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THE BROOKLYN UNION GAS COMPANY D/B/A KEYSPAN ENERGY DELIVERY - NY
One MetroTech Center
Brooklyn, New York 11201

June 15, 2001

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

Dear Secretary Deixler:

Attached for filing electronically is the following tariff leaf issued by The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery - New York (the "Company") to become effective on July 28, 2001:

Eighth Revised Leaf No. 411.1

to Schedule for Gas Service, P.S.C. No. 12-GAS.

Also attached to this filing is the updated section of the Gas Transportation Operations (GTOP) Manual, Section C - Capacity Options.

This filing is a housekeeping change to update the Company's tariff and GTOP Manual with the upcoming winter's capacity release program.

If you have any questions regarding this filing, please call Dawn Herrity at (718) 403-2975.

Respectfully submitted,

THE BROOKLYN UNION GAS COMPANY
D/B/A KEYSPAN ENERGY DELIVERY - NY

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By: ______________________________

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GTOP MANUAL

C. Capacity Options

Capacity Release Program - Winter 2001/2002

1. By July 15, 2001, each Marketer of firm transportation service must notify KeySpan as to whether or not it will participate in KeySpan's Winter Capacity Release Program. By the same date, Direct Customers participating in the program must also accept or decline the incremental bundled sales option included in the program. Customers opting out of the program, or declining to purchase incremental bundled sales from KeySpan as described more fully below, must provide written affidavits by the same date attesting to the fact the deliveries and/or capacity purchased from other than KeySpan is primary firm capacity.

2. By October 25, 2001, KeySpan will effectuate an annual capacity release as described herein to each Marketer of firm transportation service participating KeySpan's NaturalChoiceK Firm Transportation Program. The amount of capacity released will equal the Marketer's November daily load (annualized based on the customers' assumed September volumes), less the Marketer's pro-rata share of capacity that KeySpan has permanently released to the marketplace. (For example, if the Marketer represents 20% of the November total firm transportation load, the annual release to the Marketer will equal the Marketer's November deliveries less 20% of the capacity KeySpan has permanently terminated.) This terminated capacity represents 26,010 dth per day on Tennessee. The capacity release to each Marketer will be 50% Transco and 50% Tetco. The Marketer shall be responsible to pay to the pipelines the maximum rate for such release. KeySpan shall provide an adjustment to the Marketer's KeySpan bill in the form of a *balancing adjustment*, designed to realign the actual capacity costs and variable transportation costs paid by the Marketer to KeySpan's weighted average cost of capacity and weighted average variable costs. If the gas is not delivered, or the terms of the program are not followed, the capacity will be recalled.

3. In each of the subsequent winter months (November if necessary and December through March), KeySpan will make available additional bundled citygate delivered sales gas for each month equal to the difference between the Marketer's projected load for each month and the Marketer's projected November load. The Marketer shall be notified by KeySpan, on or before the 25th of the month prior to delivery, of the volume for such bundled sale. The goal of the program is to ensure that the bundled sale will be at a price equivalent to what is paid each month under the annual capacity release so that the Marketer is indifferent as to whether it is using

Received: 6/15/2001

KeySpan's released capacity or bundled sales service. The price of the bundled sale

service will be computed on or as soon as reasonably possible after the last day of trading of the NYMEX contract for the month of delivery and will be equal to the sum of 1) the gas commodity costs based on the NYMEX three day close; 2) KeySpan's weighted average cost of capacity (same as for the capacity release); and 3) KeySpan's weighted average variable costs (same as for the capacity release).

4. The Marketer/Direct Customer must deliver all released quantities to KeySpan in the same manner as they were released and in accordance with all of the requirements of KeySpan's tariff and Gas Transportation Operating Procedures Manual.

5. Concerning the third tier requirement relating to the amount of capacity KeySpan has permanently released to the marketplace, the Marketer may deliver that amount to any KeySpan pipeline delivery point on a primary or secondary basis.

6. Any Marketer who participates in KeySpan's winter capacity program and uses capacity other than KeySpan's capacity (excluding allowable secondary capacity) will be required to file monthly affidavits attesting that any such volumes are transported on primary firm capacity. If capacity is used other than KeySpan's and it is determined by KeySpan to be other than primary firm capacity, the affidavit will be considered to have been falsified (see August 28, 2000 PSC Order in Case 97-G-1380) and the Marketer will be penalty billed at the rate of $.33 per Dth on the full five winter months of normalized consumption. This will be in addition to any other applicable penalties that might be incurred.

7. The Marketer shall return to the appropriate KeySpan utility (KEDLI or KEDNY) any and all future pipeline refunds received by the Marketer that are a result of the Marketer being the temporary holder of pipeline capacity released by KeySpan to the Marketer.