Q. Would the members of the Gas Non-Firm Services Panel ("Panel") please state your names and business addresses?

A. William A. Atzl, Jr., 4 Irving Place, New York, New York 10003, Peter Carnavos, 111 Broadway, New York, New York 10006 and Tomas Hernandez, 1615 Bronxdale Avenue, Bronx, New York 10460.

Q. By whom are you employed, in what capacity, and what are your professional backgrounds and qualifications?

A. (**Atzl**) We are employed by Consolidated Edison Company of New York, Inc. ("Con Edison" or "the Company"). I am Director of the Rate Engineering Department. In 1983, I graduated from the State University of New York at Stony Brook with a Bachelor of Engineering degree in Mechanical Engineering. In 1989, I graduated from Pace University, White Plains, New York with a Master of Business Administration degree in Management Information Systems. I am a Licensed Professional Engineer in the State of New York. My first employment was with Long Island Lighting Company in 1983 where I held the position of Assistant Engineer in the New Business Department. In 1984, I joined Orange and Rockland Utilities, Inc. ("Orange and Rockland") as a Commercial and Industrial Representative in the Commercial Operations Department. At Orange and Rockland, I also held the positions of Commercial and

Industrial Engineer, Program Administrator - Demand-Side Management, Manager - Demand-Side Management Operations, Manager - Energy Services and Pricing, and Manager – Regulatory Affairs. In October 1999, I joined Con Edison and held the position Department Manager – Electric and Gas Rate Design – O&R and Director prior to my present position. I have testified in numerous regulatory proceedings before the New York Public Service Commission ("Commission"), New Jersey Board of Public Utilities and Pennsylvania Public Utility Commission.

(Carnavos) I am Director, Energy Management Gas Supply for Con Edison. I graduated from Saint John's University with a Bachelor of Arts degree in Secondary Education and I hold a Graduate Business Certificate from Long Island University. I have also attended the Duke University Fuqua School of Business Program for Management Development. I am a member of the Northeast Gas Association's New York State Gas Utility Planning Committee (NYPLAN) and Supply Task Force. I joined Con Edison in 1980 and have over 30 years of both regulated utility and competitive energy service company experience. In my career I have been responsible for various planning, forecasting, business development, regulatory strategy and operational areas related to

contracting, purchasing, infrastructure, retail services and the delivery of natural gas and fuel oil for gas customers, power generators and Con Edison electric and steam generation. I am responsible for the following areas in the Gas Supply Department: (i) gas purchasing and scheduling; (ii) gas billing and analysis and contract administration; and (iii) gas transportation services and planning. As Director of Gas Supply, I oversee these areas for both Con Edison and Orange and Rockland (jointly referred to as "the Companies") including gas for company owned generation with gas expenditures of over $700 million per year. In addition, I contributed to the development of the Gas Hedging Program which is executed by the Electric Supply Department. I submitted testimony in Case 00-M-0504. I also submitted testimony to the New York State Board on Electric Generation Siting and the Environment in Case 99-F-1314.

(Hernandez) I am Section Manager of the Gas Distribution Planning group. In 1980, I graduated from Manhattan College with a Bachelor of Engineering degree in Mechanical Engineering. My first employment was with EBASCO Services, Inc. as an Assistant Engineer in the Mechanical Engineering Department. In 1986, I joined the

Brooklyn Union Gas Company as an Engineer in the Gas Systems Design group. In 1990, I joined Orange and Rockland as an Engineer, and was later promoted to Senior Engineer. In 2003, I joined Con Edison as a Senior Engineer in the Gas Distribution Planning group. In 2005, I was promoted to Section Manager of the Manhattan Gas Distribution Services section. In 2007, I became Section Manager of the Queens Gas Distribution Services section. In 2009, I moved to my current position.

Q. Please summarize your testimony.

A. The Panel's testimony is comprised of seven sections:

First, we will describe the interruptible gas services provided by Con Edison under Service Classification ("SC") Nos. 9 and 12.

Second, we will describe the goals of changes being proposed, including enhanced benefits to firm customers, maintenance of system reliability, and rate simplification.

Third, we will propose changes to interruptible and off-peak firm delivery rates. With regard to interruptible rates (SC No. 12 Rate 1 and SC No. 9 Rate B), we propose:

- a blocked rate design with a monthly minimum charge; and

- a reduction in the number of priorities.

We are also proposing the following changes in the off-peak firm rates (SC No. 12 Rate 2 and SC No. 9 Rate C):

- an increase in Rate 2 rates; and
- elimination of fixed rate contracts.

Fourth, we are proposing a Minimum Volume Eligibility Threshold of 100,000 therms per year for SC 12 Rate 1 and SC 9 Rate B Service.

Fifth, we will describe a proposed change to the annual revenue reconciliation performed for SC No. 12 Rate 1 customers to base it on delivery components only and thereby make it consistent with the reconciliation performed for SC No. 9 Rate B customers.

Sixth, we will discuss the impact of the changes on the non-firm revenue target associated with the non-firm revenue sharing mechanism.

Seventh, we will describe a proposed Gas Transmission Reinforcement Charge applicable to generation customers.

Q. Is the Panel sponsoring any exhibits?

A. Yes, we are sponsoring Exhibit ___ (NFSP-1). We will describe this exhibit in the course of our testimony.

DESCRIPTION OF INTERRUPTIBLE GAS SERVICE

Q. Please describe the Company's interruptible gas services.

A. Interruptible gas service is provided by the Company under SC Nos. 9 and 12.

Under SC No. 9, the Company provides transportation service to customers who purchase their gas supply from a marketer. Under SC No. 12, the Company provides sales service to customers who elect to purchase their gas supply from the Company.

Under both of these service classifications, interruptible customers are segregated into two groups: interruptible customers and off-peak firm customers. Interruptible customers are designated as Rate 1 customers and Rate B customers in SC Nos. 12 and 9, respectively. Off-peak firm customers are designated as Rate 2 customers and Rate C customers in SC Nos. 12 and 9, respectively. Throughout our testimony, we will refer to SC No. 12 Rate 1 and SC No. 9 Rate B customers as "Rate 1 Customers" and we will refer to SC No. 12 Rate 2 and SC No. 9 Rate C customers as "Rate 2 Customers." We will refer to these two groups together as "Interruptible Customers."

Q. Please describe the rate structure applicable to the Rate 1 Customers.

A. The Rate 1 Customers are categorized by "Priority." Priority AB is applicable to customers who meet the

requirements for interruptible service regardless of their gas consumption or alternate fuel. Priority C is applicable to customers who use No. 2 oil as their alternate fuel and whose annual use of gas is 100,000 therms or greater. Priority D is applicable to customers who use No. 4 or No. 6 oil as their alternate fuel and whose annual use of gas is 100,000 therms or greater. Priority E is applicable to customers whose annual use of gas is 1,800,000 therms or greater.

Within each Priority, separate rates are established monthly for (1) residential customers whose equivalent firm service classification would be SC No. 1 or SC No. 3, (2) non-residential customers whose equivalent firm service classification would be SC No. 2, and (3) non-residential customers who are fully exempt from the Petroleum Business Tax ("PBT") on their oil purchases for a reason other than residential usage and whose equivalent firm service classification could be SC No. 1, 2, or 3. The rates for delivery service and, where applicable, supply service, are set on a monthly basis based on market conditions and quality of service.

Q. Please describe the rate structure applicable to the Rate 2 Customers.

A. Rate 2 is applicable to customers whose estimated annual use of gas is 1,000,000 therms or greater. Under Rate 2, the rates for delivery service are fixed at specific levels for one, two and three-year terms of service. In addition, the applicable delivery rate is reduced by one cent per therm for monthly usage in excess of 500,000 therms. The rate for supply service is set monthly based on market conditions.

Rate 2 Customers are also subject to a minimum charge per month equal to the product of: (1) the applicable delivery rate; (2) 50% of the annual quantity of gas requested in the customer's service application divided by 365 days; and (3) the number of days in the billing period.

Q. Are there differences between Rate 1 Customers and Rate 2 Customers in terms of how they are interrupted?

A. Yes. Rate 1 Customers can elect to be interrupted by means of notification by the Company or a temperature controlled device. For notification customers, there are no limitations on the number of periods of interruption or the time of year in which interruptions are initiated by the Company. For Rate 1 customers utilizing temperature control devices, the Company notifies these customers prior to each winter season of the on and off

temperature settings to be utilized. Interruptions of Rate 2 Customers are initiated through notification by the Company. The Company may interrupt service to Rate 2 Customers for up to 30 days during each winter period, defined as November 1 through March 31. The Company may also interrupt service in excess of 30 days. However, if service to a Rate 2 Customer is interrupted in excess of 30 days (for reasons not resulting from emergencies threatening the integrity of the Company's system or causes beyond the Company's control), the Company shall, upon receiving a valid receipt from the customer reflecting its purchase of an alternate fuel or alternate energy during the curtailment period, have the option of: crediting the customer for the amount by which the cost of the customer's replacement fuel or alternate energy used during the excess interruption period exceeds the gas rates in effect during the interruption period; or providing replacement fuel from the Company's fuel suppliers.

GOALS OF PROPOSED CHANGES TO INTERRUPTIBLE SERVICES

Q. What are your goals in proposing changes to the Company's interruptible services?

A. Our first goal is to enhance the benefits to firm customers resulting from the Company's interruptible

services. Rate 1 interruptible revenues comprise a portion of the base rate revenue imputation attributable to non-firm revenues. This imputation reduces rates to firm customers and, to the extent the imputation is exceeded, firm customers receive 75 percent of the amount above the non-firm revenue target. Rate 2 delivery service revenues are recorded as other operating revenues and to the extent they are increased, firm customers benefit through lower rates. In addition, any revenues from a contribution to pipeline fixed costs included in the monthly posted price for Rate 2 gas supply service are included in non-firm revenues.

Our second goal is to maintain system reliability. In proposing changes to the Company's interruptible services, we make sure the changes do not negatively impact the Company's ability to maintain system reliability.

Our third goal is rate simplification. Wherever possible, we try to simplify our rate structures and we considered this in proposing changes to the Company's interruptible services.

PROPOSED CHANGES TO INTERRUPTIBLE SERVICES

Q. Please describe the changes you are proposing to Rate 1 delivery rates.

A. As we discussed previously, Rate 1 Customers are categorized by Priority based on annual gas consumption and alternate fuel. There are currently four Priorities: Priority AB, Priority C, Priority D and Priority E; and three categories of Rate 1 Customers: residential, non-residential and non-residential PBT exempt. This results in twelve interruptible delivery rates that are set each month. We are proposing to replace the four Priorities for each of the three customer categories with a single blocked rate structure for each of the three customer categories. The monthly blocked rate structures will each consist of a minimum charge for the first 250 therms or less of usage and two blocked rates, one rate for the next 4,750 therms and another rate for usage above 5,000 therms.

Q. Please describe the basis for the minimum monthly charge.

A. The minimum monthly charge is designed to recover the costs associated with maintaining a customer on interruptible service. The Company incurs several categories of costs associated with interruptible service and these costs are not directly assigned to the customers that cause the Company to incur them -- the interruptible customers. Therefore, we are proposing a minimum monthly charge designed for interruptible

customers to make a minimum contribution to the recovery of such costs.

Q. Please describe the proposed minimum monthly charge.

A. The minimum monthly charge is set based on a) a fixed component designed to recover costs associated with administering interruptible service (personnel, billing, meter reading, systems); and b) the minimum volume of 250 therms priced at the tail block rate of the otherwise applicable firm rate structure. The determinations of the minimum monthly charges of $216 for residential and $170 for non-residential (including non-residential PBT exempt) customers are set forth on Exhibit __ (NFSP-1).

Q. Under what circumstances will the minimum monthly charge be reset?

A. Under our proposal, the minimum monthly charge would be reset in base rate proceedings where firm base delivery rates change.

Q. How were the 250 therm and 5,000 therm monthly block thresholds determined?

A. The 250 therm block threshold is a monthly usage level typical of a very small gas customer. Interruptible customers should be customers with usage well above this level to provide any appreciable benefit to the Company's gas system when interrupted. The 250 therm block

threshold associated with the minimum monthly charge ensures a minimum revenue contribution from Rate 1 Customers. The 5,000 therm block threshold was selected to provide a rate structure under which the average delivery rates for interruptible customers vary with usage in a manner similar to the variation in average firm delivery rates as usage varies.

Q. Why is this necessary?

A. Interruptible delivery rates are set differently depending on whether the prices of alternate fuels are competitive with the price of gas delivered to the customer. When alternate fuel prices are competitive, interruptible delivery rates are set in a manner to make the delivered price of gas competitive with the prices of alternate fuels. When alternate fuel prices are not competitive, interruptible delivery prices are set in a manner that maximizes benefits to firm customers while maintaining interruptible delivery rates that are no greater than firm rates on an annual basis. Today, interruptible delivery rates are flat rates -- the same rate per therm applies regardless of usage. This can be problematic. It is difficult to set a flat interruptible rate that is less than firm rates for all usage levels while maximizing benefits to firm customers. For

example, at current rates, a non-residential non-heating interruptible customer whose otherwise applicable firm delivery rate is SC No. 2 Rate 1 and who uses 1,000 therms per month would be assessed on average 44.4 cents per therm if the customer took firm delivery service, while a similar customer using 5,000 therms per month would be assessed on average 35.4 cents per therm if the customer took firm delivery service. In this example, an interruptible delivery rate of 32 cents per therm would be about 10 percent lower than the otherwise applicable firm delivery rate for the customer using 5,000 therms per month, but is 28 percent less than the otherwise applicable firm delivery rate for the customer using 1,000 therms per month. The blocked rate structure we are proposing would permit the Company to set interruptible delivery rates that represent a more consistent percentage differential from firm rates at varying usage levels. This would permit the Company to maximize benefits to firm customers when alternate fuel prices are not competitive with the delivered price of gas while allowing the Company to set interruptible delivery rates that are competitive when alternate fuel prices are lower.

Q. How will the blocked rates be set?

A. Consistent with the current method of determining interruptible delivery rates, the blocked rates will be set on a monthly basis to permit the Company flexibility to react to market conditions and maximize benefits to firm customers.

Q. Please describe the Rate 2 delivery rates.

A. As we discussed previously, Rate 2 Customers are assessed fixed rates for delivery service for one, two and three-year terms of service. Current delivery rates are: 8.0 cents per therm for a one-year term of service; 7.5 cents per therm for a two-year term of service; and 7.0 cents per therm for a three-year term of service. The applicable rate is reduced by 1.0 cent per therm for monthly usage in excess of 500,000 therms. These rates have not increased since the inception of Rate 2 in 1993, while firm delivery rates have increased by approximately 41%. For the twelve-month period ended June 30, 2012, the percentage difference between Rate 2 delivery rates and otherwise applicable firm delivery rates is approximately 66%. This is in contrast to a 46% average difference between Rate 1 delivery rates and otherwise applicable firm delivery rates.

Q. What changes are you proposing to the Rate 2 delivery rates?

A. We are proposing to eliminate the multi-year terms of service and set a single Rate 2 delivery rate at 11.5 cents per therm. The proposed rate would be reduced by 1.0 cent per therm for monthly usage in excess of 500,000 therms. With this increase, the percentage difference between Rate 2 delivery rates and otherwise applicable firm delivery rates would be reduced to approximately 50%. This increase also approximates the increases in firm delivery rates since the inception of Rate 2. As discussed below, existing Rate 2 customers will be grandfathered until the terms of their existing contracts expire.

Q. Is the Company proposing any additional changes to service for Rate 1 customers?

A. The Company filed in Case 11-G-0543 to eliminate the Rate 1 temperature control option effective November 1, 2012 and thereafter serve all interruptible customers as notification customers. As a result of the Commission's Order issued on October 18, 2012, in that case, the temperature control option was not eliminated effective November 1, 2012. However, the Company plans to re-file this change to become effective prior to the 2013 - 2014 heating season.

MINIMUM VOLUME ELIGIBILITY THRESHOLD

Q. Are you proposing a minimum annual volume eligibility threshold for Rate 1 Customers?

A. Yes. We are proposing a minimum annual volume threshold of 100,000 therms per year for new Rate 1 Customers.

Q. Why are you proposing this minimum annual volume threshold?

A. In return for the favorable rate provided to interruptible customers, the Company and firm gas customers expect a significant benefit to the system when an interruption is required. Historically, customers using less than 100,000 therms per year provide minimal benefit to the gas system when interrupted. This threshold level is also consistent with the level adopted by the Commission for the Company's affiliate, Orange and Rockland in Case 05-G-1494.

Q. Would this minimum annual volume threshold have an impact on existing Rate 1 Customers?

A. Under our proposal, existing Rate 1 Customers would be grandfathered, that is they would continue to be eligible for interruptible service. However, if a Rate 1 Customer leaves interruptible service, whether it be voluntarily or as a result of non-compliance with the terms and conditions of interruptible service, the minimum annual

volume threshold would apply if the customer seeks to return to interruptible service.

CHANGES TO ANNUAL REVENUE RECONCILIATION

Q. Please describe the annual revenue reconciliation for Rate 1 Customers.

A. The Company's gas tariff currently includes a reconciliation provision for Rate 1 Customers taking service under SC No. 9 (transportation service) and SC No. 12 (sales service). Under these reconciliation provisions, if the Company charges and the customer pays during an annual period an amount greater than the Company would have charged the customer under the customer's otherwise applicable firm service classification, the Company will credit the customer for the amount overpaid. For SC No. 12 customers, this reconciliation is performed on a total bill basis, including the cost of gas supply. For SC No. 9 customers, this reconciliation is performed based only on delivery rate components and excludes gas supply.

Q. What changes are you proposing to the reconciliation mechanism?

A. We are proposing to change the SC No. 12 reconciliation mechanism to be performed based only on delivery rate

components, consistent with the SC No. 9 reconciliation mechanism.

Q. Why is this appropriate?

A. Since SC No. 12 customers are reconciled on a total bill basis, the Company sets the monthly SC No. 12 rates to be less than firm rates, or when alternate fuel prices are competitive, less than applicable alternate fuel prices. Since the Company assigns its highest cost gas supply to interruptible customers, high supply costs can constrain the Company's ability to set SC No. 12 delivery rates without exceeding otherwise applicable firm rates. The SC No. 9 interruptible delivery rates are then set equal to their corresponding SC No. 12 delivery rates, so this also constrains the SC No. 9 delivery rates, thereby reducing the benefits of interruptible service to firm customers.

Q. Are you proposing any other changes to the reconciliation mechanism?

A. Yes, we also propose that under no circumstances will a Rate 1 Customer pay less than the minimum monthly charge described above.

IMPACT ON NON-FIRM REVENUE TARGET

Q. Please describe the non-firm revenue sharing mechanism.

A. Non-firm revenues are generated from serving non-firm customers and from Company efforts to maximize the value of assets obtained to meet the Company's firm customer requirements. These revenues are subject to the non-firm revenue sharing mechanism between firm customers and the Company. Under the current rate plan, the revenue requirement for each rate year reflects a base rate revenue imputation of $53 million attributable to non-firm revenues. The Company retains 100 percent of the first $58 million of non-firm revenues achieved during each rate year of the current gas rate plan. If non-firm revenues are less than $58 million in any rate year, the Company will (i) defer on its books of account for future recovery from customers, with interest, the amount by which non-firm revenues are less than $33 million and (ii) surcharge firm customers in the subsequent rate year for 80 percent of the difference between $58 million and the level of non-firm revenues achieved at or above $33 million. For non-firm revenues above $58 million in any rate year, firm customers will be credited with 75 percent of the amount above $58 million beginning in the subsequent month.

Q. Are you proposing a change in the non-firm revenue imputation or target amounts attributable to the proposed changes in the Rate 1 rate structure?

A. No. Although the changes we are proposing may result in an increase in Rate 1 revenues, there is considerable uncertainty regarding the amount by which Rate 1 revenues may increase. In addition, as discussed by Company witness Carnavos, projected revenues from discretionary capacity release are likely to decrease.

However, in order to take account of the fact that Rate 1 Customer revenues are likely to increase if the Company's Rate 1 proposals are adopted and may be the reason the Company exceeds the $58 million non-firm revenue target, we propose to increase the customers' share of non-firm revenues above the $58 million target from 75% to 80% for the rate year if the proposed changes to the Rate 1 interruptible rate structure are adopted by the Commission.

Q. What is the impact of your proposed increases in Rate 2 interruptible rates on the non-firm revenue sharing mechanism?

A. Rate 2 interruptible revenues are not included in the non-firm revenue sharing mechanism. Therefore, the Rate

2 changes will have no impact on the non-firm revenue sharing mechanism.

Q. Will the Rate 2 changes provide a benefit to firm customers?

A. Yes. The revenue impacts associated with our proposed Rate 2 increase, if adopted by the Commission, will reduce the impact of the revenue increase requested by the Company in this proceeding.

Q. What are the revenue impacts associated with your proposed increase in Rate 2 rates?

A. The impacts of our proposed Rate 2 increase will be realized gradually. Customer agreements in place at the time of the rate change will remain in effect for the remainder of their terms, which in most cases is three years. The new rate we are proposing would become effective for each customer as its agreement expires. Therefore, the revenue impact is gradual as shown below.

Period	Revenue Increase ($millions)
(Jan 2014 – Dec 2014)	$1.6
(Jan 2015 – Dec 2015)	$3.4
(Jan 2016 – Dec 2016)	$6.6
(Jan 2017 – Dec 2017)	$8.2

Q. Has the Accounting Panel adjusted its proposed revenue increase based on this information?

A. Not at this time. If the proposed increase in Rate 2 rates is adopted by the Commission, the Accounting Panel will adjust the revenue increase.

GAS TRANSMISSION REINFORCEMENT CHARGE

Q. Please describe the nature of gas service the Company provides to the power generation industry.

A. Con Edison currently has five large electric power generation ("Power Gen") customers active on its system. Those customers are the New York Power Authority ("NYPA"), TransCanada-Ravenswood ("Ravenswood"), Astoria Generating Company ("US Power Generation" or "USPG"), NRG Power Marketing ("NRG") and Astoria Energy LLC ("SCS"). In addition, the Company's Steam Operations Department ("Steam") operates several facilities on the system that produce steam and electricity. Collectively, they will be referred to as "Generators".

Q. Please provide the volume of gas delivered through your system to these customers.

A. Over the five-year period 2007 through 2011, the Company delivered an average of 111,938,963 Dth per year to Power Gen customers and an average of 42,164,772 Dth per year

to the Steam units. The Generators deliveries averaged 154,103,735 Dth per year.

Q. How do these Generator volumes compare to the total gas system throughput?

A. During the same five-year period, the total gas system throughput averaged 299,907,929 Dth per year. The Power Gen customers averaged approximately 37.3% of the total throughput while the Steam units averaged 14.1%. Combined, all of the Generators averaged approximately 51.4% of the total system throughput over the five-year period 2007 - 2011.

Q. How is natural gas delivered to these customers?

A. All of the Generators receive their scheduled gas off of the Company's high pressure transmission infrastructure and derive material benefits from the Company's investment in the high pressure transmission infrastructure.

Q. Please explain.

A. Generators benefit from the availability of capacity on the Company's delivery system that is attributable to Con Edison's continuing investment in enhancing and maintaining the safety and reliability of its delivery service infrastructure, as reflected in the capital

expenditure programs approved by the Commission in Con Edison's general gas rate proceedings.

Q. Please provide examples.

A. Transmission projects that benefit the entire system include the transmission pipeline integrity main replacement program and the connection of the anticipated Spectra NJ-NY expansion project to our transmission system.

Q. How does the Company currently recover its costs for the capital expenditure programs?

A. The costs are reflected in the rates for firm service established by the Commission in the Company's general gas rate proceedings.

Q. Do you have any recommendations?

A. Yes. We recommend that the Company institute a "Gas Transmission Reinforcement Charge" that would capture an appropriate contribution from the Power Gen community, on a per dekatherm basis, which recognizes the capacity benefits realized by them from infrastructure projects.

Q. Would this charge be applicable to the Company's Steam Operations Department as well?

A. Yes it would.

Q. What is the proposed new charge?

A. The proposed charge is $0.05 per dekatherm.

Q. What is the basis for this charge?

A. Generators make substantial use of the Company's gas transmission infrastructure and benefit from ongoing Company investments in that infrastructure. For example, as indicated above, for the five-year period 2007 through 2011, approximately 50 percent of the volumes delivered across the Company's gas transmission infrastructure were for Generators. Over the next five-year period, the Company projects spending on average approximately $15 million per year for transmission projects. The Company considers a $0.05/Dt charge reasonable considering the historical and ongoing significant Company investment in gas transmission facilities and the Generators' extensive use of these facilities.

Q. What is the projected level of additional revenue associated with this charge?

A. If Generators continue to deliver gas consistent with the five-year average, it would result in revenues of approximately $7.5 million per year.

Q. Would the contribution from the Generators be considered part of the non-firm revenues subject to the sharing target?

A. No. The proceeds from the Generators would be used to reduce the cost of gas system enhancements. This would

allow firm delivery customers to benefit from a lower ratebase and Generators to benefit from the enhanced transmission system.

Q. How would this charge be implemented?

A. Each Generator would be assessed this additional charge on all volumes of gas delivered. Company witness Catuogno and the Steam Rate Panel testify to Steam's recovery of these charges to Steam Customers.

Q. Does this conclude your testimony?

A. Yes.