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NATIONAL FUEL GAS DISTRIBUTION CORPORATION

*10 Lafayette Square
Buffalo, NY 14203*

October 12, 1999

Hon. Debra Renner
Acting Secretary
Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 97-G-1380 - In the Matter of Issues Associated with the Future of the Natural Gas Industry
and the Role of Local Gas Distribution Companies
Further revisions to establish "standby" rate pursuant to order issued and effective August 19, 1999

Dear Secretary Renner:

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

Leaf No. 266.4	Revision 2
Leaf No. 274	Revision 6
Statement SCI No. 2	

The revised tariff sheets are issued as of today for an effective date of November 1, 1999.

Description of Proposed Amendments: Background

On September 30, 1999 Distribution submitted tariff amendments establishing a Standby Capacity Insurance Rate ("SCIR") and a Standby Insurance Commodity Rate ("SICR") available to suppliers that utilize secondary firm upstream capacity under Distribution's Service Classification No. 19, Supplier Transportation, Balancing, and Aggregation ("STBA"). The amendments were filed in compliance with the Commission's Order issued in Case 97-G-1380 ("Order")¹.

Staff has requested that the Company modify its original filing to limit the months that the SCIR and SICR are applied to November 1999 through March 2000. The Staff also requested that the Company indicate in the tariff that the secondary firm capacity option is only available for the upcoming winter (November 1999 through March 2000).

¹ Case 97-G-1380, In the Matter of Issues Associated with the Future of the Natural Gas Industry and the Role of Local Gas Distribution Companies, Untitled Order adopting Staff's recommendations (issued and effective August 19, 1999).

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Distribution has also included clarification in the tariff that, consistent with the Order, suppliers must confirm their use of secondary firm capacity by October 15, 1999. Finally, Distribution is correcting an error in the calculation of the SCIR in its original filing.

Effective of the Revisions

Distribution has modified the original tariff amendments filed in compliance with the Order to accommodate the modifications requested by Staff. The SCIR and SICR will be available from November 1999 through March 2000. Correspondingly, suppliers will be permitted to use secondary firm capacity to meet their delivery obligations during the winter period from November 1999 through March 2000.

Pursuant to Paragraph 2 of the recommendation included in the Order, Distribution has included in its tariff, the requirement that suppliers confirm their interest in utilizing secondary firm capacity by October 15, 1999.

Finally, Distribution has corrected an error in its calculation of the SCIR. The Average Natural Gas Supplier Demand Cost of Gas component of the SCIR was incorrectly stated as a cost per Dth. Distribution has modified its filing to correctly reflect this component of cost as a cost per Mcf. The change results in a slight increase from \$11.1376/Mcf to \$11.1648/Mcf.

Notice to Suppliers

The Company will post notice to suppliers of these changes on its Web page.

Newspaper Publication

The Commission has waived the requirement under Section 66 of the Public Service Law for newspaper publication. See Order at page 8.

Company Contacts

For communications related to this filing, please contact the undersigned.

Respectfully submitted,

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Attachments