

..DID: 8165
..TXT:

April 26, 1999

Honorable Debra Renner
Acting Secretary
Public Service Commission
State of New York
3 Empire State Plaza
Albany, New York 12223

Re: Case Nos. 98-M-1343

Dear Acting Secretary Renner:

The enclosed original and revised leaves, issued by New York State Electric & Gas Corporation ("NYSEG" or the "Company"), are transmitted for filing in compliance with the requirements of the Public Service Commission (the "Commission" or the "PSC"), State of New York.

Original		Leaf No. 13.1	to PSC No. 87 Gas
Seventh	Revised	Leaf No. 2	to PSC No. 88 Gas
Second	Revised	Leaf No. 3	to PSC No. 88 Gas
Fourth	Revised	Leaf No. 6	to PSC No. 88 Gas
Eighth	Revised	Leaf No. 7	to PSC No. 88 Gas
Second	Revised	Leaf No. 7.1	to PSC No. 88 Gas
First	Revised	Leaf No. 7.2	to PSC No. 88 Gas
Original		Leaf No. 7.3	to PSC No. 88 Gas
First	Revised	Leaf No. 8.1	to PSC No. 88 Gas
Fourth	Revised	Leaf No. 12.1	to PSC No. 88 Gas
Second	Revised	Leaf No. 12.2	to PSC No. 88 Gas
Second	Revised	Leaf No. 12.3	to PSC No. 88 Gas
Sixth	Revised	Leaf No. 13	to PSC No. 88 Gas
Fourth	Revised	Leaf No. 14	to PSC No. 88 Gas
Sixth	Revised	Leaf No. 15	to PSC No. 88 Gas
Sixth	Revised	Leaf No. 16	to PSC No. 88 Gas
Fourth	Revised	Leaf No. 16.1	to PSC No. 88 Gas
Second	Revised	Leaf No. 16.4	to PSC No. 88 Gas
Fourth	Revised	Leaf No. 34	to PSC No. 88 Gas
Fourth	Revised	Leaf No. 35	to PSC No. 88 Gas
First	Revised	Leaf No. 36	to PSC No. 88 Gas
First	Revised	Leaf No. 48	to PSC No. 88 Gas
First	Revised	Leaf No. 49	to PSC No. 88 Gas
Second	Revised	Leaf No. 50	to PSC No. 88 Gas
Original		Leaf No. 50.1	to PSC No. 88 Gas
Original		Leaf No. 50.2	to PSC No. 88 Gas
Original		Leaf No. 50.3	to PSC No. 88 Gas
Original		Leaf No. 50.4	to PSC No. 88 Gas
Original		Leaf No. 50.5	to PSC No. 88 Gas
Original		Leaf No. 50.6	to PSC No. 88 Gas
Original		Leaf No. 50.7	to PSC No. 88 Gas
Original		Leaf No. 50.8	to PSC No. 88 Gas
Original		Leaf No. 50.9	to PSC No. 88 Gas
Original		Leaf No. 50.10	to PSC No. 88 Gas
Original		Leaf No. 50.11	to PSC No. 88 Gas
Original		Leaf No. 50.12	to PSC No. 88 Gas
Original		Leaf No. 50.13	to PSC No. 88 Gas
Original		Leaf No. 50.14	to PSC No. 88 Gas

Original		Leaf No. 50.15 to	PSC No. 88 Gas
Original		Leaf No. 50.16 to	PSC No. 88 Gas
Original		Leaf No. 50.17 to	PSC No. 88 Gas
Original		Leaf No. 50.18 to	PSC No. 88 Gas
Original		Leaf No. 50.19 to	PSC No. 88 Gas
Original		Leaf No. 50.20 to	PSC No. 88 Gas
Original		Leaf No. 50.21 to	PSC No. 88 Gas
Original		Leaf No. 50.22 to	PSC No. 88 Gas
Original		Leaf No. 50.23 to	PSC No. 88 Gas
Original		Leaf No. 50.24 to	PSC No. 88 Gas
Original		Leaf No. 50.25 to	PSC No. 88 Gas
Second	Revised	Leaf No. 92	to PSC No. 88 Gas
First	Revised	Leaf No. 92.1	to PSC No. 88 Gas
Fourth	Revised	Leaf No. 95	to PSC No. 88 Gas
Fifth	Revised	Leaf No. 99	to PSC No. 88 Gas
Fifth	Revised	Leaf No. 100	to PSC No. 88 Gas
Fourth	Revised	Leaf No. 101	to PSC No. 88 Gas
Seventh	Revised	Leaf No. 105	to PSC No. 88 Gas
Fifth	Revised	Leaf No. 106	to PSC No. 88 Gas

Effective June 1, 1999.

Proposed Revisions

NYSEG submits these leaves in compliance with the Commission's Opinion and Order Concerning Uniform Business Practices, issued February 16, 1999, as modified by the Commission's Notice to the Parties issued March 5, 1999, and the Commission's Order Granting Portions of Petitions for Rehearing, issued April 15, 1999 (collectively the "UBP Orders"). This filing addresses the following:

1. Incorporates tariff changes to PSC No. 87 Gas and PSC No. 88 Gas, including:
 - a. Revision of PSC No. 87 Gas - Service Classification No. 1 - Residential Service - to provide for a market adjustment mechanism applicable to residential customers voluntarily or involuntarily switching from transportation service to sales service.
 - b. Revision of PSC No. 88 Gas - Section 1 - to incorporate definitions set forth in the UBP Orders.
 - c. Revision of PSC No. 88 Gas to apply new terms, as set forth in the UPB Orders.
 - d. Revision of PSC No. 88 Gas to include the following new sections in compliance with the UBP Orders.
 - Section 22 - Creditworthiness
 - Section 23 - Customer Information
 - Section 24 - Billing and Collection Services and Charges
 - Section 25 - New Delivery Customer Requirements
 - Section 26 - Switching Requirements - Non-Daily Metered Customers
 - Section 27 - Switching Requirements - Daily Metered Customers
 - Section 28 - Slamming Prevention - Non-Daily Metered Customers
 - Section 29 - Slamming Prevention - Daily Metered Customers
 - Section 30 - Discontinuance of Service
 - Section 31 - Dispute Resolution Process
 - e. Elimination of PSC No. 88 Gas - Section 16, "Service Classification Nos. 13 and 14 Agreement For Small Customer Aggregation".
 - f. Re-titles Section 20 from "Requirements of Non-Utility Suppliers of Gas" to "Non-Performance and Marketer Conditions of Service" in order to eliminate confusion.

- g. Revises PSC No. 88 Gas Service Classification Nos. 11, 13 and 14 to reflect the modifications set forth above.
2. Requests relief associated with notice provisions related to NYSEG's daily metered transportation program.
3. Requests temporary relief from certain deadline requirements.
4. Implements certain interim program administration changes consistent with the UBP Orders until such time as full implementation is achieved.
5. As an interim measure, provides for switching to occur on the first of the calendar month.
6. Provides for the continued recognition of the Pool Operator/Aggregation Pool Operator distinctions within NYSEG's existing gas transportation programs.
7. Identifies certain items addressed in the UBP Orders that will be incorporated into NYSEG's Gas Transportation Operating Procedures Manual ("Manual").

Background

On February 16th, March 5th, and April 15, 1999, the Commission issued its UBP Orders to provide some degree of standardization regarding retail access practices and procedures. The UBP Orders address many detailed aspects associated with retail access including: ESCO/Marketer application process, creditworthiness, customer information, switching requirements, slamming prevention process, billing agency arrangements, discontinuance of service, and other specific issues. The Commission ordered jurisdictional electric and gas utilities to submit compliance filings incorporating the provisions contained in the UBP Orders by April 26, 1999.

The Commission also recognized that flexibility in the implementation of the requirements of the UBP Orders would be warranted in particular circumstances. The Commission set forth the parameters for requesting such relief by stating:

Utilities may petition us for such relief. The utilities will be allowed to request temporary waivers or modifications of specific provisions of the uniform business practices as part of their filing so long as they provide an explanation as to what additional information or special circumstances exist that would make conformance with the requirement impractical. This would include a showing that implementation of a particular practice or component of a practice would significantly increase net costs, materially violate the terms of a Commission order approving a settlement or seriously impede the onset of competition. Parties will have the opportunity, in their comments on the compliance filings, to respond to utility claims (Opinion and Order Concerning Uniform Business Practices at page 8, footnote 1).

Request for Relief associated with Notice Provisions related to NYSEG's Daily Metered Transportation Program

NYSEG requests relief from certain aspects of the UBP Orders requirements for daily metered transportation customers and their marketers taking service pursuant to PSC No. 88 Gas. Specifically, NYSEG seeks relief from the UBP Orders notice requirements as they relate to:

1. Company acknowledgement of a switch request;
2. Company verification letters to customers and incumbent Marketer for switching and slamming prevention; and
3. Company notice to the customer of a Marketer's discontinuance of service.

The primary users of daily metered transportation service are industrial and large commercial customers, while the primary users of non-daily metered transportation service are small

commercial and residential customers. NYSEG has conformed the non-daily metered transportation program to the provisions of the UBP Orders. The relief is requested to preserve the operation of the daily metered transportation program in a manner consistent with the Memorandum of Understanding ("MOU") entered into between NYSEG and several marketers on April 20, 1998.

NYSEG entered into the MOU with several marketers to enhance the viability and competitiveness of NYSEG's daily metered gas transportation program. If NYSEG were to apply the UBP Orders notice requirements to the daily metered transportation program much of the flexibility afforded customers and their marketers, as set forth in the MOU, would be lost and thereby impede the competitive forces that have developed for this segment of the market.

On August 19, 1998, the Commission issued a Special Permission Order ("SPO") in Case 98-G-0855, Filings by New York State Electric & Gas Corporation to revise the company's gas transportation balancing program establishing pooling provisions in its gas tariff ("Balancing Order"), which reflected many aspects of the MOU. Furthermore, the MOU was incorporated in its entirety by reference in Case 98-G-0845, Multi-Year Settlement Agreement Concerning the Gas Rates of New York State Electric & Gas Corporation ("Settlement"), as approved by the Commission in its Opinion and Order Adopting Settlement Terms Subject to Modifications and Conditions, issued September 29, 1998 and its Order Modifying Opinion No. 98-17 ("Settlement Order"), issued December 2, 1998.

Among other things, the MOU, as implemented in PSC No. 88 Gas, allows daily metered transportation customers the ability to switch among marketers/pool operators on four business days notice. The 4 business day notice period was implemented to recognize that large sophisticated daily metered transportation customers may make sudden decisions to switch to natural gas service or between marketer's based on the customers' particular circumstances and the market conditions. In order to provide this short notice flexibility, NYSEG requires daily metered transportation customers to submit a signed switch notification four business days prior to the beginning of month switch. Since NYSEG receives a signed switch request, the Company does not send out a verification letter to the affected customer and incumbent Marketer as required in the UBP Orders.

All affected parties have been operating under this procedure for many years, even prior to the MOU, without significant incidence. The ability to continue to allow switches on four business days notice would not be practical in an environment established by the UBP Orders in which multiple notice provisions are required to protect customers against unauthorized switching and inappropriate discontinuance of service¹. Therefore, NYSEG seeks to preserve its existing notice flexibility for the daily metered transportation program and not be required to adhere to the notice provisions contained in the UBP Orders.

Request for Temporary Relief associated with Certain Deadline Requirements

NYSEG requests temporary relief from strict adherence to the 10-day switch and current customer information deadlines. NYSEG manually administers its non-daily metered transportation program. The Company is in the process of automating its program in order to meet certain UBP requirements. However, system automation will not be ready by June 1, 1999.² While the Company fully intends to meet the deadlines set forth in the UBP Orders, there may be circumstances whereby it cannot physically accommodate such requirements. For example, if a large number of non-daily metered transportation service switch requests are submitted immediately prior to the enrollment deadline, the Company may experience physical constraints in processing the requests. The Company may also experience physical constraints from time-to-time when providing current billing information to marketers serving non-daily metered transportation customers. If such circumstances arise, the Company intends to process the requests on a first-come, first-serve best efforts basis.

¹ Simply applying the four-business day notice period to both daily and non-daily metered customers is not a viable option. The additional administrative requirements necessitated by the non-daily metered transportation program will continue to require no less than ten calendar days notice.

² The Company anticipates that the necessary information system changes to accommodate the 10-day notification and current customer information deadlines will be implemented by the 4th quarter of 1999. These information system changes are necessary to meet the UBP requirements and will be used upon implementation of EDI.

Program Administration

Currently, NYSEG requires customers switching from sales service to non-daily metered transportation service to submit a signed contract. In order to implement the requirements of the UBP Orders to the maximum extent possible, NYSEG is eliminating the requirement that non-daily metered transportation customers submit an executed service agreement. Instead, NYSEG has developed a one-page form for submission by the Marketer, including unique customer identifiers, to be used until the enrollment process can be more fully automated.

NYSEG will continue to require a Transportation Service Agreement ("TSA"), as currently set forth in PSC No. 88 Gas, for daily metered transportation service customers. Daily metered transportation service customers are provided with several options regarding their service that must be memorialized due to the financial and operational commitments necessitated by particular elections.

Switching

The UBP Orders allow NYSEG the option of providing for customer switches on either a monthly basis or on the actual scheduled meter read date. As an interim measure, NYSEG chooses to provide for switching of non-daily metered customers to occur on the first of the calendar month. NYSEG will seek to move to switching on scheduled meter read dates upon implementation of automated switching procedures. NYSEG believes that switching on actual meter reads is appropriate and will ultimately provide efficiencies for service providers offering both electric and gas services. NYSEG will make the appropriate filings to modify PSC No. 88 Gas once the Company is able to administer actual read switching.

Customers Returning to Sales Service

In order to prevent gaming, NYSEG proposes a market adjustment mechanism, for a maximum of one year, for voluntarily or involuntarily returning residential natural gas sales customers.³ The Company proposes to charge returning residential customers an index price adjustment. The index price adjustment will be the same monthly rate currently filed with the Commission and provided as an option to non-residential sales customers.

A residential customer switching from transportation service to sales service on or after May 1st of each year, will be subject to the index price adjustment. The customer will pay the index price adjustment until the subsequent April 30th, at which time the adjustment will no longer be applicable to the returned customer. The Company will allow returning residential customers to switch back to transportation service in accordance with the Company's switching provisions. No minimum stay or additional switching requirements will be imposed on returning residential customers.

Pool Operator/Aggregation Pool Operator

The enclosed tariffs retain the Pool Operator and Aggregation Pool Operator definitions and provisions in order to reflect the distinction between the Company's daily metered and non-daily metered transportation programs. Pool Operators of daily metered transportation customers and Aggregation Pool Operators of non-daily metered transportation customers are responsible for managing the delivery of supplies for their respective customers. NYSEG has incorporated the UBP Orders provisions to reflect the Pool Operator and Aggregation Pool Operator distinctions.

Gas Transportation Operating Procedures Manual

The enclosed tariffs include references to the Company's Manual. Certain descriptive elements will be set forth in the Manual. NYSEG will be providing the necessary updates to the Commission by June 1, 1999. Specifically, as referenced in the tariff, NYSEG proposes to include the following UBP Orders requirements in its Manual. The following refer to Appendix A of the Order Granting Portions of Petitions for Rehearing, issued April 15, 1999.

1. Creditworthiness

³ No anti-gaming provisions are necessary for returning non-residential customers since the Company's non-residential sales service classifications already contain the appropriate safeguards, specifically the IPO or FPO adjustment mechanisms.

Sections D.1. through D.7. detailing the acceptable types of security instruments.

2. New Delivery Customer Requirements

Sections A.3. through B.3. detailing the information to be submitted by the Marketer/Direct Customer and the method and format for submission.

3. Switching Requirement

Sections A.3. through B.2. detailing the information to be submitted by the Marketer/Direct Customer and the method and format for submission.

4. Slamming Prevention - Non-Daily Metered Customers

Section A.3. detailing the form and content of the verification letter.

5. Discontinuance of Service

Sections A.1.(a) through A.1.(e) and A.8. detailing the form and content of the notice that must be submitted to NYSEG and the marketer's customers when a marketer discontinues operations in NYSEG's service area.

Sections B.1.(a) through B.1.(d) and B.2. detailing the form and content of the notice that must be submitted to NYSEG and the marketer's customer(s) when a marketer discontinues service to an individual customer(s).

Sections C.1.(a)(1) through C.1.(a)(2) illustrating circumstances that may cause NYSEG to initiate involuntary discontinuance procedures.

Sections C.1.(f)(1) through C.1.(f)(8) illustrating circumstances in which the Commission may discontinue eligibility.

Section C.4. detailing the form and content of notice to be sent by NYSEG to the customer(s).

Section F.1.(a) through F.1.(c) and F.2. detailing the form and content of the notice to be sent to customers holding contracts that have been the subject of an assignment.

6. Metering

Options regarding metering equipment.

Notification

Per Ordering Clause No. 2 of the Commission's February 16, 1999 Order, the requirement of §66(12)(b) of the Public Service Law as to newspaper publication of the revisions is waived.

Company Contacts

Questions regarding this filing should be addressed to Dan Verdun at (607) 762-4296.

Very truly yours,

/sra
Encls.
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