

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on July 17, 1996

COMMISSIONERS PRESENT:

John F. O'Mara, Chairman
Eugene W. Zeltmann
William D. Cotter
Thomas J. Dunleavy

CASE 96-E-0132 - Proceeding on Motion of the Commission as to the Rates,
Charges, Rules and Regulations of Long Island Lighting
Company for Electric Service to Determine if
Opportunities Exist to Reduce Electric Prices.

ORDER DIRECTING TEMPORARY RATE PHASE

(Issued and Effective July 18, 1996)

BY THE COMMISSION:

INTRODUCTION

This order initiates an expedited temporary electric rate phase of this proceeding to be conducted in parallel with the ongoing phase concerning permanent electric rates. It requires the presiding Administrative Law Judge to manage this phase consistent with a schedule established herein. The schedule imposed is necessary so that we will be in a position to decide, at our September 11, 1996 session, whether to set temporary LILCO electric rates and, if so, the proper level for such rates.

BACKGROUND

In two previous orders in this case we noted the adverse effects on consumers and the Long Island economy of the high rates charged by Long Island Lighting Company (LILCO or the company) for electric service. Indeed, LILCO's rates remain among the highest in the nation. Most recently, in an order issued April 25, 1996, we directed the company to file within 60 days, or by June 24, 1996, information that would provide a legal basis for setting new permanent rates on a long-term basis through 1999.

Subsequently, by petition and affidavits dated May 24, 1996, LILCO sought rehearing, asserting it could not complete the mandated filing until

September 27, 1996 and that the 60 days allowed is "unprecedented, inconsistent with Commission policy, arbitrary, and unreasonably unfair in denying it procedural and substantive due process." Accordingly, it requested an extension of time, to September 27, 1996, to comply with the April 25, 1996 order. Department of Public Service staff (staff) and the Department of Law (DOL) responded in opposition to LILCO's petition. LILCO subsequently answered staff's response and requested that its extra pleading be accepted.

LILCO's petition and the responses to it followed a May 20, 1996 letter from the Chairman to LILCO's Chairman indicating a willingness to discuss possible waivers of certain filing requirements and restating our expectation that the company would submit a substantially complete filing by the June 24, 1996 due date.

Subsequently, on June 24, 1996, LILCO submitted prefiled testimony and exhibits on nine portions of its permanent rate case filing and committed to file similar supportive information on its integrated electric resource plan in late July, and another 11 portions of its filing by September 27, 1996.

DISCUSSION

We remain concerned about the level of LILCO's electric rates. Setting permanent rates for LILCO under Public Service Law (PSL) 66(5) will take considerable time under the best of circumstances. Together, the company's petition for reconsideration and its incomplete June 24, 1996 filing show that LILCO cannot or will not timely submit information sufficient for us to set permanent electric rates on a reasonably prompt basis.

The public's paramount interest in just and reasonable electric rates cannot be frustrated by the company's inability or unwillingness to comply fully with our April 25 order. We will therefore consider, under PSL 72 and 114, whether LILCO's existing electric rates should be made temporary, or whether LILCO's electric rates should be set at a different level on a temporary basis.

Interested parties, including the company, will be permitted to submit, for receipt by not later than August 2, 1996, prefiled testimony and exhibits concerning whether LILCO's electric rates should be made temporary and, if so, the proper level of such temporary rates. The presiding Administrative Law Judge will schedule evidentiary hearings for the week of August 5, 1996 and allow for briefs by interested parties the week of August 12, 1996. The Judge will have discretion to set specific dates within these weeks, limited, however, by our requirement that he report directly to

us so that we will be in a position to decide, at our public session scheduled for September 11, 1996, whether to set temporary LILCO electric rates and, if so, the proper level for such temporary rates.

The Commission orders:

1. The temporary rate phase of this proceeding is initiated as described above.

2. By not later than August 2, 1996, interested parties may prefile testimony and exhibits sufficient to provide a basis for us to decide whether LILCO's electric rates should be made temporary and, if so, the proper level of such temporary electric rates.

3. Each party submitting a temporary rate filing in accordance with the preceding paragraph shall serve 15 copies on the Secretary and a copy on each active party listed on the attachment.

4. This proceeding is continued.
By the Commission,

(SIGNED)

JOHN C. CRARY
Secretary

ATTACHMENT

ACTIVE PARTY LIST
(as of April 19, 1996)

CASE 96-E-0132 - LILCO

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