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January 18, 2008

Hon. Jaclyn A. Brillling
Secretary
New York State Public Service Commission
3 Empire State Plaza
Albany, NY 12223

2008 JAN 18 PM 1:03

Re: Case 00-G-0996 – In the Matter of the Establishment of Criteria for Interruptible Gas

Dear Secretary Brillling:

This letter is filed on behalf of the Empire State Petroleum Association, Inc. (“ESPA”) in response to the Notice of Proposed Rule Making published in the December 5, 2007 New York State Register concerning the above-referenced matter.

The Commission is contemplating whether there is a need to modify utility tariffs and fuel inventory requirements for certain customers as a result of the analysis and conclusions reached in a petroleum infrastructure study commissioned by NYSERDA and subsequent comments submitted by interested parties. The Notice lists seven questions being considered by the Commission and invites public comment.

ESPA was among the interested parties who submitted comments concerning the study in this proceeding (See “Comments Filed on Behalf of the Empire State Petroleum Association, Inc” dated April 30, 2007). Since most of the questions presented in the Notice have been addressed by ESPA in its earlier comments, we respectfully request that the Commission consider our prior submission as it deliberates on this matter and we briefly respond to the questions as follows:

Question 1: Should the Commission's rules and regulations which are applicable to interruptible gas customers having distillate oil as their alternate fuel be expanded to include residual oil or all alternate fuel uses?

Response: ESPA's primary concern is that interruptible customers utilizing distillate as their backup fuel have adequate storage and fuel prior to and during the winter season since distillate is used by residential and commercial heating oil customers. However, ESPA would have no objection to applying similar rules to residual oil and other alternate fuel users.

Question 2: Should on-site storage be preferred or required, versus contract commitment/arrangements?

Response: As explained in our prior comments, contract commitments and arrangements cannot adequately substitute for the physical availability of on-site storage and fuel necessary to meet an interruptible customer's needs during times of peak demand. On-site storage is preferred because having fuel on hand and ready to be used when a customer is interrupted assures the availability of the alternate fuel supply. (See Comments pages 5,10).

Question 3. Should on-site oil storage requirements differ by geographic location?

Response: The study was geographically limited to the areas of New York City, Long Island and parts of the Hudson Valley. ESPA would welcome further review of the impacts of interruptible gas customers in other regions of the state. Until then, ESPA believes that the Commission's backup storage and fuel requirements should be applied to all such customers. The advantages of preparedness are beneficial regardless of geographic location.

Question 4. Should interruptible gas customers be required to burn their alternate fuel during certain specific periods during the winter months?

Response: In our prior comments, ESPA suggested that the Commission consider having interruptible gas customers burn their alternative fuel for at least ten days during each winter month to assure that the fuel is used and to enable petroleum dealers to plan for adequate supplies during the winter months (Comments pages 11-12).

Question 5: For new applications for interruptible gas service, should on-site oil storage be required, and if so, how much?

Response: ESPA strongly feels that new interruptible gas customers should have, to the maximum extent possible, on-site oil storage adequate to store a minimum of ten days supply (Comments pages 10-11).

Question 6: Should the number of days of required on-site oil storage, or contracted amounts, for electric generators that burn gas on an interruptible basis be modified?

Response: Interruptible electric generating facilities can be among the largest volume users of alternate fuel. ESPA urged the Commission to adopt a storage requirement for electric generators since, at the time we drafted our initial comments, the state's Article X process had yet to be re-enacted and remains so (Comments pages 12-13). Without a statutory siting process, ESPA believes the Commission should set backup storage and supply standards and guidelines. However, should the Article X process be re-authorized, it would be appropriate, given the unique circumstances of such generating facilities, to enable the Siting Board to determine the nature and extent of on-site/off-site storage and the supply of backup fuel necessary to maintain the reliability of the generating facility during interruptions and to protect the viability to the petroleum market surrounding the electric generator.

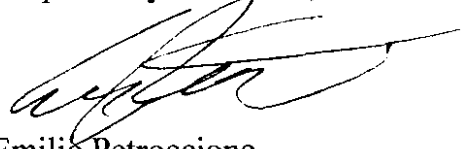
For those electric generators who are small and/or fall within the contract customers category, then ESPA believes that the Commission should mandate a minimum backup fuel storage and capacity requirement.

Question 7: Should there be regular/periodic reporting by utilities and/or the Commission of the price and inventories of natural gas?

Response: For the reasons set forth in our initial comments, we believe that such reporting will be beneficial to all customers and industry members. (Comments page 13).

Finally, ESPA is quite concerned that recent mild winters may lead the Commission to believe that the current requirements for backup fuel storage and supply are unnecessary. Consequently, we strongly urge the Commission not to relax or eliminate the current rules based on recent history. During normal or severe winters, the safeguards that the Commission has prudently established will protect the reliability of the gas, electric and oil systems ultimately to the benefit of all customers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Emilio Petroccione', written in a cursive style.

Emilio Petroccione

Original and 5 Copies