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MarketSpan Gas Corporation
D/B/A
Brooklyn Union

175 EAST OLD COUNTRY ROAD, HICKSVILLE, NEW YORK 11801

July 31, 1998

John Crary, Secretary
New York State Public Service Commission
3 Empire State Plaza
Albany, NY 12223-1350

Dear Secretary Crary:

Re: Long Island Lighting Company and The Brooklyn Union Gas Company- Case 97-M-0567

Enclosed for filing with the Commission are five (5) copies each of the Original Leaf Nos. 1 through 182 inclusive, of Schedule for Gas Service, P.S.C. No. 1 - GAS, issued by MarketSpan Gas Corporation D\B\A Brooklyn Union ("Brooklyn Union" or the "Company"), to become effective on December 1, 1998.

The enclosed tariff leaves serve three purposes. First, they replace--in electronic format--the former Long Island Lighting Company tariff (Schedule for Gas Service, P.S.C. No. 4-Gas). Attachment I hereto describes housekeeping changes to the new tariff, in comparison with the organization (and corresponding leaf number) of the existing tariff. Second, the tariff leaves filed herewith reflect rate design changes creating additional segmentation of one existing service classification as expressly contemplated by the Settlement Agreement approved by the Commission in Opinion 98-9 issued April 14, 1998 in the above captioned proceeding. Third, the Company is proposing two new Temperature-Controlled Service Classifications. These changes are contained in the following tariff leaves:

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Original	Leaf No. 4	Table of Contents
Original	Leaf No. 5	Table of Contents
Original	Leaf No. 6	Table of Contents
Original	Leaf No. 64	General Information
Original	Leaf No. 70	General Information
Original	Leaf No. 71	General Information
Original	Leaf No. 73	General Information
Original	Leaf No. 74	General Information
Original	Leaf No. 76	General Information
Original	Leaf No. 110	General Information
Original	Leaf No. 111	General Information
Original	Leaf No. 112	General Information
Original	Leaf No. 113	General Information
Original	Leaf No. 114	General Information
Original	Leaf No. 115	General Information
Original	Leaf No. 116	General Information
Original	Leaf No. 117	General Information
Original	Leaf No. 123	S.C. No. 2
Original	Leaf No. 124	S.C. No. 2
Original	Leaf No. 136	S.C. No. 5
Original	Leaf No. 168	S.C. No. 12
Original	Leaf No. 169	S.C. No. 12
Original	Leaf No. 170	S.C. No. 12
Original	Leaf No. 171	S.C. No. 12
Original	Leaf No. 172	S.C. No. 12
Original	Leaf No. 173	S.C. No. 12
Original	Leaf No. 174	S.C. No. 13
Original	Leaf No. 175	S.C. No. 13
Original	Leaf No. 176	S.C. No. 13
Original	Leaf No. 177	S.C. No. 13
Original	Leaf No. 178	S.C. No. 13
Original	Leaf No. 179	S.C. No. 13
Original	Leaf No. 180	S.C. No. 13
Original	Leaf No. 181	S.C. No. 13
Original	Leaf No. 182	S.C. No. 13

The substantive changes in these leaves are as follows:

1. An intraclass reblocking of Service Classification (SC) No. 2 (General Service). As revised, the class will contain five, rather than four blocks; for both heating and non-heating services at the following rates:

First 3 therms or less per month....$ 8.2000
Next 6 therms.....................$ 1.1136 per therm
Next 81 therms....................$ .4809 per therm
Next 2,910 therms....................$ .4172 per therm
Excess of 3,000 therms(heating)........$

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.2729 per therm Excess of 3,000 therms(non-heating)....$ .2909 per therm

The Company is proposing this reblocking in response to market conditions. The proposed restructuring of the rate blocks in SC No. 2 will enable the Company to compete more effectively in the high-use market, for which the current rates generally are not price competitive, while allowing the Company to maintain a competitive position in the smaller use markets. The proposed rates are designed to attract and retain larger buildings as customers, since larger buildings are more likely to be owned or managed by customers that control more than one building and thus have more market power to demand lower oil prices.

As reflected in the work papers set forth in Attachment 2, the proposed blocks satisfy the criteria set forth in subsection VI.F.3.g of the Settlement Agreement.

2. The creation of Service Classification Nos. 12 (Temperature-Controlled) and 13 (Temperature-Controlled Transportation Service) available to the Company's large commercial customers. Customers on these services would be guaranteed firm service until the temperature falls to a specified level, such level being set prior to each heating season. These service classes will provide the Company with an additional marketing tool needed to attract commercial/industrial customers who find value in this level of firm service. These service classifications would be further subdivided into three rates: (1) customers whose annual normalized consumption is greater than 2,000 dth but not more than 5,000 dth; (2) customers whose annual normalized consumption is greater than 5,000 dth; and (3) customers who have a controlling ownership interest in one or more buildings to be serviced under this service classification where the combined annual normalized consumption of such buildings is at least 100,000 dth. Both SC Nos. 12 and 13 would include the following features:

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a) Minimum eligibility requirement limited to commercial and or industrial customers whose usage is at least 2,000 dth annually.

b) Monthly minimum charge of $154.00 for the first 3 therms or less. This charge is designed to recover the cost of local facilities used to attach the customer to the Company's distribution system.

c) Variable rate for consumption in excess of 3 therms which is posted monthly by the Company and is set within a range. The variable rate could range between the average cost of gas assigned to the service class plus $0.01 per therm and the lesser of 115% of No. 2 Oil or the terminal rate of S.C. Nos. 2 and 3 (inclusive of the applicable gas cost adjustment). Customers meeting the requirement under the third rate schedule are eligible to negotiate their variable rate for service with the Company.

d) Interruptions would be based upon specific temperatures determined by the Company prior to each heating season.

e) The cost of gas assigned to this service classification would be equal to the Company's average commodity cost of gas plus an assigned demand charge of $0.10/dth. The gas costs assigned to these customers will be credited back to firm customers via the Gas Cost Adjustment (GCA) mechanism.

f) In the Company's sole discretion, the Company will not have to install unreasonable or uneconomic extension of facilities to provide service.

While SC 12 Temperature-Controlled and SC 13 Temperature-Controlled Transportation Service are designed to attract new load, the Company recognizes rate switching among existing firm and interruptible customers may occur which

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could impact the assumptions underlying the Company's Rate Plan incorporated in the Settlement Agreement. Therefore the Company proposes the following:

1) The Company will assume the margin risk on customers migrating from firm service to Temperature-Controlled service.

2) The Company will continue to flowthrough to core customers interruptible margins based upon an annual interruptible throughput of 9,028,191 dth. The volume level represents the interruptible throughput for 12 months ending November, 1999 reflected in the current Rate Plan.

Also enclosed as Attachments 3 and 4 respectively are the following as to SC No. 2: (a) multi-page table showing equivalent monthly bills increased, decreased or unaffected, and (b) a table showing a comparison of present and proposed rates. The Company will prorate the difference in billing under present and new rates on the basis of the number of days remaining in the billing period after the effective date.[1]

Company personnel have been working closely with Staff personnel to allow the enclosed tariff leaves to be in a format required to permit their receipt by the Commission electronically. Accordingly, the hard-copy versions of the leaves enclosed herewith do not comply strictly with the requirements regarding the construction and filing of tariff schedules contained in Part 270 of the Commission's regulations. 16 N.Y.C.R.R. Part 270. Accordingly, the Company respectfully requests that the Commission grant the Company a waiver of any and all rules, regulations, and policy statements that might be construed in a manner that would prevent the filed leaves from taking effect as proposed.

The Settlement Agreement also permits the Company, as of December 1, 1998, to impose tariff fees for "New Special Charges" that are specified in the Settlement Agreement. The Company has not, at this time, determined when after December 1, 1998 it will implement these charges. The Company will provide a 30-day notice to the Commission and all parties to this proceeding in advance of implementing these charges.

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[1] Since the only proposed rate change for gas sales or transportation service is the reblocking of SC Nos. 2 and 5, Attachments 3 and 4 relate only to that class.

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Copies of this transmittal letter and the enclosures are being served this day on all parties in this proceeding.

Public Notice

The Company will publish notice of the tariff amendments on August 12, 19, 26 and September 2, 1998 in Nassau and Suffolk editions of Newsday pursuant to the requirements of 16NYCRR, Section 270.70.

Also enclosed are three copies of a form of notice under the State Administrative Procedure Act.

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

Respectfully submitted,

Richard A. Visconti
Of Counsel to
MarketSpan Gas Corporation
D/B/A/ Brooklyn Union

Encls.

cc(w/encls.): Hon. Rafael Epstein
Administrative Law Judge
Paul Agresta, Esq.
Staff Counsel

All Parties