

NYSEG / RG&E Overview

Technical Conference – Case 12-G-0297

January 09, 2013



- **NYSEG / RG&E System Overview**
- **Franchising Activity 1987 – Present**
- **Shifting Supply, Basis & CapEx**
- **IUSA Strategy**
- **Expansion of Gas Service**

- **Customers**
 - NYSEG ~ 260,000
 - RG&E ~ 300,000
- **Design Day Throughput**
 - NYSEG ~ 500,000 Dth/day
 - RG&E ~ 500,000 Dth/day
- **Delivered Capacity**
 - NYSEG ~ 400,000 Dth/day
 - RG&E ~ 400,000 Dth/day
- **Third Party Shippers**
 - NYSEG - 37
 - RG&E - 37

- **39 Communities**
- **Most Activity in 1990s**
- **Limited Activity in Last Decade**

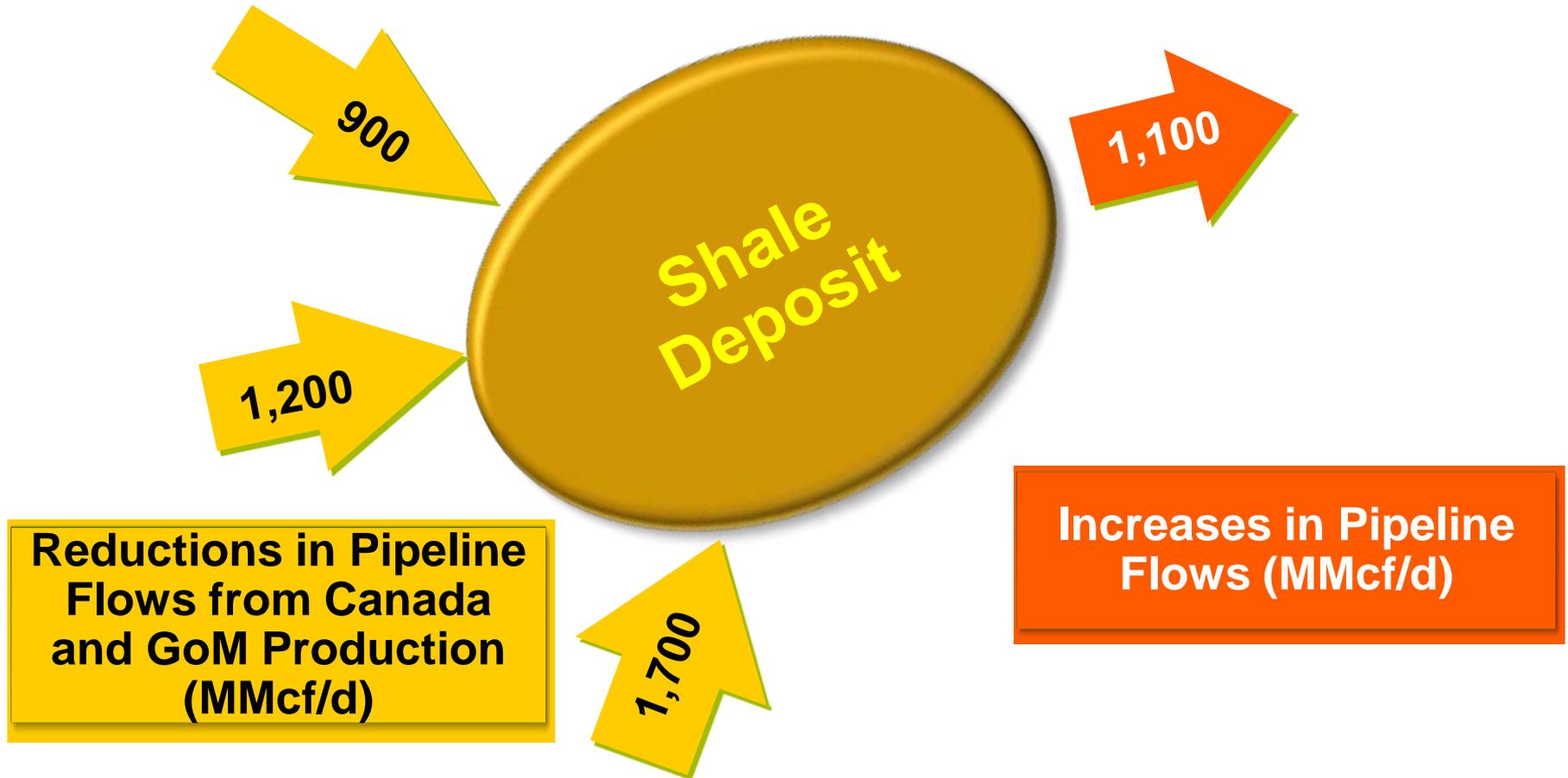
Traditional Franchising Strategy

- **Identify towns near source of supply**
- **Identify anchor customers & total load**
- **Obtain local franchise**
- **Contract w/ anchor customers**
- **File PSC franchise petition**

- **New Services**
 - NYSEG / RG&E
 - ~ 3,000 Annually

- **Main Extensions**
 - NYSEG / RG&E
 - ~ 100 Annually

Expected Change in Pipeline Flows



Spot Price Dynamics

Dominion Southpoint Average

\$9.30

2008
\$/MMBTU



\$2.77

2012
\$/MMBTU

Dominion Southpoint to Henry Hub Basis Spread

\$0.48

2008
\$/MMBTU



\$(0.18)

2017
\$/MMBTU

Oil to Gas Price Relationship

2x

2008
\$/MMBTU



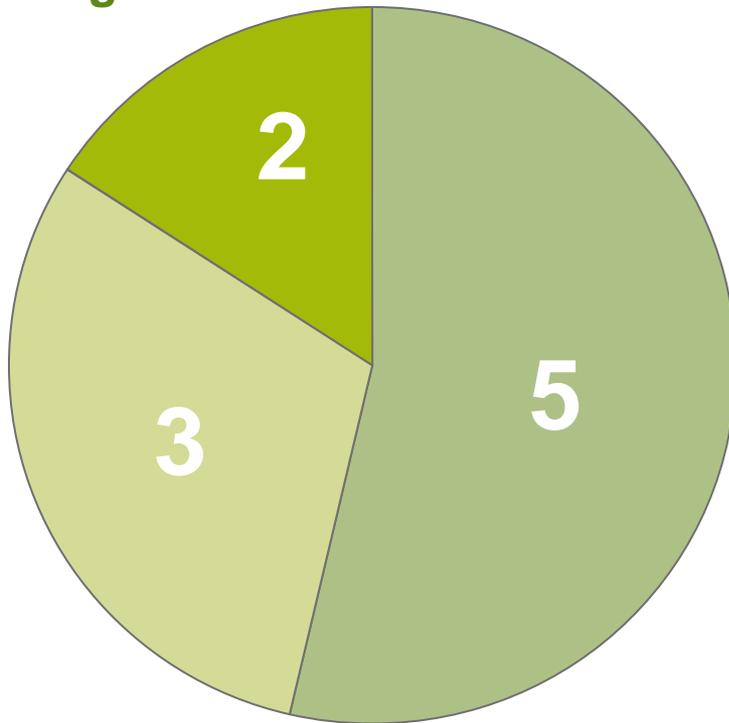
6x

2012
\$/MMBTU

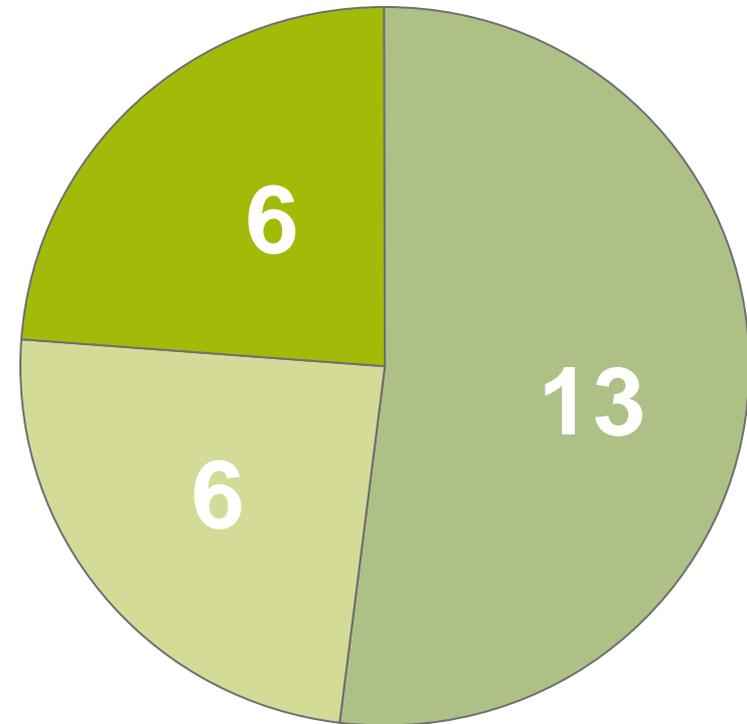
Potential Marcellus CapEx

(Billions of Dollars)

Through 2016



Through 2035



- **Dynamic Environment Creates Opportunity**
- **Actively pursue investments that will bring gas to new customers and lower cost to existing customers**

- **Cost effective policy enhancements (e.g.)**
 - Incremental tariff pricing
 - Broader environmental review

- **Funding / Sources of Incentive (e.g.)**
 - Rural initiatives
 - Tax Increment Financing (TIF)
 - Government grants
 - Rebates