

March 3, 2005

Ms. Jaclyn Brillling
Secretary, NYS Public Service Commission
3 Empire State Plaza
Albany, NY 12223-1350

RE: Case 05-M-0090 – In the Matter of the System Benefits Charge III

Dear Secretary Brillling:

NYSEARCHINGA Collective Comments on Case 05-M-0090 Re: Gas SBC (Q #13)

NYSEARCH/NGA chooses at this time to comment on only one aspect of Case 05-M-0090; that is in response to Question #13: "Should the scope of the SBC program be expanded to include programs for natural gas customers?" To this question, for the following reasons, our answer is "No".

Unlike electric service, which is required by all customers, gas service is optional; i.e., customers have a choice of substituting an alternate fuel such as oil or propane for heating needs and other uses. Therefore, any additional cost for "public policy initiatives" would harm the competitiveness of natural gas as a fuel choice. Furthermore, the electric SBC is paid by all residents of the state. Energy policy initiatives for state residents, thus, should be funded through the electric SBC.

a) What kinds of programs would benefit New York's gas consumers?

Programs that are already managed under the electric SBC such as distributed generation and combined heat and power would benefit New York's gas consumers. Also, gas efficiency programs that are already being funded by LDCs based on their rate agreements and through the electric SBC would benefit gas consumers.

b) What classes of customers would be served most effectively by a natural gas SBC program?

Programs that assist customers in using gas efficiently would best serve larger residential (i.e., homes that use gas for space heating and other end uses such as cooking, clothes drying, water heating, gas fireplaces, etc.) and commercial gas customers. Minimum usage or "cooking only" customers would not benefit.

- c) How should a natural gas **SBC** program be funded and what annual level of funding might be considered reasonable? How might a natural gas **SBC** affect current electric **SBC** funding levels?

We do not support any level of gas SBC funding unless the funding source remains the electric SBC program at its current funding level.

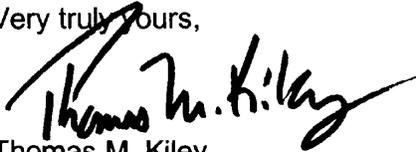
- d) What should be the initial duration of a natural gas **SBC** and should that term coincide with the extension of an electric **SBC**, if the electric **SBC** is extended?

The terms of existing rate agreements should govern any terms for gas efficiency programs, with the exception of the electric SBC which has its own funding term.

- e) How might a natural gas **SBC** be administered and evaluated and how should it differ from the administration of the electric **SBC**?

We do not support a gas SBC on the grounds that additional costs would affect the competitiveness of gas in a market that includes alternative fuels.

Very truly yours,



Thomas M. Kiley
President & CEO

TMK/mlg

Enclosures