



July 30, 2015

VIA ELECTRONIC FILING

Honorable Kathleen H. Burgess, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 15-G-0185 - Comments on Heating Supplies and Interruptible Service

Dear Secretary Burgess:

New York State Electric & Gas Corporation (“NYSEG”) and Rochester Gas and Electric Corporation (“RG&E”, together, the “Companies”) hereby submits these comments in response to the New York State Public Service Commission’s *Notice Soliciting Comments Regarding the Events and Impacts Related to the Reported Disruption of Heating Fuel Oil Deliveries to Interruptible Gas Service Customers in February 2015*, issued on July 2, 2015.

Department of Public Service Staff (“Staff”) is investigating last winter’s heating fuel supply issues that occurred in the New York City and Long Island areas to determine whether anything needs to be done in advance of the next heating season. Staff is requesting comments on the following questions and for parties to identify potential modifications to tariffs and operating procedures.

A. Questions regarding trends in the use of heating fuel oil over the last several years.

1. How many customer conversions from heating fuel oil to firm natural gas service have occurred in your service area each year over the last ten (10) years? (Please indicate by year.)

NYSEG and RG&E have been tracking this information since 2013. Below is a table for each Company setting forth the conversions from heating fuel oil to firm natural gas service each year.

<u>NYSEG</u>	<u>Customers</u>
2013	293
2014	311
2015	39

<u>RG&E</u>	<u>Customers</u>
2013	73
2014	87
2015	15

2. What increase in the volume of natural gas do these conversions (Question 1) represent in your service territory each year over the last ten (10) years? (Please indicate by year.)

<u>NYSEG</u>	<u>Annual Dth</u>
2013	34,140
2014	35,220
2015	585

<u>RG&E</u>	<u>Annual Dth</u>
2013	7,800
2014	9,810
2015	1,845

3. How many customer conversions from heating fuel oil to non-firm natural gas service have occurred in your service area each year over the last ten (10) years? (Please indicate by year.)

In 2013, one customer at NYSEG converted from fuel oil to non-firm natural gas service.

4. What increase in the volume of natural gas do these conversions (Question 3) represent in your service territory each year over the last ten (10) years? (Please indicate by year.)

The increased volume of natural gas in 2013 for the one customer is 28,000 dth.

5. How many customer conversions from non-firm to firm natural gas service have occurred in your service area each year over the last ten (10) years? (Please indicate by year.)

Summarized below are the customer conversions from non-firm to firm natural gas service by year for the last 10 years for NYSEG (RG&E does not offer non-firm service):

2015 – 1
2014 – 2
2013 – 1
2012 – 1
2010 – 1
2008 – 5

6. What increase in the volume of natural gas do these conversions (Question 5) represent in your service territory each year over the last ten (10) years? (Please indicate by year.)

Summarized below are the increased volumes of natural gas these conversions represent by year for NYSEG:

2015 – 64,000 dth
2014 – 120,000 dth
2013 – 6,000 dth
2012 – 7,000 dth
2010 – 1,000 dth
2008 – 47,000 dth

B. Questions regarding compliance with interruptions and Operational Flow Orders (OFOs) during the past two winter seasons.

7. Please provide any reports or data that indicate any non-firm gas customers were unable to receive deliveries of alternate heating fuel supplies in your service territory from November 1, 2014 through April 1, 2015 and from November 1, 2013 through April 1, 2014.

If applicable, please provide the number of customers, the particular days that deliveries were unavailable, and any gas usage by these customers during those periods.

The Companies do not have any reports or data that indicate any of its non-firm gas customers were unable to receive deliveries of alternate heating supplies during the afore-mentioned timeframes.

8. Was there any indication of a shortage or distribution failure for heating fuel oil within your service area from November 1, 2014 through April 1, 2015? From November 1, 2013 through April 1, 2014? If so what was it?

The Companies were unaware of any shortages or distribution failures for heating oil within the Companies' service territories during the afore-mentioned timeframes.

9. Based on your experience, were the heating fuel oil distribution problems of last winter a state wide phenomenon or was it isolated to the NYC and Long Island area?

The Companies did not experience any problems.

10. How many non-firm customers failed to adhere to OFOs and service interruptions from November 1, 2014 through April 1, 2015? From November 1, 2013 through April 1, 2014?

Please provide for each occurrence the number of customers and the number of hours these customers did not adhere to the interruption, as well as the volumes of gas consumed. Please also provide a total for any unauthorized usage charges billed during each occurrence.

NYSEG had one customer that failed to adhere to a 19-hour interruption and consumed 236 dth during the November 1, 2014 through April 1, 2015 timeframe due to the customer's internal miscommunication. The customer had complied with all other OFO requests.

The Company did not bill the customer for unauthorized usage charges since the Company did not incur any costs as a result of the failure to comply. All customers adhered during the November 1, 2013 to April 1, 2014 time period.

11. Did any of these customers, identified in Question 10, request waivers from tariffs or operating procedures due to a lack of heating fuel oil or delays in receiving heating fuel oil deliveries? If so how many and when?

Did any of them request waivers due to equipment problems? If so, when?

The customer did not request a waiver or operating procedures due to lack of heating fuel oil or delays in deliveries. 12. Did heating fuel oil dealers or other representatives of the heating fuel oil industry indicate or contact you regarding an inability to supply heating fuel oil to customers within your service area from November 1, 2014 through April 1, 2015? From November 1, 2013 through April 1, 2014? If so, when and how was the contact made?

C. No. Questions regarding possible modifications to tariffs and/or operating procedures.

AFFIDAVITS FOR ALTERNATE FUEL/ENERGY SOURCE

13. Does your service territory currently have a requirement for annual affidavits to be submitted to the local distribution company for verification of compliance with alternate fuel/energy source requirements of the Commission? If so, what are the details of the affidavit filing requirement?

The Companies do not require affidavits.

14. If you do not require the filing of affidavits for all non-firm customers, how is alternate fuel availability and resupply determined? How does the local distribution company verify this information?

RG&E does not have interruptible customers, but letters are sent each year during the month of June to all dual fuel customers along with a survey requesting information regarding the customer's alternate fuel storage capability and arrangements to replenish or curtail.

NYSEG sends all interruptible customers a letter in September, along with a survey requesting information regarding the customer's alternative fuel storage capability and arrangements to replenish or curtail. All interruptible customers are required to complete the survey form and return it no later than mid-October. Following the return of the surveys, on-site inspections are conducted for all interruptible Human Needs/Critical Care customers, 65% of Goshen and Oneonta area customers, and 30% of all other customers. Customers interrupted five (5) or more days prior to February 15th are sent fuel storage replenishment letters.

15. Based on your experience, are different contract terms required to ensure fuel oil refill occurs on a firm basis rather than a best efforts basis?

No.

16. Should the Commission consider rules that assign a strike under the "Two Strike Rule" to any customer found falsifying an affidavit?

Would this improve reliability and/or help alleviate the situation from last winter? Why or why not?

The Companies do not use the "Two Strike Rule", and cannot comment if it would improve reliability or address the situation that occurred last winter.

TEMPERATURE CONTROL CUSTOMER SETPOINT

17. For utilities that have a service classification that interrupts customers based on weather attaining a specific temperature set point, is the temperature set point identified for the interruption of these customers coordinated with a specific distribution pressure situation that would restrict service to firm customers?
If so, what are the parameters or deciding factors utilized for the set point determination?

The Companies do not have temperature set point interruptible service classes.

18. If the customer is interrupted at a specific temperature, what are the parameters or deciding factors that are utilized to determine when the customer can start to utilize gas service again? Is this working satisfactorily or do any of these parameters need to be modified? Why?

The Companies do not have temperature set point interruptible service classes.

19. If a temperature at a centralized location is utilized as the set point temperature, what is the location? Is this centralized temperature working as expected or should it be changed?

The Companies do not have temperature set point interruptible service classes.

20. If the temperature set point is managed at the customer's location what equipment is used to switch the heating equipment to the alternate fuel? Who owns this equipment?
Who is responsible for its maintenance and/or operation?

The Companies do not have temperature set point interruptible service classes.

TWO-STRIKE RULE MODIFICATIONS

21. Does your service territory currently employ the concept of a "Two-Strike Rule" that switches customers to firm service or removes customers from gas service if the customer fails to interrupt when requested by the utility twice in any winter season? If so, what are the specific parameters of this rule?

The Companies do not employ a "Two Strike" rule.

22. During the last two winter seasons, when there was more than one interruption of customers within a short time frame (24-48 hours), did the short time frame make implementation and/or enforcement of the "Two Strike Rule" problematic? If yes, how?

Enforcement of the "Two Strike" Rule is not applicable.

23. If application of the “Two-Strike Rule” was problematic, would suspending the enforcement of a strike when interruptions occur too close together improve or hinder reliability of service to non-firm customers? Why or why not?

As noted above, the “Two Strike” Rule is not applicable.

24. If the enforcement of a strike on a permanent basis during periods of frequent interruptions is suspended, what time span would you consider appropriate? If more than 24 hours, how long?

Enforcement of the “Two Strike” Rule is not applicable and therefore the Companies do not make any recommendations on what time span would be appropriate.

INTERRUPTIBLE PROTOCOL MODIFICATIONS

25. Should non-firm customers be allowed to remain on gas service if and when peaking gas supplies (city gate contracts, LNG service, etc.) are dispatched to the distribution system? Why or why not?

RG&E does not have non-firm customers.

In principle, non-firm customers should not be allowed to remain on gas service if and when peaking gas supplies are dispatched to the distribution system. Local Distribution Companies (“LDCs”), like NYSEG and RG&E, plan and contract for design day requirements for its firm system supply customers. The costs of these services are paid for by firm system supply customers and not non-firm customers. NYSEG does not plan for serving the peak day demands of non-firm customers.

Moreover, in most situations, customers that have knowingly elected non-firm service do so with the understanding that there will be periods of time that services will be interrupted due to system needs (supply or distribution). The customer that elects non-firm service generally qualifies for reduced natural gas rates throughout the entire year.

It should also be noted that interstate pipelines and LDCs go to great lengths to avoid performance failure under firm service contracts because of the serious implications for their customers and others. NYSEG does not take interrupting customers lightly, and will do its best to continue service to non-firm customers, subject to the availability of capacity during peak demand periods and the ability to continue service without resort to high-cost measures.

26. Is there currently a communication protocol to discuss interruptions with all impacted parties as the winter season progresses? What is the protocol? Is it adequate or is it in need of revision? What revisions do you recommend?

Honorable Kathleen H. Burgess
July 30, 2015

Page 8 of 8

At NYSEG, there is a communications protocol. Customers interrupted five (5) or more days prior to February 15th are sent fuel storage replenishment letters. NYSEG believes this is adequate and no revisions to the protocol are required. RG&E has no interruptible customers.

Conclusion

The Companies appreciate the opportunity to respond to Staff's questions as they relate to the investigation into last winter's heating fuel supply issues that occurred in New York City and Long Island.

Respectfully Submitted,



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