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November 19, 2012

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, Filing Room
Harrisburg, PA 17120

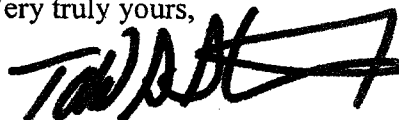
RE: Re: Establishing a Uniform Definition and Metrics for Unaccounted for Gas, Docket No. L-2012-2294746; **COMMENTS OF DOMINION RETAIL, INC.**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission is the original Comments of Dominion Retail, Inc. in the above-captioned docket.

Thank you for your attention to this matter. If you have any questions relating to this filing, please do not hesitate to contact my office.

Very truly yours,



Todd S. Stewart
Counsel for Dominion Retail, Inc.

TSS/jld
Enclosure

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Re: Establishing a Uniform Definition and :
Metrics for Unaccounted for Gas :

Docket No.: L-2012-2294746

COMMENTS OF DOMINION RETAIL, INC.

On June 7, 2012, the Pennsylvania Public Utility Commission ("Commission") adopted a Proposed Rulemaking Order which would establish a uniform definition for Unaccounted for Gas ("UFG") and metrics for Natural Gas Distribution Companies ("NGDC"). These changes will hold NGDCs accountable for UFG and their performance in minimizing UFG. The Rulemaking Order was published in the Pennsylvania Bulletin on October 20, 2012, 42 Pa. Bull. 6637. According to the Order, comments are required to be filed within thirty (30) days and Reply Comments within forty-five (45) days of publication.

Dominion Retail, Inc. d/b/a Dominion Energy Solutions ("DES") as a licensed Natural Gas Supplier ("NGS") across the Commonwealth of Pennsylvania and, as such, has a substantial interest in the outcome of this proceeding. As an NGS, DES is required to deliver gas in excess of what its customers consume, in consideration of each NGDC's particular UFG percentage. This extra increment of gas is what is known as a retainage factor and is expressed as a percentage. (customer consumption x retainage factor = delivery requirement). The higher the amount of UFG, the higher the retainage factor, which in turn requires suppliers to spend additional money to supply gas to a particular NGDC service territory simply because that NGDC loses more gas -- for whatever reason.

A significant portion of the \$25.5 million to \$131.5 million that the Commission's staff estimates as the statewide annual cost of UFG is born by NGSs as they are required to over deliver onto NGDC systems. As a consequence, DES has advocated for more stringent requirements for NGDCs with regard to UFG for many years and is gratified that the Commission is now considering the instant rulemaking. DES strongly supports the Proposed Rulemaking Order and the intention to establish a uniform definition for UFG and to impose metrics that will impose the financial consequences of higher than acceptable UFG levels on an NGDC's shareholders, not its customers or suppliers that have no control over the UFG levels. The current pass-through recovery of UFG costs--either as a cost of gas for sales customers, or in the form of retainage charged to NGSs and larger customers--provides little incentive for NGDCs to make the necessary improvements to correct, what in some cases are obvious problems.

DES agrees that Table 1, included in the Commission's Rulemaking Order, reveals a huge disparity of UFG levels among NGDCs, and even for the same NGDCs in different years. In many cases these variations appear to defy reason. More troubling is that some NGDC's UFG levels, on average, appear to be increasing. In short, as the Commission seeks to make competition more robust in Pennsylvania's natural gas markets, and as many more customers are choosing gas over home heating oil and other alternatives, it is imperative to ensure that the rates are fair and that NGDC delivery systems are safe and reliable. Making customers pay more for gas because of outdated or non-existent metering, leaky pipes, or downright negligence, should not be an acceptable result, and these regulations should go a long way to addressing the issues.

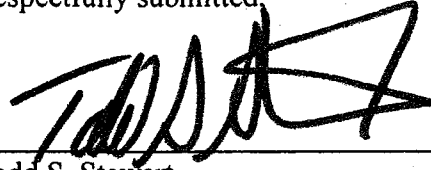
In addition to considering the standard definition and metrics for UFG, however, DES also urges the Commission to encourage better practices among NGDCs to minimize losses due

to accidents or poorly designed processes. One additional requirement that should be considered in the Rulemaking process addresses NGDC's with integrated gathering systems. It is DES's understanding that a significant number of these integrated gathering systems allow for injections of gas that are not metered or that are metered through non-utility meters. While the Proposed Rulemaking Order does discuss the lack of metering that historically has caused some production affiliates to absorb losses for Gas Cost Rate ("GCR") company distribution systems, the opposite is true for many Purchased Gas Cost ("PGC") companies. That is, production entities are reading their own meters and reporting their own production to the utility—meaning the utility's customers and suppliers are subsidizing these on-system producers. The inherent conflict of interest should be obvious, and the practice of allowing producers to "read their own meters" should be halted with all due haste. At a minimum, every NDGC should be required to separately meter all gas inputs into their system through a meter that they own or control, and for which they have sole calibration and maintenance responsibility.

Accordingly, DES suggests that in addition to the implementation of the regulations as proposed, the Commission should consider additional requirements as discussed above to ensure that the amount of gas being recorded as having entered the system is accurate in the first instance.

DES looks forward to assisting the Commission further in this process as may be necessary, and thanks the Commission for this opportunity to provide comments and input on this important issue.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Todd S. Stewart', written over a horizontal line.

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Dated: November 19, 2012