

Effective Date: 07/21/2016

PSC NO: 119 ELECTRICITY
 NEW YORK STATE ELECTRIC & GAS CORPORATION
 Initial Effective Date: 06/19/15

Leaf: 10
 Revision: 1
 Superseding Revision: 0

GENERAL INFORMATION

2. How Service May Be Obtained: (Cont'd.)

B. Extension of Facilities (Cont'd.)

(4) Additional Obligations of Residing Applicants: (Cont'd.)

- (ii) Pay a surcharge for such facilities. The surcharge shall be applicable for 10 years, and billed in monthly installments by the Company as set forth below. When any new customer is added to the extension, the surcharge shall be recalculated and the payment amount adjusted for the remaining years. However, the interest factor shall remain constant for the life of the surcharge.

- (iii) The monthly payment shall be calculated as follows:

Monthly payment = $L \times R$
 where:

L = Total cost of excess facilities, including appropriate Right-of-Way costs if requested by the customer, less down payment.

R = Monthly capital recovery factor = $I \div (1 - \{1 + I\}^{-120})$

$I = C \div 12$

C = Company's weighted pre-tax cost of capital as established in its most recent rate proceeding.

Note: If the initial amount of excess construction charges is less than \$1,000, the applicant must make a lump sum payment as specified in Rule 2.B.(4)(c).

- (iv) At any time, the applicant may make a lump sum payment of the outstanding principal balance. Such lump sum payment shall be subject to refund for the remaining term of the original 10-year agreement as customers are added to the excess line extension.
- (v) Any applicant who may be served within the distance of the aggregate free allowance shall incur no cost for the distribution line.
- (vi) The remainder of any unpaid installment charges shall be collectible from any subsequent owner of the premises served provided the original surcharge agreement contains the bold face notice: **"THE APPLICANT IS REQUIRED TO INFORM A PROSPECTIVE OWNER OF SUCH OBLIGATION."**
- (e) Within 10 years from the commencement of service any new applicants taking service from excess cost distribution lines are subject to either a lump sum payment or a monthly payment based on a 10-year plan. Such adjusted payment shall be recalculated in accordance with Rules 2.B.(4)(c) and (f).

Issued by: James A. Lahtinen, Vice President – Rates & Regulatory Economics, Binghamton, NY