

..DID: 13032  
..TXT:

ORANGE AND ROCKLAND UTILITIES, INC.  
4 Irving Place  
New York, New York 10003

September 5, 2000

Honorable Janet H. Deixler  
Secretary  
State of New York  
Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223

Re: Case 00-G-0996 - In the Matter  
of Criteria for Interruptible  
Gas Service

Dear Secretary Deixler:

Orange and Rockland Utilities, Inc. ("O&R" or the "Company") hereby submits for filing the following tariff leaves reflecting proposed revisions to its Schedule for Gas Service, P.S.C. No. 4 - GAS.

Leaf No. 118	Revision 3	Leaf No. 138	Revision 6
Leaf No. 119	Revision 3	Leaf No. 138.1	Revision 3
Leaf No. 120	Revision 3	Leaf No. 139	Revision 4
Leaf No. 121	Revision 3	Leaf No. 139.1	Revision 2
Leaf No. 122	Revision 3	Leaf No. 140	Revision 3
Leaf No. 122.1	Revision 0	Leaf No. 141	Revision 4
Leaf No. 137.1	Revision 2	Leaf No. 141.1	Revision 0

These leaves are issued September 5, 2000 to become effective on October 1, 2000.

Reasons for the Proposed Tariff Changes

The purpose of this filing is to modify provisions of the Company's gas tariff relating to interruptible sales and interruptible transportation customers served under Service Classification No. 3 ("SC 3") and Service Classification No. 8 ("SC 8") respectively. This filing is being made in compliance with the Commission's August 24, 2000 Order Directing Utilities to File Revised Interruptible Gas Service Tariffs ("August 24th Order") in the above-referenced proceeding.<sup>1</sup>

Pre-Season Notification and Inspection

To ensure that interruptible customers are prepared for this winter, the Company will take the following measures before the start of the winter heating season commencing November 1, 2000:

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<sup>1</sup> Notwithstanding the making of this compliance filing, the Company reserves any and all rights to seek clarification or rehearing of the August 24th Order.

Honorable Janet H. Deixler  
September 5, 2000  
Page 2

- The Company will forward a certified letter, return receipt requested, to each interruptible customer describing the tariff revisions, detailing the obligations of an interruptible customer and informing the customer of the Company's plan to perform inspections to spot check customers' alternate fuel facilities prior to November 1. The letter shall be sent no later than September 15, 2000. The Company will also hold an informational winter preparations meeting with its interruptible customers and marketers at which time the tariff revisions and procedural information regarding the pre-season inspection will be reviewed. The Company will perform inspections to check the alternate fuel equipment and fuel supply of a sample of its interruptible customers with a focus on customers who failed to comply with the Company's tariff during the 1999/2000 winter season. Such inspections shall account for at least 60% of the Company's annual interruptible load.
  
- Any Customer found to not be in compliance as a result of the pre-season inspection will be given 10 days to repair its alternate fuel equipment and/or to secure an adequate inventory of alternate fuel. The Company may follow-up with a second inspection approximately 10 days later to confirm that the customer's equipment is operational and that on-site fuel supply is available to meet interruptions of gas service for the upcoming winter season. As discussed below, if a customer is still not in compliance with the Company's tariff and Operating Procedures after the 10 day period, service taken by the customer will be charged at 1.5 times the applicable interruptible rate until the customer's alternate fuel facilities are operational. Such customer will also be subject to the Company's penalty charge for gas used during an interruption and any other applicable penalties or surcharges.

#### Tariff Modifications<sup>2</sup>

The enclosed tariff leaves include the following modifications.

Emergency Service provisions have been removed from SC 3 and SC 8. Previously, interruptible customers could request a waiver of their obligation to interrupt service in cases of extenuating circumstances. Such waivers could be granted at the Company's discretion and a customer receiving a waiver would be permitted to take Emergency Service. This option will no longer be permitted, as interruptible customers will be expected to cease using gas during all interruption periods.

The penalty charges for gas used by customers during periods of interruption have been increased from \$25.00 per Mcf, plus the Emergency Service rate, to the greater of a) \$25 plus the cost of gas or b) \$45. For the purposes of this provision, the cost of gas is the highest daily "Midpoint" rate of the "Louisiana-Onshore South", "Tennessee" receipt points for the appropriate day as published in Gas Daily in the table "Daily Price Survey" plus the Company's weighted average cost of transportation and fuel losses at 100% load factor.

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<sup>2</sup> The Company will revise its Sales and Transportation Operating Procedures to conform to the tariff changes.

Honorable Janet H. Deixler  
September 5, 2000  
Page 3

The Penalty Surcharge provisions of SC 3 and SC 8 have been revised to permit the Company discretion in imposing the Penalty Surcharge and to clarify that paying the Penalty Surcharge, which is based on firm rates, does not imply that the customer is receiving firm service. The customer will still be subject to interruption.

A special provision "Customer Responsibilities" has been added to the tariff to address failure by SC 3 or SC 8 customers to maintain operational alternate fuel facilities or failure to maintain operable dedicated telephone lines required for the Company to obtain remote meter readings. A customer who is found at any time to have inoperable alternate fuel facilities or an inoperable telephone line, will be given 10 days to repair such facilities or be charged at 1.5 times the applicable rate thereafter until such equipment is operable.

A special provision, "Reserve Requirements" has been added to SC3 and SC8. In accordance with the August 24th Order, this section requires that customers relying on distillate oil as an alternate fuel and all human needs<sup>3</sup> customers have a ten days supply of alternate fuel. If the customer does not have ten days storage capability on site, the customer must fill available on-site storage and prove, to the Company's satisfaction, that a relationship exists with an alternate fuel provider to supply the customer for the difference between its on-site supply and the ten days of required alternate fuel supply. This special provision also requires that new interruptible customers commencing service on and after October 1, 2000 maintain at least three days on-site alternate fuel storage. All other interruptible customers must maintain reserve levels acceptable to the Company.

Also, any interruptible customer that fails to meet the above-stated reserve requirement shall be subject to a penalty equal to the greater of a) 110% of the cost of its alternate fuel, as established with reference to appropriate fuel price indices or b) 110% of the rates charged by the Company for interruptible sales service, minus the rates paid by the customer for interruptible service. This charge shall be billed retroactively to November 1 and until such time that the customer is in compliance with the tariff.

The above-stated tariff provisions do not relieve an interruptible customer from the requirement that the customer have alternate fuel or alternate energy supply that is adequate to enable the customer to operate those facilities without gas whenever and as long as service is interrupted. For example, a customer that has a full inventory of fuel oil at the beginning of an interruption is not entitled to, and therefore should not expect to receive, gas service when the inventory is depleted while the interruption of gas service is continuing.

At any time, a customer may apply as a new customer for firm sales or transportation service. Service will be supplied to such applicant to the extent sufficient firm supply and capacity in Company owned facilities is available. In line with the Company's efforts to keep new supply contracts to a minimum, the Company prefers that such customers subscribe to firm

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<sup>3</sup> Human needs customers are those who receive service for their own or another's residential uses and purposes whether involving temporary or permanent occupancy, which includes residential hotels, single room occupancies, prisons, dormitories, living facilities of clergy and acute care or nursing home providers housing patients or residents on an overnight basis including, nursing homes, hospitals, community residences, and shelters.

Honorable Janet H. Deixler  
September 5, 2000  
Page 4

transportation service.

The requirement of Section 66(12)(b) of the Public Service Law as to newspaper publication of the proposed tariff revisions is waived per the August 24th Order.

Questions regarding this filing can be directed to me at (212) 460-3308.

Sincerely,

William A. Atzl, Jr.  
Manager - Electric and  
Gas Rate Design

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