

..DID: 4631

..TXT:

July 24 1998

Honorable John C. Crary  
Secretary  
State of New York  
Department of Public Service  
Three Empire State Plaza  
Albany, NY 12223

RE: New Service Classification Proposing Continuous Receipt of  
Customer-Owned Gas Using Third-Party Capacity

Dear Secretary Crary:

Orange and Rockland Utilities, Inc. hereby submits for electronic filing each of the following tariff leaves reflecting proposed changes to its Schedule for Gas Service, P.S.C. No. 4-GAS:

Leaf 5, Revision 1	Leaf 169, Revision 0
Leaf 73, Revision 2	Leaf 170, Revision 0
Leaf 80, Revision 2	Leaf 171, Revision 0
Leaf 80.1, Revision 0	Leaf 172, Revision 0
Leaf 129, Revision 2	Leaf 173, Revision 0
Leaf 133, Revision 3	Leaf 174, Revision 0
Leaf 152, Revision 2	Leaf 175, Revision 0
Leaf 155, Revision 2	Leaf 176, Revision 0
Leaf 162, Revision 1	Leaf 177, Revision 0
Leaf 165, Revision 2	Leaf 178, Revision 0
Leaf 166.1, Revision 0	Leaf 179, Revision 0
Leaf 167, Revision 0	Leaf 180, Revision 0
Leaf 168, Revision 0	Leaf 181, Revision 0
	Leaf 182, Revision 0

These leaves are submitted pursuant to discussions with Commission Staff to initiate a pilot program whereby Qualified Sellers serving firm transportation customers on Orange and Rockland's system will no longer be required to take an assignment from Orange and Rockland of upstream interstate pipeline capacity.

This filing adds a new Service Classification No. 12 ("SC12") under which Qualified Sellers, or firm transportation customers acting as their own Qualified Sellers, will operate in delivering gas to Orange and Rockland's system. The proposed tariff leaves also provide balancing

tolerances and penalties for gas deliveries.

The purpose of this filing is to establish a pilot program that will permit Qualified Sellers to transport gas to the Company's distribution system, without the use of interstate pipeline capacity released by the Company, for redelivery by the Company to customers taking service under Service Classification No. 6 ("SC6"). The program will be limited to 20,000 Dth per day or approximately 10% of the Company's peak day capacity requirement. This amount includes 5,000 Dth per day specifically reserved for service to residential customers.

Honorable John C. Crary  
July 24, 1998

Page 2

The Company will resell or remarket the upstream pipeline capacity that was previously released to the Qualified Sellers to serve SC6 customers to minimize stranded costs. The difference between the Company's cost of this unused capacity and the revenues received for this capacity from others shall be collected from all firm service customers.

The following tariff changes are required to implement this program.

#### Service Classification No. 12

Service Classification No. 12 is similar to the Company's existing Service Classification No. 11 ("SC11") except that it is specifically for Qualified Sellers who choose not to purchase interstate pipeline capacity released by the Company. The existing SC11 will remain for Qualified Sellers who do choose to purchase capacity released by the Company.

#### General Information - Gas Adjustment Charge

The Average Cost of Gas used in the determination of the Company's Gas Adjustment Charge ("GAC") will be reduced by the cost of capacity associated with SC12. Also, a Stranded Cost Surcharge has been added to the GAC to permit the Company to recover any stranded costs associated with SC12.

#### Service Classification No. 6

SC6 has been modified to permit customers to purchase gas from Qualified Sellers taking service under either SC11 or SC12. A reference to the Stranded Cost Surcharge has also been added to SC6.

#### Functional Storage Option

Service Classification No. 11 currently contains an item (E) to which a clarifying statement has been added which is also contained in SC12 as item (D).

#### Cashouts and Penalties for Underdeliveries

SC11 currently contains, in Special Provision A(1), cashout and penalty provisions for underdeliveries. For underdeliveries up to 2%, the cashout rate is equal to the Company's weighted average cost of transportation ("WACOT") plus a published gas cost. For underdeliveries greater than 2% and less than 5%, the cashout rate is equal to the Company's WACOT plus 110% of the same published gas cost. For underdeliveries greater than 5%, a penalty of \$10.00 per Dth is assessed. However, the Company's WACOT and the cost of gas were not assessed.

This provision in SC11 has been corrected in the instant filing. For underdeliveries greater than 5%, the Company proposes a cashout rate equal to the Company's WACOT plus 120% of the published gas cost in addition to the penalty of \$10.00 per Dth. The corrected Special Provision A(1) has also been included in SC12.

In addition, a provision has been included in both SC11 and SC12 which requires Sellers to post security upon the second occurrence of an underdelivery greater than 5%. This provision has been added to Special Provision A(1).

Honorable John C. Crary  
July 24, 1998

Page 3

Monthly Gas Adjustment Charge Statements

Attached to this transmittal letter are drafts of Statements GAC, DFR and FTR which have been modified to reflect the Stranded Cost Surcharge, and a new Statement, QSW, established for SC12.

As discussed with Commission Staff, this filing will be subject to an expedited SAPA process so that these tariffs may become effective as proposed and available to customers for the 1998/1999 heating season.

These tariff leaves are transmitted July 24, 1998, with an effective date of August 24, 1998. Notice of this filing will be published in accordance with NYCRR 270.70 on July 31, 1998, August 7, 14, and 21, 1998, and proof of publication will be submitted upon completion.

If there are any questions concerning these tariff leaves, you may contact me on (914) 577-2490.

Very truly yours,

Paul M. Hofmann  
Supervisor - Pricing

PSC NO: 4 GAS  
 COMPANY: ORANGE AND ROCKLAND UTILITIES, INC.  
 INITIAL EFFECTIVE DATE: XX/XX/98  
 STAMPS:

STATEMENT TYPE: DFR  
 STATEMENT NO: XX

## D R A F T

RECEIVED: STATUS: EFFECTIVE:

## STATEMENT OF DUAL FUEL GAS RATES

Effective for Billing Periods Beginning  
 On and After XXXX XX, 1998  
 Applicable to Billing Under Service Classification No. 5 of  
 the Schedule for Gas Service of

ORANGE AND ROCKLAND UTILITIES, INC.

<u>Line Number</u>	<u>¢/CCF</u>
1. <u>Maximum Allowable Unit Charge</u>	
a) End Block Rate of SC2	50.000
b) Plus the Firm GAC (Statement No. 10)	10.262
c) Plus Supplier Refunds Included in Firm GAC	<u>0.000</u>
TOTAL	60.262
2. <u>Minimum Allowable Unit Charge</u>	
a) Average Cost of Gas Purchased (Statement No. 10)	41.370
b) Factor of Adjustment	<u>1.046</u>
c) Average Commodity Cost of Gas Sold	43.273
d) Plus Take-or-Pay Surcharge	0.225
e) Plus Stranded Cost Surcharge	<u>1.279</u>
TOTAL	44.777

<u>Category</u>	<u>Applicable to Interruptible Customer</u>		
	<u>A</u> <u>¢/CCF</u>	<u>B</u> <u>¢/CCF</u>	<u>C</u> <u>¢/CCF</u>
3. Unit Charge	60.262	60.262	61.262
4. Less Refunds (Statement No. 10)	0.000	0.000	0.000
5. ULIEEP Credit	-0.051	-0.051	-0.051
6. Net Billing Rate (3 - 4 + 5)	60.211	60.211	60.211
7. Effective Charge in Certain Villages and Cities	63.995	63.995	63.995
8. Effective Charge in All Other Areas	63.327	63.327	63.327

NOTE: Customer Categories are defined as:

Category A -- No. 6 Oil, 2% sulfur content or higher  
 Category B -- No. 6 Oil, less than 2% sulfur content  
 Category C -- All others

For a list of applicable Villages and Cities, see  
 Statement of Increase in Rates and Charges.

Received: 7/24/1998

Issued by: R.Lee Haney, Sr.V.P. and Chief Financial Officer, Pearl River, NY

PSC NO: 4 GAS  
 COMPANY: ORANGE AND ROCKLAND UTILITIES, INC.  
 INITIAL EFFECTIVE DATE: XX/XX/98  
 STAMPS:

STATEMENT TYPE: FTR  
 STATEMENT NO: XX

## D R A F T

RECEIVED: STATUS: EFFECTIVE:

## STATEMENT OF GAS ADJUSTMENTS TO FIRM TRANSPORTATION SERVICE RATES

Effective for Service Rendered on or After XXXX XX, 1998  
 Applicable to the Billing Under Service Classification No. 6 of  
 the Schedule of Gas Service of

ORANGE AND ROCKLAND UTILITIES, INC.

	<u>cents/CCF</u>
A. <u>Adjustments Applied to All Volumes Used:</u>	
1. Adjustments to Transportation Charge	
(a) Take-or-Pay direct bill surcharge per Order in Case 88-G-062.	0.225
(b) Order No. 636 - direct bill transition cost surcharge per Order in Case 93-G-0932.	0.151
(c) Surcharge/(Credit) from interruptible sales and transportation included in GAC Statement No. 10	-0.613
(d) Peak Shaving Supply	0.020
(e) Total Adjustments to Transportation Charge (1a) + (1b) + (1c) + (1d)	<u>1.279</u>
(f) Total Adjustment to Transportation Charge (1a - 1e)	1.062
2. ULIEEP Credit	<u>0.051</u>
3. Total Adjustments Applied to All Volumes Used (1e) + (2)	<u>1.011</u>
B. Balancing Fee - Applicable Only (November - March)	N/A
C. Conversion Factor	1.034
D. Increase in Rates and Charges:	

Revenue tax surcharge factors shall be applied to all rates and charges  
 in accordance with General Information Section 15.



Received: 7/24/1998

Issued by: R.Lee Haney, Senior V.P. and Chief Financial Officer, Pearl River, NY

PSC NO: 4 GAS  
 COMPANY: ORANGE AND ROCKLAND UTILITIES, INC.  
 INITIAL EFFECTIVE DATE: XX/XX/98  
 STAMPS:

STATEMENT TYPE: GAC  
 STATEMENT NO: XX

## D R A F T

RECEIVED: STATUS: EFFECTIVE:

## GAS ADJUSTMENT CLAUSE STATEMENT

Applicable to Billing Under Service Classification Nos. 1 and 2 of  
 the Schedule for Gas Service of

ORANGE AND ROCKLAND UTILITIES, INC.

Line Number	Item	S.C. Nos. 1 & 2 Customers
		GAC Price \$/Ccf
1.	<u>AVERAGE COST OF GAS</u> The average cost of gas per 100 cubic feet (as defined in section 12.1) determined June 24, 1998 by applying the rates and charges of the Company's natural gas suppliers in effect on July 1, 1998 to the quantities of gas supplied to the Company during the twelve months ended May 31, 1998	39.392
2.	<u>BASE COST OF GAS</u> The base cost of gas per 100 cubic feet for determining the gas adjustment is	30.000
3.	Difference between the base cost and the average cost	9.392
4.	Factor of Adjustment -- System loss allowance	1.046
5.	Resulting Gas Cost Adjustment (Line 3 multiplied by Line 4)	9.824
6.	Surcharge from the annual reconciliation ending August 31, 1997 to be applied commencing December 1, 1997 through November 30, 1998	-0.506
7.	Estimated credit to SC1 and SC2 customers from interruptible benefits derived during the year ending March 31, 1999.	-0.613
8.	Take-or-Pay surcharge per Settlement in Case 88-G-062, approved June 28, 1995.	0.225
9.	Recovery of prepaid Algonquin Capacity Costs per Order in Case 91-G-0128.	0.053
10.	Refund related to retroactive billing adjustments with gas produced in various time periods as detailed in refund plan filed with the P.S.C. October 30, 1997 and to be refunded on statements effective December 1, 1997 through April 30, 1998.	0.000
11.	Stranded Cost Surcharge	1.279
12.	<u>MONTHLY GAS ADJUSTMENT</u> Applicable to service rendered on and after the effective date of this statement, and thereafter until changed.	10.262

Received: 7/24/1998

Issued by: R.Lee Haney, Sr. V.P. and Chief Financial Officer, Pearl River, NY

PSC NO: 4 GAS  
COMPANY: ORANGE AND ROCKLAND UTILITIES, INC.  
INITIAL EFFECTIVE DATE: XX/XX/98  
STAMPS:

STATEMENT TYPE: QSW  
STATEMENT NO: XX

D R A F T

RECEIVED:      STATUS:      EFFECTIVE:

STATEMENT OF RATES TO QUALIFIED SELLERS WITHOUT COMPANY RELEASED CAPACITY

Effective for Service Rendered on or After XXXX XX, 1998  
Applicable to Billing Under Service Classification No. 12 of  
the Schedule for Gas Service of

ORANGE AND ROCKLAND UTILITIES, INC.

A. Functional Storage Service:

(a) Functional Annual Storage Capacity - FASC	\$ 0.0843	Dth
(b) Demand Transfer Recovery:		
(1) Storage Inventory Sale - DTRS	-\$ 0.4589	Dth
(2) Storage Inventory Purchase - DTRP	\$ 0.4589	Dth

B. Capacity Allocation Percentages Applicable to the  
Annual Heat Load Requirement - AHLR:

(a) Served by Propane	10.1%
(b) Storage & Transportation	39.6%
(c) Longhaul Transportation	<u>50.3%</u>
	100.0%

C. Conversion Factor 1.034

D. Increase in Rates and Charges:

Revenue tax surcharge factors shall be applied to all rates  
and charges in accordance with General Information Section 15.

Received: 7/24/1998

Issued by: R.Lee Haney, Sr.V.P. and Chief Financial Officer, Pearl River, NY