



Joseph J. Syta
Vice President – Controller & Treasurer

July 3, 2018

VIA ELECTRONIC MAIL

Honorable Kathleen Burgess
Secretary
State of New York Department of Public Service
Three Empire State Plaza
Albany, NY 12223

RE: Case 17-G-0432 – Petition of New York State Electric & Gas Corporation for
Authorization to Construct a Natural Gas Compressor Pilot Project in Tompkins
County, NY

Secretary Burgess:

The New York State Public Service Commission’s Order Authorizing Natural Gas Compressor Pilot Project (the “Compressor Project”), issued and effective November 16, 2017 (the “Order”), New York State Electric & Gas Corporation (“NYSEG” or the “Company”) includes certain reporting requirements identified in Ordering Clause 5. The Company submitted its first report on January 30, 2018. The Company requested deferral of its second quarterly report to July 31, 2018 to allow for the completion of certain project updates and analyses, and to allow for consultation with Staff.

As part of these recent analyses, the Company reviewed the pressure, capacity and growth information for the relevant natural gas moratorium area during the past heating season. Based on the information reviewed, which indicated acceptable pressures were maintained throughout the 2017/2018 heating season and there was not any material growth in demand, the Company believes that the reliability need identified in its July 2017 petition filing is not as acute as initially anticipated, and that there is little risk associated with maintaining needed end-point pressure during the upcoming heating season. In this same time frame, the Company continued detailed engineering work and site selection work associated with the Compressor Project, and based on that work determined that the estimated cost of the Compressor Project would need to increase materially from its initial \$3.9 million estimate.

The Company is also in receipt of a number of responses to an RFP issued in this proceeding, which sought Non-Pipe Alternative proposals for consideration in the Tompkins County region, with particular focus on the moratorium area.

The Company requests that, given the latest information concerning the Compressor Project need and estimated cost, it be allowed to postpone further work on the Compressor Project and postpone filing reports on that project until such time as the review and analyses of the Non-Pipe Alternatives are complete, or until June 30, 2019, whichever comes first. This postponement has been discussed with Staff, and will provide ample time to fully explore Non-Pipes Alternatives which may be pursued in lieu of the Compressor Project. The Company will determine through the Non-Pipes Alternative review process if there are economic alternatives to the installation of the four compressors as originally envisioned.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Joseph J. Syta". The signature is fluid and cursive, with the first name "Joseph" being the most prominent part.

Joseph J. Syta