

..DID: 13045
..TXT:

September 5, 2000

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
4 Irving Place
New York, NY 10003

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

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

Dear Secretary Deixler:

Consolidated Edison Company of New York, Inc. ("Con Edison" or "the Company") hereby files changes to its Schedule for Gas Service, P.S.C. No. 9 - Gas, as it relates to service to interruptible and off-peak firm customers (hereinafter referred to as "dual fuel" customers) taking service under Service Classification ("SC") Nos. 9 and 12. The Company hereby also describes its plans for the upcoming winter season covering pre-season customer notifications and planned testing and physical inspections of certain dual fuel customers. This filing is being made in compliance with the Commission's August 24, 2000 Order Directing Utilities to File Revised Interruptible Gas Service Tariffs ("August 24th Order") in the above-referenced proceeding.¹

The enclosed tariff leaves are issued September 5, 2000 to become effective October 1, 2000 and are listed on Attachment A.

Pre-Season Notification, Inspections and Tests

To ensure that Customers are prepared for this winter, the Company will take the following measures before the start of the winter heating season commencing November 1, 2000:

È The Company will send a certified letter, return receipt requested, to all dual fuel customers notifying them of their obligations under the Company's revised dual fuel tariffs and of the Company's plan to conduct inspections and a test prior to November 1. During the test, certain customers will be directed to switch their equipment from gas to an alternate fuel or alternate energy source for a specified time period of 24 hours or less. The Company will advise marketers serving dual fuel customers that the Company will be testing its interruption systems and that certain of their dual fuel customers are expected to use less gas than usual that day. If the test is for less than 24 hours, marketers will be permitted to carry over any surplus gas delivered on the day of the test to a subsequent day within the month and have imbalances charges automatically waived for the

day of the test.

- ¹ Notwithstanding the making of this compliance filing, the Company reserves any and all rights to seek clarification or rehearing of the August 24th Order.

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- È Any Customer that fails to switch during the pre-season test because of an equipment failure will be given 10 days to repair its equipment. A second test may be conducted ten to twenty days later for customers that fail to switch. If the failure to switch was due to a lack of alternate fuel supply, the Company or its authorized representative² may follow up with a field visit to confirm that the Customer's equipment is operational and that on-site fuel storage is available to meet interruptions of gas service for the upcoming winter season. As discussed below, the Company has amended its tariff to permit the Company to charge a Customer up to 1.5 times the posted interruptible or off-peak firm rate, after the 10-day grace period, until the Customer's dual fuel facilities, including associated customer-installed telephone lines, are operational. This will not excuse the Customer from its responsibility to interrupt service when notified by the Company or for unauthorized use charges related to gas used during an interruption, penalty surcharges and other applicable charges and surcharges.
- È The Company or its authorized representative will perform inspections to check the dual fuel equipment and fuel supply of large customers whose unauthorized usage represented about seventy-five percent of the total unauthorized usage that occurred during last winter's interruptions. The Company will also perform inspections of up to twenty off-peak firm customers which shall include dual fuel customers that serve human needs end users and customers with No. 2 oil as their alternate fuel.

Tariff Modifications³

The enclosed tariff leaves include the following modifications.

The unauthorized use charge applicable to gas consumed by interruptible and off-peak firm customers during an interruption has been changed to the higher of (a) the current \$4.50 per therm charge or (b) \$2.50 per therm plus an indexed market gas price.⁴ The formula for the market gas price will be set forth in the Company's Operating Procedures and be equal to the absolute high price of Transco Zone 6 (NY) gas as published in Gas Daily.

- ² To the extent the Company utilizes outside contractors to perform inspections, the Company will recover the costs associated with such inspections by retaining revenues from the net revenues that would otherwise be flowed back to firm customers.
- ³ The Company will revise its Sales and Transportation Operating Procedures ("Operating Procedures") to conform to the tariff changes.
- ⁴ The Company's tariff applies the unauthorized use charge to gas consumed in excess of 10 therms during the day a violation occurs for temperature controlled interruption customers and during the hours of curtailment for notification interruption customers.

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New requirements applicable to customers relying on distillate oil as an alternate fuel and to all dual fuel customers serving human needs end users have been added to SC 9 and 12. In accordance with the August 24th Order, interruptible and off-peak firm customers will be required to have adequate reserves of their alternate fuel or alternate energy source, based on their winter peak period requirements. For alternate fuel customers, this reserve requirement may be met through a combination of on-site storage capacity and by providing satisfactory proof to the Company that a relationship exists with the alternate fuel provider to supply the Customer with the additional amounts required to meet the Customer's reserve requirement.⁵ Interruptible Temperature Controlled Customers will be required to have a seven-day reserve whereas Interruptible or Off-Peak Firm Notification Customers will be required to have a ten-day reserve. All other customers, including existing customers already taking Interruptible or Off-Peak Firm Service, must maintain reserve levels acceptable to the Company. Any new Interruptible or Off-Peak Firm Customer with alternate fuel capability commencing service on and after October 1, 2000, will be required to have three days or more of on-site storage based on the Customer's winter peak period requirements. Any Customer that fails to meet the above-stated reserve requirements will be subject to a penalty equal to the difference between (a) 110% of the higher of the alternate fuel price or the applicable interruptible or off-peak firm sales rate and (b) the applicable interruptible or off-peak firm sales rate. This charge shall be billed retroactively to November 1 and until such time that the Customer is in compliance with the tariff.

The above-stated tariff provisions do not relieve a dual fuel Customer from the requirement that the Customer have alternate fuel or alternate energy supply that is adequate to enable the Customer to operate those facilities without gas whenever and as long as service is interrupted. For example, a Customer that has a full inventory of fuel oil at the beginning of an interruption is not entitled to, and therefore should not expect to receive, gas service if the inventory is depleted while the interruption of gas service is continuing.

Additional provisions have been added to the tariff to provide the Company with the flexibility to impose harsher penalties on repeat offenders. First, the Company will have the discretion to charge a penalty surcharge after failure of a Customer to comply with the Company's Tariff or Operating Procedures on two or more occasions. This penalty surcharge in conjunction with the applicable interruptible or off-peak firm rate, will result in the Customer's paying a rate equal to the otherwise applicable firm service rate. However, this will not entitle the Customer to firm service; that is, the Customer will continue to receive interruptible or off-peak firm service under SC Nos. 9 and 12 and still be subject to interruption and to all terms and conditions of the interruptible tariff, including unauthorized use charges and

other applicable charges and surcharges.

If imposed, the penalty surcharge would be applied for the succeeding 12-month period to the lesser of (a) all usage in the applicable billing month or (b) the maximum daily amount used during the second or any subsequent interruption, where the Customer reduced its gas usage during the interruption period but not to zero.⁶

⁵ For Customers with equipment that operates solely on gas, customers must maintain alternate energy facilities and alternate energy reserves, including acquiring additional reserves that are adequate to supply energy requirements for as long as service is interrupted.

⁶ If a Customer is billed a penalty based on the maximum daily amount used during the last interruption, the volumes used by a Customer in excess of that quantity would be billed at the otherwise applicable interruptible or off-peak firm rate.

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Second, like customers that fail the pre-season test, any Customer that is found at any time to have inoperable dual fuel facilities or an inoperable customer-installed telephone line will be given 10 days to correct such condition or thereafter be charged up to 1.5 times the applicable interruptible or off-peak firm rate until the condition has been remedied.

At any time, a Customer may apply as a new Customer for firm sales or transportation service. Service will be supplied to such applicant to the extent sufficient firm supply and capacity in Company-owned facilities are available. In line with the Company's efforts to keep new supply contracts to a minimum, the Company prefers that such customers subscribe to firm transportation service.

The requirement of Section 66(12) of the Public Service Law as to newspaper publication of the proposed tariff revisions is waived per the August 24th Order.

Respectfully submitted,
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By: _____
Edwin W. Scott
Vice President and
Deputy General Counsel

Enclosures

Attachment A

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

P.S.C. NO. 9 Gas

Second Revised Leaf No. 181.0
Superseding Original Leaf No. 181.0

Second Revised Leaf No. 255.0
Superseding First Revised Leaf No. 255.0

Third Revised Leaf No. 257.0
Superseding Second Revised Leaf No. 257.0

First Revised Leaf No. 275.0
Superseding Original Leaf No. 275.0

First Revised Leaf No. 276.0
Superseding Original Leaf No. 276.0

Second Revised Leaf No. 302.0
Superseding First Revised Leaf No. 302.0

Second Revised Leaf No. 316.0
Superseding First Revised Leaf No. 316.0

Original Leaf No. 316.1

Second Revised Leaf No. 317.0
Superseding First Revised Leaf No. 317.0

First Revised Leaf No. 327.0
Superseding Original Leaf No. 327.0

First Revised Leaf No. 328.0
Superseding Original Leaf No. 328.0

First Revised Leaf No. 332.0
Superseding Original Leaf No. 332.0

First Revised Leaf No. 337.0
Superseding Original Leaf No. 337.0

First Revised Leaf No. 338.0
Superseding Original Leaf No. 338.0

First Revised Leaf No. 341.0
Superseding Original Leaf No. 341.0

Original Leaf No. 341.1

Original Leaf No. 341.2

First Revised Leaf No. 342.0
Superseding Original Leaf No. 342.0