

New York Oil Heating Association, Inc.

Established 1939

Supporters of:
Empire State Energy Association
National Assn for Oilheat Research & Education
National Biodiesel Board
National Oilheat Research Alliance
Petroleum Marketers Association of America



Rocco J. Lacertosa
Chief Executive Officer

Officers:
Ted Kollar, President
Daniel Schildwachter III, VP
John McConville, Secretary-Treasurer
Vincent Allegretti, Immediate Past Pres

June 29, 2016

Electronic Filing

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

Re: Case 15-G-0185 – In the Matter of Heating Fuel Oil Supply Coordination with Interruptible Gas Service Customers: February 2015 Issues

Dear Secretary Burgess,

I am filing this letter on behalf of the New York Oil Heating Association, Inc. (NYOHA) in response to the May 25, 2016 "Notice Soliciting Comments on Straw Proposal" issued by the New York State Public Service Commission (Commission).

NYOHA represents New York City businesses that distribute and supply heating oil to residential and commercial consumers in the metropolitan region. On an intermittent basis, some of the Association's members also deliver heating oil to natural gas customers for use as a backup fuel during periods of natural gas interruption. This proceeding was commenced to enhance coordination among gas utilities, their customers, and the heating oil distributors in order to ensure greater reliability for both natural gas and heating oil supplies during periods of peak demand.

NYOHA is grateful for the Commission's attention to this issue since coordination not only results in product price mitigation but also the increased assurance of critical gas and oil supplies during times of extended gas interruptions. With regard to Staff's straw proposal, we note that nearly all of the suggested actions are directed at the gas utilities and their customers. However, the Association has concerns with Straw Proposal recommendation number five. This item proposes that all demand response customer affidavits assuring compliance with the necessary fuel supply requirements include the oil dealer's contact information and signature (Proposal p. 11). Doing so would enable the LDC, "to verify compliance and to contact the heating oil provider if issues arise." NYOHA respectfully opposes the imposition of this recommendation.

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Although other recommendations and requirements puts the backup fuel obligation upon the customer and the gas utility, this requirement places a burden of assuring alternate fuel supplies on both the LDC and the heating oil dealer. It should not be the responsibility of the utility to verify and enforce the supply contracts for interruptible customers, just as it should not be the obligation of the heating oil dealer to discuss with or justify its customer contract arrangements to a third party. Arranging for, obtaining, and ensuring that supply requirements are in place are obligations of the gas customer. This recommendation appears to shift the interruptible gas customers' burden to assure adequate backup fuel supply from them to the utility and the local oil dealer.

In addition, we are also concerned as to whether this requirement, which intrudes on private two-party contracts, is jurisdictionally permissible since it places an obligation upon alternate fuel providers who are not subject to the public service law. Also, since supply contracts are proprietary and are made in a highly competitive marketplace, individual heating oil businesses would likely be reluctant to speak with the local utility regarding the contract terms of one of its customers. For these aforementioned reasons, we respectfully request that this particular recommendation not be implemented.

NYOHA wishes to note that over the past few years it, the Oil Heat Institute of Long Island, DPS staff, and the gas utilities have developed a good working relationship and method of communication which we want to see continued. Therefore, at the invitation of Staff, we would be willing to further discuss any proposals for the Commission's consideration.

Sincerely,

Rocco J. Lacertosa
Chief Executive Officer