

September 2, 2003

VIA FEDERAL EXPRESS

Jaclyn A. Brillling, Acting Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: **Case 99-M-0631**, In the Matter of Customer Billing Arrangements
Case 03-M-0117, In the Matter of Implementation of Chapter 686 of the Laws of
2002

Dear Secretary Brillling:

The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York ("KeySpan") hereby submits the following tariff sheets, to be effective on a temporary basis, that reflect revisions necessary to comply with the Commission's Order of June 20, 2003 in the above-captioned proceedings:

Second Revised Leaf No. 43
Third Revised Leaf No. 51
Fourth Revised Leaf No. 53
Second Revised Leaf No. 55
Original Leaf No. 55.1
Original Leaf No. 55.2
Second Revised Leaf No. 56
To Schedule for Gas Service, P.S.C. No. 12 - GAS

KeySpan expects that additional tariff revisions will be necessary before the Commission approves the instant tariff leaves on a permanent basis, given that the Commission has not yet issued its order on rehearing in these proceedings and continues to develop its implementation regulations. For example, the tariff leaves that incorporate the Uniform Business Practices will need to be revised to reflect any changes therein. Another example is the omission of any mention in the temporary tariff leaves about the suspension and posting process relative to two-family and multiple-dwelling residences, issues KeySpan anticipates will be addressed in the rulemaking process as the Commission promulgates and revises its regulations at 16 NYCRR Part 11. Moreover, KeySpan does not set forth the procedures for suspension and restoration of service, as these procedures are yet to be defined in the Commission's regulations.

KeySpan encloses the supporting work papers for the charges set forth in the tariff sheets for ESCO-initiated suspensions, restoration of service following such suspensions, and calculation of the bundled bill. As directed by the Commission's June 20, 2003 Order, the charges for calculation of the bundled bill are based on average, incremental

costs, and the charges for ESCO-initiated suspensions and restoration of service are average, embedded costs derived from the cost data submitted by KeySpan in the Unbundling Track of the Competitive Markets Proceeding in Case 00-M-0504. (Order at 22, 24). One assumption KeySpan made is that the cost of suspension should include the average, embedded cost of affording customers HEFPA protections, including dormant reviews, 72-hour notices, and 24-hour and 10-day reviews.

The Order also required that each distribution utility provide with their tariff filings an explanation of how the establishment of tariff rates for suspension and restoration of service would affect the utility's proposal in the Competitive Markets Proceeding. The costs included in the calculation of the tariff rates relate to field and back office work associated with disconnection and restoration of utility service, together with allocated overheads. The cost of service studies for the KeySpan Companies in the Competitive Markets Proceeding assigned these costs to the Delivery Function, as they were costs embedded in that function, and did not relate to the competitive or potentially competitive functions as those functions were defined. Essentially, the development of the tariff charges for suspension and restoration of service for this proceeding constituted a limited, further unbundling of the Delivery Function costs submitted by KeySpan in the Competitive Markets Proceeding. Other than earmarking the costs associated with suspension and service restoration from the other costs embedded in the Delivery Function, there is no effect on KeySpan's proposals in the Competitive Markets Proceeding.

KeySpan has prepared these tariff sheets and charges based on the information available at this time. At such time as the Commission issues its Order on Rehearing and promulgates its implementation regulations, KeySpan anticipates that it will be permitted to conform its tariffs and charges to the Commission's ultimate resolution of the open issues.

Thank you for your attention to this matter. Please feel free to call me with any questions.

Very truly yours,

Catherine L. Nesser