

Filed Session of November 28, 2001
Approved as Recommended
and So Ordered
By the Commission

JANET HAND DEIXLER
Secretary
Issued and Effective November 30, 2001

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

November 13, 2001

TO: THE COMMISSION

FROM: OFFICE OF GAS AND WATER - GAS RATES

SUBJECT: CASE 00-G-0996 – In the Matter of Criteria for Interruptible Gas Service

Tariff filing by KeySpan Gas East Corporation d/b/a Brooklyn Union of Long Island to establish a Distribution System Restricted Service category in its Interruptible Sales and Transportation Service.

SUMMARY OF

RECOMMENDATION: Staff recommends that the proposed tariff amendments be authorized to become effective on a permanent basis on December 1, 2001.

Summary

KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery of Long Island (KeySpan-LI or the company) has made a tariff filing to establish a new service category named Distribution System Restricted Service (DSRS) within its Interruptible Sales and Transportation Service Classifications (S.C. Nos. 4 and 7). Customers located in the most operationally constrained portions on the company's distribution system where the company is unable to provide a higher level of service will be placed in this new category. The DSRS category of service will be the first to be interrupted in S.C. Nos. 4 and 7 during periods of interruption and will be charged the lowest interruptible tariff rate.

The company also proposes to revise the charge for customers that continue to take gas after receiving a notice of interruption and to update the system loss factor for interruptible

transportation. The company filed its proposed tariff filing pursuant to Commission Orders issued August 24, 2000 and January 31, 2001 in Case 00-G-0996.

Staff finds that the company's filing is in compliance with the Commission Orders and recommends that it be authorized to become effective on a permanent basis on December 1, 2001.

Discussion

The Commission, in its Order Establishing Interruptible Service Guidelines for KeySpan Energy Delivery Long Island, (Case 00-G-0996, issued January 31, 2001), at page 6, directed KeySpan-LI to "interrupt only the amount of load needed to insure system reliability. To the extent that the company implements a partial interruption, it should interrupt first according to operational constraints on the system and then on a pro-rata, rotational, or some other equitable basis." The company proposes to place customers that are located in operationally constrained areas in a Distribution System Restricted Service (DSRS) category, and these customers would be interrupted before the other interruptible customers. The utility has four categories of interruptible rates differentiated, generally, by size and type of customers. The rates for all DSRS customers would at no time be higher than Category B, the lowest interruptible rate offered. This proposal complies with the first part of this Commission directive in that the interruptions will first occur in the operationally constrained areas. At this time, the company has not made any proposals regarding interruption priorities for the remaining interruptible customers, however, the company plans to file further revisions to its interruptible tariff in the near future to categorize interruptible customers not located within operationally constrained areas.

KeySpan-LI also proposes to revise the charge for customers that continue to take gas after receiving a notice of interruption by the company. The current charge could, at times, be inadequate to encourage customers to leave the system when service is interrupted; it will be increased from \$25/dt to a rate equal to the higher of either nine times the natural gas market price (including the delivery charge), or nine times the applicable sales rate. The proposed charge of nine times the market or sales price (a historical factor), should make it economically infeasible for customers to remain on gas when service is interrupted. This revision complies with the directive that "the utilities should provide a new rate for interruptible customers who fail to switch to alternate fuel during interruptions", as stated by the Commission in its Order Directing Utilities to File Revised Interruptible Gas Service Tariffs (Case 00-G-0996, issued August 24, 2000).

Also, included in this filing is a housekeeping change to update the system loss factor for interruptible transportation customers. This factor will be reduced from 4.0% to 3.3%, the latest three-year average already reflected in all other service classifications.

Recommendation

It is recommended that the amendments listed in the Appendix be authorized to become effective on a permanent basis on December 1, 2001; and the requirements of Section 66(12)(b) of the Public Service Law as to newspaper publication of the changes proposed by the amendments be waived.

Respectfully submitted,

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PAUL AGRESTA
Office of General Counsel

Approved by:

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Chief, Gas Rates
Office of Gas and Water

SUBJECT: Filing by KEYSpan GAS EAST CORPORATION D/B/A
KEYSPAN ENERGY DELIVERY OF L.I.

Amendments to Schedule P.S.C. No. 1- Gas

First Revised Leaves Nos. 94, 130, 131, 132, 149, 153

Second Revised Leaves Nos. 108, 133, 151, 152

Third Revised Leaves Nos. 129.1, 154

Fourth Revised Leaf No. 150

Fifth Revised Leaf No. 129

Received: October 9, 2001

Effective: January 1, 2002

NEWSPAPER PUBLICATION: Waived