

STATE OF NEW YORK

# Public Service Commission

William M. Flynn, Chairman

Three Empire State Plaza, Albany, NY 12223

Further Details: (518) 474-7080

<http://www.dps.state.ny.us>

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## **PSC Announces Interim Plan for Corning's Gas Supply – Parties Continue to Work Toward Permanent Solution –**

Albany, NY—11/22/05— At today's meeting of the New York State Public Service Commission (Commission), staff reported that KeySpan Corporation (KeySpan) has submitted a letter of commitment that will ensure Corning Natural Gas Corporation (Corning) has sufficient flowing gas and storage gas supplies to serve its customers for the month of December. This voluntary arrangement resolves the Commission's most important and immediate concerns regarding adequate gas supplies on an interim basis while the parties continue to work toward a long-term voluntary agreement for the remainder of the heating season.

"At the public forums last week, staff heard firsthand customers' concerns regarding Corning's ability to provide natural gas this winter," said Commission Chairman William M. Flynn. "I am pleased that staff's hard work with the company and other utilities has now ensured adequate supplies through December, and I commend KeySpan for voluntarily stepping up to the plate to provide immediate assistance. I am encouraged by the progress to date, and I ask all of the parties involved to continue their intensive efforts to ensure that we have a voluntary mutual-aid agreement to provide gas supplies for the entire heating season as soon as possible."

Extensive discussions among several parties have taken place over the past three weeks, and the Commission is encouraged that progress on both the technical details and the financial arrangements necessary for a long-term mutual aid agreement has been made. However, due to the complex nature of these issues, the intermediate step of the commitment letter is necessary to ensure reliability of gas service until a more comprehensive arrangement is put into place.

In addition, Corning is working to resolve issues regarding access to credit from its lender. Negotiations to restore the company's credit line continue, and the parties are optimistic that credit arrangements can be completed soon. Department of Public Service staff will continue to monitor and facilitate negotiations as necessary.

The combination of a comprehensive mutual-aid agreement for gas supplies with KeySpan and restoration of Corning's credit line should be sufficient to provide the gas supplies and other working capital needed through the 2005-2006 winter heating season. As a backstop solution in the absence of a voluntary agreement, staff will continue to examine the possibility of the Commission requiring other gas companies to provide gas to Corning. However, based on the progress made so far, as demonstrated by KeySpan's letter of commitment, the Commission is optimistic that a voluntary and comprehensive mutual aid agreement can be reached.