

This space for use by IRRC

Regulatory Analysis Form

(1) Agency

Pennsylvania Public Utility Commission

RECEIVED

1999 SEP 20 PM 2: 50

Bush

(2) I.D. Number (Governor's Office Use)

M-00991249F0007/L-00990143/57-207

INDEPENDENT REGULATORY
REVIEW COMMISSION

IRRC Number: 2067

(3) Short Title

Proposed Rulemaking Order regarding requirements for natural gas distribution companies pursuant to Section 1307(f) of Title 66 regarding recovery of natural gas costs and the Fixed Rate Option.

(4) PA Code Cite

52 Pa. Code Section 53.69

(5) Agency Contacts & Telephone Numbers

Primary Contact: Lawrence F. Barth 772-8579

Secondary Contact: Thomas P. Maher 787-5704

(6) Type of Rulemaking (check one)

- Proposed Rulemaking
- Final Order Adopting Regulation
- Final Order, Proposed Rulemaking Omitted

(7) Is a 120-Day Emergency Certification Attached?

- No
- Yes: By the Attorney General
- Yes: By the Governor

(8) Briefly explain the regulation in clear and nontechnical language.

On July 1, 1999, the Natural Gas Choice and Competition Act became effective. The Act, requires the Commission to promulgate rules or regulations governing within 60 days. This section of the Act provides that if a natural gas distribution company elects to reconcile its gas costs more frequently than quarterly, it must offer a Fixed Rate Option to customers. The purpose of this regulation is to implement rules which standardize procedures natural gas distribution companies must take to comply with the Act in providing a fixed rate option.

(9) State the statutory authority for the regulation and any relevant state or federal court decisions.

66 Pa. C.S. 1307(f)(1)(II)

Regulatory Analysis Form

(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

See response to No. 8 and 9 above.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

This proposed rulemaking is submitted to comply with Section 1307(f)(1)(II) of the Natural Gas Choice and Competition Act which became effective on July 1, 1999.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

None

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

All natural gas customers receiving service at retail could effectively benefit from this proposed rulemaking.

Regulatory Analysis Form

(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

None

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

Compliance with this regulation will be required of each local distribution company with annual revenues in excess of \$6 million, which files a tariff to establish a mechanism which adjusts its rates for natural gas sales on a regular, but no more frequently than monthly, basis.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

None

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

The local distribution companies may avoid the payment of interest on overcollections of gas revenues to its retail customers by using a monthly reconciliation of gas sales.

Regulatory Analysis Form

(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

None

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

None

Regulatory Analysis Form

(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
SAVINGS:	\$	\$	\$	\$	\$	\$
Regulated Community						
Local Government						
State Government						
Total Savings						
COSTS:						
Regulated Community						
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:						
Regulated Community						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

N/A

Regulatory Analysis Form

(20b) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY
N/A				

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

N/A

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

N/A

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

N/A

Regulatory Analysis Form

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

No

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

No. This proposed regulation should be advantageous to Pennsylvania local distribution companies.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

No, proposed Section 53.69 is currently vacant.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

No

Regulatory Analysis Form

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

Yes. Local distribution companies will be required to maintain separate reconciliation data, calculations and rates on a monthly basis for the Fixed Rate Option class of retail sales.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

None

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

The regulation will become effective upon publication in the Pennsylvania Bulletin following review by the standing committees and the Independent Regulatory Review Commission.

(31) Provide the schedule for continual review of the regulation.

The regulation will be reviewed on an ongoing basis.

**FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU**

(Pursuant to Commonwealth Documents Law)

#2067

RECEIVED

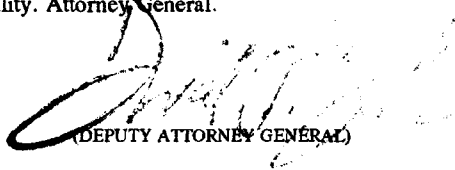
1999 SEP 20 PM 2:50

**INDEPENDENT REGULATORY
REVIEW COMMISSION**

DO NOT WRITE IN THIS SPACE

Copy below is hereby approved as to form and legality. Attorney General.

BY



(DEPUTY ATTORNEY GENERAL)

SEP 08 1999.

DATE OF APPROVAL

Check if applicable
Copy not approved. Objections attached

Copy below is hereby certified to be true and correct copy of a document issued, prescribed or promulgated by:

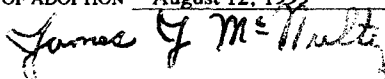
Pennsylvania Public Utility Commission
(AGENCY)

M-00991249F0007;

DOCUMENT/FISCAL NOTE NO. L-00990143/57-207

DATE OF ADOPTION August 12, 1999

BY



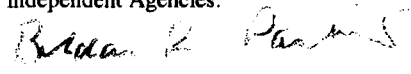
James J. McNulty

TITLE

(SECRETARY)

Copy below is hereby approved as to form and legality. Executive or independent Agencies.

BY



Bohdan R. Pankiw
Chief Counsel

8-12-99

DATE OF APPROVAL

Check if applicable. No Attorney General approval or objection within 30 days after submission.

M-00991249F0007/L-00990143/57-207
Proposed Rulemaking
Requirements for Natural Gas Distribution
Companies pursuant to Section 1307(f) of
Title 66 regarding Recovery of Natural Gas Costs
and the Fixed Rate Option
52 Pa. Code, Chapter 53

The Pennsylvania Public Utility Commission on August 12, 1999 adopted a proposed rulemaking implementing changes in requirements mandated in the Natural Gas Choice and Competition Act for natural gas distribution companies regarding recovery of natural gas costs. The contact persons are Thomas P. Maher, Fixed Utility Services, (717) 787-5704, and Lawrence F. Barth, Law Bureau, (717) 772-8579.

EXECUTIVE SUMMARY

M-00991249F0007/L-00990143/57-207

Proposed Rulemaking

**Re: Requirements for natural gas distribution
companies pursuant to Section 1307(f) of Title 66
regarding recovery of natural gas costs and the
Fixed Rate Option
52 Pa. Code, Chapter 53**

On June 22, 1999, Governor Thomas J. Ridge signed into law the Natural Gas Choice and Competition Act (Act). 66 Pa. C.S. §§ 2201-2211. Pursuant to Section 1307(f)(1)(II) of the Act, a natural gas distribution company may file a tariff to establish a mechanism by which its rates for natural gas sales may be adjusted on a regular basis but no more frequently than monthly. This monthly adjustment is to reflect actual or projected changes in natural gas costs currently reflected in rates. In the event that the natural gas distribution company adjusts rates more frequently than quarterly, it shall also offer retail gas customers a fixed rate option which recovers natural gas costs over a 12-month period.

The proposed regulation establishes parameters for the following: 1) the reconciliation mechanism and period; 2) the contract period and customer sign-up procedures, and 3) applicability to 52 Pa. Code Chapter 56 regarding the Commission's standards and billing practices for residential utility service.

Through this proposed regulation, the Commission is seeking comments and reply comments from interested parties.

The contact persons are Lawrence F. Barth, Law Bureau (717) 772-8579, and Thomas P. Maher, Fixed Utility Services (717) 787-5704.

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA. 17105-3265**

Public Meeting held August 12, 1999

Commissioners Present:

John M. Quain, Chairman
Robert K. Bloom, Vice Chairman
David W. Rolka
Nora Mead Brownell
Aaron Wilson, Jr.

Re: Requirements for Natural Gas Distribution
Companies pursuant to Section 1307(f) of
Title 66 regarding Recovery of Natural Gas
Costs

Docket Number:
M-00991249F0007
L-00990143

PROPOSED RULEMAKING ORDER

BY THE COMMISSION:

I. Introduction

On June 22, 1999, Governor Thomas J. Ridge signed into law the Natural Gas Choice and Competition Act (Act). 66 Pa. C.S. §§ 2201-2211. Pursuant to the Act, retail customers will have the ability to choose their natural gas supplier.

Previously, most consumers bought natural gas supply requirements as a bundled product from their jurisdictional public utility. The cost of this natural gas supply typically included the cost of transporting the gas through the interstate pipeline system, storing the gas if necessary, delivering the gas and the cost of the gas itself. As each natural gas distribution company's service is

restructured, all customers will have the ability to purchase gas from sources independent of their local distribution company.

With regard to service for customers who continue to purchase gas from their natural gas distribution company, the Act provides that each such company may file a tariff which would permit it to adjust its rates on a regular basis as frequently as once a month. 66 Pa. C.S. § Section 1307(f)(1)(II). Prior to the Act, utilities were limited to making these adjustments no more frequently than once every quarter. Regardless of how frequently a utility chooses to adjust its rate, recovery of its costs is subject to annual reconciliation. Id.

Should a natural gas distribution company choose to adjust its rates more frequently than quarterly, it must offer its retail customers a fixed rate option which recovers natural gas costs over a 12-month period which is subject to annual reconciliation. Id.

The Act directs us to promulgate rules or regulations governing the adjustments discussed above as well as the fixed rate option. In that regard, we are today setting forth for comment the proposed regulations which shall apply to each natural gas distribution company offering a fixed rate option.

II. Discussion

A. General Information

We must note at the outset that the fixed rate option is not a novel concept in itself. The New York Public Service Commission (NY PSC) has been

experimenting with just such an option and now has adopted it on a permanent basis. In the Matter of the Commission's Request for Gas Distribution Companies to Reduce Gas Cost Volatility and Provide for Alternative Gas Purchasing Mechanisms, Case 97-G-0600, Order (Issued August 31, 1998). The NY PSC directed utilities to offer customers a fixed price option after steep increases in the price of natural gas experienced during the winter of 1996-97. In the Matter of the Commission's Request for Gas Distribution Companies to Reduce Gas Cost Volatility and Provide for Alternative Gas Purchasing Mechanisms, Case 97-G-0600, Order (Issued June 5, 1997).

We will...require each LDC [local natural gas distribution company] to submit proposals for a fixed price option.... Our preference is for proposals that would fix all elements of cost (including commodity, capacity, and LDC margin). We anticipate that this would be coupled with an outreach and education program to be conducted by LDCs to inform the public of this new option.

Id. at 2. The NY PSC also directed its natural gas utilities to review their gas procurement practices and to consider using purchase options such as indices, cash market and financial transactions in an attempt to foster price stability. Id.

With respect to the fixed price options, the NY PSC let the customer decide whether the fixed price would be in effect for the heating season or longer, but in no event would the price remained fixed for more than one year. In the Matter of the Commission's Request for Gas Distribution Companies to Reduce Gas Cost Volatility and Provide for Alternative Gas Purchasing Mechanisms, Case 97-G-0600, Order Resolving Petitions for Rehearing and Requiring the Filing of

Fixed Price Option Tariffs (Issued October 7, 1997) at 4. Consistent with this, the NY PSC limited contracts to no more than one year. Id. at 5.

Moreover, the NY PSC noted that the plans submitted by the natural gas utilities differed as to what was to be fixed:

some would fix only the commodity cost of the gas while other plans would fix that element as well as additional costs, such as pipeline demand and transportation costs.

Id. at 6. The NY PSC decided that each gas utility must, at a minimum fix the commodity cost of gas. Other elements of cost could also be fixed with subsequent reconciliation to account for variations in weather, pipeline rates and similar fluctuations.

The New York experience may be instructive to us, however, it need not dictate how we will require natural gas distribution companies to provide a fixed rate option. As neighboring states with a mix of urban, suburban and rural regions New York and Pennsylvania have much in common. However, we must note that the NY PSC acted on its own initiative implementing fixed price plans in response to a specific problem -- upward price spikes during the winter of 1996-97. On the other hand, the General Assembly has changed pre-existing Pennsylvania law to permit utilities to adjust supply costs on a more frequently than quarterly basis and to require companies making such adjustments to offer a fixed rate option to their customers. This is part of a pervasive change to the regulation of natural gas distribution companies in the Commonwealth.

Based, in part, on the New York experience, we seek comments on the following proposed regulations for natural gas distribution companies which wish to adjust their rates more frequently than quarterly and, therefore, are required to offer a fixed rate option to their customers.

B. Reconciliation Mechanism

There are several reconciliation methodologies which may be considered regarding sales made under the fixed rate option. These could include the following:

1) inclusion of these sales, on an annual twelve month basis, within the current section 1307(f), 66 Pa. C.S. §1307(f), reconciliation process with no separate recognition given to the fixed rate option sales, revenues or costs;

2) a separate reconciliation on an annual twelve month basis, of the fixed rate option sales, revenues and costs which is clearly severed from the section 1307(f) reconciliation, and is performed in the same fashion and using the same mechanism as the section 1307(f) reconciliation;

3) a separate reconciliation on a heating season basis, of the fixed rate option sales, revenues and costs which is clearly severed from the section 1307(f) reconciliation, and is performed in the same fashion and using the same mechanism as the section 1307(f) reconciliation. The non-heating season sales would then be adjusted on a monthly basis;

4) no reconciliation of the fixed rate option sales, gas revenues and gas costs, which have been severed from the section 1307(f) reconciliation mechanism. This would mean that there would be no recovery by the natural gas distribution company of net undercollections and no refund to customers of overcollections.

We are seeking specific comments on two reconciliation methodologies. A separate fixed rate option reconciliation calculation, consistent with the Company's current section 1307(f) reconciliation mechanism could be employed for sales revenues and gas costs, pursuant to the fixed rate option. This reconciliation would clearly sever all sales, revenues and gas costs from the section 1307(f) reconciliation, and thus would prevent any cross subsidization between section 1307(f) customers and fixed rate option customers.

Alternatively, no reconciliation of the fixed rate option sales, revenues and gas costs would be required. The fixed rate option sales and costs would not be reflected in the section 1307(f) reconciliation charges. This method would be consistent with a competitive market place and also with the current practice of competitive Electric Generation Suppliers in the electric industry regarding kilowatt-hour (Kwh) sales, revenues and production costs.

We are interested in receiving comments on whether the fixed rate option should be reconcilable or if it should be severed from the section 1307(f) process.

C. Fixed Rate Option Reconciliation Period

The reconciliation period for a fixed rate option could track one of several time frames. The reconciliation period could conceivably be a calendar year or the company's Section 1307(f) rate effective period. It could also be based upon the company's selected year end.

We are seeking comments on the implementation of the reconciliation period to be utilized and whether companies which must make annual filings under section 1307(f), offering a fixed rate option should mirror their current Section 1307(f) time frame. In addition, we seek comments on whether companies with gross interstate annual operating revenues less than \$40 million and greater than \$6 million may employ their current gas cost rate (GCR) reconciliation period regarding a fixed rate option offering.

D. Fixed Rate Option Contract Period

The Act provides for the recovery of natural gas costs over a 12-month period, subject to annual reconciliation. This recovery provision does not necessarily need to coincide with the contract period of the fixed rate option offering, which may be a calendar year, the company's Section 1307(f) recovery year or some other 12-month term. Additionally, the contract period may be for a 12-month period with the fixed rate option effective only for the heating months, the non-heating months billings would be based upon a rate, adjusted monthly reflecting actual sales, revenues and gas costs.

We are seeking comments on a 12-month contract term which, however need not be a calendar year. We are also seeking comment on whether a 12-month term may provide the distribution companies with a manageable process regarding customer sign-up, gas supply procurement and billing options.

E. Customer Sign-up Period

The process of when and how customers may elect to sign up for participation in a fixed rate option offering needs to be established. We propose that customers eligible for the fixed rate option should be provided a three month window which ends on the first day of the contract period. This may be accomplished by each company providing notice to eligible customers along with each of the three billings preceding the commencement of the contract year. Each customer who is eligible for the fixed rate option program should be provided a clear and understandable method to request participation in the program. This application should include the following information at a minimum: 1) customer name; 2) account number; 3) address; 4) billing address if different; 5) a clear description of the fixed rate option program including what components of the bill will be fixed; 6) the price per unit and, 7) any other information deemed relevant to provide a clear understanding of the fixed rate option program offering.

F. Applicability of 52 Pa. Code Chapter 56

Chapter 56 contains the Commission's Standards and Billing Practices for Residential Utility Service. It should be noted that all provisions of Chapter 56 will be applicable to customers receiving service under any fixed rate

option program. Budget bill options required by 52 Pa. code §56.12(7) will continue to be available to residential consumers.

Accordingly, pursuant to Sections 501, 1301, 1307, and 1501 of the Public Utility Code, 66 Pa. C.S. §§501, 1301, 1307 and 1501, and the Commonwealth Documents Law, 45 P.S. §§1201, et seq., and the regulations promulgated thereunder at 1 Pa. Code §§7.1-7.4, we propose to amend our regulations by adding Section 53.69, as noted above and as set forth in Annex A; **THEREFORE,**

IT IS ORDERED:

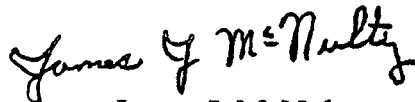
1. That the Secretary shall submit this order and Annex A to the Office of the Attorney General for preliminary review as to form and legality.
2. That the Secretary shall submit a copy of this order, together with Annex A, to Governor's Budget Office for review of fiscal impact.
3. That the Secretary shall submit this order and Annex A for review and comments by the designated standing committees of the General Assembly, and for review and comments by the Independent Regulatory Review Commission.
4. The Secretary shall duly certify this order and Annex A and deposit them with the Legislative Reference Bureau for Publication in the Pennsylvania Bulletin.

5. That within thirty (30) days of the date of publication of this order in the Pennsylvania Bulletin, an original and 15 copies of any comments concerning this order shall be submitted to the Office of the Secretary, Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, PA 17105-3265. One copy of a diskette containing comments in electronic format should also be submitted. One copy of each comment should also be submitted to the contact persons below.

6. The contact persons for this matter are Thomas P. Maher, Fixed Utility Services, (717) 787-5704, maher@puc.state.pa.us, and Lawrence F. Barth, Assistant Counsel, Law Bureau, (717) 772-8579, barth@puc.state.pa.us. Alternate formats of this document are available to persons with disabilities and may be obtained by contacting Sherri DelBiondo, Regulatory Coordinator, Law Bureau (717) 772-4579.

7. That a copy of this order and Annex A shall be sent to each natural gas distribution company subject to the Commission's jurisdiction, each natural gas supplier licensed to conduct business within the Commonwealth, the Office of Consumer Advocate, the Office of Small Business Advocate and the Commission's Office of Trial Staff.

BY THE COMMISSION,

A handwritten signature in black ink that reads "James J. McNulty". The signature is written in a cursive style with a large, stylized "J" and "M".

James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: August 12, 1999

ORDER ENTERED: **AUG 13 1999**

ANNEX A

**TITLE 52. PUBLIC UTILITIES
PART I. PUBLIC UTILITY COMMISSION
Subpart C. FIXED SERVICE UTILITIES
CHAPTER 53. TARIFFS FOR NONCOMMON CARRIERS
RECOVERY OF FUEL COSTS BY GAS UTILITIES**

53.69 Fixed Rate Option

(a) Components of the fixed rate option shall include all gas costs as defined in 66 Pa. C.S.A. 1307(g). The natural gas distribution company may offer a fixed rate option to collect these costs for either the heating season or for another time period which exceeds the heating season in duration, but in no event exceeds 12 months.

(b) Natural gas distribution companies adjusting rates for natural gas sales on a regular, less than quarterly but no more frequent than monthly, basis shall submit a separate reconciliation calculation of the fixed rate option service, consistent with the company's response to section 53.64(i) of the Commission's regulations. Such reconciliation shall present the fixed rate option sales, revenues and costs, separated from the reconciliation of other retail sales. The reconciliation period of fixed rate option sales shall be the same period used to reconcile the company's other retail sales as presented in compliance with Section 1307(f)(3).

(c) Eligible customers may sign up for the fixed rate option during the three month period which ends on the first day of the twelve month fixed rate option contract period.

(d) The Commission's rules and regulations contained in 52 Pa. Code Chapter 56 are applicable to all fixed rate option sales to residential customers.



PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG, PENNSYLVANIA

THE CHAIRMAN

September 20, 1999

The Honorable John R. McGinley, Jr.
Chairman
Independent Regulatory Review Commission
14th Floor, Harristown II
333 Market Street
Harrisburg, PA 17101

Re: M-991249F0007; L-990143/57-207
Proposed Rulemaking
Requirements for Natural Gas
Distribution Companies pursuant to
Section 1307(f) of Title 66 regarding
Recovery of Natural Gas Costs and
the Fixed Rate Option
52 Pa. Code, Chapter 53

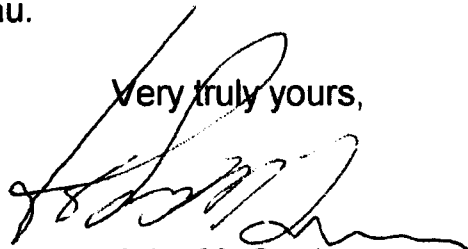
Dear Chairman McGinley:

Enclosed please find one (1) copy of the proposed rulemaking and the Regulatory Analysis Form prepared in compliance with Executive Order 1996-1, "Regulatory Review and Promulgation." Pursuant to Section 5(a) of the Regulatory Review Act of June 30, 1989 (P.L. 73, No. 19) (71 P.S. §§745.1-745.15) the Commission is submitting today a copy of the proposed rulemaking and Regulatory Analysis Form to the Chairman of the House Committee on Consumer Affairs and to the Chairman of the Senate Committee on Consumer Protection and Professional Licensure.

The purpose of this proposal is to implement changes in requirements mandated in the Natural Gas Choice and Competition Act for natural gas distribution companies regarding recovery of natural gas costs. The contact persons are Thomas P. Maher, Fixed Utility Services, telephone (717) 787-5704 and Lawrence F. Barth, Law Bureau, telephone (717) 772-8579.

The proposal has been deposited for publication with the Legislative Reference Bureau.

Very truly yours,

A handwritten signature in black ink, appearing to read "John M. Quain", written over a horizontal line.

John M. Quain
Chairman

Enclosures

cc: The Honorable Clarence D. Bell
The Honorable Lisa Boscola
The Honorable Chris R. Wogan
The Honorable Keith McCall
Legislative Affairs Director McDonald
Chief Counsel Pankiw
Assistant Counsel Barth
Regulatory Coordinator DelBiondo
Mr. Maher
Mr. Zogby



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

RECEIVED

September 22, 1999

1999 SEP 28 AM 9:00

INDEPENDENT REGULATORY
REVIEW COMMISSION

M-00991249F0007/

L-00990143

ALL PARTIES OF RECORD

IN RE: Requirements for Natural Gas Distribution Companies pursuant to
Section 1307(f) of Title 66 regarding Recovery of Natural Gas Costs

To Whom It May Concern:

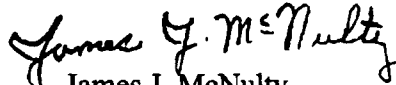
This is with reference to the Commission's Proposed Rulemaking Order adopted at
Public Meeting of August 12, 1999, in the above captioned case.

Enclosed is corrected page 10 of the Commission's Order. Please note the only change is
the omission of the sentence "Reply comments may be submitted 10 days after publication." ---
contained in the first paragraph, fifth line.

Kindly replace the original page 10 of the referenced Order with the enclosed corrected
page.

Your attention to this matter is very much appreciated, and we apologize for any
inconvenience.

Very truly yours,


James J. McNulty
Secretary

Enclosure

cc: Legislative Committees
IRRC

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT
TO THE REGULATORY REVIEW ACT

ID Number: M-00991249F0007;
L-00990143/57-207

Subject: Requirements for Natural Gas Distribution Companies
pursuant to Section 1307(f) of Title 66 regarding
Recovery of Natural Gas Costs and the Fixed Rate
Option

Pennsylvania Public Utility Commission

RECEIVED
1999 SEP 20 PM 2:50
INDEPENDENT REGULATORY
REVIEW COMMISSION

TYPE OF REGULATION

- Proposed Regulation
- Final Regulation with Notice of Proposed Rulemaking
Omitted.
- Final Regulation
- 120-day Emergency Certification of the Attorney
General
- 120-day Emergency Certification of the Governor

FILING OF REPORT

Date	Signature	Designation
9/20/99	<i>Serg Kupko</i>	HOUSE COMMITTEE Consumer Affairs
9-20-99	<i>Tami Tarasi</i>	SENATE COMMITTEE Consumer Protection and Professional Licensure
9/20/99	<i>St. Melnick</i>	Independent Regulatory Review Commission
		Attorney General
		Legislative Reference Bureau