

STATE OF NEW YORK

Public Service Commission

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EXPANSION OF ST. LAWRENCE GAS WINS STRONG APPROVAL — \$60M Economic Boost Expected as More Natural Gas Flows to 2 Upstate Counties —

Albany, NY—2/17/11—The New York State Public Service Commission (Commission) today adopted the terms of a joint proposal submitted by St. Lawrence Gas Company, Inc. and authorized construction of a natural gas transmission pipeline extending 48 miles into northern Franklin County from the company’s pre-existing pipeline in eastern St. Lawrence County. In addition, the Commission authorized a new 50-mile network of distribution lines to expand the natural gas delivery service to nearly 2,500 customers in these two counties.

“The objective of this expansion is to introduce natural gas as another alternative for customers in places where the only fuel options at this time are oil, propane, coal, and wood,” said Commission Chairman Garry Brown. “The high cost of energy has made it difficult to farm, do business, and attract jobs, and has increased the cost of living for local residents. New businesses, existing farms and other businesses and the residents in the project area can benefit from the availability of natural gas. This expansion will have a large and positive impact on the region’s economic viability.”

The project's construction phase and customer savings will result in millions of additional dollars of revenue to the state and Franklin and St. Lawrence counties. The total customer savings statewide is estimated to equal \$60 million dollars over 20 years, and that savings is expected to generate an additional \$32 million statewide in direct and indirect spending. The total fiscal impact of the construction activity and customer savings is expected to equal \$1.7 million in additional state tax revenue over 20 years. Regionally, the economic impacts will include an additional \$10.6 million generated from the expenditure of the customer savings over 20 years.

The pipeline extension to be authorized by the Public Service Law Article VII certificate will be a steel transmission line with varying diameters of eight, six, and four inches, pressurized to a maximum of 500 pounds per square inch. It will be connected with the company's pre-existing 10-inch diameter transmission line in the Town of Norfolk in St. Lawrence County, and continue about 48 miles to the Village of Chateaugay in Franklin County. The line will be installed underground in a right-of-way (ROW) up to 50 feet wide, comprising the ROWs of town or county roads, for a total of about 19 miles; easements granted by landowners along the former Rutland Railroad bed, for about 23 miles; and easements from landowners on routes between the public roads and the railroad bed, for about six miles.

The distribution network to be connected with the new pipeline will comprise about 50 miles of distribution lines, and associated service lines. This will enable the company to deliver gas pursuant to franchises issued by the communities of Winthrop, Brasher Falls, and North Lawrence, in St. Lawrence County, and Moira, North Bangor, Brushton, Malone, Burke, and Chateaugay, in Franklin County. The incremental service areas cover 9.7 square miles. The company estimates that the new transmission and distribution lines will enable it to add two industrial customers, 372 commercial or institutional customers, and 2,113 residential customers in the project's first five years.

The company filed its initial application regarding the transmission line on April 7, 2010. On June 16, 2010, the company filed a petition regarding the distribution network. Public statement hearings were held on August 24, 2010 in Malone and Winthrop.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.state.ny.us and entering Case Numbers 10-T-0154 and 10-G-0295 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).