populated than the areas we are requesting to be removed). Reflect the above-changes/impacts on the estimated CIACs and Revenue Enhancement dollars in the financial model.
2. If NYSEG believes that an item requested for removal should NOT be *removed*, put that section back into the model and rerun the numbers to provide a new set of CIAC and Revenue Enhancement dollars. Explain why the Area was not removed.
3. Similarly, if NYSEG believes that sections requested be included should not be *included* in the model, do not include the Area, rerun the financial model, and provide the new CIAC and Revenue Enhancement dollars. In this event, please provide your rationale for excluding this section(s) from the model/footprint.

RESPONSE:

1. Please refer to the Attachment, more specifically, Staff # 2 for the estimated CIACs and Revenue Enhancement dollars in the financial model. Please note that the Company included the scenario, Staff # 1, per a prior verbal request.
2. NYSEG did not disagree with removing the identified sections.
3. NYSEG proposes to remove the southern section of 42A. If the Company were to construct the southern section of 42A, the Company's recommendation is to evaluate this section from the direction of the Town of Peru to avoid crossing a river. The estimated

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CIACs and Revenue Enhancement dollars for excluding this section are reflected in the line labeled “Company #3A”¹.

¹ The Company has also included “Company #3A – Build-out” to reflect the build-out per PGE-13-009.

Town of Plattsburgh Summary of Possible Build-Out Scenarios Scenario	Number of Customers Connected in First 10 Years	Total Capital Expenditures Before CIAC in First 10 Years	Contrib in Aid of Const		Estimated Average Annual Residential Customer Cost/(Benefit) Over Development Period						
			Total Customer Obligation	Avg per Residential Customer	10 Year Expansion Surcharge			Gas Delivery & Supply Cost	Total Estimated Cost	Avoided Alternate Fuel Cost	Net Cost (Benefit)
					Amortiz of CIAC	Revenue Requirement Surcharge	Total Expansion Surcharge				
Company #1 - Zone A	86	255,561	-	-	-	-	-	998	998	(2,767)	(1,769)
Company #2 - Zones A, G, H & I	999	9,472,786	4,488,830	4,911	739	405	1,144	1,028	2,172	(2,848)	(676)
Staff #1 - Same as Co #2 (01-17) Except Include 2A, 3A, 4A, 12, Lower 8, 9 & 13 and Remove 18 North, 28A, 32A & 33A	1,115	10,765,622	5,383,547	5,217	785	408	1,193	1,035	2,228	(2,867)	(639)
Staff #2 - Same as Staff #1 Except Include 13A and Exclude 9, Lower 13 & 31A	1,094	10,035,662	4,706,393	4,655	701	383	1,084	1,031	2,115	(2,857)	(742)
Company #3A - Same as Staff #2 Except Exclude 42A South	1,073	9,779,723	4,525,070	4,585	690	378	1,068	1,031	2,099	(2,855)	(757)
Company #3A - Build-out - Same as Staff #2 Except Exclude 42A South and Reflect Build-out per IR # 9	1,037	9,679,488	4,869,917	5,110	769	320	1,089	1,023	2,112	(2,836)	(724)

(a)

(a) The CIAC is not applicable to customers on existing mains.

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Requesting Party and No.: James Lyons and Davide Maioriello (DPS-9)

Response No.: PGE-13-009

Request Date: March 13, 2014

Response Date: March 25, 2014

Respondent: Lori Cole

RE: Build-out Plan

QUESTION:

In IR DPS-08, Staff requested that NYSEG run its financial model to remove Areas 31A, 32A, 28A, 33A and the Northern Section of 18 from the footprint and replace them with Areas 2A, 3A, 4A, 12, 13A and the first 1/4 mile or so of Area 8.

1. For purposes of this IR, assume these model runs bring us closer to agreeing on a footprint that can be recommended to the Commission in approving NYSEG's town-wide Plattsburgh CPCN. As such, provide NYSEG's proposed build-out plan, including the Company's proposed timeframe, pursuant to which NYSEG would install the mains within the footprint.

RESPONSE:

1. Please review Attachment 1 and 2 for the build-out plan.

Preliminary Plan

Town of Plattsburgh Build-Out

03/19/2014

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Introduction

NYSEG has a limited franchise in the Town, and is unable to provide natural gas service to these customers without first receiving approval from the PSC. Attached is **Exhibit 1** indicating the limited franchise boundary which is highlighted in yellow.

Approved main extensions are indicted with a red line (within the yellow highlight) while the unapproved extensions are red lines outside of the bounds of the yellow highlight.

Since NYSEG discovered the unauthorized main extensions, it has discontinued connections to new customers in the unauthorized areas and notified the PSC of the unintentional extension beyond the approved franchise area. The Company then filed a petition for a Town-wide unlimited franchise.

Benefit of a Town-Wide Franchise

A Town-wide franchise would allow NYSEG to provide gas service as defined in its current tariff and following its normal internal process for determining environmental requirements and permitting. It would also allow NYSEG to more quickly determine its ability to provide service to potential customers.

The Town-wide franchise would also allow for quick and thorough evaluation of customer extensions including working with customers early in the service process to develop options that could reduce the customer’s contribution, if required. Finally, NYSEG is frequently contacted by customers inquiring about the availability of gas. A Town-wide franchise would reduce the burden on the Company’s local staff to research franchise limits and to respond to these inquiries.

Build Out Overview

During informal proceedings, the Staff and the Company collaborated to identify what is a reasonable “footprint”. Due to the expanse of the Town and its sparse population in many areas the Staff and Company agreed that the initial expansion should be limited to the defined initial footprint.

The planned build out areas are depicted on the “**Exhibit 1**” map with labeled flags. The flag labels are listed below:

2A	3A	4A	8 (south)	12	13A
18 (south)	29A	40A	41A	42A(north)	44A
45A	19	21			

NYSEG is anticipating a five (5) year timeframe to build-out the selected areas in the Town of Plattsburgh. This initial build out will provide natural gas both to areas that have expressed high interest and to where gas mains have already been installed in unauthorized areas.

Build Out Detail

Year 1 – Begin the detail project management, design including mapping, and permitting for all areas of the Years two (2) and three (3) build out.

Begin marketing of natural gas to customers located along previously installed mains to notify them natural gas is now available.

Install approximately 1,500 lineal feet of main and services to customers located on or near existing gas mains that were installed in previously unapproved areas and have either already contacted the company or have submit letters of commitment.

The anticipated streets that are part of the Year 1 build-out are:

Alabama Avenue	Arkansas Street	Ashton Drive	Bullis Road
Colorado Street	Consumer Square	Crown Pont Drive	Deer Run Dr
Delaware Avenue	Dunning Way	Fawn Ridge	Flightline Dr.
Florida Street	Four Seasons Drive	Fox Fire Drive	Heritage Dr.
Homestead Drive	Huntington Drive	Idaho Avenue	Jubert Lane
Labarge Drive	Mallard Drive	Mobile Home Dr.	Nepco Way
New York Road	S. Peru Street	Village Drive	Vintage Est
Vista Drive			

Year 2 – Install 39,925 lineal feet of main and begin installation of services to energized mains. This phase includes the Champlain Park residential area on the south side of Cumberland Head (Sector 19). This phase will also connect the Cumberland Head Elementary School located on Cumberland Head Road.

The listing of roads is detailed below:

Cumberland Head Road

Champlain Park Area

Seneca Drive	Mohican Lane	Tioga Lane	Chenango Road
Siwanoy Lane	Mohawk Road	Oswego Lane	Genessee Lane
Iroquois Street	Valhalla Lane	Cayuga Road	Onondaga Lane
Waterhouse Road	Canestota Road		

Year 3 - Install 44,925 lineal feet of main and continue the installation of services. This phase will complete the individual streets located on the north side of Cumberland Head and the area detailed on “**Exhibit 1**” (Sector 21).

Rocky Point Drive	Fiske Lane	Barton Road	Poplar Drive
Kensington Road	Allen Road	Algonquin Pk	Lakeview Dr.
Jefferson Road	Bay Road	Quinn Lane	Blair Road
Adams Street	Wild Goose Lane	Bristol Road	Latinville Dr.
Firehouse Lane	Colligan Point Road	Maxfield Dr.	Spearman Rd.
Calbi Way	Botany Lane	Locklin Road	Quarter Horse Ln.
Hardy Road	Lake Breeze Drive	Gravelly Point Dr.	Brandell Drive
Fjord Drive	Smith Drive	Brandywine Lane	Klagac Drive
Sunnyside Road	Layman Lane	Lighthouse Road	Pristine Drive

Year 4 – Install 14,320 lineal feet of main and additional services in the following areas:

<u>Sector</u>	<u>Street Name</u>
18	Route 9 south and part of South Junction Road
29A	Sharon Avenue
40A	Quality Drive
41A	Willow Drive
42A*	State Route 22 North
44A	Salmon River Road
45A	Linda Lane

* On Section 42A, it is anticipated the southern section south of the Salmon River will be served from our expansion proposal for the Town of Peru to avoid crossing the deep ravine caused by the Salmon River.

Year 5 – Install 19,200 lineal feet main and additional services in the following areas:

<u>Sector</u>	<u>Street Name</u>
2A	Church Road
3A	State Route 374 west
4A	Park Row
12	Wallace Hill Road
13A	Banker Road
8	Rand Hill Road

Estimated 10 Year Service Connection Rate by Build Year

In “**Table 1**” the estimates of service connections over a ten year period are listed by Build Out Year.

Table 1. Estimated 10 Year Service Connection Rate

Year Mains Are Installed	Estimated Service Connections Over First 10 Years from Date that Mains Are Installed										
	1	2	3	4	5	6	7	8	9	10	Total
1	44	44	28	14	14	12	11	12	6	6	190
2	77	76	51	25	25	13	13	13	7	7	308
3	93	93	62	31	31	13	13	13	6	6	361
4	22	22	15	7	7	4	3	4	2	2	88
5	34	34	23	11	11	3	3	3	2	2	126
Total	271	270	178	89	89	44	43	44	22	22	1,073

Table 2. Summary Chart & Assumptions

Year	Sectors	Main Footage	Total Number of Services	Build Out Notes
1	2A	1,500	192	Design service laterals to customers located along existing mains in unapproved areas. Begin detailed design of all main extensions with emphasis beginning on Years two (2) and three (3), gas service designs to follow after receiving letters of intent, permitting and contract technical specifications. The bid meetings must take place before the snow for bidders to see uncovered ground. Anticipating 895 customers will require service at the end of Year 5.
	3A			
	4A			
	8			
	12			
	13A			
	18			
	29A			
	40A			
	41A			
	42A			
44A				
45A				
2	19	39,925	307	
3	21	44,925	362	
4	18	17,820	110	
	29A			
	40A			
	41A			
	42A			
	44A			
45A				
5	2A	19,200	129	
	3A			
	4A			
	12			
	3A			
	8			

Assumptions

Yearly Work Schedule

A seven (7) month construction season with 20 days per month available is assumed based on the typical climate for the area.

Average Foot of Main Installed Per Day

An average installation rate of 50 to 200 feet per day per crew was used for the estimating project duration.

Geology

The geology within the Town of Plattsburgh is diverse. Soil maps were used to estimate areas where rock would be prevalent.

Average Service Installations per Day

The installation rate for services per crew is assumed to be 4 for estimate purposes.

Assumptions (continued)

Average Cost Per Foot of Service

The estimated average cost per foot for service installations used for this analysis is \$30.00.

Average Length of Service

The average length of service installation was estimated to be 80 feet.

Service Connection Rate

The services are anticipated to be connected for five (5) years following main installation for modeling purposes

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INTERROGATORY/DOCUMENT REQUEST

Requesting Party and No.: Dan Wheeler and James Lyons (DPS-10)

Response No.: PGE-13-010

Request Date: March 24, 2014

Response Date: April 3, 2014

Respondent: Lori Cole

RE: Customer Backlogs for Request for Service

QUESTION:

Please provide the backlog of customer requests for service within the Town of Plattsburgh. For purposes of this IR, Staff is seeking information regarding pending or outstanding requests for natural gas service within the Town of Plattsburgh. We request that NYSEG separately identify these customer backlogs as describe below, including name of requestor and address.

- a. Customers who reside along approved main who have requested service via the customer survey or other means.
- b. Customers who reside along unapproved main who have requested service via the customer survey or other means.
- c. Customers who reside near approved main whose requests could be satisfied via line extension policies and procedures. Provide a list of customers who have responded positively via the customer survey or other means.
- d. Customers who reside near unapproved main, whose requests, if approved, could be satisfied via line extension policies and procedures. Provide a list of customers who have responded positively via the customer survey or other means.
- e. Customers residing within the proposed footprint, the footprint(s) that will be addressed by the Company's main build-out plan as requested in IR-9, who have responded positively via customer survey or other means.

RESPONSE:

For the responses to questions (a) – (e), the Company has identified the backlog of customer requests for service based on service notifications, i.e., where the Company has received an official request for service from the customer. The surveys that were mailed to customers provided the locations of where there is potential customer interest and are not considered by the Company to be an official request for service.

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The responses are based on active service requests in the Company's system, which were made by customers from December 1, 2011 through March 25, 2014.

- a. There are 63 service requests from potential customers who reside along approved mains. Exhibit A provides the names and addresses for these requests.
- b. There are 19 service requests from potential customers who reside along unapproved mains. Exhibit B provides the names and addresses for these requests.
- c. There are 2 service requests from potential customers who reside within 100 feet of an approved main and could be served via current line extension policies and procedures without a surcharge. Exhibit C provides the names and addresses for these requests.
- d. There are no service requests from potential customers who reside within 100 feet of an unapproved main and could be served via current line extension policies and procedures without a surcharge.
- e. There are 144 service requests from potential customers who reside within the Company's proposed build-out plan. Exhibit D provides the names and addresses for these requests.

Please note: Exhibits A-D are Confidential and have been submitted to the Records Access Officer under Trade Secret protection.

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INTERROGATORY/DOCUMENT REQUEST

Requesting Party and No.: Davide Maioriello (DPS-11)

Response No.: PGE-13-011

Request Date: March 28, 2014

Response Date: April 14, 2014

Respondent: Lori Cole

RE: Economic Analysis Model and Input Data

QUESTION:

1. Provide the analysis and justification for the average length of service installation assumed in the economic model provided to Staff on March 26, 2014. Include all documentation supporting the change from previous economic models provided to Staff.
2. Provide the analysis and justification for the change in unit cost assumed for the average cost per foot of service used in the economic model provided to Staff on March 26, 2014. Include all documentation supporting the change from previous economic models provided to Staff.
3. Provide the analysis and justification for all model changes that contributed to the increase in the “total expansion surcharge” amount between the economic model presented to Staff on January 17, 2014 and provided to Staff on March 26, 2014 for scenario “Company#2-Zones A, G, H & I.”

RESPONSE:

1. The Company updated the average length of service installation to reflect the Company’s average service lengths as provided in the 2012 and 2013 Annual Reports submitted to the U.S. Department of Transportation. Copies of the 2012 and 2013 reports are included as Attachment 1. The Company also compiled its list of service installations in the Plattsburgh division in 2013, and the average service length was 79 feet, consistent with the information in the Annual Reports in Attachment 2.
2. The change in the unit cost was based upon the Company’s 2013 unit costs for service installations for the Plattsburgh division, as shown in Attachment 2.

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3. An additional change that affected the calculation of the “total expansion surcharge” was related to the cost of the mains located in Zones H&I (Cumberland Head). The original cost assumed utilizing a trench provided by another entity which is no longer an assumption. Using the Company’s contract rates, the cost increased to \$60 per ft using the Company’s contract rates to price out the mains. Please refer to Attachment 3 (*Attachment 3 is confidential and has been submitted to the Records Access Officer under Trade Secret protection*) showing the Unit Prices for the contract rates (the unit price does not reflect encountering rock, and therefore the Company increased the \$47 to \$60 to account for projected amount of rock as depicted in soil maps). Additionally, the Company is using the contract rates to estimate the calculation of the surcharge, however, due to the size of this project, the Company will need to issue a Request for Proposals to build out Zones H&I.

Other minor changes are identified on Attachment 4.

New York State Electric & Gas
PLATTSBURGH GAS EXPANSION
Case 12-G-0499
INTERROGATORY/DOCUMENT REQUEST

Requesting Party and No.: Dan Wheeler and Jim Lyons (DPS-12)

Response No.: PGE-13-012 - Supplemental

Request Date: April 11, 2014

Response Date: May 15, 2014

Supplemental Response Date: May 16, 2014

Respondent: Lori Cole / Ernie Walker

RE: Town of Plattsburgh Cost and Benefit Information

This supplemental response includes a corrected response to part (g) and response to part (i).

QUESTION:

1. Staff and the Company have been working towards resolution of several issues associated with the company's unauthorized expansion of its gas distribution system within and around the Town of Plattsburgh. This effort had been ongoing since the fall of 2012. These issues have included identification and location of unauthorized mains and services, identification and location of customers that were attached to unauthorized mains, identification of costs and benefits associated with these unauthorized system extensions. Over the duration of this collaborative effort, the company has provided updates and revisions to its responses. For the purposes of this request, please provide the current actual known data for the Town of Plattsburgh for each of the items requested below:
 - a. Total unauthorized main added by year with the associated actual footage and actual costs.
 - b. Total unauthorized services by year, including the actual number of services, actual footage and actual costs.
 - c. By year, please separately identify all additional cost categories (i.e., materials, supplies, labor, contractors, etc) used to complete the unauthorized extensions.
 - d. Please identify by year, any CIAC or revenue surcharges that were charged by the company and collected from and paid by customers to support the costs associated with the unauthorized system expansions made by the company.
 - e. Please provide an itemization of all revenues received by the company, by year, from customers receiving services from these unauthorized system expansions located within the Town of Plattsburgh.
 - f. Please provide the annual rate of return received by the company, by year, from the facilities located in the approved portions of the Town of Plattsburgh, excluding the returns received from the unauthorized services.

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- g. Please provide the annual rate of return received by the company, by year, from the facilities located in the unapproved portions of the Town of Plattsburgh.
- h. Please provide the annual rate of return received by the company, by year, from all facilities (approved and unapproved) located within the Town of Plattsburgh.
- i. For each of the items requested above (a-h), separately identify any changes provided in response to this request from information that has been previously provided.

RESPONSE:

- a) See Attachment 1. This attachment is in response to part (a) and (c). Actual costs are not readily available before the Work Management System was implemented in 2005. Therefore, for purposes of this response, the cost of mains installed before 2005 were estimated based on the actual footage installed each year and the average cost per foot of the mains installed between 2005 and 2009. The cost of mains installed in joint and separate trenches were calculated separately.
- b) See Attachment 2. This attachment is in response to part (b) and (c). Actual costs are not readily available before the Work Management System was implemented in 2005. Therefore, for purposes of this response, the cost of services installed before 2005 were estimated based on the actual footage installed each year times \$25 per foot.
- c) See Attachments 1 and 2.
- d) The Company is not aware of any collection of CIAC or non-refundable revenue surcharges from customers located along the unauthorized mains.
- e) Following are the annual delivery revenues for 2007 through 2013. These revenues are based on the delivery tariff rates and are exclusive of the revenue tax surcharge and other surcharges. Customer revenue data is not readily available for dates prior to when the Customer Care System went live in 2006.

	2007	2008	2009	2010	2011	2012	2013
Residential	\$ 36,581	\$ 41,458	\$ 65,518	\$ 79,380	\$ 97,161	\$ 102,478	\$ 112,898
General Service	113,394	171,473	176,729	160,009	140,692	153,789	160,804
Small Transportation	10,371	11,715	29,896	39,655	89,718	83,117	92,278
Large Transportation	<u>28,175</u>	<u>27,294</u>	<u>31,934</u>	<u>28,942</u>	<u>37,113</u>	<u>37,022</u>	<u>37,436</u>
Total	<u>\$ 188,522</u>	<u>\$ 251,940</u>	<u>\$ 304,076</u>	<u>\$ 307,987</u>	<u>\$ 364,685</u>	<u>\$ 376,406</u>	<u>\$ 403,417</u>

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- f) Much of the accounting data required to respond to this question is not maintained at the civil division level. As a result, providing a meaningful response would require an extensive study and include many assumptions and allocations. The Company respectfully requests that Staff clarify if it believes that this response is necessary for it to reach a conclusion regarding the Company's request to amend its franchise.
- g) The annual rate of return received by the Company, by year, from the facilities located in the unapproved portions of the Town of Plattsburgh are calculated at:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Overall Rate of Return	5.9%	6.9%	7.2%	6.8%	8.4%	9.0%	10.1%
Return on Equity	6.8%	8.8%	9.3%	8.5%	12.0%	13.1%	15.5%

(The percentages shown above for 2007 & 2013 have been corrected from those provided in the initial response.)

As noted above, the cost of plant installed before 2006 was estimated. Property taxes were estimated based on the average rate per dollar of gross plant used in the last NYSEG Gas rate case. Similarly, uncollectibles were based on the average rate per dollar of revenue used in the last NYSEG Gas rate case. Other incremental O&M was estimated to equal the historic average cost per customer for meter reading.

- h) Much of the accounting data required to respond to this question is not maintained at the civil division level. As a result, providing a meaningful response would require an extensive study and include many assumptions and allocations. The Company respectfully requests that Staff clarify if it believes that this response is necessary for it to reach a conclusion regarding the Company's request to amend its franchise.
- i) Attachment 3 is a reconciliation of the changes.

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INTERROGATORY/DOCUMENT REQUEST

Requesting Party and No.: DPS Staff (DPS-17)
Response No.: PGE-13-017
Request Date: April 11, 2014
Response Date: April 28, 2014
Respondent: Lori Cole, Ernie Walker, Dave Gridley, Phil Thompson

RE: Follow-up from Meeting with PSC Staff to Review Plattsburgh CPCN, Unauthorized Extensions

QUESTION:

1. Please provide the estimated savings per customer as result of converting from alternate fuel that was used to reach the Company's "\$3 million" in fuel savings in the April 8, 2014 Company presentation.
2. Could the Company commit to the Build Out plan?
3. Staff is interested in the additional information captured in recent customer surveys regarding how much customers are willing to pay to convert. Can the Company provide information obtained from recent surveys?
4. Please provide the following related to the Company's GPS mapping technology:
 - a. implementation date
 - b. dates when enhancements (franchise layer) were added
 - c. shape files
5. When did the Company implement Task 18k and tracking required permits in SAP?
6. What is the customer CIAC if paid up front instead of spreading it out?
7. Provide the calculation of the expansion surcharge – break down the components of it (CIAC and Rev. Requirement).
8. Provide a review of service requests that are pending (63 requests per DPS-10)
 - a. Include the address of each of the 63 requests;
 - b. Include the CIAC the Company told the customer would be owed, if any;
 - c. Include the reason each of the 63 requests have not received gas service;
 - d. State the date service will be completed for each of the 63 pending requests.
9. Confirm the main footage installation assumed for year 1 of the build out plan provided on 3/19/2014. The plan shows an installation of 1500 feet of main, and based on the sectors listed for year one that installation total seems low.

RESPONSE:

New York State Electric & Gas

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1. The \$3 million estimated savings referenced in the April 8th presentation includes three items:
 - \$ 2,403,000 Fuel Cost Savings for Gas Customers in the Un-Approved Area,
 - 677,200 Property Tax Revenues to the Town, County & School and
 - 158,000 Offset to the Revenue Requirement for All NYSEG Gas Customers.
 - \$ 3,238,200 Total

See Attachment 1 for the calculation of these savings as well as the estimated average fuel savings per customer.
2. The Company will be able to determine if it can commit to the Build Out plan once the final footprint (area determined as part of the economic analysis) has been identified.
3. See Attachment 2 for recent survey information the Company obtained regarding how much customers indicated they were willing to pay.
4.
 - a. The Company implemented its mapping technology in the early 1990s with CAD (Bentley MicroStation) then ported it to GIS (Graphing Information System) in 2008.
 - b. The franchise layer was added in 2010, and contained the entire municipality where the Company was granted a franchise by the municipality. The Company performed another review of the franchise layers in the first quarter of 2013.
 - c. Attachments 3 and 4 contain the Town of Plattsburgh proposed expansion in Shapefile format. (*Attachment 3 and 4 are confidential and have been submitted to the Records Access Officer under Trade Secret Protection*).
5. See Attachment 5.
6. The Build-out Plan provides for a Contribution In Aid of Construction (“CIAC”) to be assessed to all customers who are connected to new mains constructed in the build-out “footprint” within the 10-year Development Period. The purpose of the CIAC is to reduce the plant investment by the amount needed to produce the target rate of return at the end of the Development Period. Based on the April 8th, 2014 presentation, the total CIAC is \$4,869,900 and the average CIAC per customer, if paid up front, is \$5,110.
7. The Expansion Surcharge includes two components:
 - A fixed monthly surcharge to spread recovery of the CIAC over a period of time that is manageable for customers.
 - A fixed monthly Revenue Requirement Surcharge to recover the shortfall in revenue requirements that are projected to occur during the 10-year Development

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Period until sufficient new customers are added to the system and the associated CIACs reduce Rate Base.

Both Surcharges apply to all customers who are connected to new mains constructed in the build-out “footprint” during the Development Period. The surcharges continue for 10 years (120 months) from the date each new service connection is activated.

See Attachment 6 for the calculation of the \$1,035 average annual (\$86 monthly) Expansion Surcharge as included in the April 8th presentation to Staff. These pages are excerpts from the Town of Plattsburgh franchise model.

- \$773 annual (\$64.42 monthly) CIAC Surcharge is on page 1.
 - \$262 annual (\$21.83 monthly) Revenue Requirement Surcharge is on page 2.
8. See Attachment 7 for the Plattsburgh T – Gas Service Requests on Approved Mains. *(Attachment 7 is confidential and has been submitted to the Records Access Officer under Trade Secret Protection).*
9. The response to PGE-13-009 states that approximately 1,500 lineal feet of main and services will be installed in year-1 to serve customers located on or near existing gas mains that were installed in previously unapproved areas. As mains already exist in this area, most, or all of that 1,500 feet will be in services.

The model that was sent Staff on March 25th inadvertently included part of Zone G in the year-1 build-out. It should have been in year-4. That part of Zone G was added to the database part way through the review process when it was discovered that some information relating to smaller roads & lanes had not been included in the original study. That additional data happened to include 1,500 feet of mains in Zone G.

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Requesting Party and No.: Davide Maioriello (DPS-18)

Response No.: PGE-13-018 - Supplemental

Request Date: April 16, 2014

Response Date: April 30, 2014

Respondent: Lori Cole

RE: Economic Analysis Model and Input Data

QUESTION:

1. As described in the build-out plan the Company provided on March 19, 2014, provide by sector and customer type, the total potential customers available in each sector. Include a description of the street name or names by sector with the total customer types associated with each street.
2. Provide by sector, as described in the build-out plan provided on March 19, 2014, the size and material type, needed quantity (lengths) and projected unit cost of main. Describe in detail all assumptions and justification for each unit cost used.
3. Provide, by customer type, the assumed annual heating load. Include a list of any specific potential customers that were analyzed on an individual basis along with the customer's calculated heating load. Include all assumptions and justification. This should include any customers that have already been connected in this proceeding.
4. Provide the lengths and estimated (or actual) costs of the service line and meter set for the specific customers described in the response to question 3.
5. Provide, by street and customer type, the total connected and remaining potential customers available in the non-approved Plattsburgh franchise areas.
6. Provide by customer type the total current annual revenues for customers being served in the non-approved areas.
7. Provide the current plant balances, annual O&M expenses and annual property taxes associated with the customers being served in the non-approved areas.
8. Provide the length and size or sizes of mains, by street, for the customers being served in the non-approved areas.

SUPPLEMENTAL RESPONSE: The responses to questions 5 and 6 have been updated from the original response.

1. See Attachment 1. This is an excerpt from the "Road-by-Road" Input tab of the Town of Plattsburgh Franchise Model provided to Staff on March 25, 2014.

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2. See Attachment 1. The material size and type have been added for this response. Most of that information was previously provided on detail schedules in the Franchise Model.
3. Annual loads for various customer types are listed below:

Customer Type	Annual Heating Therms	Annual Non-Heating Therms	Total Annual Therms
Residential Heating	780	280	1,060
Residential Non-Heating	0	280	280
Non-Residential	2,320	280	2,600

Residential heating is based on a 2,000 square foot home, a 30 btu/square foot/hour heat loss, 85% heating equipment efficiency and 1,100 heating hours per year.

Non-residential heating is based on a 6,000 square foot building, a 30 btu/square foot/hour heat loss, 85% heating equipment efficiency and 1,100 heating hours per year.

The following specific customers were analyzed on an individual basis:

Nova Bus CNG Station

Annual use (provided by customer):

Year 1: 22,000 therms

Year 2 and beyond: 65,000 therms

Cumberland Head School

Annual use (all years – provided by customer):

Heating: 33,032 therms

Non-Heating: 1,739 therms

Total: 34,770 therms

4. Natural gas service information for the specific customers referenced in Response 3 is provided below:

Customer	Actual or Estimated	Service Length	Service Line Cost	Meter Regulator Cost
Nova Bus	Actual	770 ft.	\$14,838	\$3,073
Cumberland Head School	Estimated	80 ft.	\$2,400	\$1,130

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5. Staff clarified that this question relates specifically to “Zone A” - the un-approved area of the Town that has already been built out. The total connected customers in Zone A are listed by street and customer type on Attachment 2. Of the 318 service connections listed, 114 were installed before 2/14/2006 and the remaining 204 were installed after that date. Four of the 318 premises are either vacant or, at least did not take gas service in 2013 (3 of those were installed before 02/14/2006). The remaining potential customers in Zone A are included on Attachment 1.

6. The annual revenues for the 314 customers who took service during 2013 in the non-approved areas was:

➤ Residential Heat	\$ 111,699
➤ Residential Non-Heat	1,199
➤ Non-Residential	<u>290,518</u>
➤ Total	<u>\$ 403,416</u>

7. Following is a list of the 2013 Plant, O&M and Property Taxes associated with the existing customers being served in the non-approved areas as provided to Staff in the Franchise Model. The cost of mains installed from 2006 through 2009 is actual. The cost of mains installed prior to 2006 is estimated based on the actual feet installed multiplied by the average cost per foot of the 2006-2009 installations. No mains were installed after 2009. The cost of services, meters & regulators, O&M and Property Taxes were estimated as actual data is not available down to the town / part-of-a-town level. O&M includes uncollectibles and meter reading expense. Uncollectibles and Property Taxes were estimated based on the average rates used in the last NYSEG Gas rate case. Meter reading expense was estimated based on the average actual 2011 meter reading expense per customer.

➤ Gross Plant	\$ 2,938,493
➤ Depreciation Reserve	<u>(599,579)</u>
➤ Net Plant	\$ 2,338,914
➤ Annual O&M expenses,	\$ 10,891
➤ Annual property taxes	\$ 61,708

8. See Attachment 3.

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Requesting Party and No.: Diane Dean (DPS-19)

Response No.: PGE-13-019

Request Date: April 16, 2014

Response Date: April 28, 2014

Respondent: Lori Cole

RE: Follow-up to Company's Response to IR 11

QUESTION:

In the Company's response to DPS-IR-11, in answer to the question:

Provide the analysis and justification for all model changes that contributed to the increase in the "total expansion surcharge" amount between the economic model presented to Staff on January 17, 2014 and provided to Staff on March 26, 2014 for scenario "Company#2-Zones A, G, H & I, The Company stated: "The original cost assumed utilizing a trench provided by another entity which is no longer an assumption."

1. Explain, in detail, why using "a trench provided by another entity" is "no longer an assumption" upon which the Company is relying such that the total expansion surcharge amount has increased substantially.

RESPONSE:

The Company no longer assumed it could use a trench that was dug by the Town of Plattsburgh due to notification by the Town that the planned access route to Cumberland Head was installed by directional boring. Additionally, the Company assumed it would encounter rock when constructing the mains out to Cumberland Head¹.

¹ The Company met with PSC Staff and Town of Plattsburgh to discuss routes to serve Cumberland Head on April 24 and 25, 2014. The Town of Plattsburgh provided that only a section along Route 9 was directionally bored and NYSEG would be able to use portion of the trench once out on the peninsula. NYSEG is contacting the Clinton County to obtain a permit to install main within their Right-of-Way on the northern side of the County Highway.

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INTERROGATORY/DOCUMENT REQUEST

Requesting Party and No.: Diane Dean (DPS-21)

Response No.: PGE-13-021

Request Date: April 16, 2014

Response Date: April 28, 2014

Respondent: David Gridley

RE: Collection and Preservation of Customer “Inquiries” and “Requests” for Gas Service

QUESTION:

1. Explain how NYSEG distinguishes between customer “inquires” and customer “requests” for new gas service.
2. What records or data does the Company retain pertaining to customer “inquiries” for gas service?
3. What records or data does the Company retain pertaining to customer “requests” for gas service?
4. Does the Company use or retain for future use in outreach and marketing efforts in areas where natural gas service has been offered but customers have declined service for any reason data pertaining to either customer “inquiries” for service or customer “requests” for service?
5. Does NYSEG collect or retain data with respect to either “inquiries” or “requests” for gas service for any purpose?

RESPONSE:

1. Requests for natural gas service are tracked in NYSEG’s Customer Care System (CCS) via a service notification which is created when the customer calls NYSEG to request natural gas service. As part of the application process the customer must submit several documents to NYSEG which include the following: building insulation compliance form, load sheets and a commitment letter. All of these documents must be completed and submitted to NYSEG before NYSEG can install the appropriately sized service to the customer. Inquiries are typically made by potential customers regarding the availability of natural gas on their street or in the area. Inquiries or interest in natural gas may also result from NYSEG’s proactive efforts related to natural gas main extension projects. Inquiries for natural gas service may be tracked in CCS similar to a request for service or in a project tracking database.

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2. If an inquiry is made and tracked in CCS the following data is retained:
- a) Customer name
 - b) Service address
 - c) Telephone number
 - d) Date of inquiry
 - e) Type of request (residential/non-residential, new/conversion)
 - f) Appliances being connected
 - g) Customer comments

If interest is expressed by a potential customer as part of a main extension survey conducted by NYSEG, the following information is retained, if provided by the customer.

- a) Customer name
- b) Service address
- c) Mailing address
- d) Telephone number
- e) E-mail address
- f) Building type (residential/non-residential)
- g) Appliances being considered for conversion
- h) Current fuel type and usage
- i) Surcharge cost range customer is willing to pay

3. If a request for service is made, the following data is retained as part of the service notification in CCS:
- a) Customer name
 - b) Service address
 - c) Telephone number
 - d) Date of inquiry
 - e) Type of request (residential/non-residential, new/conversion)
 - f) Appliances being connected
 - g) Desired connection date
 - h) Customer comments
 - i) Scans of the following completed forms; building insulation compliance form, load sheets and letter of commitment

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4. Yes, beginning in March 2013 when all gas main extension and new franchise evaluation projects were centralized in Marketing & Sales, NYSEG has been retaining data on customers that have been offered service but declined it. This data will be used for future outreach and marketing initiatives.
5. NYSEG does not collect or retain data with respect to “inquiries” or “requests” for gas services for other purposes.

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INTERROGATORY/DOCUMENT REQUEST

Requesting Party and No.: Dan Wheeler and Jim Lyons (DPS-24)

Response No.: PGE-13-024

Request Date: May 9, 2014

Response Date: May 20, 2014

Respondent: Patrick Fox

RE: Pipeline Capacity for Town of Plattsburgh

QUESTION:

The Nova Bus Order (dated January 17, 2013) stated that, "NYSEG's Plattsburgh service territory receives its gas via the North Country Pipeline, which travels from the US/Canadian border down to Plattsburgh, NY. NYSEG has under contract more than enough capacity to serve Nova Bus. Available capacity is not a limiting factor."

1. Please identify and confirm that sufficient gas pipeline capacity is still held under contract by NYSEG and/or that there is otherwise sufficient available capacity to serve NYSEG's existing Plattsburgh customers while also serving customers who will be included in the various expansion plans discussed for the Town of Plattsburgh.
 - a. For example, in NYSEG's response to DPS information request number 8, attachment 1 included customer additions for several different build-out scenarios. The build-out scenario identified as Staff #1, contained the largest number of new customers added. This scenario identified the potential number of new customers at 1,115. If this number of customer additions were to occur, does NYSEG hold sufficient pipeline capacity to serve this new load?
 - b. Assuming these 1,115 new customers were added over a ten year development period, under the Staff #1 build-out scenario, what would be the change, if any, to NYSEG's pipeline utilization for the Town of Plattsburgh?
 - i. Please identify total pipeline capacity currently held by NYSEG to serve the Town of Plattsburgh.
 - ii. Please identify the percentage use and total amount of capacity required to serve the Town of Plattsburgh on one current design day.

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- iii. Please identify expected percentage pipeline use and amount of pipeline capacity needed to serve the Town of Plattsburgh on one design day if/when all 1,115 customers are added.
- iv. If NYSEG does not have sufficient capacity to serve 1,115 new customers on one design day, please explain the company's plan to reliably serve this load in the future.

RESPONSE:

- 1.a. For the Plattsburgh load center, since the complete area is served, via North Country Pipeline ("NCPL"), from TransCanada Pipeline ("TCPL"), NYSEG's Gas Supply Planning Group evaluates this area as one load center. NYSEG's Gas Supply Planning Group does not differentiate by specific towns.

NYSEG presently has contracted a maximum daily quantity on TCPL for 8,132 Dths to the Napierville interconnect with North Country Pipeline. To reliably serve design day future load growth, NYSEG will evaluate the need to purchase additional supply at Napierville and/or contracting for additional capacity with TCPL.

- 1.b. Since this load center is served via a single source (TCPL), NYSEG does not foresee any change in pipeline utilization.
 - 1.b.i. NYSEG presently has contracted a maximum daily quantity on TCPL for 8,132 Dths to the Napierville interconnect with North Country Pipeline. Presently there are no other pipeline-supply sources that can serve this load center.
 - 1.b.ii. At the time of the NOVA Bus Order, NYSEG forecasted a TCPL capacity utilization level of 93.5% during a design day event. Currently, NYSEG is forecasting to utilize 100% of the TCPL capacity during a design day event with additional firm supplies delivered to Napierville.
 - 1.b.iii. With 1,115 additional customers, the forecasted Design Day would increase to 12,087 Dths.
 - 1.b.iv. To reliably serve a design day event for the Plattsburgh load area, including demand from future load growth, NYSEG will need to firm up the additional supply sources through a Napierville-delivered supply arrangement and/or evaluate the future need for additional TCPL capacity within its portfolio.

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Requesting Party and No.: Dan Wheeler and Jim Lyons (DPS-25)

Response No.: PGE-13-025

Request Date: May 21, 2014

Response Date: June 2, 2014

Respondent: Patrick Fox

RE: Follow-up to IR 24 - Pipeline Capacity for Town of Plattsburgh

QUESTION:

The Company's responses to DPS IR 24 indicated that "NYSEG presently has contracted a maximum daily quantity on TCPL for 8,132 Dths to the Napierville interconnect with North Country Pipeline" and "with 1,115 additional customers, the forecasted Design Day would increase to 12,087 Dths."

1. Is this increase from 8,132 Dths to 12,087 Dths solely to serve the planned growth within the Town of Plattsburgh on a design day?
2. Is there sufficient additional capacity on the North Country Pipeline available to serve this planned growth of 3,955 Dths?

RESPONSE:

1. No, the forecast of incremental capacity needed for this anticipated new load is 3,585 Dths during design day conditions.
2. NYSEG understands that there exists ample capacity to meet the anticipated new load and existing load growth. NYSEG has begun communicating with North Country Pipeline and expects to complete the effort for incremental capacity by November 1, 2014.