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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:

First Revised Tariff Leaf No. 170
to Schedule for Gas Service, P.S.C. No. 1 - GAS.

The purpose of this filing is to revise Service Classification No. 12 - Temperature Controlled Service Non-Residential (SC No. 12).

Currently, the Ceiling Price is set at the rate per therm at a level which is no less than the Company's Incremental Cost of Gas as filed with the Public Service Commission and no higher than the lesser of (1) 115% of the No. 2 oil gas equivalent price, inclusive of any petroleum related taxes applicable to commercial or industrial use, or (2) the tailblock rate of Service Classification No. 2 (General Service-Non-Residential) Rate Schedule 1 (Non-Heating inclusive of the applicable Monthly Cost of Gas less \$.01.

The Ceiling under the new proposal will be to the greater of (1) 115% of the No. 2 oil gas equivalent price, inclusive of any petroleum related taxes applicable to commercial or industrial use, or (2) the tailblock rate of Service Classification No. 2 (General Service-Non-Residential) Rate Schedule 1 (Non-Heating inclusive of the applicable Monthly Cost of Gas less \$.01.

The spike realized in gas prices last winter, highlighted the fact that our existing Ceiling Price, under extreme conditions, may be inadequate. For example last January where the Company's Ceiling Price for SC No. 12 was \$8.25/dth, yet the cost of gas for such customers was \$7.4795/dth (prices excluding taxes). Although the

sales rate remained greater than the cost of gas, had gas prices continued its upward spiral, the Company's Ceiling Price would not have been adequate to recover gas costs.

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We believe the proposed Ceiling fairly sets the upper limit at competitive oil and/or the otherwise applicable firm tailblock.

If you have any questions regarding this filing, please contact Nancy Cianflone at (718) 402-2505 or the undersigned at (718) 403-3008.

Sincerely,

M. Margaret Fabic
Counsel

MMF:eob
Enclosures