

BEFORE THE  
STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

---

Cases 09-E-0715, 09-G-0716, 09-E-0717 and 09-G-0718

In the Matter of  
  
New York State Electric & Gas Corporation  
And  
Rochester Gas & Electric Corporation

ELECTRIC AND GAS RATES

January 2010

---

Prepared Exhibits of:

GAS PROCUREMENT PANEL

Michael W. Wayand  
Utility Engineer 3

James Lyons  
Utility Consumer Program  
Specialist 4

Office of Electric, Gas & Water  
State of New York  
Department of Public Service  
Three Empire State Plaza  
Albany, New York 12223-1350

Cases 09-E-0715, et al.

Exhibit\_\_\_\_(GPP-1)

List of Information Request Responses  
Submitted for the Record

Response #	Question #	Subject Matter
NYRC-0313	DPS-246	Incremental Gas Supply Charge
NYRC-0428	DPS-320	Gas Reliability Surcharge
NYRC-0429	DPS-321	Gas Reliability Surcharge
NYRC-0430	DPS-322	Gas Reliability Surcharge
NYRC-0592	DPS-450	Mandatory Capacity Release Assignment Program Pricing
NYRC-0838	DPS-544	Gas Reliability Surcharge
NYRC-0858	HESS 1-1	Gas Reliability Surcharge
NYRC-0878	DPS-563	Gas Reliability Surcharge

**New York State Electric & Gas Corporation  
Rochester Gas and Electric Corporation**

**PSC Case No. 09-E-0715  
PSC Case No. 09-G-0716  
PSC Case No. 09-E-0717  
PSC Case No. 09-G-0718**

**Information Request**

**Requesting Party and No.:** M. Wayand (DPS-246)

**NYRC Response No.:** NYRC-0313 (DPS-246)

**Request Date:** November 5, 2009

**Information Requested of:** Electric and Natural Gas Supply Panels

---

**Reply Date:** December 2, 2009

**Responsible Witness:** Electric and Natural Gas Supply Panels

---

**QUESTION:**

**Incremental Gas Supply Tariff Provisions**

At page 44 of the Panel's testimonies, it states that "[t]he addition of this provision would allow interruptible sales customers that choose to return to sales service to do so without negatively impacting the GSC of previously existing firm sales customers"

1. Please identify the specific service class(es) that the Panel proposes to apply these gas supply tariff provisions to.
2. Please describe the negative monetary, reliability or other adverse impacts on firm sales customers that you believe would occur if your proposal is not implemented.
3. Please provide an actual or hypothetical example showing how the alleged negative impacts on the GSC under current circumstances; please include supporting calculations and workpapers.

**RESPONSE:**

---

1. The proposal is to allow customers taking service under Service Classification No. 3 of PSC No. 87 and Service Classification Nos. 2 and 3 of PSC No. 88 to return to firm sales service subject to the IGSC.
  2. NYSEG currently has an Incremental Gas Supply Charge (IGSC) in place for certain daily metered transportation service classifications to allow customers in those classes to return to firm sales service, while protecting core customers from any resulting negative financial and/or reliability impacts from the return. Expanding the IGSC to customers taking Interruptible service that request a return to firm sales service is appropriate since the Company could have to obtain additional capacity to serve them. If an IGSC is not applied in such circumstances, existing firm sales customers could be subject to increased Gas Supply Charges.
  3. Please see the attached.
-

GSC calculation if returning SC3S customer is charged  
the IGSC for additional capacity to serve

Appendix 7 - H  
to GSA 2  
page 1 of 2

New York State Electric & Gas Corporation  
Gas Supply Area 2  
Binghamton & Owego Rate Areas  
Effective: XXXXX

	Units			Cost of Gas		
	Annual Dth	Monthly Dth	Rate or Cost \$/unit	Annual Demand \$	Monthly Commodity \$	Total \$
<b>A. SOURCES OF GAS</b>						
Long Term Firm Purchases:						
Short Term/ Spot Purchases		728,126	\$6.9740	\$	5,077,949	\$ 5,077,949
Subtotal Purchases				\$ -	\$ 5,077,949	
Average Purchase Costs	7,288,466	845,571		\$ -	\$ 6.0054	\$ 6.0054
Storage Gas:						
Columbia Gas Trans. (80350) Storage Transportation	616,626		\$5.8670	\$ 3,617,745		\$ 3,617,745
Columbia Gas Trans. (38148) Firm Storage Service	822,168		\$1.5050	\$ 1,237,363		\$ 1,237,363
Columbia Gas Trans. (38148) Firm Storage Capacity	50,661,204		\$0.0289	\$ 1,464,109		\$ 1,464,109
Columbia Gas Trans. FSS Storage (Inc.'s comm., SST, w/d)		117,445	\$6.1645		\$ 723,988	\$ 723,988
Seneca Lake Storage		0	\$3.5405		\$ -	\$ -
Subtotal Storage				\$ 6,319,216	\$ 723,988	
Average Storage Costs	7,288,466	845,571		\$ 0.8670	\$ 0.8562	\$ 1.7232
Peaking Gas:						
Transportation:						
Columbia Gas Trans. (80348) Firm Transportation Service	441,528		\$6.0370	\$ 2,665,505		\$ 2,665,505
Columbia Gulf Trans. (80242) Firm Transp. Service (Nov-Mar)	120,730		\$3.1450	\$ 379,696		\$ 379,696
Columbia Gulf Trans. (80242) Firm Transp. Service (Apr-Oct)	164,878		\$3.1450	\$ 518,541		\$ 518,541
Dominion (100036) Firm Transportation Service	480,000		\$4.3576	\$ 2,091,648		\$ 2,091,648
Subtotal Transportation				\$ 5,655,390	\$ -	
Average Transportation Costs	7,288,466			\$ 0.7759	\$ -	\$ 0.7759
Total Company Purchased Gas				\$ 11,974,606	\$ 5,801,937	
Average Company Purchased Gas Cost	7,288,466	845,571		\$ 1.6430	\$ 6.8616	\$ 8.5045
<b>B. OTHER COSTS</b>						
Balancing				\$ (1,063,204)		\$ (1,063,204)
Enduser Cashout					\$ (70,537)	\$ (70,537)
Reservation of Sales Status				\$ -		\$ -
Transition Surcharge Revenue - Capacity Component				\$ (1,079,617)		\$ (1,079,617)
Transition Surcharge Revenue - Reliability Surcharge Component				\$ (281,392)		\$ (281,392)
Gas Cost Incentive Mechanism One (GCIM1)				\$ (3,103,318)	\$ -	\$ (3,103,318)
Gas Cost Incentive Mechanism Two (GCIM2)				\$ -		\$ -
Average Other Costs	7,288,466	845,571		\$ (0.7584)	\$ (0.0834)	\$ (0.8418)
<b>C. TOTAL COST OF GAS (A+B)</b>						
Total Cost of Gas				\$ 6,447,076	\$ 5,731,400	
Average Total Cost of Gas	7,288,466	845,571		\$ 0.8846	\$ 6.7781	\$ 7.6627

New York State Electric & Gas Corporation  
Gas Supply Area 2  
Binghamton & Owego Rate Areas  
Effective: November 1, 2009

D. ALLOCATIONS

Interruptible Sales (SC No. 3 - PSC 87)	187	\$	(1,233)	\$	(1,233)
		\$	\$	\$	\$
Total Allocations		\$	-	\$	(1,233)
		\$		\$	(1,233)

F. COST OF GAS FOR GAS SALES (C-D)

Total Demand Cost of Gas less Allocations	7,288,466	845,758	\$	6,447,076	\$	5,730,167
Firm Average Cost of Gas for Sales (per Dth)				\$0.8845		\$6.7751
						\$7.6596

	SC No. 1	SC No. 2	SC No. 5	SC No. 9
Firm Average Demand Cost of Gas for Sales (per Therm)	\$0.0884	\$0.0884	\$0.0884	\$0.0884
Load Factor Adjustment (LFA) for Sales Volumes	1.0039	0.9925	0.5033	0.8623
Adjusted Firm Average Demand Cost of Gas for Sales (per Therm)	\$0.0887	\$0.0877	\$0.0444	\$0.0762
Firm Average Commodity Cost of Gas for Sales (per Therm)	\$0.6775	\$0.6775	\$0.6775	\$0.6775
Firm Average Cost of Gas for Sales w/ LFA	\$0.7662	\$0.7652	\$0.7219	\$0.7537
Factor of Adjustment (FA) for Sales Volumes	1.00110	1.00110	1.00110	1.00110
Adjusted Firm Average Cost of Gas for Sales w/FA (per Therm)	\$0.7670	\$0.7660	\$0.7226	\$0.7545

G. CREDIT & SURCHARGES

Supplier Refund Adjustment (per Therm)	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Interim Reconciliation Adjustment (per Therm)	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Annual Reconciliation Adjustment (per Therm)	\$0.0096	\$0.0096	\$0.0096	\$0.0096
Other Adjustments (per Therm)	\$0.0000	\$0.0000	\$0.0000	\$0.0000

H. NET GSC without Merchant Function Charge (per Therm)

	\$0.7766	\$0.7756	\$0.7322	\$0.7641
Merchant Function Charge (per Therm)	\$0.0370	\$0.0370	\$0.0370	\$0.0370

GSC with Merchant Function Charge (per Therm)	\$0.8136	\$0.8126	\$0.7692	\$0.8011
---	----------	----------	----------	----------

GSC calculation if additional 10,000 Dth/month contracted for returning SC3S customer is paid by all GSC customers

Appendix 7 - H  
to GSA 2  
page 1 of 2

New York State Electric & Gas Corporation  
Gas Supply Area 2  
Binghamton & Owego Rate Areas  
Effective: XXXXX

	Units		Rate or Cost \$/unit	Cost of Gas		
	Annual Dth	Monthly Dth		Annual Demand \$	Monthly Commodity \$	Total \$
<b>A. SOURCES OF GAS</b>						
Long Term Firm Purchases:						
Short Term/ Spot Purchases with Additional Purchases		738,126	\$6.9740	\$	5,147,689	\$ 5,147,689
Subtotal Purchases				\$ -	\$ 5,147,689	
Average Purchase Costs	7,288,466	855,571		\$ -	\$ 6.0167	\$ 6.0167
Storage Gas:						
Columbia Gas Trans. (80350) Storage Transportation	616,626		\$5.8670	\$ 3,617,745		\$ 3,617,745
Columbia Gas Trans. (38148) Firm Storage Service	822,168		\$1.5050	\$ 1,237,363		\$ 1,237,363
Columbia Gas Trans. (38148) Firm Storage Capacity	50,661,204		\$0.0289	\$ 1,464,109		\$ 1,464,109
Columbia Gas Trans. FSS Storage (Inc.'s comm., SST, w/d)		117,445	\$6.1645		\$ 723,988	\$ 723,988
Seneca Lake Storage		0	\$3.5405		\$ -	\$ -
Subtotal Storage				\$ 6,319,216	\$ 723,988	
Average Storage Costs	7,288,466	855,571		\$ 0.8670	\$ 0.8462	\$ 1.7132
Peaking Gas:						
Transportation:						
Columbia Gas Trans. (80348) Firm Transportation Service	441,528		\$6.0370	\$ 2,665,505		\$ 2,665,505
Columbia Gas Trans. Additional Contract	120,000		\$8.0000	\$ 960,000		\$ 960,000
Columbia Gulf Trans. (80242) Firm Transp. Service (Nov-Mar)	120,730		\$3.1450	\$ 379,696		\$ 379,696
Columbia Gulf Trans. (80242) Firm Transp. Service (Apr-Oct)	164,878		\$3.1450	\$ 518,541		\$ 518,541
Dominion (100036) Firm Transportation Service	480,000		\$4.3576	\$ 2,091,648		\$ 2,091,648
Subtotal Transportation				\$ 6,615,390	\$ -	
Average Transportation Costs	7,288,466			\$ 0.9077	\$ -	\$ 0.9077
Total Company Purchased Gas				\$ 12,934,606	\$ 5,871,677	
Average Company Purchased Gas Cost	7,288,466	855,571		\$ 1.7747	\$ 6.6629	\$ 8.6375
<b>B. OTHER COSTS</b>						
Balancing				\$ (1,063,204)		\$ (1,063,204)
Enduser Cashout					\$ (70,537)	\$ (70,537)
Reservation of Sales Status				\$ -		\$ -
Transition Surcharge Revenue - Capacity Component				\$ (1,079,617)		\$ (1,079,617)
Transition Surcharge Revenue - Reliability Surcharge Component				\$ (281,392)		\$ (281,392)
Gas Cost Incentive Mechanism One (GCIM1)				\$ (3,103,318)	\$ -	\$ (3,103,318)
Gas Cost Incentive Mechanism Two (GCIM2)				\$ -		\$ -
Average Other Costs	7,288,466	855,571		\$ (0.7584)	\$ (0.0824)	\$ (0.8408)
<b>C. TOTAL COST OF GAS (A+B)</b>						
Total Cost of Gas				\$ 7,407,078	\$ 5,801,140	
Average Total Cost of Gas	7,288,466	855,571		\$ 1.0163	\$ 6.7604	\$ 7.7967

New York State Electric & Gas Corporation  
Gas Supply Area 2  
Binghamton & Owego Rate Areas  
Effective: November 1, 2009

D. ALLOCATIONS

Interruptible Sales (SC No. 3 - PSC 87)	187		\$	(1,233)	\$	(1,233)
			\$	-	\$	-
Total Allocations			\$	(1,233)	\$	(1,233)

F. COST OF GAS FOR GAS SALES (C-D)

Total Demand Cost of Gas less Allocations	7,288,466	855,758	\$	7,407,076	\$	5,799,907
Firm Average Cost of Gas for Sales (per Dth)				\$1.0152		\$6.7775
						\$7.7937

	SC No. 1	SC No. 2	SC No. 5	SC No. 9
Firm Average Demand Cost of Gas for Sales (per Therm)	\$0.1016	\$0.1016	\$0.1016	\$0.1016
Load Factor Adjustment (LFA) for Sales Volumes	1.0039	0.9925	0.5033	0.8623
Adjusted Firm Average Demand Cost of Gas for Sales (per Therm)	\$0.1019	\$0.1008	\$0.0511	\$0.0876
Firm Average Commodity Cost of Gas for Sales (per Therm)	\$0.6777	\$0.6777	\$0.6777	\$0.6777
Firm Average Cost of Gas for Sales w/ LFA	\$0.7796	\$0.7785	\$0.7288	\$0.7653
Factor of Adjustment (FA) for Sales Volumes	1.00110	1.00110	1.00110	1.00110
Adjusted Firm Average Cost of Gas for Sales w/FA (per Therm)	\$0.7804	\$0.7793	\$0.7296	\$0.7661

G. CREDIT & SURCHARGES

Supplier Refund Adjustment (per Therm)	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Interim Reconciliation Adjustment (per Therm)	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Annual Reconciliation Adjustment (per Therm)	\$0.0096	\$0.0096	\$0.0096	\$0.0096
Other Adjustments (per Therm)	\$0.0000	\$0.0000	\$0.0000	\$0.0000

H. NET GSC without Merchant Function Charge (per Therm)

	\$0.7900	\$0.7889	\$0.7392	\$0.7757
Merchant Function Charge (per Therm)	\$0.0370	\$0.0370	\$0.0370	\$0.0370

GSC with Merchant Function Charge (per Therm)	\$0.8270	\$0.8259	\$0.7762	\$0.8127
---	----------	----------	----------	----------



**New York State Electric & Gas Corporation  
Rochester Gas and Electric Corporation**

**PSC Case No. 09-E-0715  
PSC Case No. 09-G-0716  
PSC Case No. 09-E-0717  
PSC Case No. 09-G-0718**

**Information Request**

**Requesting Party and No.:** M. Wayand (DPS-320)

**NYRC Response No.:** NYRC-0428 (DPS-320)

**Request Date:** November 13, 2009

**Information Requested of:** Electric and Gas Supply / Embedded Cost of Service Panels

---

**Reply Date:** November 18, 2009

**Responsible Witness:** Electric and Gas Supply / Embedded Cost of Service Panels

---

**QUESTION:**

**NYSEG Gas Reliability Surcharge**

Regarding the currently effective NYSEG gas reliability surcharge established in Case 01-G-1668:

1. Please provide the current surcharges, in \$ per dekatherm, for each of the three Gas Supply Areas.
  2. Please provide workpapers showing the calculation of each of the current surcharges described in Question 1 above.
  3. Which service classes are billed the surcharge(s)?
  4. Which service classes are credited with the revenues from the surcharge(s)?
-

**RESPONSE:**

1. Effective November 1, 2009 - GSA1 \$0.0269/Dth – GSA2 \$0.0257/Dth – GSA3 \$0.1469/Dth
2. Please see attached NYRC-0428 (DPS-320) Q2 Attachment
3. SC1S, SC2S, SC5S, SC9S, SC10S, SC11S, SC13T, SC14T(non-daily)
4. SC1S, SC2S, SC5S, SC9S

Workpaper TS

New York State Electric & Gas Corporation  
Gas Supply Area 1  
Combined, Elmira, Goshen & Champlain Rate Areas  
Transition Surcharge  
Effective: November 1, 2009

Description	Annual Costs	
<u>Reliability Capacity Requirements</u>		
GSA 1 Design Day Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)	212,913	
GSA1 Typical Peak Day (86 HDD) Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)	187,966	
Difference	<u>24,947</u>	
<u>Reliability Capacity Resources</u>		
FTNN Cost per Unit	\$4.3576	
Monthly Capacity Costs	\$108,709	
Annual Capacity Costs		\$543,545
Demand Cost Offset		\$ (131,230)
<u>Reliability Storage Inventory Carrying Cost</u>		
Total Annual Seneca Carrying Cost	\$349,089	
Reliability Capacity Requirement for GSA 1 & GSA 2	37,934	
Total Seneca Capacity	80,000	
Total Peak Day Allocation Percentage	47.4%	
Allocated Carrying Costs	\$165,529	
GSA 1 share of Allocated Seneca	65.8%	
GSA 1 share of Allocated Annual Seneca Carrying Cost		\$108,859
		<u>\$521,174</u>
Annual Determinants for Sales and Non-Daily Metered Transport		19,401,545
Reliability Surcharge per Dth		\$0.0269
Reliability Surcharge per Therm		\$0.0026

Workpaper TS

New York State Electric & Gas Corporation  
Gas Supply Area 2  
Binghamton & Owego Rate Areas  
Transition Surcharge  
Effective: November 1, 2009

Description	Annual Costs	
<u>Reliability Capacity Requirements</u>		
GSA 2 Design Day Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)	116,403	
GSA 2 Typical Peak Day (66 HDD) Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)	103,416	
Difference	<u>12,987</u>	
<u>Reliability Capacity Resources</u>		
Dominion FTNN Cost per Unit	<u>\$4,3576</u>	
Monthly Capacity Costs	\$56,592	
Annual Capacity Costs		\$282,961
Demand Cost Offset		\$ (58,239)
<u>Reliability Storage Inventory Carrying Cost</u>		
Total Annual Seneca Carrying Cost	\$349,089	
Seneca Allocated to Peak Day Supply	37,934	
Total Seneca Capacity	80,000	
Total Peak Day Allocation Percentage	47.4%	
Allocated Carrying Costs	\$165,529	
GSA 2 share of Allocated Seneca	34.2%	
GSA 2 share of Allocated Annual Seneca Inventory Carrying Cost		\$56,670
		<u>\$281,392</u>
Annual Determinants for Sales and Non-Daily Metered Transport		10,946,956
Reliability Surcharge per Dth		\$0.0257
Reliability Surcharge per Therm		\$0.0025

Workpaper TS

New York State Electric & Gas Corporation  
Gas Supply Area 3  
Lockport Rate Area  
Transition Surcharge  
Effective: November 1, 2009

Description				Annual Costs
<b>Reliability Capacity Requirements</b>				
GSA 3 Design Day Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)				41,354
GSA 3 Typical Peak Day (66 HDD) Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)				36,854
Difference				4,500
<b>Reliability Capacity Resources</b>				
Storage Costs				
Dominion GSS (300086) Storage Demand				45,000
Dominion GSS (300086) Firm Storage Capacity				3,300,000
Tennessee (536) FS-MA - Deliverability Charge				116,928
Tennessee (536) FS-MA - Space Charge				10,557,816
Total Costs				\$462,304
Total Deliverability				161,928
Average Storage Rate				\$2.8550
Transportation Costs				
Tennessee (203) FT-A				\$3.3800
Monthly Capacity Costs Allocated to GSA 3 Delivery Rates				
Annual Capacity Costs Allocated to GSA 3 Delivery Rates				\$28,057
Demand Cost Offset				\$ (15,670)
<b>Storage Inventory Carrying Cost (Non-Daily Metered Only)</b>				
Total Annual Storage Inventory Carrying Cost				\$ 503,652
Storage Allocated to Peak Day Supply				4,500
Total Storage Deliverability (Dominion GSS and Tennessee FS-MA)				13,494
Total Peak Day Allocation Percentage				33.3%
Allocated Carrying Costs				\$167,959
				\$488,979
Annual Determinants for Sales and Non-Daily Metered Transport				
				3,327,994
Reliability Surcharge per Dth				\$0.1469
Reliability Surcharge per Therm				\$0.0146

**New York State Electric & Gas Corporation  
Rochester Gas and Electric Corporation**

**PSC Case No. 09-E-0715  
PSC Case No. 09-G-0716  
PSC Case No. 09-E-0717  
PSC Case No. 09-G-0718**

**Information Request**

**Requesting Party and No.:** M. Wayand (DPS-321)

**NYRC Response No.:** NYRC-0429 (DPS-321)

**Request Date:** November 13, 2009

**Information Requested of:** Electric and Gas Supply / Embedded Cost of Service Panels

---

**Reply Date:** November 23, 2009

**Responsible Witness:** : Electric and Gas Supply / Embedded Cost of Service Panels

---

**QUESTION:**

**Revised NYSEG Gas Reliability Surcharge**

Exhibit\_\_\_\_(NYSEGECOS-18) sets forth a gas reliability surcharge.

1. Specifically detail and provide all justifications for each of the design changes you are proposing to make to the gas reliability surcharge.
2. Regarding Exhibit\_\_\_\_(NYSEGECOS-18), please provide workpapers showing how each of the numbers in the "annual costs" column were derived or calculated.
3. Please explain how NYSEG's procedure for retaining gas capacity resources when temperatures fall to between 66 and 75 heating degree days is taken into account in the derivation and calculation of the costs that you provide in response to Question 2 above.
4. Please provide the bill impacts, if any, that the proposed revision would have on an average customer in each of the service classes that are billed the surcharge, and on an average customer in each of the service classes that are credited with the revenues from the surcharge.

**RESPONSE:**

1. As discussed on page 22 of the Electric and Natural Gas Supply Panel testimony, the design change to the reliability surcharge is to establish one rate for a consolidated GSA. The consolidation allocates the Maximum Daily Quantities (MDQ) and calculates a charge using a simpler method ( $MDQ * \text{pipeline rate} * 12 \text{ months}$ ) rather than determining an average rate, and allocating it to monthly and annual rates.
2. See attached NYRC-0429 Q2 Attachment.
3. NYSEG utilizes storage assets to serve demand under peak conditions (i.e. between 66 and 75 HDD's). These assets include both storage and the associated capacity needed to deliver the gas to the city gate. The costs associated with these assets are the basis for the reliability surcharge calculation on Exhibit\_\_\_\_(NYSEGECOS-18).
4. See attached NYRC-0429 Q4 Attachment. The bill comparisons represent the impact of consolidating the reliability surcharge for all Gas Supply Area's on individual customer bills. SC1S, SC2S, SC5S and SC9S customers receive a credit for the revenues received from aggregation customer's reliability surcharge in the GSC.

	<u>Annual costs</u>
<u>Reliability Capacity Resources</u>	
GSA1	\$401,130
GSA2	\$219,589
GSA3	<u>\$321,238</u>
	\$941,957
<u>Reliability Storage Inventory Carrying Cost</u>	
GSA1	\$151,372
GSA2	\$79,693
GSA3	<u>\$206,986</u>
	\$438,050
<b>Total</b>	<b>\$1,380,007</b>
<b>Annual Determinants for Sales and Non-Daily Metered Transport</b>	35,690,532
<b>Reliability Surcharge per Therm</b>	<b>\$ 0.0039</b>



Workpaper TS

New York State Electric & Gas Corporation  
Gas Supply Area 1  
Combined, Elmira, Goshen & Champlain Rate Areas  
Transition Surcharge  
Effective: July 1, 2009

Description	Annual Costs	
<u>Reliability Capacity Requirements</u>		
GSA 1 Design Day Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)	210,608	
GSA1 Typical Peak Day (66 HDD) Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)	185,940	
Difference	<u>24,668</u>	
<u>Reliability Capacity Resources</u>		
FTNN Cost per Unit	\$4.3576	
Monthly Capacity Costs	\$107,493	
Annual Capacity Costs		\$537,466
Demand Cost Offset		\$ (136,336)
<u>Reliability Storage Inventory Carrying Cost</u>		
Total Annual Seneca Carrying Cost	\$490,908	
Reliability Capacity Requirement for GSA 1 & GSA 2	37,655	
Total Seneca Capacity	80,000	
Total Peak Day Allocation Percentage	47.1%	
Allocated Carrying Costs	\$231,064	
GSA 1 share of Allocated Seneca	65.5%	
GSA 1 share of Allocated Annual Seneca Carrying Cost		\$151,372
		<u>\$552,501</u>
Annual Determinants for Sales and Non-Daily Metered Transport		20,541,701
Reliability Surcharge per Dth		\$0.0269
Reliability Surcharge per Therm		\$0.0026

Workpaper TS

New York State Electric & Gas Corporation  
Gas Supply Area 2  
Binghamton & Owego Rate Areas  
Transition Surcharge  
Effective: July 1, 2009

Description	Annual Costs	
<u>Reliability Capacity Requirements</u>		
GSA 2 Design Day Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)	116,403	
GSA 2 Typical Peak Day (66 HDD) Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)	103,416	
Difference	<u>12,987</u>	
<u>Reliability Capacity Resources</u>		
Dominion FTNN Cost per Unit	<u>\$4,3576</u>	
Monthly Capacity Costs	\$56,592	
Annual Capacity Costs		\$282,961
Demand Cost Offset		\$ (63,371)
<u>Reliability Storage Inventory Carrying Cost</u>		
Total Annual Seneca Carrying Cost	\$490,908	
Seneca Allocated to Peak Day Supply	37,655	
Total Seneca Capacity	80,000	
Total Peak Day Allocation Percentage	47.1%	
Allocated Carrying Costs	\$231,064	
GSA 2 share of Allocated Seneca	34.5%	
GSA 2 share of Allocated Annual Seneca Inventory Carrying Cost		\$79,693
		<u>\$299,282</u>
Annual Determinants for Sales and Non-Daily Metered Transport		11,797,015
Reliability Surcharge per Dth		\$0.0254
Reliability Surcharge per Therm		\$0.0025

Workpaper TS

New York State Electric & Gas Corporation  
Gas Supply Area 3  
Lockport Rate Area  
Transition Surcharge  
Effective: July 1, 2009

Description				Annual Costs
<u>Reliability Capacity Requirements</u>				
GSA 3 Design Day Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)				41,354
GSA 3 Typical Peak Day (66 HDD) Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)				<u>36,854</u>
Difference				<u>4,500</u>
<u>Reliability Capacity Resources</u>				
Storage Costs				
Dominion GSS (300086) Storage Demand		45,000	\$1.8815	\$84,668
Dominion GSS (300086) Firm Storage Capacity		3,300,000	\$0.0145	\$47,850
Tennessee (536) FS-MA - Deliverability Charge		116,928	\$1.1500	\$134,467
Tennessee (536) FS-MA - Space Charge		10,557,816	\$0.0185	<u>\$195,320</u>
Total Costs				<u>\$462,304</u>
Total Deliverability				161,928
Average Storage Rate				\$2.8550
Transportation Costs				
Tennessee (203) FT-A				\$3.3800
Monthly Capacity Costs Allocated to GSA 3 Delivery Rates				\$28,057
Annual Capacity Costs Allocated to GSA 3 Delivery Rates				\$336,690
Demand Cost Offset				\$ (15,452)
<u>Storage Inventory Carrying Cost (Non-Daily Metered Only)</u>				
Total Annual Storage Inventory Carrying Cost				\$ 620,681
Storage Allocated to Peak Day Supply			4,500	
Total Storage Deliverability (Dominion GSS and Tennessee FS-MA)			13,494	
Total Peak Day Allocation Percentage			33.3%	
Allocated Carrying Costs				\$206,986
				<u>\$528,224</u>
Annual Determinants for Sales and Non-Daily Metered Transport				3,351,815
Reliability Surcharge per Dth				\$0.1576
Reliability Surcharge per Therm				\$0.0157

New York State Electric & Gas Corporation  
Gas Department  
Reliability Surcharge  
Monthly Bill Impacts  
Service Classification 1S -- Residential  
Service Classification 13T -- Residential

Gas Supply Area (GSA) - 1

Combined, Champlain, Elmira and Goshen Rate Areas

Therms	Present Bill	Proposed Bill	Proposed Over Present	
			Amount	%
0	\$0.00	\$0.00	\$0.00	0.0%
3	\$0.01	\$0.01	\$0.00	48.8%
10	\$0.03	\$0.04	\$0.01	48.8%
20	\$0.05	\$0.08	\$0.03	48.8%
30	\$0.08	\$0.12	\$0.04	48.8%
40	\$0.11	\$0.16	\$0.05	48.8%
50	\$0.13	\$0.20	\$0.06	48.8%
60	\$0.16	\$0.24	\$0.08	48.8%
70	\$0.19	\$0.28	\$0.09	48.8%
80	\$0.21	\$0.32	\$0.10	48.8%
90	\$0.24	\$0.36	\$0.12	48.8%
100	\$0.27	\$0.40	\$0.13	48.8%
125	\$0.33	\$0.49	\$0.16	48.8%
150	\$0.40	\$0.59	\$0.19	48.8%
175	\$0.46	\$0.69	\$0.23	48.8%
200	\$0.53	\$0.79	\$0.26	48.8%
250	\$0.66	\$0.99	\$0.32	48.8%
300	\$0.80	\$1.19	\$0.39	48.8%
350	\$0.93	\$1.38	\$0.45	48.8%
400	\$1.06	\$1.58	\$0.52	48.8%
500	\$1.33	\$1.98	\$0.65	48.8%
750	\$1.99	\$2.96	\$0.97	48.8%
1000	\$2.65	\$3.95	\$1.30	48.8%
1500	\$3.98	\$5.93	\$1.94	48.8%
2000	\$5.31	\$7.90	\$2.59	48.8%
3000	\$7.96	\$11.85	\$3.89	48.8%
5000	\$13.27	\$19.75	\$6.48	48.8%

Billing Determinants		
	Present Rates	Proposed Rates
First 3 therms	\$0.00	\$0.00
Next 47 therms	\$0.0000	\$0.0000
Over 50 therms	\$0.0000	\$0.0000
Bill Charge	\$0.0000	\$0.0000
R&D Charge	\$0.0000	\$0.0000
Reliability Surcharge	\$0.0026	\$0.0039
EEPS	\$0.0000	\$0.0000
TSAS 4-50 Th	\$0.0000	\$0.0000
TSAS Over 50 Th	\$0.0000	\$0.0000
Gas Cost	\$0.0000	\$0.0000
MFC	\$0.0000	\$0.0000
GRT - Commodity	1.000000	1.000000
GRT - Delivery	0.979592	0.979592

New York State Electric & Gas Corporation  
Gas Department  
Reliability Surcharge  
Monthly Bill Impacts  
Service Classification 1S -- Residential  
Service Classification 13T -- Residential

Gas Supply Area (GSA) - 2  
Binghamton and Owego Rate Areas

Therms	Present Bill	Proposed Bill	Proposed Over Present	
			Amount	%
0	\$0.00	\$0.00	\$0.00	0.0%
3	\$0.01	\$0.01	\$0.00	54.8%
10	\$0.03	\$0.04	\$0.01	54.8%
20	\$0.05	\$0.08	\$0.03	54.8%
30	\$0.08	\$0.12	\$0.04	54.8%
40	\$0.10	\$0.16	\$0.06	54.8%
50	\$0.13	\$0.20	\$0.07	54.8%
60	\$0.15	\$0.24	\$0.08	54.8%
70	\$0.18	\$0.28	\$0.10	54.8%
80	\$0.20	\$0.32	\$0.11	54.8%
90	\$0.23	\$0.36	\$0.13	54.8%
100	\$0.26	\$0.40	\$0.14	54.8%
125	\$0.32	\$0.49	\$0.17	54.8%
150	\$0.38	\$0.59	\$0.21	54.8%
175	\$0.45	\$0.69	\$0.24	54.8%
200	\$0.51	\$0.79	\$0.28	54.8%
250	\$0.64	\$0.99	\$0.35	54.8%
300	\$0.77	\$1.19	\$0.42	54.8%
350	\$0.89	\$1.38	\$0.49	54.8%
400	\$1.02	\$1.58	\$0.56	54.8%
500	\$1.28	\$1.98	\$0.70	54.8%
750	\$1.91	\$2.96	\$1.05	54.8%
1000	\$2.55	\$3.95	\$1.40	54.8%
1500	\$3.83	\$5.93	\$2.10	54.8%
2000	\$5.10	\$7.90	\$2.80	54.8%
3000	\$7.66	\$11.85	\$4.20	54.8%
5000	\$12.76	\$19.75	\$6.99	54.8%

Billing Determinants		
	Present Rates	Proposed Rates
First 3 therms	\$0.00	\$0.00
Next 47 therms	\$0.0000	\$0.0000
Over 50 therms	\$0.0000	\$0.0000
Bill Charge	\$0.0000	\$0.0000
R&D Charge	\$0.0000	\$0.0000
Reliability Surcharge	\$0.0025	\$0.0039
EEPS	\$0.0000	\$0.0000
TSAS 4-50 Th	\$0.0000	\$0.0000
TSAS Over 50 Th	\$0.0000	\$0.0000
Gas Cost	\$0.0000	\$0.0000
Merch Funct Chrg	\$0.0000	\$0.0000
GRT - Commodity	1.000000	1.000000
GRT - Delivery	0.979592	0.979592

New York State Electric & Gas Corporation  
Gas Department  
Reliability Surcharge  
Monthly Bill Impacts  
Service Classification 1S -- Residential  
Service Classification 13T -- Residential

Gas Supply Area (GSA) - 3

Lockport Rate Area

Therms	Present Bill	Proposed Bill	Proposed Over Present	
			Amount	%
0	\$0.00	\$0.00	\$0.00	0.0%
3	\$0.05	\$0.01	-\$0.04	-75.4%
10	\$0.16	\$0.04	-\$0.12	-75.4%
20	\$0.32	\$0.08	-\$0.24	-75.4%
30	\$0.48	\$0.12	-\$0.36	-75.4%
40	\$0.64	\$0.16	-\$0.48	-75.4%
50	\$0.80	\$0.20	-\$0.60	-75.4%
60	\$0.96	\$0.24	-\$0.72	-75.4%
70	\$1.12	\$0.28	-\$0.85	-75.4%
80	\$1.28	\$0.32	-\$0.97	-75.4%
90	\$1.44	\$0.36	-\$1.09	-75.4%
100	\$1.60	\$0.40	-\$1.21	-75.4%
125	\$2.00	\$0.49	-\$1.51	-75.4%
150	\$2.40	\$0.59	-\$1.81	-75.4%
175	\$2.80	\$0.69	-\$2.11	-75.4%
200	\$3.21	\$0.79	-\$2.42	-75.4%
250	\$4.01	\$0.99	-\$3.02	-75.4%
300	\$4.81	\$1.19	-\$3.62	-75.4%
350	\$5.61	\$1.38	-\$4.23	-75.4%
400	\$6.41	\$1.58	-\$4.83	-75.4%
500	\$8.01	\$1.98	-\$6.04	-75.4%
750	\$12.02	\$2.96	-\$9.06	-75.4%
1000	\$16.03	\$3.95	-\$12.08	-75.4%
1500	\$24.04	\$5.93	-\$18.11	-75.4%
2000	\$32.05	\$7.90	-\$24.15	-75.4%
3000	\$48.08	\$11.85	-\$36.23	-75.4%
5000	\$80.14	\$19.75	-\$60.38	-75.4%

Billing Determinants		
	Present Rates	Proposed Rates
First 3 therms	\$0.00	\$0.00
Next 47 therms	\$0.0000	\$0.0000
Over 50 therms	\$0.0000	\$0.0000
Bill Charge	\$0.0000	\$0.0000
R&D Charge	\$0.0000	\$0.0000
Reliability Surcharge	\$0.0157	\$0.0039
EEPS	\$0.0000	\$0.0000
TSAS 4-50 Th	\$0.0000	\$0.0000
TSAS Over 50 Th	\$0.0000	\$0.0000
Gas Cost	\$0.0000	\$0.0000
Merch Funct Chrg	\$0.0000	\$0.0000
GRT - Commodity	1.000000	1.000000
GRT - Delivery	0.979592	0.979592

New York State Electric & Gas Corporation  
Gas Department  
Reliability Surcharge  
Annual Bill Impacts  
Service Classification 1S -- Residential  
Service Classification 13T -- Residential

Gas Supply Area (GSA) - 1

Combined, Champlain, Elmira and Goshen Rate Areas

Month	Therms	Present Bill	Proposed Bill	Proposed Over Present	
				Amount	Percent
Jan	167	\$0.44	\$0.66	\$0.22	48.8%
Feb	191	\$0.51	\$0.75	\$0.25	48.8%
Mar	161	\$0.43	\$0.64	\$0.21	48.8%
Apr	129	\$0.34	\$0.51	\$0.17	48.8%
May	64	\$0.17	\$0.25	\$0.08	48.8%
Jun	35	\$0.09	\$0.14	\$0.05	48.8%
Jul	19	\$0.05	\$0.07	\$0.01	26.6%
Aug	17	\$0.04	\$0.07	\$0.02	48.8%
Sep	24	\$0.06	\$0.10	\$0.03	48.8%
Oct	34	\$0.09	\$0.13	\$0.04	48.8%
Nov	74	\$0.20	\$0.29	\$0.10	48.8%
Dec	128	\$0.34	\$0.51	\$0.17	48.8%
Annual Totals	1044	\$2.77	\$4.11	\$1.34	48.4%

Billing Determinants		
	Present Rates	Proposed Rates
First 3 therms	\$0.00	\$0.00
Next 47 therms	\$0.0000	\$0.0000
Over 50 therms	\$0.0000	\$0.0000
Bill Charge	\$0.0000	\$0.0000
R&D Charge	\$0.0000	\$0.0000
<b>Reliability Surcharge</b>	<b>\$0.0026</b>	<b>\$0.0039</b>
EEPS	\$0.0000	\$0.0000
TSAS 4-50 Th	\$0.0000	\$0.0000
TSAS Over 50 Th	\$0.0000	\$0.0000
Gas Cost	\$0.0000	\$0.0000
MFC	\$0.0000	\$0.0000
GRT - Commodity	1.000000	1.000000
GRT - Delivery	0.979592	0.979592

New York State Electric & Gas Corporation  
Gas Department  
Reliability Surcharge  
Annual Bill Impacts  
Service Classification 1S -- Residential  
Service Classification 13T -- Residential

Gas Supply Area (GSA) - 2

Binghamton and Owego Rate Areas

Month	Therms	Present Bill	Proposed Bill	Proposed Over Present	
				Amount	Percent
Jan	167	\$0.43	\$0.66	\$0.23	54.8%
Feb	191	\$0.49	\$0.75	\$0.27	54.8%
Mar	161	\$0.41	\$0.64	\$0.23	54.8%
Apr	129	\$0.33	\$0.51	\$0.18	54.8%
May	64	\$0.16	\$0.25	\$0.09	54.8%
Jun	35	\$0.09	\$0.14	\$0.05	54.8%
Jul	19	\$0.05	\$0.07	\$0.02	31.7%
Aug	17	\$0.04	\$0.07	\$0.02	54.8%
Sep	24	\$0.06	\$0.10	\$0.03	54.8%
Oct	34	\$0.09	\$0.13	\$0.05	54.8%
Nov	74	\$0.19	\$0.29	\$0.10	54.8%
Dec	128	\$0.33	\$0.51	\$0.18	54.8%
Annual Totals	1044	\$2.66	\$4.11	\$1.45	54.4%

Billing Determinants		
	Present Rates	Proposed Rates
First 3 therms	\$0.00	\$0.00
Next 47 therms	\$0.0000	\$0.0000
Over 50 therms	\$0.0000	\$0.0000
Bill Charge	\$0.0000	\$0.0000
R&D Charge	\$0.0000	\$0.0000
Reliability Surcharge	\$0.0025	\$0.0039
EEPS	\$0.0000	\$0.0000
TSAS 4-50 Th	\$0.0000	\$0.0000
TSAS Over 50 Th	\$0.0000	\$0.0000
Gas Cost	\$0.0000	\$0.0000
MFC	\$0.0000	\$0.0000
GRT - Commodity	1.000000	1.000000
GRT - Delivery	0.979592	0.979592



New York State Electric & Gas Corporation  
Gas Department  
Reliability Surcharge  
Annual Bill Impacts  
Service Classification 1S -- Residential  
Service Classification 13T -- Residential

Gas Supply Area (GSA) - 3

Lockport Rate Area

Month	Therms	Present Bill	Proposed Bill	Proposed Over Present	
				Amount	Percent
Jan	167	\$2.68	\$0.66	-\$2.02	-75.4%
Feb	191	\$3.06	\$0.75	-\$2.31	-75.4%
Mar	161	\$2.58	\$0.64	-\$1.95	-75.4%
Apr	129	\$2.06	\$0.51	-\$1.56	-75.4%
May	64	\$1.03	\$0.25	-\$0.78	-75.4%
Jun	35	\$0.57	\$0.14	-\$0.43	-75.4%
Jul	19	\$0.31	\$0.07	-\$0.25	-79.0%
Aug	17	\$0.26	\$0.07	-\$0.20	-75.4%
Sep	24	\$0.39	\$0.10	-\$0.29	-75.4%
Oct	34	\$0.54	\$0.13	-\$0.41	-75.4%
Nov	74	\$1.19	\$0.29	-\$0.90	-75.4%
Dec	128	\$2.05	\$0.51	-\$1.55	-75.4%
Annual Totals	1044	\$16.73	\$4.11	-\$12.62	-75.4%

Billing Determinants		
	Present Rates	Proposed Rates
First 3 therms	\$0.00	\$0.00
Next 47 therms	\$0.0000	\$0.0000
Over 50 therms	\$0.0000	\$0.0000
Bill Charge	\$0.0000	\$0.0000
R&D Charge	\$0.0000	\$0.0000
<b>Reliability Surcharge</b>	<b>\$0.0157</b>	<b>\$0.0039</b>
EEPS	\$0.0000	\$0.0000
TSAS 4-50 Th	\$0.0000	\$0.0000
TSAS Over 50 Th	\$0.0000	\$0.0000
Gas Cost	\$0.0000	\$0.0000
MFC	\$0.0000	\$0.0000
GRT - Commodity	1.000000	1.000000
GRT - Delivery	0.979592	0.979592

New York State Electric & Gas Corporation  
Gas Department  
Reliability Surcharge  
Monthly Bill Impacts  
Service Classification 2S -- General Service  
Service Classification 14T -- Non-Residential Transportation

Gas Supply Area (GSA) - 1

Combined, Champlain, Elmira and Goshen Rate Areas

Therms	Present Bill	Proposed Bill	Proposed Over Present	
			Amount	%
0	\$0.00	\$0.00	\$0.00	0.0%
3	\$0.01	\$0.01	\$0.00	48.8%
10	\$0.03	\$0.04	\$0.01	48.8%
20	\$0.05	\$0.08	\$0.03	48.8%
50	\$0.13	\$0.20	\$0.06	48.8%
100	\$0.27	\$0.40	\$0.13	48.8%
150	\$0.40	\$0.59	\$0.19	48.8%
200	\$0.53	\$0.79	\$0.26	48.8%
250	\$0.66	\$0.99	\$0.32	48.8%
300	\$0.80	\$1.19	\$0.39	48.8%
350	\$0.93	\$1.38	\$0.45	48.8%
400	\$1.06	\$1.58	\$0.52	48.8%
500	\$1.33	\$1.98	\$0.65	48.8%
750	\$1.99	\$2.96	\$0.97	48.8%
1,000	\$2.65	\$3.95	\$1.30	48.8%
1,250	\$3.32	\$4.94	\$1.62	48.8%
1,500	\$3.98	\$5.93	\$1.94	48.8%
2,000	\$5.31	\$7.90	\$2.59	48.8%
3,000	\$7.96	\$11.85	\$3.89	48.8%
5,000	\$13.27	\$19.75	\$6.48	48.8%
10,000	\$26.54	\$39.51	\$12.96	48.8%
15,000	\$39.81	\$59.26	\$19.45	48.8%
20,000	\$53.08	\$79.01	\$25.93	48.8%
30,000	\$79.62	\$118.52	\$38.89	48.8%
50,000	\$132.71	\$197.53	\$64.82	48.8%
75,000	\$199.06	\$296.30	\$97.23	48.8%
100,000	\$265.42	\$395.06	\$129.65	48.8%

Billing Determinants		
	Present Rates	Proposed Rates
First 3 therms	\$0.00	\$0.00
Next 497 therms	\$0.0000	\$0.0000
Next 14,500 therms	\$0.0000	\$0.0000
Over 15,000 therms	\$0.0000	\$0.0000
Bill Charge	\$0.0000	\$0.0000
R&D Charge	\$0.0000	\$0.0000
Reliability Surcharge	\$0.0026	\$0.0039
TSAS 4-500 Th	\$0.0000	\$0.0000
TSAS 501-15,000 Th	\$0.0000	\$0.0000
TSAS Over 15,000 Th	\$0.0000	\$0.0000
Gas Cost	\$0.0000	\$0.0000
MFC	\$0.0000	\$0.0000
GRT - Commodity	1.000000	1.000000
GRT - Delivery	0.979592	0.979592

New York State Electric & Gas Corporation  
Gas Department  
Reliability Surcharge  
Monthly Bill Impacts  
Service Classification 2S – General Service  
Service Classification 14T – Non-Residential Transportation

Gas Supply Area (GSA) - 2

Binghamton and Owego Rate Areas

Therms	Present Bill	Proposed Bill	Proposed Over Present	
			Amount	%
0	\$0.00	\$0.00	\$0.00	0.0%
3	\$0.01	\$0.01	\$0.00	54.8%
10	\$0.03	\$0.04	\$0.01	54.8%
20	\$0.05	\$0.08	\$0.03	54.8%
50	\$0.13	\$0.20	\$0.07	54.8%
100	\$0.26	\$0.40	\$0.14	54.8%
150	\$0.38	\$0.59	\$0.21	54.8%
200	\$0.51	\$0.79	\$0.28	54.8%
250	\$0.64	\$0.99	\$0.35	54.8%
300	\$0.77	\$1.19	\$0.42	54.8%
350	\$0.89	\$1.38	\$0.49	54.8%
400	\$1.02	\$1.58	\$0.56	54.8%
500	\$1.28	\$1.98	\$0.70	54.8%
750	\$1.99	\$2.96	\$0.97	48.8%
1,000	\$2.65	\$3.95	\$1.30	48.8%
1,250	\$3.32	\$4.94	\$1.62	48.8%
1,500	\$3.98	\$5.93	\$1.94	48.8%
2,000	\$5.31	\$7.90	\$2.59	48.8%
3,000	\$7.96	\$11.85	\$3.89	48.8%
5,000	\$13.27	\$19.75	\$6.48	48.8%
10,000	\$26.54	\$39.51	\$12.96	48.8%
15,000	\$39.81	\$59.26	\$19.45	48.8%
20,000	\$51.04	\$79.01	\$27.97	54.8%
30,000	\$76.56	\$118.52	\$41.96	54.8%
50,000	\$127.60	\$197.53	\$69.93	54.8%
75,000	\$191.41	\$296.30	\$104.89	54.8%
100,000	\$255.21	\$395.06	\$139.85	54.8%

Billing Determinants		
	Present Rates	Proposed Rates
First 3 therms	\$0.00	\$0.00
Next 497 therms	\$0.0000	\$0.0000
Next 14,500 therms	\$0.0000	\$0.0000
Over 15,000 therms	\$0.0000	\$0.0000
Bill Charge	\$0.0000	\$0.0000
R&D Charge	\$0.0000	\$0.0000
Reliability Surcharge	\$0.0025	\$0.0039
TSAS 4-500 Th	\$0.0000	\$0.0000
TSAS 501-15,000 Th	\$0.0000	\$0.0000
TSAS Over 15,000 Th	\$0.0000	\$0.0000
Gas Cost	\$0.0000	\$0.0000
MFC	\$0.0000	\$0.0000
GRT - Commodity	1.000000	1.000000
GRT - Delivery	0.979592	0.979592

New York State Electric & Gas Corporation  
Gas Department  
Reliability Surcharge  
Monthly Bill Impacts  
Service Classification 2S -- General Service  
Service Classification 14T -- Non-Residential Transportation

Gas Supply Area (GSA) - 3

Lockport Rate Area

Therms	Present Bill	Proposed Bill	Proposed Over Present	
			Amount	%
0	\$0.00	\$0.00	\$0.00	0.0%
3	\$0.05	\$0.01	-\$0.04	-75.4%
10	\$0.16	\$0.04	-\$0.12	-75.4%
20	\$0.32	\$0.08	-\$0.24	-75.4%
50	\$0.80	\$0.20	-\$0.60	-75.4%
100	\$1.60	\$0.40	-\$1.21	-75.4%
150	\$2.40	\$0.59	-\$1.81	-75.4%
200	\$3.21	\$0.79	-\$2.42	-75.4%
250	\$4.01	\$0.99	-\$3.02	-75.4%
300	\$4.81	\$1.19	-\$3.62	-75.4%
350	\$5.61	\$1.38	-\$4.23	-75.4%
400	\$6.41	\$1.58	-\$4.83	-75.4%
500	\$8.01	\$1.98	-\$6.04	-75.4%
750	\$1.99	\$2.96	\$0.97	48.8%
1,000	\$2.65	\$3.95	\$1.30	48.8%
1,250	\$3.32	\$4.94	\$1.62	48.8%
1,500	\$3.98	\$5.93	\$1.94	48.8%
2,000	\$5.31	\$7.90	\$2.59	48.8%
3,000	\$7.96	\$11.85	\$3.89	48.8%
5,000	\$13.27	\$19.75	\$6.48	48.8%
10,000	\$26.54	\$39.51	\$12.96	48.8%
15,000	\$39.81	\$59.26	\$19.45	48.8%
20,000	\$320.54	\$79.01	-\$241.53	-75.4%
30,000	\$480.81	\$118.52	-\$362.29	-75.4%
50,000	\$801.35	\$197.53	-\$603.82	-75.4%
75,000	\$1,202.03	\$296.30	-\$905.73	-75.4%
100,000	\$1,602.71	\$395.06	-\$1,207.65	-75.4%

Billing Determinants		
	Present Rates	Proposed Rates
First 3 therms	\$0.00	\$0.00
Next 497 therms	\$0.0000	\$0.0000
Next 14,500 therms	\$0.0000	\$0.0000
Over 15,000 therms	\$0.0000	\$0.0000
Bill Charge	\$0.0000	\$0.0000
R&D Charge	\$0.0000	\$0.0000
Reliability Surcharge	\$0.0157	\$0.0039
TSAS 4-500 Th	\$0.0000	\$0.0000
TSAS 501-15,000 Th	\$0.0000	\$0.0000
TSAS Over 15,000 Th	\$0.0000	\$0.0000
Gas Cost	\$0.0000	\$0.0000
MFC	\$0.0000	\$0.0000
GRT - Commodity	1.000000	1.000000
GRT - Delivery	0.979592	0.979592

New York State Electric & Gas Corporation  
Gas Department  
Reliability Surcharge  
Annual Bill Impacts  
Service Classification 2S -- General Service  
Service Classification 14T -- Non-Residential Transportation

Gas Supply Area (GSA) - 1

Combined, Champlain, Elmira and Goshen Rate Areas

Month	Therms	Present Bill	Proposed Bill	Proposed Over Present	
				Amount	Percent
Jan	517	\$1.37	\$2.04	\$0.67	48.8%
Feb	613	\$1.63	\$2.42	\$0.79	48.8%
Mar	552	\$1.47	\$2.18	\$0.72	48.8%
Apr	424	\$1.13	\$1.68	\$0.55	48.8%
May	206	\$0.55	\$0.81	\$0.27	48.8%
Jun	112	\$0.30	\$0.44	\$0.14	48.8%
Jul	97	\$0.26	\$0.38	\$0.13	48.8%
Aug	68	\$0.18	\$0.27	\$0.09	48.8%
Sep	83	\$0.22	\$0.33	\$0.11	48.8%
Oct	125	\$0.33	\$0.49	\$0.16	48.8%
Nov	262	\$0.70	\$1.03	\$0.34	48.8%
Dec	452	\$1.20	\$1.79	\$0.59	48.8%
Annual Totals	3511	\$9.32	\$13.87	\$4.55	48.8%

Billing Determinants		
	Present Rates	Proposed Rates
First 3 therms	\$0.00	\$0.00
Next 497 therms	\$0.0000	\$0.0000
Next 14,500 therms	\$0.0000	\$0.0000
Bill Charge	\$0.0000	\$0.0000
R&D Charge	\$0.0000	\$0.0000
Reliability Surcharge	\$0.0026	\$0.0039
TSAS 4-500 Th	\$0.0000	\$0.0000
TSAS 501-15,000 Th	\$0.0000	\$0.0000
Gas Cost	\$0.0000	\$0.0000
MFC	\$0.0000	\$0.0000
GRT - Commodity	1.000000	1.000000
GRT - Delivery	0.979592	0.979592

New York State Electric & Gas Corporation  
Gas Department  
Reliability Surcharge  
Annual Bill Impacts  
Service Classification 2S -- General Service  
Service Classification 14T -- Non-Residential Transportation

Gas Supply Area (GSA) - 2

Binghamton and Owego Rate Areas

Month	Therms	Present Bill	Proposed Bill	Proposed Over Present	
				Amount	Percent
Jan	517	\$1.32	\$2.04	\$0.72	54.8%
Feb	613	\$1.56	\$2.42	\$0.86	54.8%
Mar	552	\$1.41	\$2.18	\$0.77	54.8%
Apr	424	\$1.08	\$1.68	\$0.59	54.8%
May	206	\$0.53	\$0.81	\$0.29	54.8%
Jun	112	\$0.28	\$0.44	\$0.16	54.8%
Jul	97	\$0.25	\$0.38	\$0.14	54.8%
Aug	68	\$0.17	\$0.27	\$0.10	54.8%
Sep	83	\$0.21	\$0.33	\$0.12	54.8%
Oct	125	\$0.32	\$0.49	\$0.18	54.8%
Nov	262	\$0.67	\$1.03	\$0.37	54.8%
Dec	452	\$1.15	\$1.79	\$0.63	54.8%
Annual Totals	3511	\$8.96	\$13.87	\$4.91	54.8%

Billing Determinants		
	Present Rates	Proposed Rates
First 3 therms	\$0.00	\$0.00
Next 497 therms	\$0.0000	\$0.0000
Next 14,500 therms	\$0.0000	\$0.0000
Bill Charge	\$0.0000	\$0.0000
R&D Charge	\$0.0000	\$0.0000
<b>Reliability Surcharge</b>	<b>\$0.0025</b>	<b>\$0.0039</b>
TSAS 4-500 Th	\$0.0000	\$0.0000
TSAS 501-15,000 Th	\$0.0000	\$0.0000
Gas Cost	\$0.0000	\$0.0000
MFC	\$0.0000	\$0.0000
GRT - Commodity	1.000000	1.000000
GRT - Delivery	0.979592	0.979592

New York State Electric & Gas Corporation  
Gas Department  
Reliability Surcharge  
Annual Bill Impacts  
Service Classification 2S -- General Service  
Service Classification 14T -- Non-Residential Transportation

Gas Supply Area (GSA) - 3

Lockport Rate Area

Month	Therms	Present Bill	Proposed Bill	Proposed Over Present	
				Amount	Percent
Jan	517	\$8.29	\$2.04	-\$6.25	-75.4%
Feb	613	\$9.82	\$2.42	-\$7.40	-75.4%
Mar	552	\$8.85	\$2.18	-\$6.67	-75.4%
Apr	424	\$6.80	\$1.68	-\$5.12	-75.4%
May	206	\$3.30	\$0.81	-\$2.49	-75.4%
Jun	112	\$1.79	\$0.44	-\$1.35	-75.4%
Jul	97	\$1.55	\$0.38	-\$1.17	-75.4%
Aug	68	\$1.09	\$0.27	-\$0.82	-75.4%
Sep	83	\$1.33	\$0.33	-\$1.00	-75.4%
Oct	125	\$2.01	\$0.49	-\$1.51	-75.4%
Nov	262	\$4.20	\$1.03	-\$3.16	-75.4%
Dec	452	\$7.25	\$1.79	-\$5.46	-75.4%
Annual Totals	3511	\$56.28	\$13.87	-\$42.41	-75.4%

Billing Determinants		
	Present Rates	Proposed Rates
First 3 therms	\$0.00	\$0.00
Next 497 therms	\$0.0000	\$0.0000
Next 14,500 therms	\$0.0000	\$0.0000
Bill Charge	\$0.0000	\$0.0000
R&D Charge	\$0.0000	\$0.0000
Reliability Surcharge	\$0.0157	\$0.0039
TSAS 4-500 Th	\$0.0000	\$0.0000
TSAS 501-15,000 Th	\$0.0000	\$0.0000
Gas Cost	\$0.0000	\$0.0000
MFC	\$0.0000	\$0.0000
GRT - Commodity	1.000000	1.000000
GRT - Delivery	0.979592	0.979592

New York State Electric & Gas Corporation  
Gas Department  
Reliability Surcharge  
Monthly Bill Impacts  
Service Classification 9S -- Industrial

Gas Supply Area (GSA) - 2

Binghamton Rate Area

Therms	Present Bill	Proposed Bill	Proposed Over Present	
			Amount	%
0	\$0.00	\$0.00	\$0.00	0.0%
500	\$1.28	\$1.98	\$0.70	54.8%
750	\$1.91	\$2.96	\$1.05	54.8%
1,000	\$2.55	\$3.95	\$1.40	54.8%
1,250	\$3.19	\$4.94	\$1.75	54.8%
1,500	\$3.83	\$5.93	\$2.10	54.8%
2,000	\$5.10	\$7.90	\$2.80	54.8%
3,000	\$7.66	\$11.85	\$4.20	54.8%
5,000	\$12.76	\$19.75	\$6.99	54.8%
10,000	\$25.52	\$39.51	\$13.99	54.8%
15,000	\$38.28	\$59.26	\$20.98	54.8%
20,000	\$51.04	\$79.01	\$27.97	54.8%
30,000	\$76.56	\$118.52	\$41.96	54.8%
50,000	\$127.60	\$197.53	\$69.93	54.8%
75,000	\$191.41	\$296.30	\$104.89	54.8%
100,000	\$255.21	\$395.06	\$139.85	54.8%

Billing Determinants		
	Present Rates	Proposed Rates
First 500 therms	\$0.00	\$0.00
Next 14,500 therms	\$0.0000	\$0.0000
Over 15,000 therms	\$0.0000	\$0.0000
Bill Charge	\$0.0000	\$0.0000
R&D Charge	\$0.0000	\$0.0000
<b>Reliability Surcharge</b>	<b>\$0.0025</b>	<b>\$0.0039</b>
TSAS 501-15,000 Th	\$0.0000	\$0.0000
TSAS Over 15,000 Th	\$0.0000	\$0.0000
Gas Cost	\$0.0000	\$0.0000
MFC	\$0.0000	\$0.0000
GRT - Commodity	1.000000	1.000000
GRT - Delivery	0.979592	0.979592



**New York State Electric & Gas Corporation  
Rochester Gas and Electric Corporation**

**PSC Case No. 09-E-0715  
PSC Case No. 09-G-0716  
PSC Case No. 09-E-0717  
PSC Case No. 09-G-0718**

**Information Request**

**Requesting Party and No.:** M. Wayand (DPS-322)

**NYRC Response No.:** NYRC-0430 (DPS-322)

**Request Date:** November 13, 2009

**Information Requested of:** Electric and Gas Supply / Embedded Cost of Service Panels

---

**Reply Date:** November 23, 2009

**Responsible Witness:** : Electric and Gas Supply / Embedded Cost of Service Panels

---

**QUESTION:**

**Proposed RG&E Gas Reliability Surcharge**

Exhibit\_\_\_\_(NYSEGECOS-18) sets forth a new gas reliability surcharge for RG&E.

1. Please provide the reasons why the proposed new gas reliability surcharge for RG&E, at \$0.206 per dekatherm as shown in Exhibit\_\_\_\_(RGEECOS-18), would be significantly larger than the proposed revised surcharge for NYSEG, at \$0.039 per dekatherm as shown in Exhibit\_\_\_\_(NYSEGECOS-18).
2. Regarding Exhibit RGEECOS-18, please provide workpapers showing how each of the numbers in the "annual costs" column were derived/calculated.
3. Please explain how NYSEG's procedure for retaining gas capacity resources when temperatures fall to between 66 and 75 heating degree days is taken into account in the derivation and calculation of the costs that you provide in response to Question 2 above.
4. Please provide the bill impacts, if any, that the proposed RG&E surcharge would have on an average customer in each of the service classes that would be billed the surcharges, and on an

average customer in each of the service classes that would be credited with the revenues from the surcharges.

**RESPONSE:**

1. The RG&E reliability surcharge is larger than the NYSEG reliability surcharge for the following reasons:
  - a) The reliability surcharge calculation is based on the reliability Maximum Daily Quantity (MDQ). The reliability MDQ is the difference between the non-daily metered customers (SC1 and SC5) total design day and typical peak day. The RG&E reliability MDQ is 58,244 dekatherms and the NYSEG reliability MDQ is 42,155 dekatherms.
  - b) For the NYSEG Gas Supply Areas (GSA)1 and 2, the NYSEG reliability surcharge does not include Dominion storage capacity or storage deliverability charges. Instead the NYSEG reliability calculation uses NYSEG owned Seneca storage whose capital cost is included in base rates.
  - c) RG&E's reliability surcharge is a proportional share of both of RG&E's storage fields. The calculation represents how RG&E currently releases its pipeline and storage assets to ESCO's. If RG&E were to retain only one of its storage fields for the reliability MDQ, it would then have to change its allocation of capacity for the mandatory capacity assignment program.
  - d) The RG&E storage inventory carrying cost is higher because it includes both of RG&E's storage fields. The storage fields in the RG&E calculation have a Maximum Supply Quantity (MSQ) of 7.8 million dekatherms and the storage fields used in the NYSEG calculation have a total MSQ of 1.9 million dekatherms.
  - e) On the RG&E system, the gas withdrawn from storage and delivered to the city gate on the Empire pipeline must be nominated via both the TCPL and Empire pipelines. Therefore, there are pipeline demand charges for both pipes included in the calculation.
2. See attached.
3. RG&E utilizes storage assets to serve demand under peak conditions (i.e. between 66 and 75 HDD's). These assets include both storage and the associated capacity needed to deliver the gas to the city gate. The costs associated with these assets are the basis for the reliability surcharge calculation on Exhibit \_\_\_\_ (RGEECOS-18).
4. There should be no significant overall bill impact on the SC5 aggregation customers due to the implementation of the reliability surcharge. The capacity allocated for SC 5 aggregation customers remains unchanged, therefore, there is no expectation there would be a bill impact to these customers. Currently, the Company releases a proportional share of the pipeline and storage assets to the ESCO. It is assumed the ESCO charges the aggregation customers for pipeline and storage assets. The new proposal will have the Company retaining a portion of the pipeline assets and

surcharging the aggregation customers in the transportation gas rate adjustment portion of their delivery bill.

For SC1 sales customers we currently reduce their GSC charge for the value of the pipeline capacity released to the ESCOs. Under the new proposal, RG&E would not release the capacity for the portion of the assets retained for reliability purposes but the SC1 sales customers would receive a credit for the revenues received from the SC5 aggregation customer's reliability surcharge in the GSC.

Rochester Gas and Electric Corporation  
Gas Embedded Cost of Service Study  
Determination of Gas Reliability Costs

Exhibit\_(RGEECOS-18)

**Rochester Gas and Electric Corporation  
Reliability Surcharge  
Calendar year 2008**

	<u>Annual costs</u>
<u>Reliability Capacity Resources</u>	
Transportation and storage capacity costs	\$ 6,034,769
 <u>Reliability Storage Inventory Carrying Cost</u>	 \$ 1,486,595
Storage Allocated to Peak Day Supply	
 <b>Total</b>	 <b>\$ 7,521,364</b>
 <b>Annual Determinants for Sales and Non-Daily</b>	
<b>Metered Transport</b>	<b>364,379,740</b>
 <b>Reliability Surcharge per Therm</b>	 <b>\$ 0.0206</b>

Rochester Gas and Electric Corporation  
Reliability Surcharge

Description				Annual Costs
Reliability Capacity Requirements				
Design Day Requirements for Firm Sales and Non-Daily Metered Transportation (Dth)				390,000
Typical Peak Day (66 HDD) Requirements for Firm Sales and Non-Daily Metered Transportation				331,756
Difference				58,244
				15%
Storage W/d	124,000	67.39% DTI	Empire	DTI
Storage W/d	60,000	32.61% ESP	18,993	39,251
Reliability Capacity Resources				
			monthly	annual
DTI assets				
FTNN deliverability Cost per Unit - storage w/d			39,251 \$ 4.3576	\$21.7880 \$855,200.79
GSS deliverability cost per unit			39,251 \$ 1.8815	\$22.5780 \$886,209.08
GSS capacity cost per Unit			1,570,040 \$ 0.0145	\$0.1740 \$273,186.96
Empire assets				
Empire			18,993 \$ 5.3888	\$64.6656 \$1,228,193.74
TCPL			18,993 \$5.0426	\$60.51 \$1,149,289.22
DSR storage			1,576,419 \$0.0000	\$1.07 \$1,686,768
				\$6,078,848
demand cost reduction - non migration capacity release				(\$44,080)
				\$6,034,769
Storage Inventory Carrying Cost (Non-Daily Metered Only)				
Total Annual Storage Inventory Carrying Cost			\$	4,696,338
Storage Allocated to Peak Day Supply			58,244	
Total Storage Deliverability (Dominion GSS & DSR)			184,000	
Total Peak Day Allocation Percentage			31.7%	
Allocated Carrying Costs				\$1,486,595
				\$7,521,364
Annual Determinants for Sales and Non-Daily Metered Transport				36,437,974
Reliability Surcharge per Therm				\$0.0206

**New York State Electric & Gas Corporation  
Rochester Gas and Electric Corporation**

**PSC Case No. 09-E-0715  
PSC Case No. 09-G-0716  
PSC Case No. 09-E-0717  
PSC Case No. 09-G-0718**

**Information Request**

**Requesting Party and No.:** J. Lyons (DPS-450)

**NYRC Response No.:** NYRC-0592 (DPS-450)

**Request Date:** December 1, 2009

**Information Requested of:** Electric and Natural Gas Supply Panels

---

**Reply Date:** December 11, 2009

**Responsible Witness:** Electric and Natural Gas Supply Panels

---

**QUESTION:**

**Mandatory Gas Capacity Release - WACOC**

FERC Order 712 (and follow-up orders) allow Local Distribution Companies (LDCs) to price capacity releases to ESCOs at the LDC's Weighted Average Cost of Capacity (WACOC), rather than at maximum pipeline tariff rates, for slices of the system.

1. Do NYSEG or RG&E plan to file proposed changes to their New York tariffs under the Public Service Law to institute this FERC policy? If so, when? If not, why not?
2. Would either Commission approval or denial of NYSEG's request, in this proceeding, to consolidate its three gas supply areas into one gas supply area, change the response to Question 1 above? If so, please describe how.

**RESPONSE:**

1. NYSEG and RG&E release capacity to the ESCO's at max rates on the pipelines which serve the customer pools. For RG&E, the FERC Order 712 ruling did not impact its retail access program because RG&E releases the capacity of both pipelines that serve its system on a prorated basis. Consequently, the ESCO's are effectively already paying a weighted average cost of capacity.

---

NYSEG, on the other hand, releases capacity based on the location of the customer being served. There are not multiple pipelines serving one load pocket, but rather multiple pipelines serving multiple discrete load pockets. Therefore, NYSEG had not proposed changes to its retail access program after FERC Order 712. In light of FERC Order 712, however, there is no reason why capacity could not be released at the weighted average cost.

2. If the Commission approves the consolidation NYSEG's three gas supply areas into one gas supply area, NYSEG would be willing to release capacity in the retail access program at the weighted average cost.

**New York State Electric & Gas Corporation  
Rochester Gas and Electric Corporation**

**PSC Case No. 09-E-0715  
PSC Case No. 09-G-0716  
PSC Case No. 09-E-0717  
PSC Case No. 09-G-0718**

**Information Request**

**Requesting Party and No.:** J. Lyons (DPS-544)

**NYRC Response No.:** NYRC-0838 (DPS-544)

**Request Date:** December 15, 2009

**Information Requested of:** Embedded Cost of Service Panels

---

**Reply Date:** December 24, 2009

**Responsible Witness:** Embedded Cost of Service Panel

---

**QUESTION:**

**Underground Gas Storage**

1. For RG&E, please provide the workpaper(s) that support the development of the underground storage calculations provided in RGEECOS-12, page 2 of 6, as follows:

- a. UNDERGROUND GAS STORAGE-RELIABILITY (\$19,742,300)
- b. UNDERGROUND GAS STORAGE (MFC) (\$23,722,727)

2. For NYSEG, please provide the workpaper(s) that support the development of the underground storage calculations provided in NYSEGECOS-12, page 2 of 6, as follows:

- a. UNDERGROUND GAS STORAGE-RELIABILITY (\$5,477,130)
- b. UNDERGROUND GAS STORAGE (MFC)(\$50,777,861)

**RESPONSE:**



Per a conversation with DPS Staff on December 16<sup>th</sup>, the following clarification was given:  
Provide a work paper supporting the total Underground Gas Storage Balance shown on Exhibit 12 (\$43,465,027 for RG&E and \$56,254,991 for NYSEG). Also, provide a work paper supporting the allocation of Underground Gas Storage to the MFC and Delivery functions.

1. See the attached response NYRC-0838 Attachment 1.
2. See the attached response NYRC-0838 Attachment 2.

**Exhibit (RGEECOS-12)-12/4/09 Update, Page 2 of 6**

	<u>Total Company</u>
a. Underground Gas Storage- Reliability	19,742,300
b. Underground Gas Storage -MFC	<u>23,722,727</u>
Total Working Capital- Underground Gas Storage	43,465,027

**Allocation of Total Underground Storage to Reliability and MFC**

**As filed 9/17/09**

Carrying Charges - Exhibit_(RGEECOS-18)	\$ 1,486,595 a
After tax rate of return (draft rate, not final)	7.53% b
 Total Working Capital Allocated to Delivery Function for Reliability - As filed	 \$ 19,742,300 a/b
 Remaining Balance of Underground Storage Allocated to MFC Function - As filed	 \$ 23,722,727

% should be updated to pre tax cost of capital per Exhibit RG&E\_(RRP-5)-12/4/09 Update, Schedule A

**Revised Allocation of Total Working Capital -Underground Storage**

Carrying Charges - Exhibit_(RGEECOS-18)	\$ 1,486,595
	13.00%
 Total Working Capital Allocated to Delivery Function for Reliability - Revised	 \$ 11,435,347
 Remaining Balance of Underground Storage Allocated to MFC Function - Revised	 \$ 32,029,680

Correction will be filed with the Company's rebuttal filing.

See note above

Rochester Gas and Electric Corporation  
 Gas Embedded Cost of Service  
 DPS-544

**Gas Storage Balance used in 2008 ECOS study:**

164100 \$ 22,400,588 Gas Stored BP  
 164160 \$ 21,068,153 G STRD-DOMINION TRAN  
 164105 \$ (3,714) GAS STG-ALLEGANY IMB  
 \$ 43,465,027

Cummulative Balances	164100	164105	164160	Total
1	17,366,833	-281	12,695,992	30,062,544
2	8,430,931	-1465	5,588,410	14,017,876
3	2,300,104	-1805	2,642,463	4,940,762
4	5,573,469	401	8,439,418	14,013,288
5	12,120,571	-550	15,141,390	27,261,411
6	19,334,538	-192	21,444,324	40,778,670
7	27,267,952	-27968	28,338,524	55,578,509
8	33,919,282	-2908	32,538,618	66,454,992
9	38,164,482	-313	35,094,337	73,258,506
10	38,605,818	-489	34,883,006	73,488,335
11	37,937,716	-1977	33,743,868	71,679,607
12 *	27,785,363	(7,023)	22,267,488	50,045,827
			<b>Average</b>	<b>43,465,027</b>

\* December balance represents 1/2 December 2007 and 1/2 December 2008

Exhibit (NYSEGECOS-12)-12/4/09 Update, Page 2 of 6

	Total Company
a. Underground Gas Storage- Reliability	\$ 5,477,130
b. Underground Gas Storage -MFC	\$ 50,777,861
Total Working Capital- Underground Gas Storage	\$ 56,254,991

Allocation of Total Underground Storage to Reliability and MFC  
As filed 9/17/09

Carrying Charges - Exhibit_(NYSEGECOS-18)	\$ 438,050	a	
After tax rate of return (draft rate, not final)	7.37%	b	% should be updated to pre tax cost of capital per Exhibit NYSEG_(RRP-5)-12/4/09 Update, Schedule A
	\$ 5,943,689	a/b	
Allocate to Columbia, DTI, Tennessee (exclude Seneca)	92.15%		
Total Working Capital Allocated to Delivery Function for Reliability - As filed	\$ 5,477,110		
Remaining Balance of Underground Storage Allocated to MFC Function - As filed	\$ 50,777,881		

Reclassify \$679,392 Materials & Supplies as Total Working Capital - Underground Gas Storage

Total Working Capital - Underground Gas Storage in ECOS study	\$ 56,254,991
Materials & Supplies in ECOS study	\$ 2,653,943
Total	\$ 58,908,934
Total Working Capital - Underground Gas Storage - Revised	\$ 56,934,383
Materials & Supplies - Revised	\$ 1,974,551
Total	\$ 58,908,934

Revised Allocation of Total Working Capital -Underground Storage

Carrying Charges - Exhibit_(NYSEGECOS-18)	\$ 438,050		Correction will be filed with the Company's rebuttal filing.
	12.27%		See note above
	\$ 3,570,089		
Allocate to Columbia, DTI, Tennessee (exclude Seneca)	92.15%		
Total Working Capital Allocated to Delivery Function for Reliability - Revised	\$ 3,289,837		
Remaining Balance of Underground Storage Allocated to MFC Function - Revised	\$ 53,644,546		

New York State Electric & Gas Corporation  
Gas Storage Balance used in 2008 ECOS study:

GL Acct #		Account Description
117300	\$ 900,392	GAS STORED-NONCURRENT
117310	\$ 382,667	GAS STORED-NONCUR-INTERSTATE
164103	\$ 18,669,601	GAS STORED-CUR-CNY-FSS
164140	\$ 4,422,339	GAS STORED-SENECA LAKE
164160	\$ 28,306,651	GAS STORED-DOMINION TRANSMISSION
164180	\$ 4,252,732	GAS STORED-TENNESSEE GAS PIPELINE
	\$ 56,934,383	

Cumulative Balances	117300	117310	164103	164140	164160	164180	Total
1	900,392	382,667	12,896,430	3,747,076	22,335,563	2,498,741	42,760,869
2	900,392	382,667	6,790,106	3,314,693	11,839,516	990,283	24,217,657
3	900,392	382,667	2,511,166	1,341,241	4,401,708	383,183	9,920,357
4	900,392	382,667	7,118,374	2,266,459	10,983,518	1,582,844	23,234,254
5	900,392	382,667	13,186,277	3,219,932	19,652,238	3,017,890	40,359,396
6	900,392	382,667	18,641,720	3,356,318	26,961,653	4,149,043	54,391,794
7	900,392	382,667	24,449,961	4,312,009	34,820,543	5,506,044	70,371,615
8	900,392	382,667	28,758,557	6,802,070	41,327,089	6,638,604	84,809,379
9	900,392	382,667	30,319,386	7,095,321	44,481,923	7,469,056	90,648,744
10	900,392	382,667	30,202,348	6,372,146	46,249,960	7,315,806	91,423,319
11	900,392	382,667	28,354,508	6,263,593	43,555,190	6,836,806	86,293,155
12 *	900,392	382,667	20,806,386	4,977,214	33,070,909	4,644,485	64,782,052
						Average	56,934,383

\* December balance represents 1/2 December 2007 and 1/2 December 2008

**New York State Electric & Gas Corporation  
Rochester Gas and Electric Corporation**

**PSC Case No. 09-E-0715  
PSC Case No. 09-G-0716  
PSC Case No. 09-E-0717  
PSC Case No. 09-G-0718**

**Information Request**

**Requesting Party and No.:** M. Bach (HESS-1)

**NYRC Response No.:** NYRC-0858 (HESS-1)

**Request Date:** December 18, 2009

**Information Requested of:** RGE – Electric and Natural Gas Supply Panel

---

**Reply Date:** December 31, 2009

**Responsible Witness:** RGE – Electric and Natural Gas Supply Panel

---

**QUESTION:**

**RG&E Gas Reliability Surcharge**

1. In reference to page 21 (RG&E) of Electric and Natural Gas Supply Panel's testimony, please explain the benefits that the non-daily metered customers will receive by requiring the ESCOs to maintain only enough primary point capacity to meet those customers' load on 66 heating degree days ("HDD"), instead of meeting the present 75 HDD standard.
2. Please explain how the non-daily metered customers are currently being harmed by allowing ESCOs to provide gas up to 75 HDD.
3. Provide the rationale for retaining the 75 HDD standard for daily balanced customers but reducing the HDD to 66 for non-daily metered customers. Please reconcile the different treatment for the different types of customers.
4. Provide all documents supporting your responses to questions 1 through 3.

**RESPONSE:**

1 – 4. Reliability capacity is needed to enable RG&E to properly perform its provider of last resort function, to balance loads on a daily and hourly basis and to provide pressure support for the system. RG&E is adopting the NYSEG approach whereby the LDC holds capacity to serve load on 66 HDD and greater for non-daily metered customers whose usage cannot be easily monitored or controlled and are generally higher priority customers in terms of order of curtailment. Additionally, this resolves the need for an allocation of unaccounted for energy “UFE” on days 66 heating degree days and colder. Since NYSEG / RG&E use 75 HDD as a system design day, the 66 HDD number adopted by the Commission is the Phase 2A Joint Proposal in case 01-G-1668 was used for RG&E to reflect an average peak day for the winter. The change is not being proposed because customers have been harmed but rather to facilitate reliability capacity for the LDC as migration continues to grow.

**New York State Electric & Gas Corporation  
Rochester Gas and Electric Corporation**

**PSC Case No. 09-E-0715  
PSC Case No. 09-G-0716  
PSC Case No. 09-E-0717  
PSC Case No. 09-G-0718**

**Information Request**

**Requesting Party and No.:** M. Wayand (DPS-563)

**NYRC Response No.:** NYRC-0878 (DPS-563)

**Request Date:** December 22, 2009

**Information Requested of:** Electric and Natural Gas Supply and ECOS Panels

---

**Reply Date:** January 4, 2010

**Responsible Witness:** Electric and Natural Gas Supply and ECOS Panels

---

**QUESTION:**

**Gas Reliability Surcharge – Follow-up to NYRC-0429&30**

1. Regarding Response NYRC-0429(DPS-321), part 2, provide workpapers showing the calculation of each of the following numbers, including showing the carrying cost rate that was assumed:
  - a. \$490,908 - total annual Seneca carrying cost for NYSEG Gas Supply Areas 1 and 2.
  - b. \$620,681 - total annual storage inventory carrying cost for NYSEG Gas Supply Area 3.
2. Regarding Response NYRC-0430(DPS-322), part 2, provide workpapers showing the calculation of the following, including showing the carrying cost rate that was assumed:  
\$4,696,338 - for RG&E total annual storage inventory carrying cost.

**RESPONSE:**

---



1.     a)     See NYRC 0878 Attachment 1. Add the Seneca section for both GSA1 and GSA2
  - b)     See NYRC 0878 Attachment 1. Add both storage fields together for GSA3.
  2.     See NYRC 0878 Attachment 2.
-

Workpaper NGS  
page 1 of 1

New York State Electric & Gas Corporation  
Gas Supply Area 1  
Combined, Elmira, Goshen & Champlain Rate Areas  
Natural Gas Storage  
Effective: July 1, 2009

**Dominion - GSS**

Month	Year	Injection Volume	Withdrawal Volume	Net Activity	Ending Inventory
June	2008	789,557	0	789,557	\$ 22,013,330
July	2008	708,901	0	708,901	\$ 29,369,376
August	2008	669,973	0	669,973	\$ 35,787,266
September	2008	733,238	0	733,238	\$ 40,639,719
October	2008	433,316	0	433,316	\$ 43,751,409
November	2008	0	(274,128)	(274,128)	\$ 41,056,681
December	2008	0	(885,676)	(885,676)	\$ 33,068,129
January	2009	0	(1,581,632)	(1,581,632)	\$ 18,864,473
February	2009	0	(1,055,005)	(1,055,005)	\$ 9,309,314
March	2009	0	(562,288)	(562,288)	\$ 4,161,501
April	2009	391,148	0	391,148	\$ 6,065,924
May	2009	663,032	0	663,032	\$ 9,638,096
Totals		4,389,165	(4,358,729)	30,436	\$ 293,725,218
Average Balance					\$ 24,477,101
Carrying Cost					11.50%
Carrying Charge					\$ 2,814,867

**NYSEG's Seneca Lake Storage**

Month	Year	Injection Volume	Withdrawal Volume	Net Activity	Ending Inventory
June	2008	0	(24,269)	(24,269)	\$ 3,356,318
July	2008	72,111	0	72,111	\$ 4,312,009
August	2008	295,603	0	295,603	\$ 6,802,070
September	2008	46,280	0	46,280	\$ 7,095,321
October	2008	0	(4,449)	(4,449)	\$ 6,372,146
November	2008	39,146	0	39,146	\$ 6,263,593
December	2008	0	0	-	\$ 5,315,688
January	2009	0	(92,816)	(92,816)	\$ 4,046,184
February	2009	0	(155,804)	(155,804)	\$ 2,662,433
March	2009	0	(32,995)	(32,995)	\$ 1,917,138
April	2009	0	(34,658)	(34,658)	\$ 1,531,103
May	2009	15,788	0	15,788	\$ 1,551,185
Totals		468,928	(344,991)	123,937	\$ 51,225,189
Average Balance					\$ 4,268,766
Portion of Seneca Lake Storage allocated to GSA 1					50%
GSA 1's portion					\$ 2,134,383
Carrying Cost					11.50%
Carrying Charge					\$ 245,454

Workpaper NGS  
page 1 of 1

New York State Electric & Gas Corporation  
Gas Supply Area 2  
Binghamton & Owego Rate Areas  
Natural Gas Storage  
Effective: July 1, 2009

**Columbia Gas Transmission - FSS**

Month	Year	Injection Volume	Withdrawal Volume	Net Activity	Ending Inventory
June	2008	577,525	0	577,525	\$ 16,944,551
July	2008	531,940	0	531,940	\$ 22,752,792
August	2008	449,962	0	449,962	\$ 27,172,283
September	2008	464,004	0	464,004	\$ 30,319,299
October	2008	0	(4,925)	(4,925)	\$ 30,202,262
November	2008	0	(186,284)	(186,284)	\$ 28,354,422
December	2008	0	(615,171)	(615,171)	\$ 22,474,681
January	2009	0	(733,150)	(733,150)	\$ 15,463,974
February	2009	0	(724,968)	(724,968)	\$ 8,531,508
March	2009	0	(519,624)	(519,624)	\$ 3,546,486
April	2009	215,876	0	215,876	\$ 4,230,956
May	2009	477,216	0	477,216	\$ 7,269,178
Totals		2,716,523	(2,784,122)	(67,599)	\$ 217,262,391
Average Balance					\$ 18,105,199
Carrying Cost					11.50%
Carrying Charge					\$ 2,082,098

**NYSEG's Seneca Lake Storage**

Month	Year	Injection Volume	Withdrawal Volume	Net Activity	Ending Inventory
June	2008	0	(24,269)	(24,269)	\$ 3,356,318
July	2008	72,111	0	72,111	\$ 4,312,009
August	2008	295,603	0	295,603	\$ 6,802,070
September	2008	46,280	0	46,280	\$ 7,095,321
October	2008	0	(4,449)	(4,449)	\$ 6,372,146
November	2008	39,146	0	39,146	\$ 6,263,593
December	2008	0	0	-	\$ 5,315,688
January	2009	0	(92,816)	(92,816)	\$ 4,046,184
February	2009	0	(155,804)	(155,804)	\$ 2,662,433
March	2009	0	(32,995)	(32,995)	\$ 1,917,138
April	2009	0	(34,658)	(34,658)	\$ 1,531,103
May	2009	15,788	0	15,788	\$ 1,551,185
Totals		468,928	(344,991)	123,937	\$ 51,225,189
Average Balance					\$ 4,268,766
Portion of Seneca Lake Storage allocated to GSA 2					50%
GSA 2's portion					\$ 2,134,383
Carrying Cost					11.50%
Carrying Charge					\$ 245,454

Workpaper NGS  
page 1 of 1

New York State Electric & Gas Corporation  
Gas Supply Area 3  
Lockport Rate Area  
Natural Gas Storage  
Effective: July 1, 2009

**Dominion - GSS**

Month	Year	Injection Volume	Withdrawal Volume	Net Activity	Ending Inventory
June	2008	45,840	0	45,840	\$ 1,063,628
July	2008	45,818	0	45,818	\$ 1,566,471
August	2008	41,250	0	41,250	\$ 1,970,581
September	2008	49,033	0	49,033	\$ 2,312,473
October	2008	24,310	0	24,310	\$ 2,498,513
November	2008	0	0	-	\$ 2,498,472
December	2008	0	(77,500)	(77,500)	\$ 1,794,329
January	2009	0	(93,919)	(93,919)	\$ 940,903
February	2009	0	(60,825)	(60,825)	\$ 388,369
March	2009	0	(42,745)	(42,745)	\$ -
April	2009	22,920	0	22,920	\$ 186,735
May	2009	45,818	0	45,818	\$ 368,198
Totals		274,989	(274,989)	-	\$ 15,588,672
Average Balance					\$ 1,299,056
Carrying Cost					11.50%
Carrying Charge					\$ 149,391

**Tennessee - FSMA**

Month	Year	Injection Volume	Withdrawal Volume	Net Activity	Ending Inventory
June	2008	117,300	0	117,300	\$ 3,561,094
July	2008	125,110	0	125,110	\$ 4,968,049
August	2008	116,593	0	116,593	\$ 6,135,611
September	2008	125,817	0	125,817	\$ 7,020,055
October	2008	56,325	0	56,325	\$ 7,315,744
November	2008	0	(51,032)	(51,032)	\$ 6,836,743
December	2008	0	(167,500)	(167,500)	\$ 5,250,133
January	2009	0	(177,027)	(177,027)	\$ 3,573,247
February	2009	0	(199,048)	(199,048)	\$ 1,687,718
March	2009	0	(140,400)	(140,400)	\$ 357,762
April	2009	70,401	0	70,401	\$ 1,068,150
May	2009	121,861	0	121,861	\$ 1,403,720
Totals		733,407	(735,007)	(1,600)	\$ 49,178,027
Average Balance					\$ 4,098,169
Carrying Cost					11.50%
Carrying Charge					\$ 471,289

Workpaper MFC

Rochester Gas and Electric Corporation  
Merchant Function Charge  
Effective January 2009

**Summary**

Gas Supply Uncollectibles:		\$	5,460,686
Gas Inventory Carrying Charge:			4,696,338
Gas Supply Procurement and Administrative Costs	1		<u>1,250,000</u>
Total MFC Dollars:		\$	11,407,024
Throughput (therms):	2		<u>277,246,779</u>
MFC per Therm		\$	<u>0.041144</u>
MFC per Dth		\$	<u>0.411440</u>

**Calculation of Uncollectibles:**

Forecasted GSC Revenues		\$	296,518,589
Uncollectible Percentage	3		<u>1.84%</u>
Adjusted Level of Uncollectibles		\$	<u>5,460,686</u>

**Calculation of Storage Inventory Carrying Costs:**

Storage Inventory	4	\$	41,894,184
Pre-Tax ROR	5		<u>11.21%</u>
Carrying Costs		\$	<u>4,696,338</u>

**Notes:**

- 1 A&G Costs of \$1,250,000 per RG&E Gas Joint Proposal
- 2 Throughput (therms) per RG&E 2007 Forecast
- 3 Uncollectible Rate of 1.87% for RG&E for 5 years ending 09/2006
- 4 Storage Inventory based on TME 12/05-11/06 - RG&E per books
- 5 Pre-Tax ROR per Joint Proposal

**Rochester Gas and Electric Corporation  
Gas Inventory Carrying Charge**

<u>Month</u>	<u>DTI</u> <u>Inventory Balance</u>  a/c 164160	<u>DSR</u> <u>Inventory Balance</u>  a/c 164100	<u>Total</u>
Dec-07	19,654,944	25,379,895	
Jan-08	12,695,992	16,004,454	
Feb-08	5,588,410	7,861,336	
Mar-08	2,642,463	2,313,990	
Apr-08	7,178,923	5,409,384	
May-08	13,028,469	12,803,343	
Jun-08	20,261,675	19,066,439	
Jul-08	27,155,876	26,505,888	
Aug-08	31,447,696	31,943,208	
Sep-08	35,094,337	36,553,263	
Oct-08	34,883,006	38,616,436	
Nov-08	33,743,868	36,896,917	
Average Balance	\$ 20,281,305	\$ 21,612,879	\$ 41,894,184
Before-Tax Carrying Cost Rate	11.21%	11.21%	11.21%
Gas Inventory Carrying Charge	\$ <u>2,273,534.28</u>	\$ <u>2,422,803.78</u>	\$ <u>4,696,338.06</u>

**Rochester Gas and Electric Corporation**  
**Average Capital Structure and Cost Rates for 2005 through 2008 per the Gas Joint Proposal**  
**To be Used in Calculating the Gas Inventory Carrying Charge for the Merchant Function Charge ("MFC")**  
**( \$ 000 )**

	Capital Structure	Cost of Capital	Weighted Cost of Capital	Tax Gross-up @ 39.875%	Before-Tax Weighted Cost of Capital
Long-Term Debt	54.86%	6.09%	3.34%	0.00%	3.34%
Customer Deposits	<u>0.14%</u>	2.45%	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Debt	55.00%		3.34%	0.00%	3.34%
Preferred Stock	0.00%	5.11%	0.00%	0.00%	0.00%
Common Equity	<u>45.00%</u>	10.50%	<u>4.73%</u>	<u>3.14%</u>	<u>7.87%</u>
Total	<u>100.00%</u>		<u>8.07%</u>	<u>3.14%</u>	<u>11.21%</u>

\* Based on 10.5% ROE and 45% Equity Ratio and Average Capital Structure for 2005-2008 per the Statement in Support. 2004, which was slightly higher (8.09%, vs. 8.07%, before tax gross-up), has been excluded from this calculation because this rate will be used in the MFC commencing January 1, 2005.

**PSC NO. 90 Gas**  
**NEW YORK STATE ELECTRIC & GAS CORPORATION**  
Initial Effective Date: 11/01/07

Leaf No: 90.10  
Revision: 2  
Superseding Revision: 1

#### GENERAL INFORMATION

#### 14. GAS SUPPLY CHARGE (GSC): (CONT'D)

##### H. Monthly GSC Statement: (Cont'd)

##### (3) Each GSC statement will contain: (Cont'd)

- (e) A summary of adjustments, including the LFA, FA, Supplier Refund Adjustment, Research and Development Adjustment, Annual Reconciliation Adjustment, Interim Reconciliation Adjustment and other adjustments as approved by the PSC;
- (f) The net amount, or GSC without the MFC, on a per Therm basis; and
- (g) The MFC.

(4) The Company will file supporting data and workpapers underlying the GSC statement, consistent with 16 NYCRR, Chapter VII Provisions Affecting Public Service, Subchapter C, Rates and Charges, Part 720, Construction and Filing of Tariff Schedules, or superseding issues thereof.

##### I. Alternative Gas Cost:

- (1) The Company may seek to offer customers alternative pricing mechanisms to that provided above.
- (2) Any such alternative pricing mechanism will be filed with, and approved by, the PSC prior to implementation.

#### 15. INCREMENTAL GAS SUPPLY CHARGE (IGSC):

##### A. Applicability of the IGSC:

The IGSC will be applicable to daily metered transportation customers requesting to return to sales service under PSC No. 87 Gas, Service Classification Nos. 2, 9, or 10 when the Company has or can obtain capacity and gas supply to provide such service without jeopardizing the reliability of service to the Company's existing customers receiving firm gas sales service. The IGSC will not be applicable to transportation customers that pay to reserve their "Sales Customer" status.

If the Company is unable to obtain capacity to serve the IGSC customers, then such customers will be placed on a curtailment list after dual fuel customers.

Transportation customers returning to gas sales service where the only remaining load is heating load to prevent freezing of an empty building will be subject to the GSC in lieu of the IGSC.

Issued by: James A. Lahtinen, Vice President - Rates & Regulatory Economics, Binghamton, NY

---



PSC NO. 90 GAS  
NEW YORK STATE ELECTRIC & GAS CORPORATION  
INITIAL EFFECTIVE DATE: 11/01/07

LEAF: 91  
REVISION: 6  
SUPERSEDING REVISION: 5

#### GENERAL INFORMATION

#### 15. INCREMENTAL GAS SUPPLY CHARGE (IGSC): (CONT'D)

##### B. Monthly IGSC Calculation

- (1) Each month the IGSC will be the higher of:
  - a. The GSC multiplied by 110% during the months of April through October (or 125% during the months of November through March); or
  - b. The GSC plus any incremental costs incurred by the Company to serve the returning customers, including, but not limited to: pipeline and storage capacity, commodity and variable costs and fuel.
- (2) If the Company must sign a new pipeline capacity contract to serve such IGSC customer(s), the customer(s) will be responsible for paying for the capacity for the term of such contract. If an IGSC customer returns to transportation service pursuant to PSC No. 88 – Gas prior to the end of the contract for capacity, and the Company determines the capacity is not needed for system supply, the capacity will be released to the customer's ESCO for the remaining term of the ESCO's contract. If the customer's ESCO does not take release of the capacity then the customer is obligated to pay the Company the pipeline capacity costs for the remaining term of the contract and any other costs the Company incurred on their behalf.

##### C. Annual Reconciliation

The IGSC will be reconciled annually and included in the annual reconciliation of gas costs as described in Section 14.F.

##### D. Monthly IGSC Statement

- (1) The monthly IGSC statements will be filed not less than three (3) days prior to the date on which it is proposed to be effective.
- (2) A new IGSC statement may be filed on one (1) day's notice to become effective not more than five (5) days after the effective date of the initial statement if the replacement of cost estimates in the initial statement with actual costs results in a change in the average cost of gas of more than five percent (5%).
- (3) Each IGSC statement will contain:
  - (a) An identification of the applicable schedule, rate area and service classifications;
  - (b) The effective period of the IGSC. The IGSC will be effective on the date provided on each statement and will remain in effect until changed by the filing of a subsequent statement;
  - (c) The date at which, and the period for which, the IGSC was determined;
  - (d) The cost on a per Therm basis, before adjustments;

Issued by: James A. Lahtinen, Vice President - Rates & Regulatory Economics, Binghamton, NY

PSC NO. 90 Gas  
NEW YORK STATE ELECTRIC & GAS CORPORATION  
Initial Effective Date: 11/01/07

Leaf No. 92  
Revision: 3  
Superseding Revision: 2

**GENERAL INFORMATION**

**15. INCREMENTAL GAS SUPPLY CHARGE (IGSC): (CONT'D)**

**D. Monthly IGSC Statement (Cont'd)**

- (e) A summary of adjustments, including the LFA, FA, Supplier Refund Adjustment, Annual Reconciliation Adjustment, Interim Reconciliation Adjustment and other adjustments as approved by the PSC;
- (f) The net amount of the IGSC without the MFC, on a per Therm basis; and
- (g) The MFC.

Issued by: James A. Lahtinen, Vice President - Rates & Regulatory Economics, Binghamton, NY