



EMPIRE NATURAL GAS CORPORATION

January 31, 2013

Hon. Jaclyn A. Billing, Secretary,
New York State Public Service Commission
Three Empire State Plaza,
Albany, New York 12223-1350

Re: CASE 12-G-0297 - Proceeding on Motion of the Commission to Examine Policies Regarding the Expansion of Natural Gas Service.

Dear Secretary Jaclyn;

Empire Natural Gas Corporation is an ESCO and has been serving natural gas customers in New York State for over 23 years. We understand that the Commission has invited comments on the above captioned case from utilities and ESCO's. Attached are the comments of Empire Natural Gas Corporation regarding this important matter.

Respectfully Submitted,

Marcel J. Barrows, PE
President
Empire Natural Gas Corporation

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CASE 12-G-0297

Proceeding on Motion of the Commission to Examine Policies Regarding the Expansion of Natural Gas Service

Empire Natural Gas Corporation Comments

There are many important communities in upstate New York who do not have natural gas as an option for a fuel choice. Utilities have the option to file for new franchise areas. However, this has proven to be a very lengthy process to say the least and has been met with limited success. We propose that in order to alleviate this current situation, the New York Public Service Commission authorizes all utilities to increase the rate of return to **twenty percent** for at least 20 years on any New Gas Plant required to serve new customers effective April 1, 2013. We propose that New Gas Plant be defined as follows: Gas Mains (Transmission and Distribution), Gas Services, Regulating & Compression Stations, and Compressed Natural Gas Fueling Stations. In regard to New Gas Services revise the free installation of the first 100 feet to 300 feet.

New York State must give the utilities more incentive to expand their natural gas systems. The higher rate of return is more than justified since there is greater risk extending to new communities. Once their gas system is expanded, it may take several years before they get customers to spend the money to convert to natural gas and realize the full benefits. The certainty of earning a twenty percent rate of return for twenty years should help relieve some of the risk concerns.

The benefits for adopting such a policy would be to reduce the imports of foreign oil and source locally produced gas. This would have a very positive impact on our federal and state budgets. In addition the policy would create construction jobs in New York State. Ultimately the people of New York State would be the big winners for this new policy for natural gas expansion!