

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on May 15, 2025

COMMISSIONERS PRESENT:

Rory M. Christian, Chair  
James S. Alesi  
David J. Valesky  
John B. Maggiore  
Uchenna S. Bright  
Denise M. Sheehan  
Radina R. Valova

CASE 25-E-0041 - Petition of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation for Approval, Pursuant to Section 70 of the Public Service Law, to Transfer Large Spare Transformers.

ORDER APPROVING FUTURE TRANSFERS OF SPARE TRANSFORMERS

(Issued and Effective May 19, 2025)

BY THE COMMISSION:

INTRODUCTION

In a joint petition dated January 13, 2025, New York State Electric & Gas Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E) (together, the Companies) request approval to participate in the Edison Electric Institute (EEI) Spare Transformer Equipment Program (STEP), a program that enables access to spare transformers among participating utilities, through their parent company, Avangrid, Inc. (Avangrid). By this Order, the Commission approves the Companies' participation in the STEP, subject to the terms and conditions stated herein.

BACKGROUND

The STEP has approximately 50 participating utilities across the nation. This program is designed to provide access to hard-to-replace spare transformers from participating utilities for use in the event of deliberate destruction of utility substations or declaration of a national emergency. Members of the STEP can only share assets in the specific voltage classes within which the utility is a participant. Commitment requirements are reviewed and updated by the appropriate Equipment Sub-Committee for each class of equipment annually to ensure that all voltage classes have an adequate number of spares to accommodate members if the need arises.<sup>1</sup> The transfer of spare equipment pursuant to the STEP has been approved by the Federal Energy Regulatory Commission, and STEP participants must secure pre-approval from their state regulators prior to joining the STEP. In previous orders, the Commission approved Consolidated Edison Company of New York, Inc.'s, Orange and Rockland Utilities, Inc.'s, and Niagara Mohawk Power Corporation d/b/a National Grid's participation in the STEP.<sup>2</sup>

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<sup>1</sup> The governance of the EEI Spare Transformers Sharing Agreement (EEI Agreement) is provided by the following committees consisting of representatives from utilities participating in the STEP: (1) Overall Equipment Committee; (2) Equipment Sub-Committee for each class of equipment; and (3) an Executive Committee comprised of eleven utility representatives.

<sup>2</sup> Case 06-E-1047, Petition of Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc. for Authority to Transfer Certain Utility Property and for Related Relief, Order Approving Future Transfers of Spare Transformers (Issued May 18, 2007); Case 07-E-0683, Petition of Niagara Mohawk Power Authority, Inc. for a Program Permitting Transfers of Large Spare Transformers, Order Approving Future Transfers of Spare Transformers (issued December 20, 2007).

PETITION

The Companies request authority pursuant to Public Service Law (PSL) §70, to make future transfers of certain large spare transformers through Avangrid, as required by their participation in the STEP.<sup>3</sup> The STEP is implemented pursuant to the terms of the EEI Agreement.<sup>4</sup> As part of the EEI Agreement, Avangrid would pay annual dues in the first quarter of each calendar year. The Companies propose that Avangrid would allocate the annual fee equally among Avangrid's four electric operating companies.<sup>5</sup> The Companies state that establishing an inventory of spare electric transformers and providing for the transfer of the transformers in a national emergency will allow access to spare transformers needed to restore electric service with no significant negative impact to the environment. The Companies assert that the EEI Agreement provides a reasonable

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<sup>3</sup> PSL §70 requires Commission approval for the transfer or lease of an electric corporation's works or system.

<sup>4</sup> The Federal Energy Regulatory Commission approved an EEI application, in part, for blanket authorization to engage in future transfers of transformers pursuant to the EEI Agreement (Doc. Nos. EC06-140-000 et al., Edison Electric Institute on behalf of the Jurisdictional Signatories to the Spare Transformer Sharing Agreement, Order on Application For Blanket Authorization for Transfers of Jurisdictional Facilities and Petition for Declaratory Order, 116 F.E.R.C. ¶61,280 (issued September 22, 2006)).

<sup>5</sup> In response to information request DPS-1, the Companies state that the annual fee for 2025 is \$8,500 and that Avangrid will split the fee equally between its four electric operating companies. The four electric operating companies that Avangrid oversees are NYSEG, RG&E, United Illuminating Company, and Central Maine Power. The 2025 dues have already been paid by The United Illuminating Company (UIC), an Avangrid subsidiary, and no further payments are necessary this year.

method of making efficient use of spare transformers and minimizing duplicate purchases of the very costly assets.<sup>6</sup>

Participants in the STEP are signatories to the EEI Agreement, which requires a commitment from each participating utility to maintain a designated number of qualified spare transformers. These transformers are made available to another participating utility if the utility experiences a triggering event requiring a replacement transformer.<sup>7</sup> If the Companies need their transformer(s) due to destruction or long-term disabling of one or more transformer, the EEI Agreement permits the Companies to decline a request for the sale of its transformers. The EEI Agreement establishes several equipment classes of qualified spare transformers. Utilities elect which equipment classes they wish to participate in, and a mathematical formula determines the number of transformers that each participating utility must maintain in its inventory or have rights to own. This arrangement, according to the Companies, enables the participating utilities to improve their preparedness and minimize duplicative purchases of transformers. Since the equipment used to operate in each voltage class is generally interchangeable, committing these assets to the STEP provides participating companies with access to a large pool of recovery assets that they otherwise would not be entitled to use.

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<sup>6</sup> The cost of applicable transformers ranges from \$500,000 to \$11,000,000, depending on the class of transformer.

<sup>7</sup> A triggering event is one or more coordinated acts of deliberate terrorism, as defined in the Homeland Security Act of 2002, 6 U.S.C. §101(15), and resulting in both the destruction or long-term disabling of one or more electric transmission substations and either: (1) a declaration of a state of emergency by the President pursuant to the National Emergencies Act, 50 U.S.C. §1601 et seq.; or (2) the declaration of a grid security emergency.

The STEP allows participating utilities to use two methods for pricing their transformers at the seller's election, net book value or replacement cost.<sup>8</sup> The Companies state that Avangrid plans to join the STEP in the 345/115 kV equipment class.<sup>9</sup> Accordingly, the Companies state they expect that any spare 345/115 kV transformers they purchase in the future would be capitalized and subject to depreciation recovery rather than recorded to non-utility plant.<sup>10</sup>

In the petition, the Companies request pre-authorization under PSL §70, to make transfers of utility equipment required by the EEI Agreement. The Companies explain that authorization of the transfers before the need arises will assist in expediting restoration of the transmission grid and minimizing adverse effects of the service outage on customers in the event of a triggering event. The Companies assert that the STEP is in the public interest because it provides expedited access to a large pool of spare transformers following a terrorist attack on STEP participants' electric infrastructure.<sup>11</sup> If the Companies were to experience such an attack, the impact

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<sup>8</sup> In response to DPS-1, the Companies state they will select the purchase price option that results in the highest cost. This ensures that all costs to replace this transformer are borne by the purchasing STEP participant. The Companies expect preferred option to be the replacement cost in most scenarios.

<sup>9</sup> In response to information request DPS-01, the Companies state that they will not purchase spare 345/115 kV transformers for the sole purpose of participating in the STEP. The Companies will make future purchases of spare 345/115 kV transformers in a manner consistent with established practices for procurement and management of strategic spare transformer inventory.

<sup>10</sup> In response to information request DPS-01, the Companies state that they are not committing any transformers at this time as the UIC has committed sufficient spare transformer capacity to cover Avangrid's obligation, including NYSEG and RG&E.

<sup>11</sup> Stated by the Companies in response to information request DPS-01.

to their customers and the state of New York would be greatly mitigated by being a STEP participant.

The Companies propose that they will notify the Commission and/or Staff, on an immediate basis, if a request to purchase a transformer arises under the EEI Agreement. In addition, the petition states that the Companies will file information with the Commission within six months after the close of the transaction and provide the proposed accounting and ratemaking treatment for the transaction, as well as details of the transaction, including the purchase price and any other information required by the Commission. Finally, the Companies request that the Commission waive its requirement for filing of information for PSL §70 petitions set forth in 16 NYCRR Part 18 and 31 for sales of transformers in accordance with the STEP.

#### NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking was published in the State Register on February 26, 2025 [SAPA No. 25-E-0041SP1]. The time for submission of comments pursuant to the Notice expired on April 28, 2025. No comments were received.

#### LEGAL AUTHORITY

Pursuant to PSL §70, the Commission has the legal authority to review the proposed transfer of utility property and to determine whether to grant, deny, or modify the transfer that the Companies proposed. Pursuant to PSL §§5, 65, and 66, the Commission has the legal authority to make accounting and ratemaking determinations concerning the transfer of utility assets.

STATE ENVIRONMENTAL QUALITY REVIEW

Together with their Petition, the Companies provided Part 1 of a Short Environmental Assessment Form (EAF) in conformance with the State Environmental Quality Review Act (SEQRA) requirements found in 6 NYCRR §617.6(a)(3). The future sales or purchases of transformers by the Companies, as part of the participation of Avangrid, Inc. in the STEP, is an Unlisted action, as defined in 6 NYCRR §617.2(a1). The action does not rise to the level of a Type I action and is not listed on the Commission's Type II list of activities in 16 NYCRR §7.2(b) or those found in 6 NYCRR §617.5. The Companies state that the action will have no significant adverse environmental effects. No other agency exercises jurisdiction relating to the proposed action. Accordingly, the Commission assumed Lead Agency responsibilities for the environmental review under SEQRA and has determined that a coordinated review is not necessary.

The Commission determines that the future sales or purchases of transformers by the Companies will not result in any significant adverse effects to land and water uses, or natural resources. No construction, disturbance, excavation, or demolition will be undertaken as part of the proposed action.

After review of the Petition, the Commission concludes, based on the criteria for determining significance listed in 6 NYCRR §617.7(c), that the action will not result in adverse environmental impacts. Department of Public Service Staff has completed Parts 2 and 3 of the Short EAF.

As Lead Agency, the Commission determines that the proposed action will not have a significant impact on the environment and adopts a negative declaration pursuant to SEQRA. Because no adverse environmental impacts were found, no public notice requesting comments is required. A negative declaration concerning this unlisted action is attached to this Order. The

completed Short EAF will be retained in the Commission's files with a copy made publicly available.

#### DISCUSSION

The joint petition submitted by the Companies requests approval to participate in the STEP to transfer certain large, long-lead time spare transformers, under certain conditions, and authorization under PSL §70 to make the transfer and file documentation of the regulatory accounting and ratemaking treatment after a transaction is complete. Through this Order, we grant approval for the Companies to participate in the STEP through their parent company, Avangrid, and provide authorization under PSL §70 for the transfer of transformers required by the EEI Agreement.

#### Approval of NYSEG's and RG&E's Participation in the STEP

The STEP will help ensure that, in the event of a national emergency or the destruction or disabling of a substation, the Companies have ready access to additional replacement transformers that could be needed to restore service in their respective service territories. This agreement will help the Companies locate and enter into negotiations for the transfer of replacement transformers, thereby allowing the Companies to focus on other important facets of their restoration efforts. Participating in the STEP may provide the Companies the capability of restoring service in a more efficient manner, lessening the time required for restoration and minimizing the adverse effects of the triggering event on customers by having access to the STEP.

The commitment of participating utilities to make transformers available will contribute to the reliability of the nation's electric transmission grid and is a method of sharing



and exchanging important resources with other electric utilities in times of need. The Companies' electric systems do not appear to be jeopardized by their participation in the STEP. The EEI Agreement permits the Companies to decline a sale of a transformer if they have also suffered the destruction or long-term disabling of one or more of their substations resulting in the Companies needing to use their inventory of transformers to perform replacement(s). Lastly, we find the annual dues reasonable, and the cost of the program is minor compared to the benefit of having access to transformer equipment in the event of an emergency. Accordingly, we approve the Companies' participation in the STEP through Avangrid.

#### PSL §70 Authorization

The Commission is required to authorize transfers of the works or system of an electric corporation, pursuant to PSL §70. Generally, regulatory and statutory requirements associated with the authorization process may require a minimum of 90 to 120 days for completion. Although it is possible for the Commission to exercise its authority on an expedited basis in an emergency, the pre-authorization of the future transfer of transformers in a national emergency eliminates the need for this administrative process, allows the electric utilities to respond quickly to requests for spare transformers from other electric utilities, and removes any potential delay involved in filing a petition with the Commission and obtaining its emergency authorization. The pre-authorization of these transformer transfers would enable the Companies to participate more effectively in the EEI Agreement. Moreover, pre-authorization would enable the Companies to obtain benefits that accrue from their access to the transformer inventories of other electric utilities, improve the capability of the Companies to

recover from a disastrous event that disables transformers, and more quickly restore electric service to consumers.

Accordingly, we authorize the Companies, pursuant to PSL §70, to transfer certain large spare transformers as required by the EEI Agreement, subject to the subsequent filing of the details of each transaction. The filing details of each transaction shall include the purchase price, justification if the purchase price (from NYSEG or RG&E) was not the higher of book value or replacement cost, justification if the purchase price (by NYSEG or RG&E) was higher than the replacement cost plus approved transfer costs, and proposed accounting and ratemaking treatment. In addition, we require the Companies to file the EEI Spare Transformer Sharing Agreement, subject to the requirements of PSL §70, with the Secretary to the Commission under Case 25-E-0041. Further, we direct the Companies to file a letter with the Secretary to the Commission, within 30 days of any of the following: (1) modifications to the EEI Agreement, including changes to the fee schedule; (2) changes to the number of transformers required by the EEI Agreement; (3) if either of the Companies intend to withdraw from the STEP; or (4) changes as a result of an agreement with an affiliate. The Companies shall file a letter with the Secretary to the Commission annually by December 31st of each year if no such modifications occur.

#### Accounting and Ratemaking Treatment

The Companies provided example accounting entries that they would record in event of the purchase and in the event of a sale of a transformer.<sup>12</sup> For a transformer sale, the Companies would book funds received from a sale to the affected company's

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<sup>12</sup> Provided in response to information request DPS-3.

cash account, remove the costs of the transformer from the affected company's plant in service account, and credit the affected company's depreciation reserve for the difference in the purchase price and the book value of the transformer. In the event of a transformer purchase, the affected company would increase its plant in service account by the agreed on purchase price and decrease its cash account by that same amount.

We adopt the Companies' proposal to inform the Department of Public Service immediately that it has received a request for purchase of a transformer under the EEI Agreement and to file information with the Commission within six months after the closing of the transaction and establishment of the terms of the transaction under the EEI Agreement. For clarity, we direct the Companies to provide notice to the Directors of the Office of Accounting, Audits and Finance, the Office of Resilience and Emergency Preparedness, and the Office of Rates and Tariffs within 48 hours of receipt of a request for purchase of a transformer under the EEI Agreement. Additionally, we direct the Companies to provide to the same Directors, on or before 30 days after transfer of a transformer pursuant to the EEI Agreement, notice that such transfer has occurred. With regard to the subsequent filing with the Commission within six months after the date of closing of the transaction, the Companies shall include the terms of the transaction, proposed accounting and ratemaking treatment for the transaction, and other information required for submission of PSL §70 petitions (16 NYCRR Parts 18 and 31). We grant the Companies' request for a waiver of filing a petition in the event that a transfer of a transformer pursuant to the EEI Agreement occurs. Further, we direct the Companies to file an annual report of all costs associated with the STEP Program, including workpapers demonstrating how Avangrid allocated such costs among all four

of the Avangrid companies. The Companies shall file this annual report with the Secretary to the Commission by December 31st of each year.

#### CONCLUSION

We grant NYSEG and RG&E's request for approval to participate in the STEP through their parent company, Avangrid, and authorization pursuant to PSL §70 to transfer certain large spare transformers required by the EEI Agreement implementing the STEP. Accordingly, we grant the Companies' request for pre-authorization, under PSL §70, to make transfers of utility equipment required by the EEI Agreement.

Further, within 30 days of any modifications to the EEI Agreement, the Companies are directed to file a letter with the Secretary to the Commission, including changes to the fee schedule, changes to the number of transformers required by the EEI Agreement, and/or changes as a result of an agreement with an affiliate. If no such modifications occur, a letter shall be filed annually by December 31<sup>st</sup> of each year.

#### The Commission orders:

1. The joint petition of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, through their parent company, Avangrid, for approval of their participation in the Edison Electric Institute Spare Transformer Equipment Program and authority to acquire and transfer certain large, long lead time spare transformers required by their participation in the Spare Transformer Equipment Program, pursuant to the terms of the Edison Electric Institute Agreement, is granted, in accordance with the discussion in the body of this Order.

2. Within six months after closing of a spare transformer transaction as part of the Spare Transformer Equipment Program, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation shall file proposed accounting and ratemaking treatment for each proposed sale, complete details of the terms of the transaction, including the purchase price, and information required for petitions submitted pursuant to Public Service Law §70 in the Commission's rules.

3. New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation shall provide notifications, consistent with the discussion in the body of this Order, to the Directors of the Office of Accounting, Audits and Finances, the Office of Rates and Tariffs, and the Office of Resilience and Emergency Preparedness, or their successors, within 48 hours of receipt of a request for purchase of a transformer under such Edison Electric Institute Agreement and within 30 days after transfer of a transformer under the Edison Electric Institute Agreement.

4. Within 30 days after the execution of the Edison Electric Institute Spare Transformer Sharing Agreement, New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation shall file, with the Secretary to the Commission, a copy of the Edison Electric Institute Spare Transformer Sharing Agreement.

5. New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation shall file a letter with the Secretary to the Commission within 30 days after the occurrence of any of the following: (1) modifications to the Edison Electric Institute Agreement, including changes to the fee schedule; (2) changes to the number of transformers required by the Edison Electric Institute Agreement; (3) if either of the Companies intend to withdraw from the Spare Transformer

Equipment Program; or (4) changes as a result of an agreement with an affiliate. If none of the four foregoing events occur during a calendar year, the Companies are directed to file a letter stating that with the Secretary to the Commission by December 31st of each year.

6. New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation are directed to file an annual report of all costs associated with the Spare Transformer Equipment Program, including workpapers on how Avangrid, Inc. allocated such costs among all four of the Avangrid, Inc. operating utilities by December 31st of each year.

7. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

8. This proceeding is closed pending compliance with Ordering Clauses 2, 3, 4, 5, and 6.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS  
Secretary

**NEW YORK STATE ELECTRIC & GAS CORPORATION  
ROCHESTER GAS AND ELECTRIC CORPORATION**

**Petition of New York State Electric & Gas Corporation, Rochester Gas and Electric Corporation for Approval, Pursuant to Section 70 of the Public Service Law, to Transfer Large Spare Transformers.  
25-E-0041**

**Information Request**

**Requesting Party:** Nicholas Turan (DPS)

**Response No.:** LST-25-001

**Request Date:** February 19, 2025

**Due Date:** March 1, 2025

**Reply Date:** March 26, 2025

**Responder:** Evan Kohlsaatt

**Subject:** Case 25-E-0041 - NYSEG/RG&E Section 70 - STEP Program

**Question:**

In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

1. There is a \$10,000 initial fee to join the Spare Transformer Equipment Program. State which company will pay this fee. If Avangrid pays the fee, explain if any costs will be allocated to NYSEG and RG&E.
2. There are annual dues for the program. State the amount and payment schedule. Provide historic dues for the last calendar year. If available, provide the amounts of expected dues for 2025. Explain which company will be responsible for these dues; if Avangrid is responsible, explain if any of the costs will be allocated to NYSEG and RG&E and the method of allocation.
3. Are the transformers to be committed to the program included in utility plant? Explain.
4. Would future purchased transformers be booked to non-utility plant until used by the company or sold to another participant in the program? If not, provide an explanation of how future purchased transformers will be booked.

5. The program allows utilities to use two methods for pricing their transformers, net book value or replacement cost. Which method will Avangrid use to calculate price of the transformers? Include the rationale.



**NEW YORK STATE ELECTRIC & GAS  
CORPORATION ROCHESTER GAS AND  
ELECTRIC CORPORATION**

**Petition of New York State Electric & Gas Corporation, Rochester Gas and Electric  
Corporation for Approval, Pursuant to Section 70 of the Public Service Law, to  
Transfer Large Spare Transformers.  
25-E-0041**

**Information Request**

6. Explain how participation in STEP is a benefit for ratepayers financially?

**Response:**

1. There is no longer an initial fee due at enrollment; it was changed to \$0.00 on May 10<sup>th</sup>, 2016 per the STEP Sharing Agreement Section 2.1.
2. Dues for a participant in the STEP program are \$8,500 for 2025. Dues are paid in the first quarter of the year. In 2024, participant dues were \$7,500. The 2025 dues have already been paid by The United Illuminating Company and no further payments are necessary this year, even if membership expands from United Illuminating to other Avangrid subsidiaries. Neither NYSEG nor RG&E will receive any allocated portion of these previously paid dues. In future years, dues will be evenly split between Avangrid's four electric operating companies. Each company will pay 25% of the fee.
3. NYSEG and RG&E are not committing any transformers at this time. The United Illuminating Company has committed sufficient spare transformer capacity to cover Avangrid's obligation, including for NYSEG and RG&E.
4. The Companies will not purchase spare 345/115 kV transformers for the sole purpose of participating in the STEP program. Future purchases of spare 345/115 kV transformers will be made in a manner consistent with established practices for procurement and management of strategic spare transformer inventory. Accordingly, it is expected that any spare 345/115 kV transformers purchased in the future would be capitalized and subject to depreciation recovery. No spare 345/115 kV transformer purchases will be booked to non-utility plant.
5. Avangrid will select the purchase price option that results in the highest cost. This ensures that all costs to replace this transformer are borne by the purchasing STEP participant. The preferred option is expected to be the replacement cost in most scenarios.
6. The STEP program provides quick, legally binding access to a large pool of spare transformers following a terrorist attack on a STEP participants electric infrastructure. Attacks on the electric system have unfortunately become more common;

**NEW YORK STATE ELECTRIC & GAS CORPORATION  
ROCHESTER GAS AND ELECTRIC  
CORPORATION**

**Petition of New York State Electric & Gas Corporation, Rochester Gas and Electric Corporation for Approval, Pursuant to Section 70 of the Public Service Law, to Transfer Large Spare Transformers.  
25-E-0041**

**Information Request**

furthermore, as customers switch their primary energy source from fossil fuels to electricity, maintaining a resilient electric supply is critically important.

NYSEG and RG&E participation in STEP is a financial benefit to ratepayers as it has low administrative costs but is able to provide rapid access to transformers in the event of a

terrorist attack. If NYSEG and RG&E were to experience such an attack, the impact to their customers and the state of New York would be greatly mitigated by being a STEP participant.

**NEW YORK STATE ELECTRIC & GAS CORPORATION  
ROCHESTER GAS AND ELECTRIC CORPORATION**

**Petition of New York State Electric & Gas Corporation, Rochester Gas and Electric Corporation for Approval, Pursuant to Section 70 of the Public Service Law, to Transfer Large Spare Transformers.  
25-E-0041**

**Information Request**

**Requesting Party:** DPS Staff

**Response No.:** LST-25-003

**Request Date:** April 24, 2025

**Due Date:** May 4, 2025

**Reply Date:** April 29, 2025

**Responder:**

**Subject:** Spare Transformer Equipment Program Fees and Purchases

**Question:**

In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

Re. Case 25-E-0041 - Petition of New York State Electric & Gas Corporation, Rochester Gas and Electric Corporation for Approval, Pursuant to Section 70 of the Public Service Law, to Transfer Large Spare Transformers.

1. Provide example journal entries that would be booked if a spare transformer was purchased from NYSEG or RG&E.
  
1. Provide example journal entries that would be booked if NYSEG or RG&E purchased a spare transformer from another utility.

**Response:**

Please see Attachment 1.

DPS-03, Attachment 1

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**Rochester Gas and Electric Corporation  
Sale of Spare Transformer from Station X  
Draft Accounting Entries**

<b>PSC Acct.</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
<b><u>1. To retire from plant in service:</u></b>			
108000	Accumulated Depreciation Reserve - Electric	\$ 6,000,000	
101000	Plant in Service - Electric		\$ 6,000,000
<b><u>2. To record the costs of shipping:</u></b>			
108000	Accumulated Depreciation Reserve - Electric	\$ 150,000	
131000	Cash		\$ 150,000
<b><u>3. To record the accounts receivable:</u></b>			
143000	Other Accounts Receivable	\$ 8,150,000	
108000	Accumulated Depreciation Reserve - Electric		\$ 8,150,000
<b><u>2. To record the receipt of the proceeds from the sale:</u></b>			
131000	Cash	\$ 8,150,000	
143000	Other Accounts Receivable		\$ 8,150,000

**Assumptions:**

Original Purchase Price	6,000,000
Shipping cost	150,000
Market Value/Replacement Cost	8,000,000

Sale at higher of market or book value including shipping costs

Spare transformer is a capitalized strategic spare added to plant in service upon receipt

Journals are shown pre-tax

DPS-03, Attachment 1

Page 2 of 2

**New York State Electric & Gas  
Purchase of Spare Transformer for Station Y  
Draft Accounting Entries**

<b>PSC Acct.</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
<b><u>1. To record the accounts payable:</u></b>			
101000	Plant in Service - Electric	\$ 8,150,000	
232000	Accounts Payable		\$ 8,150,000
<b><u>2. To record payment of accounts payable:</u></b>			
232000	Accounts Payable	\$ 8,150,000	
131000	Cash		\$ 8,150,000

**Assumptions:**

Original Purchase Price	6,000,000
Shipping cost	150,000
Market Value/Replacement Cost	8,000,000

Sale at higher of market or book value including shipping costs  
Spare transformer is a capitalized strategic spare added to plant in service upon receipt  
Journals are shown pre-tax

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

CASE 25-E-0041 - Petition of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation for Approval, Pursuant to Section 70 of the Public Service Law, to Transfer Large Spare Transformers.

NOTICE OF DETERMINATION OF SIGNIFICANCE  
(NEGATIVE DECLARATION)

NOTICE is hereby given that an Environmental Impact Statement will not be prepared in connection with the approval by the Public Service Commission (the Commission) of the future sales or purchases of transformers by New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation (together, the Companies), as part of the participation of Avangrid, Inc. in the Edison Electric Institute Spare Transformer Equipment Program, based on the Commission's determination, in accordance with Article VIII of the Environmental Conservation Law, that such action will not have a significant adverse effect on the environment. The exercise of this approval constitutes an Unlisted action, as is defined in 6 NYCRR §617.2(al).

Based on the Commission's review of the record, the Commission finds that the proposed action, which grants future authority to the Companies to sell or purchase transformers, will not have a significant adverse environmental impact.

The address of the Public Service Commission, the Lead Agency for the purposes of the environmental quality review of this project, is Three Empire State Plaza, Albany, New York 12223-1350. Questions may be directed to Eric Levy

CASE 25-E-0041

(Eric.Levy@dps.ny.gov) at (518) 486-1693 or by writing to the address above.

MICHELLE L. PHILLIPS  
Secretary