

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

CASE 00-G-0996 - In the Matter of Criteria for Interruptible Gas Service.

NOTICE REQUESTING COMMENTS

(Issued June 6, 2003)

On August 24, 2000 and January 31, 2001, the Commission set forth requirements in this case applicable to interruptible gas sales and transportation service customers that use alternate fuels during periods of gas service interruptions.<sup>1</sup> Local distribution companies (LDCs) were required to file tariffs requiring interruptible customers to have provable storage capacity and alternate fuel on hand to withstand interruptions of service for at least seven days in the case of Temperature Control (TC) customers, and ten days for on demand (fully) interruptible customers. Customers lacking sufficient storage space to hold either seven or ten days of supply are required to enter the heating season with filled tanks and arrangements (e.g., a contract) suitable to the LDC (but not dependent upon spot market purchases), for replenishment of storage tanks such that the initial storage plus replenishment equals the minimum storage inventory for its type of service.

The orders currently apply only to interruptible customers using distillate (e.g., #2 oil, diesel, and kerosene), or those that serve human needs end users. However, as the Commission stated in its August 24, 2000 Order:

Other alternate fuel users are on notice, however, that they must still have adequate supplies to meet periods of interruption, but we will not specify what minimum amount that should be. We stand ready to expand the applicability of these rules if future situations warrant change.<sup>2</sup>

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<sup>1</sup> Case 00-G-0096, In the Matter of Criteria for Interruptible Gas Service, Order Directing Utilities to File Revised Interruptible Gas Service Tariffs (issued August 24, 2000). Case 00-G-0096, In the Matter of Criteria for Interruptible Gas Service, Order Adopting Permanent Rule (issued January 31, 2001).

<sup>2</sup> August 24, 2000 Order, page 6.

During this past winter, some interruptible customers were curtailed by their LDC for a total period of time that was considerably longer than the seven or ten day periods discussed above. During the later stages of the winter, some oil suppliers began restricting the sale of #2 oil to non-contract (spot sale) customers. The potential for unavailability of oil during periods of gas service interruption can place service to firm gas customers, and the stability of the distribution system itself, at risk.

Thus, the Commission seeks comments as to whether the requirements regarding levels of alternate fuel inventory for interruptible customers should be increased, and if so by how much, and for which specific LDC service areas? A related issue that should be addressed is determining what portion of any increase should be attributable to on-site storage capacity, or whether customers could meet an increased requirement solely through replenishment via a contract with an alternate fuel provider. Furthermore, regarding customers that have storage capacity that is currently larger than the seven or ten day requirement, the Commission invites comments as to whether such customers should be required to fill their tanks up to any new minimum level prior to the start of the heating season, or whether some combination of on-site storage with the remainder covered by a replenishment contract is an appropriate measure.

Low sulfur #6 oil is utilized by the largest customers who have the ability to utilize alternate fuels. In the 1999/2000 winter, supplies of #6 oil were plentiful enough that no need was foreseen to require setting a specific inventory requirement for interruptible customers utilizing this fuel. However in the past winter a combination of colder weather plus the voluntary migration of usage from natural gas to residual oil because it was less expensive, helped create a shortfall. Comments are therefore requested on whether a threshold inventory storage for interruptible customers who are presently excluded from the requirement to maintain an inventory should be implemented, and what that inventory level should be.

Department of Public Service Staff will conduct a meeting to provide a dialogue on these issues and to identify "lessons learned" from this past winter. The meeting will be held on Tuesday June 24, 2003 in the 8th floor Boardroom of the Commission's offices at One Penn Plaza, New York City, starting at 10:00 a.m. If you

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plan to attend this meeting please contact Theresa Kaplan at 518-474-1396, or via e-mail at [theresa\\_kaplan@dps.state.ny.us](mailto:theresa_kaplan@dps.state.ny.us).

Any person planning to attend the hearing, excluding members of the Department of Public Service, must provide their name to Theresa Kaplan by 4:45 pm on June 20 and must be prepared to show valid photo identification upon arrival at One Penn Plaza. These procedures are necessary to comply with building security requirements.

Any persons commenting on this matter shall file ten copies of their comments with the Secretary to the Commission, Three Empire State Plaza, Albany, NY, 12223-1350 by July 25, 2003.

(SIGNED)

JANET HAND DEIXLER  
Secretary