

..DID: 12959

..TXT:

NATIONAL FUEL GAS DISTRIBUTION CORPORATION

10 Lafayette Square

Buffalo, NY 14203

September 1, 2000

Hon. Janet H. Deixler
Secretary
Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 00-G-0996
In the Matter of Criteria for Interruptible Gas Service
Compliance Filing of National Fuel Gas Distribution Corporation

Dear Secretary Deixler:

National Fuel Gas Distribution Corporation ("Distribution" or the "Company ") submits the following amendments to its tariff, P.S.C. No. 8 - GAS:

Leaf No. 199	Revision 1
Leaf No. 238	Revision 1
Leaf No. 246	Revision 1
Leaf No. 247	Revision 1
Leaf No. 256	Revision 1
Leaf No. 293	Revision 1

The above revisions are issued as of the date hereof for an effective date of October 1, 2000. In support of this filing, the Company states as follows:

Proposed Revisions

On August 24, 2000, the Public Service Commission ("Commission") issued an order styled Order Directing Gas Utilities to File Revised Interruptible Gas Service Tariffs (the "Order"). The Order directs the state's gas utilities to file tariff amendments "that require interruptible customers to have provable storage capacity and alternate fuel on hand to withstand interruptions of service for at least seven days for Temperature Control customers and ten days for other distillate users." Order at 14. The Order also sets forth additional requirements for interruptible service customers. In compliance with the Order, this filing proposes to modify Distribution's interruptible sales and transportation service classifications (Service Classification Nos. 10, 15, 16, 17 and 21) by inserting the following requirements:

- 2 -

On or before November 1 of each year, the Customer is required to:

- a. be contractually and physically capable and ready to withstand an interruption of utility-provided natural gas sales or delivery service to its facility; or
- b. maintain alternative fuel supply necessary to meet its operating requirements in the event of interruption hereunder. For purposes of this subsection, alternate fuel supply "necessary to meet its operating requirements" shall be provable storage capacity and alternate fuel on hand to withstand interruptions of service for at least ten (10) consecutive days. If a Customer's on-site storage capacity is less than ten (10) days' supply, a full tank will be required plus a showing that firm arrangements have been made to replenish the fuel during winter periods as it nears depletion. Customers will be responsible for subsequent refills from any alternate fuel source not dependent upon spot market purchases.

The Customer shall demonstrate its compliance with this requirement upon the request of the Company. If, as determined by the Company, the Customer is not in compliance with this requirement, the Company shall charge the Customer, in addition to the charges previously specified in this tariff (including any penalty charges for failure to interrupt), a rate equal to 110% of the oil gas equivalent price (as published in the Journal of Commerce) for all usage beginning on November 1 and until the Customer demonstrates compliance. Upon such a demonstration, the additional charge shall end.

Although not specified in the tariff, the Company is developing a plan to conduct a limited number of physical checks on interruptible customers to assure compliance with the above requirement. In addition, notice of the tariff changes will be sent to affected customers prior to September 15, 2000, via certified mail, return receipt requested.

Background

This is a compliance filing submitted in response to the Order described above.

Objectives

The principal objective behind the proposed revisions is to assure that (1) retail interruptible sales and transportation service customers maintain the ability to withstand interruption; and (2) for dual-fuel interruptible service customers, sufficient alternate (distillate) fuel is stored on-site (otherwise available) to meet ten days of supply, or if ten days of supply cannot be stored on-site, then the customer must "enter the heating season with filled tanks and arrangements, suitable to the utility but not dependant upon spot market purchases, for replenishment of storage tanks such that the initial storage plus replenishment equals storage inventory for its type of service." Order at 14.

- 3 -

Effect of Proposed Revisions

Seven of Distribution's customers receive interruptible sales or transportation service. These customers are being instructed about the changes described above. Although discussions are under way, the Company is unable to estimate the full effect of the proposed revisions at this time.

Newspaper Publication

Pursuant to ordering paragraph no. 1 of the Order, the requirement of Section 66(12) of the Public Service Law as to newspaper publication has been waived.

Company Contacts

For questions relating to this filing, please contact the undersigned or Eric Meinel at (716) 857-7000.

Respectfully submitted,

Michael W. Reville