

..DID: 3602  
..TXT:

May 28, 1998

Honorable John C. Crary  
Secretary  
Public Service Commission  
3 Empire State Plaza  
Albany, New York 12223

Dear Secretary Crary:

The enclosed revised and original 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 of the State of New York.

#### Tariff Amendments

Fourth	Revised	Leaf No. 2	to PSC 88 Gas
Original		Leaf No. 7.1	to PSC 88 Gas
First	Revised	Leaf No. 9	to PSC 88 Gas
Original		Leaf No. 9.1	to PSC 88 Gas
First	Revised	Leaf No. 10	to PSC 88 Gas
Original		Leaf No. 10.1	to PSC 88 Gas
Original		Leaf No. 10.2	to PSC 88 Gas
Original		Leaf No. 10.3	to PSC 88 Gas
First	Revised	Leaf No. 12	to PSC 88 Gas
Original		Leaf No. 12.1	to PSC 88 Gas
Fourth	Revised	Leaf No. 13	to PSC 88 Gas
Original		Leaf No. 13.1	to PSC 88 Gas
First	Revised	Leaf No. 87	to PSC 88 Gas
Original		Leaf No. 87.1	to PSC 88 Gas
Second	Revised	Leaf No. 88	to PSC 88 Gas
First	Revised	Leaf No. 89	to PSC 88 Gas

Effective September 1, 1998.

#### Background

Between August 1997 and April 1998, NYSEG, Staff of the Department of Public Service ("Staff"), and natural gas marketers ("Marketers") had a series of meetings regarding the Company's gas transportation program. As a result of those meetings, the Company and gas marketers entered into a Memorandum of Understanding ("MOU") dated April 20, 1998 which memorialized the agreement in principle related to NYSEG's gas transportation program.

One of the issues agreed to relates to revising the Company's gas transportation balancing program. The Company has enclosed for filing revised tariff leaves to reflect the agreed to balancing provisions. These provisions are in compliance with the Commission's Opinion 94-26 in Case No. 93-G-0932 (and subsequent orders on rehearing).

#### Purpose of the Filing

The purpose of this filing is to revise the Company's balancing tariff to: a) create a pooling provision to enable gas marketers to balance deliveries to NYSEG with consumption of the customers in the pool on either a daily or monthly basis; b) create and define the role of the Pool Operator; c) modify the end of month cash-out provisions; and d) revise Service Classification No. 9 (Transportation Monthly Balancing Service).

### Description of the Revision

The above referenced revisions simplify the balancing requirements in NYSEG's tariff by allowing gas marketers to pool daily metered transportation customer nominations and actual consumption for purposes of balancing. Responsibilities for daily and monthly balancing shifts from the transportation customer to the Pool Operator. Under the revisions, Pool Operators will be required to execute a Gas Pooling Agreement. The Pool Operator will be responsible for nominating, scheduling, and balancing all gas for their Pool. Further, all daily metered transportation customers will have a summer and winter Maximum Daily Transportation Quantity (MDTQ) for balancing purposes.

Pool imbalances will be cashed out either monthly or daily, depending on the Pool classification, and all imbalance charges will be billed to the Pool Operator. It will be the responsibility of the Pool Operator to remit all imbalance payments and monthly balancing charges to the Company.

The daily balancing provisions existing in the Company's current tariff will stay essentially the same with respect to daily tolerance and cash-outs, however daily balancing will now occur at the Pool level instead of the customer level. All daily balancing pools will be required to cash-out any cumulative monthly imbalances after allowing for imbalance trading.

The monthly balancing provisions have been revised to reflect modifications in cash-outs and tolerances. All monthly balancing pools will now be cashed-out to a zero imbalance at the end of each month. The end of the month cash-out for a negative monthly imbalance will require the Pool Operator to purchase the under delivered volumes at a tiered index price plus transportation to the Company's system. The cash-out for a positive monthly imbalance will require the Pool Operator to sell back the over delivered volume to the Company at a tiered index price.

End of month imbalance trading has also been revised, and a \$5.00 transaction fee per party per transaction has been established for this service.

In addition, the provisions of Service Classification No. 9 (Transportation Monthly Balancing Service) have been revised to reflect the new roles of the Pool Operator and daily metered transportation customers in the monthly balancing process. Customers electing monthly balancing will be required to take service under this service classification.

Finally, on April 13, 1998, NYSEG requested an extension of the submission date of the Operating Procedures Manual required by the Commission's December 19, 1997 Order in Case 97-G-1427. On April 29, 1998, the Commission granted the extension, requiring that the filing of the Operating Procedures Manual occur 30 days after the instant filing becomes effective. Therefore, thirty (30) days after the instant filing becomes effective, NYSEG will file the Operating Procedures Manual.

### Customer Impact

The proposed revisions have no negative impact on the Customers by the Company. Pool Operators will be responsible for all nominations, scheduling, and balancing charges.

In order to have a smooth transition for the implementation of the balancing revisions, the MOU states that individual customers will be allowed a three-month grace period from the effective date of their initial election but no later than October 1, 1998, to change their decision on a balancing option. Since the proposed effective date of these tariff revisions is not until September 1, 1998, NYSEG will allow affected customers to change their initial balancing election through November 30, 1998. Thereafter, the term of the individual customer election shall be for a period of one year coinciding with the term of their Transportation Service Agreement.

### Notification

Enclosed is a SAPA Notice in accordance with 16 NYCRR 270.70 for public notification.

### Company Contact

If you have any questions regarding this tariff revision, please contact me at (607) 762-5611, or Dan Verdun at (607) 762-4296.

Very Truly Yours,

/sra  
Encls.  
Cy.:Lyle VanVranken, PSC

STEVEN R. ADAMS  
Manager - Gas Pricing