

STATE OF NEW YORK

Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223
Further Details: James Denn
james_denn@dps.state.ny.us | 518.474.7080
<http://www.dps.state.ny.us>

09117/08-G-1392

3-YEAR GAS RATE PLAN ADOPTED FOR ST. LAWRENCE — Low-Income Ratepayers Protected; Company Stability Improved —

Albany, NY—12/16/09—The New York State Public Service Commission (Commission) today established a three-year rate plan that increases gas service delivery rates \$1.37 million in January 2010, \$786,000 in January 2011, and \$213,000 in January 2012, for St. Lawrence Gas Company, Inc. customers.

“We are always concerned about ratepayer impact of any rate increase,” said Commission Chairman Garry Brown. “The public comments in this case reminded us again of the tough economic times people are facing, along with the high rate of local unemployment, and workforce reductions in the utility’s service territory. Our decision strikes that fine balance between ratepayers’ interests and the need to maintain a viable delivery system.”

Under the rate plan, average annual residential delivery rates are set to increase \$73 in 2010, 4.6 percent of the total bill; \$46 in 2011, 3.1 percent of the total bill; and \$13 in 2012, 0.8 percent of the total bill. The total bill for the typical commercial/general-use is expected to increase 1.6 percent, 1.5 percent, and 0.4 percent 2010 through 2012, respectively. Meanwhile, average industrial delivery rates will increase 6.2 percent in 2010.

The rates approved for St. Lawrence were less than the \$2.17 million annual increase in gas revenues, or 4.3 percent in total operating revenues, the company was initially seeking. In addition to the rates, the established rate plan calls for an allowed return on equity of 10.5 percent, reflecting adjustments of -.10 percent, for the implementation of a Revenue Decoupling

Mechanism, and 0.25 percent for a three-year stay-out premium. The sharing threshold is 11 percent, with earnings above the threshold shared equally by ratepayers and shareholders.

St. Lawrence will initiate a low-income program to provide a \$5 bill discount, each month, to Home Energy Assistance Program (HEAP) recipients. In addition, the company will provide a 50 percent waiver of service reconnection fees for customers participating in the low-income program. Furthermore, the company has taken the current economic environment into account, committing to austerity measures that provide reductions of approximately \$144,235 over the three-year period.

With respect to service quality, St. Lawrence is committed to continuing its service quality performance mechanism, incorporating both the PSC complaint rate and overall customer satisfaction index. In any rate year that St. Lawrence fails to achieve any of the service quality thresholds, a revenue adjustment will be imposed for that year equal to the dollar amount that is assigned to that particular threshold. The maximum annual dollar revenue adjustment for the two measures is \$36,000 and it is apportioned equally among the two service measures.

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 Number 08-G-1392 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).