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INDEPENDENT REGULATORY  
REVIEW COMMISSION



**Independent Oil & Gas Association of Pennsylvania**

December 1, 2009

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**VIA HAND DELIVERY**

James J. McNulty, Secretary  
PA Public Utility Commission  
Keystone Building, 2<sup>nd</sup> Floor  
400 Commonwealth Avenue  
Harrisburg, PA 17105-3265

RE: Proposed Rulemaking: Natural Gas Distribution Company Business Practices;  
52 Pa. Code §§ 62.181 - 62.185; Docket No. L-2009-2069117

Dear Secretary McNulty:

Enclosed are the original and 15 copies of the comments of the Independent Oil and Gas Association of Pennsylvania concerning this rulemaking. Electronic copies are being provided via email to Patricia Krise Burket, Esquire, Annunciata Marino and Cyndi Page.

Very truly yours,

Louis D'Amico,  
Executive Director

Enclosure

115 VIP Drive, Suite 210, Wexford, PA 15090-7906  
Phone (724) 933-7306 Fax (724) 933-7310

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Proposed Rulemaking: Natural Gas : INDEPENDENT REGULATORY  
Distribution Company Business Practices; : Docket No. 2009-2069117  
52 Pa. Code §§ 62.181 – 62.185 :

**COMMENTS OF  
THE INDEPENDENT OIL AND GAS ASSOCIATION OF PENNSYLVANIA**

The Independent Oil and Gas Association of Pennsylvania (“IOGA”) is a non-profit trade association representing Pennsylvania independent oil and natural gas producers and marketers. IOGA’s members include Pennsylvania natural gas producers that produce, transport and market their Pennsylvania Appalachian natural gas production to most Pennsylvania natural gas distribution companies and to Commission-licensed natural gas suppliers (“NGSs”) for use by Pennsylvania retail customers. IOGA’s members also include NGSs that transport and market their own Pennsylvania Appalachian production, as well as the production of other companies, to Pennsylvania retail customers.

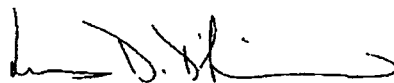
IOGA commends the Commission for recognizing the anticompetitiveness and inefficiencies inherent in gas utility-specific business practices for common gas utility functions. By requiring standardized business practices for common gas utility functions, these regulations will promote and facilitate NGS participation in a competitive retail natural gas market. IOGA supports the proposed regulations.

However, the regulations should be expanded to include business practices related to Pennsylvania produced natural gas for those gas utilities with local production on their systems. NGSs rely upon local production to serve customers on these systems and, in some cases, an NGS may also be a producer of Pennsylvania natural gas. Gas utility business practices concerning timely measurement, accounting and reporting of local production, and timely review

and resolution of new meter tap requests pursuant to known criteria and costs, have significant affects on the volumes of Pennsylvania natural gas available to serve retail customers on these gas utility pipeline systems. Requiring standardized business practices for gas utility functions common to those systems that rely upon local production to serve retail customers will further promote and facilitate NGS participation in the competitive natural gas retail market on those systems.

While IOGA supports the proposed regulations and generally supports the stakeholder group process to try to reach consensus on issues, IOGA is concerned with using the stakeholder process to implement these regulations. The Commission's order stated that the stakeholder process was to run concurrently with the rulemaking and was to provide recommendations for the adoption of standard business practices, to be initiated by Commission-issued draft best business practices. The Commission's May 1, 2009 order anticipated this stakeholder process to be completed no later than August 1, 2009. As none of the anticipated activities have yet occurred, and the public comment period ends in a couple weeks, IOGA questions whether the stakeholder process initially envisioned by the Commission is, at this point in time, the best or even a viable way of implementing the regulations in a timely manner. IOGA suggests that it may be a better use of time and resources for Commission staff to develop and propose a standardized supplier coordination tariff and best business practices for written comments pursuant to a timetable with a definite end date.

In summary, IOGA requests that Section 62.185(c)(3) of the proposed regulations be amended as shown on Appendix A attached hereto.



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Louis D. D'Amico, Executive Director  
Independent Oil and Gas Association of Pennsylvania

## Appendix A

### § 62.185. Supplier coordination tariff, business practices and standards.

(a) *General.* The Commission may adopt best business practices and standards that will facilitate supplier participation in the retail natural gas market and will direct NGDCs and NGSs to comply with the practices and standards. NAESB standards and model agreements that are determined to be cost-effective and which remove market barriers for supplier participation will be considered for adoption.

(b) *Supplier coordination tariff.* The Commission may establish a standard SCT and will direct that a NGDC implement a SCT that conforms to the standard SCT. The standard SCT may be revised in accordance with Commission orders, policies and regulations. The current version of the standard SCT will be made available on the Commission website.

(1) A NGDC shall implement a SCT based on a standard format SCT that is consistent with its customer choice system operations plan.

(2) The NGDC shall file a SCT in accordance with Commission orders, policies and regulations. When the NGDC has an existing SCT, the NGDC shall file a tariff supplement.

(3) The NGDC's current supplier tariff or supplement shall remain in effect until the Commission approves a SCT or tariff supplement filed in compliance with this section.

(c) *Business practices and standards.* The Commission may establish best business practices and standards as necessary to implement the Act, and may direct their implementation by NGDCs and NGSs.

(1) A NGDC's implementation of business practices and standards shall be consistent with its customer choice system operations plan.

(2) A NGDC's business practices and the process by which they are adopted may not undermine existing negotiated settlements with NGSs, may not compromise the safety, efficiency, security and reliability of system operations, and may not be discriminatory.

(3) A NGDC shall implement the following standards:

(i) *Imbalance trading.* A NGDC shall facilitate NGS imbalance trading. A NGS's customers' natural gas usage shall be balanced against NGS deliveries on the same monthly schedule. For computational purposes relating to balancing, a NGDC shall eliminate

separate pooling for a NGS's interruptible customers so they are deemed to be in the same operating pool.

(ii) *Tolerance bands.* A tolerance band shall provide for a deviation in the volume of gas delivered of no less than 10 % of the volume nominated by the NGS, thus establishing a tolerance band that spans 90% to 110 % of the volume of gas nominated.

(iii) *Cash out and penalties.* A NGDC shall cash out imbalances that fall within the 10 % tolerance band at 100% of the gas daily average at the applicable index for the pool level. Outside the 10% tolerance band, a multiplier of 110% for under-deliveries and 90% for over deliveries shall apply, except during periods of gas shortage requiring the issuance of an OFO to protect the safe and reliable operation of the NGDC system.

(iv) *Nominations.* A NGDC shall support all four NAESB nominations cycles and shall support the timely cycle and at least one intraday cycle.

(v) *Capacity.* A NGDC shall provide full access to pipeline and storage capacity and will support daily nominations and delivery requirements that reflect current pool consumption conditions.

(vi) *Pennsylvania produced natural gas.* A NGDC that relies upon Pennsylvania produced natural gas to serve retail customers shall provide: measurement, accounting and reporting of local production to producers within 30 days after the close of the measurement period, the actual beginning and ending dates of which shall be stated; resolution of new meter tap requests within 60 days in accordance with known and objective criteria, including related costs; and installation of new meters within 30 days after new meter tap approval, in accordance with known and objective criteria.

(d) *Communication standards and formats.* The Commission may establish electronic data communication standards and formats and may direct their implementation by NGDCs and NGSs. Standards and formats may be implemented for nominations and delivery requirements and customer enrollment, usage and billing and payments.

(1) A NGDC shall be responsible for NGS testing and certification in regard to approved electronic data communication standards and formats.

(2) The Commission may, subject to notice and an opportunity to be heard, direct a NGDC to install and upgrade a billing system, electronic bulletin board, software and other

communication or data transmission equipment and facilities to implement established electronic data communications standards and formats.

(3) Communication standards and formats shall be revised in accordance with Commission orders, policies and regulations.