

STATE OF NEW YORK

Public Service Commission

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FOR RELEASE: IMMEDIATELY

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PSC Announces FERC Approval of Dominion Settlement

Albany, NY – 6/1/05 – The New York State Public Service Commission (PSC) today announced that the Federal Energy Regulatory Commission (FERC) has approved a settlement between the PSC and Dominion Transmission, Inc. (DTI), a natural gas pipeline company, that will provide approximately \$11 million in annual savings to New York State's natural gas utilities and customers.

The settlement, which was jointly sponsored by DTI and the PSC, calls for DTI to reduce its firm transportation reservation rates by over 16% and its storage fuel retention percentage rate by over 17%. The firm transportation rate is the basic rate charged for the use of pipeline capacity necessary to transport natural gas purchased by customers, which are typically local natural gas distribution companies, marketers, generation facilities and some large industrial customers. The storage fuel retention percentage represents the amount of natural gas that is retained by a pipeline company for the operation of gas storage facilities.

The settlement approved by FERC is the result of Department of Public Service staff's analysis of financial and operating data filed by DTI at FERC in 2004. The settlement process was initiated in the fall of 2004 when the PSC notified DTI of its intent to file an over-earnings complaint with FERC based on the analysis. DTI and the PSC negotiated the settlement to avoid the possibility of costly and protracted litigation. Further, the settlement will provide customers with immediate rate relief and rate stability and provide DTI with revenue certainty.

The approved rate reductions will produce total system-wide savings to DTI's customers of about \$49 million annually over a 5-year period during which DTI must maintain the agreed-upon rates. The following New York utilities and their customers will be the primary beneficiaries of the approximately \$11 million in annual savings that will accrue to DTI's customers in New York: Central Hudson Gas & Electric; Consolidated Edison of New York, Inc.; Conning Natural Gas Company; KeySpan Energy Delivery Companies of NY and LI; National Fuel Gas Distribution Corp.; New York State Electric and Gas Corporation; Niagara Mohawk Power Corporation; and Rochester Gas and Electric Corporation.

A copy of the FERC's order in this case (Docket No. RP05-267-000) may be obtained from the FERC's Web site at <http://www.ferc.gov> by accessing the "Documents and Filings" section of the homepage.