



For Immediate Release: 04/27/15

Audrey Zibelman, Chair

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**\$2M Settlement Announced to Benefit NYSEG Customers in Plattsburgh Area
— Residents Offered Cash Rebates to Install High-Efficiency Gas Furnaces —**

ALBANY — The New York State Public Service Commission (Commission) announced today that New York State Electric & Gas Corporation (NYSEG) shareholders would pay \$2 million in a settlement due to the company's failure to comply with rules requiring it to obtain Commission approval prior to expanding its service territory. The agreement calls for NYSEG customers in the Town of Plattsburgh and seven nearby municipalities to receive substantial rebates upon the installation of high-efficiency natural gas furnaces.

"This significant financial settlement will benefit more than 1,000 new gas customers in Plattsburgh and surrounding areas," said Commission Chair Audrey Zibelman. "We congratulate staff and the company for finding a way to resolve the problem in a manner that directly benefits customers without having to resort to costly litigation."

Under the Public Service Law, a utility must seek and receive approvals before serving any area outside of its authorized service area. On July 29, 2014, NYSEG received authority to serve the entire Town of Plattsburgh. The settlement resolves a dispute where the company had extended service to customers in the area before such authorization. The \$2 million settlement is in lieu of the Commission initiating a civil proceeding.

Under the terms of the settlement, NYSEG shareholders will fund:

- More than \$1.65 million in natural gas conversion rebates (up to \$800 per household and up to \$1,300 per low-income household) to be applied to high-efficiency natural gas furnaces and boilers in the towns of Plattsburgh, Dannemora, Peru, Saranac and Champlain, the villages of Dannemora and Champlain, and the City of Plattsburgh.
- Some \$94,500 in rebates to be applied to high-efficiency gas furnaces and boilers in up to 12 natural gas expansion pilot projects outside the areas listed above, in which NYSEG will identify discrete areas considered for gas expansion based upon criteria developed by Department gas policy staff.
- After four years, any funds remaining from the rebate program will be offered to customers for conversion costs in Schoharie and Lewis counties.
- To ensure that the public can easily access and understand the rebate program, the agreement requires NYSEG to set aside \$70,000 for a customer service representative. This

liaison will assist customers in obtaining the rebates and accessing any other energy efficiency programs that assist with conversion costs. Department staff noted that at the request of Town of Plattsburgh officials the settlement included the liaison position.

- The rebate program will be available in areas of the NYSEG gas service territory where the company has approval to serve gas. In the first four years of the rebate program, rebates will be made available solely to Town of Plattsburgh and North Country customers, except that \$94,500 of which may be dedicated to the Neighborhood Expansion Pilot and Community Gas Expansion Pilot Program. In total, the Commission expects the program will allow for approximately 1,940 rebates.

To ensure that the utility adheres to statutory expansion requirements in the future, NYSEG will be subject to automatic penalties from \$1,500 to \$5,000 per service depending on the actual number of unlawful service expansions.

Under the terms of the settlement, the company agrees to contact customers who have converted to gas service since July 29, 2014, to offer rebates for documented purchases of qualifying energy efficiency equipment made and needed to convert to natural gas service. Some customers may also qualify for low income or EEPS rebates. After four years, any funds remaining will be made available to customers in Lewis and Schoharie counties.