

# EMBARGOED MATERIAL



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## VIA ELECTRONIC MAIL

The Honorable Sylvan B. Lutkewitte, III  
Chairman  
Independent Regulatory Review Commission  
333 Market Street, 14<sup>th</sup> Floor  
Harrisburg, PA 17101

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RE: Natural Gas Distribution Companies and Promotion of Competitive Retail Markets; Pennsylvania Public Utility Commission; Docket No. L-2008-2069114; **Independent Regulatory Review Commission No. 2772, Regulation 57-269; Comments of NGS Parties**

Dear Chairman Lutkewitte:

The purpose of these Comments are to address the Revised Final Rulemaking Order entered by the Pennsylvania Public Utility Commission ("PUC") on June 23, 2011 in the above captioned matter ("Revised Final Rulemaking"). As you know, the PUC issued an earlier iteration of this rulemaking, as a Final Rulemaking Order, on February 23, 2011 ("Final Rulemaking"). Dominion Retail, Inc., Interstate Gas Supply, Inc., and Shipley Energy Company ("NGS Parties") jointly provided comments regarding the Final Rulemaking to the Independent Regulatory Review Commission ("IRRC") on May 18, 2011. The PUC withdrew the proposed Final Rulemaking Order that same day, and subsequently issued revisions and clarifications to the Final Rulemaking Order for comment by a Secretarial Letter dated June 9, 2011. The clarifications and revisions were prompted by the comments of the IRRC and other parties.

In response to the PUC's June 9, 2011 Secretarial Letter, the NGS parties provided comments to the PUC. The gist of the NGS Parties' comments was to support the clarifications that were contained in Annex A to the PUC's Secretarial Letter. The NGS Parties also suggested that the PUC should not consider any new or additional modifications supplied by parties in response to the Secretarial Letter. It appears that the PUC has restricted the Revised Final

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Rulemaking Order to the subject matter that was discussed in its Secretarial Letter and those revisions are acceptable to the NGS Parties.

The Revised Final Rulemaking Order modifies 52 Pa Code Sections 62.221 - 62.225 to make the notion of "Price to Compare" more accurate and clear so that the PTC will be more comparable to prices offered by NGSs. Several definitions were clarified or removed where unnecessary. As a general matter, these changes make the regulations easier to understand and make the intent more clear.

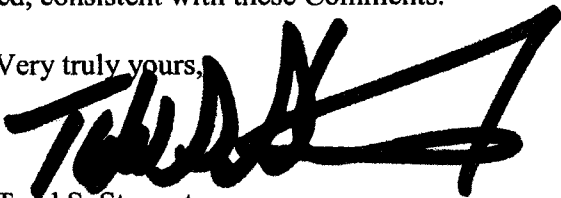
The Revised Final Rulemaking Order also modified the rules for purchase of receivables programs ("POR") found in § 62.224. For the most part the changes are intended to ensure clarity and do not change the intent of the originally proposed requirements.

The PUC also revised the provisions related to capacity release to ensure that any release of capacity is a nondiscriminatory both as to availability and price of the capacity. These changes make it more certain that those NGDCs that seek to release capacity assets to NGSs, particularly the lingering non-voluntary releases, are made on a non-discriminatory basis. The revisions as a general matter eliminated several adjustment clauses that were not necessary. The PUC also included a definition of "base rate" in § 62.222 and changed the references throughout the document to make them consistent; corrected the definition of SOLR; and rephrased § 62.223 (b)(1) to clarify what procurement-related costs are to be considered and to ensure that there would be no reconciling of any prior period over-under collections in § 62.223(e).

The regulations proposed in the Revised Final Rulemaking Order are substantially less complex than those originally proposed by the PUC and the clarifications eliminate the potential for confusion that can be caused by imprecise references and definitions. Moreover, the Revised Final Rulemaking Order reflects a consistent overall approach with regard to terminology and purpose. In general, the NGSs support the regulations and strongly recommend that the IRRC approve the proposed regulations contained in Annex A of the Revised Final Rulemaking Order as it was submitted by the PUC.

The NGS Parties thank the IRRC for this opportunity to provide input on the Revised Final Rulemaking and request that the IRRC consider these comments as it deliberates. Again, we ask that the Revised Final Rulemaking be approved, consistent with these Comments.

Very truly yours,



Todd S. Stewart

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TSS/alw

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