

..DID: 16579

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KEYSPAN GAS EAST CORPORATION d/b/a KEYSPAN ENERGY DELIVERY-LI  
175 East Old Country Road  
Hicksville, NY 11801

August 28, 2001

Ms. Janet H. Deixler  
Secretary  
Public Service Commission  
State of New York  
Three Empire State Plaza  
Albany, NY 12223

Dear Honorable Deixler:

Attached for filing electronically with the Commission is the following tariff leaf, issued by KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery - Long Island ("the Company"), to become effective on December 01, 2001:

Second Revised Leaf No. 129.1  
to Schedule for Gas Service, P.S.C. No. 1 - GAS.

On December 28, 2000 the Company filed with the Commission its Statement of Rate and Charges for Interruptible Service to be effective January 1, 2001. Due to increases in the wholesale price of natural gas, coupled with the pricing mechanisms contained within the conditions for service under Service Classification No. 4 - Interruptible Gas Service (SC No. 4), the floor price calculation exceeded the ceiling price. The Company had no choice but to file a ceiling price for sales service at \$10.18/dth and a floor price at \$23.00/dth. Obviously, the Company could not sell gas to interruptible customers at a price which was lower than our cost to provide service. Therefore, we were left with no other recourse but to curtail service to our interruptible customers. We then worked with Commission Staff to implement a temporary tariff change to remedy this situation. This temporary action expired on April 30, 2001.

This change will implement, on a permanent basis, the temporary change approved last winter, to eliminate the ceiling price prescribed under SC No. 4. Such action would eliminate the need for the Company to curtail service to SC No 4 customers due to insufficient sales prices.

Allowing this action to become permanent will benefit customers and the general public in the following way:

C Sales service under SC No. 4 will remain an option for customers taking such service provided the Company is physically able to provide the gas.

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C Retention of the ceiling price forces customers to use fuel oil at times when distillate fuel oil inventories are low.

C The entry of multiple natural gas marketers, as well as the customers' ability to switch to an alternate fuel, prevents the Company from setting rates which are higher than the market rate. Should the Company's prices exceed the market price, customers can switch to an alternate fuel and/or seek service from another natural gas marketer.

Also transmitted herewith is a form of notice under the State Administrative Procedure Act related to this filing.

If you have any questions regarding this filing, please contact Nancy Cianflone at (718) 403-2505 or the undersigned at (718) 403-3008.

Sincerely,

M. Margaret Fabic  
Counsel

MMF:eob  
Enclosure