

**KEYSPAN**

*comments*

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**VIA FEDERAL EXPRESS**

Janet Hand Deixler  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

**Re: Case 99-M-0631  
In the Matter of Customer Billing Arrangements**

Dear Secretary Deixler:

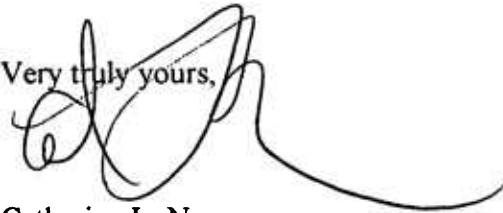
In accordance with the New York State Public Service Commission's "Notice Soliciting Comments" issued November 13, 2001 (Notice) in the above-referenced proceeding, KeySpan Energy Delivery New York and KeySpan Energy Delivery Long Island (collectively, the Companies) submit an original and ten copies of their Comments.

Kindly acknowledge receipt of the enclosed Comments by date stamping the enclosed copy and returning it in the self-addressed envelope provided for your convenience.

*ack/jp*

Please feel free to contact the undersigned at (718) 403-3073 if you have any questions.

Very truly yours,



Catherine L. Nesser

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

In the Matter of Customer Billing Arrangements

CASE 99-M-0631

COMMENTS OF KEYSpan ENERGY DELIVERY NEW YORK  
AND KEYSpan ENERGY DELIVERY LONG ISLAND

I. **Introduction**

On November 13, 2001, the Commission issued Notice Requesting Comments in the aforementioned proceeding ("Notice"). In the Notice, the Commission sets forth Staff's proposal for changing the customer payment allocation method currently in use pursuant to the New York State Uniform Business Practices ("UBP"). Currently, the UBP provides that customer payments are to be applied to utility arrears and current charges before being applied to ESCO arrears and current charges; as described in the Notice, Staff's proposal is to change that payment allocation method to the effect that customer payments would be applied first to arrears—the utility's and ESCOs, respectively, and then to current charges—the utility's and then the ESCOs. In the Notice, the Commission invited interested persons to comment on Staff's proposal by January 2, 2002. The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York and KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island (collectively, "KeySpan" or "KeySpan Companies") offer these comments pursuant to the Commission's Notice.

## II. Discussion

The Notice does not include a proposed amendment to the UBP, but, rather, gives the gist of Staff's proposal for interested persons to comment on. KeySpan supports the proposition that ESCOs be paid their arrears before customer payments are applied to utility current charges. To the extent Staff's proposal is to effect this result within the parameters currently set forth in the UBP, KeySpan supports Staff's proposal as reasonable.<sup>1</sup> KeySpan appreciates the opportunity to comment on Staff's proposal on a conceptual level, and to make suggestions as to how it might be implemented in the UBP. If the Commission decides to adopt Staff's proposal, the KeySpan Companies request that the Commission take these comments into account when the draft amendment to the UBP is prepared for public comments.

KeySpan urges the Commission to issue the draft amendment to the UBP for public comment before it is adopted. The UBP is a critical operating guide, and it is very important that the specific language adopted minimize confusion and misunderstandings. KeySpan respectfully submits that the best way to make sure that the amended language accomplishes what the Commission intends is to put the precise language of the amendment out for public comment.

### *A. Allowances must be made for recovery of programming costs and implementation time*

Implementation of Staff's proposal will require the utilities to incur programming costs to assure accurate payment allocation, which costs could be material. If Staff's proposal is

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<sup>1</sup> As an explanation for Staff's proposal, the Commission notes that ESCOs are complaining that the current payment allocation scheme is causing them financial difficulties. (Notice at 1). KeySpan questions the necessity for a change in the UBP, as the Commission's rules allow the parties to negotiate a different payment allocation scheme as long as customers are protected.

adopted, the Commission should establish a mechanism for recovery of utilities' programming costs.

One means of reducing these programming costs would be to add a provision to the UBP requiring that the non-billing party provide to the billing party a breakdown of which charges are arrears and which are current in each bill cycle. Referring to the most recently approved UBP, to be effective when EDI is implemented,<sup>2</sup> this could be added under the "General" provisions at Section C (1). It could also be addressed in the billing service agreements, which would, in KeySpan's case, need to be amended in any case to implement Staff's proposal.

The required programming changes and the testing of these changes with each ESCO will also take time. The anticipated timing of implementation of Staff's proposal is not mentioned in the Notice. If adopted, for the sake of consistency, Staff's proposal should not be implemented until utilities are prepared to implement EDI billing transactions.

#### *B. Excess Customer Payments*

Implementation of Staff's proposal should be done within the parameters of the UBP, and should not override the current treatment of excess customer payments. Staff's proposal is only equitable if the current treatment of these issues is retained. Presently, the UBP provides that once both utility and ESCO arrears and current charges are satisfied, excess payments from customers may be retained by the billing party as a prepayment for future charges, as payments on future bills, or returned to the customer, at

the billing party's option. (Section C (2)(g)). The current rules also require that excess payments from customers on deferred payment or budget plans with the utility be applied to the balance of outstanding deferred charges, if applicable, or credited as an additional payment under the budget plan. (Section C (8)(b)(6)(a)). Without explanation, Staff's proposal would unravel this scheme at Item 7, which provides that "any additional customer payments would next be allocated or returned to the customer as the billing party desires if the customer's preference is not known." (Notice at 2).

Customers with outstanding balances with the utility should not have the option of requesting the return of excess funds, and the UBP should continue to say so. Allowing customers this option would needlessly increase the utility's financial risk and administrative burden. The current rule adequately protects customers: they get the benefit of having a credit applied to future bills, and the time value of the payment is *de minimis*. There is no reason to change the treatment of excess customer payments to implement Staff's proposal. The Commission should amend the UBP in a manner that preserves the current rules on excess payments.

### *C. Simplification of Payment Priority*

Given that the UBP is a day-to-day operating guide for utilities and ESCOs, KeySpan believes that it should be as simple and straightforward as possible. Staff's proposal should be simplified if the Commission adopts it. The payment allocation rules proposed by Staff are utility arrears, ESCO arrears, utility current charges, and ESCO current charges. There is no need to distinguish utility arrears that are and are not the subject of a pending discontinuance notice. (Items 1 and 2, Notice at 1). Utilities are

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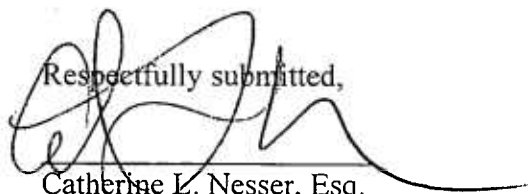
<sup>2</sup> Appendix A to "Order Establishing Uniform Retail Access Billing And Payment Processing Practices," Case 99-M-0631, In the Matter of Customer Billing Arrangements, and Case 98-M-1343, In the Matter of

already required to post customer payments to the oldest receivables. For purposes of Staff's proposal, utility arrears are utility arrears.

III. **Conclusion**

The KeySpan Companies thank the Commission for the opportunity to comment on the Notice, and request that these comments be duly considered as the Commission evaluates whether and how to implement Staff's proposal. KeySpan looks forward to the opportunity to comment on the draft amendment to the UBP.

Respectfully submitted,



Catherine L. Nesser, Esq.  
KeySpan Corporation  
One MetroTech Center  
Brooklyn, New York 11201  
(718) 403-3073