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November 19, 2012

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Via E-Filing

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
P. O. Box 3265  
Harrisburg, PA 17105-3265

In re: Docket No. L-2012-2294746  
Establishing a Uniform Definition and Metrics for Unaccounted-for-Gas

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Equitable Gas Company, LLC are its Comments to the Public Utility Commission's Proposed Rulemaking Order entered June 7, 2012 in the above matter.

Very truly yours,

THOMAS, LONG, NIESEN & KENNARD

By

Thomas T. Niesen

cc: Lawrence F. Barth, Esquire (by email w/encl.)  
Nathan Paul (by email w/encl.)  
John M. Quinn (by email w/encl.)  
David W. Gray, Esquire (by email w/encl.)

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Before the  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

2977

Establishing a Uniform Definition  
And Metrics for Unaccounted-For-Gas

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Docket No. L-2012-2294746

COMMENTS OF EQUITABLE GAS COMPANY, LLC  
TO PROPOSED RULEMAKING ORDER ENTERED JUNE 7, 2012

AND NOW, comes Equitable Gas Company, LLC (“Equitable” or “Company”), by its attorneys, and submits the following Comments in accordance with the Proposed Rulemaking Order entered in the above captioned proceeding by the Public Utility Commission (“Commission”) on June 7, 2012 (“Proposed Rulemaking Order”):


1. On June 7, 2012, the Commission entered its Proposed Rulemaking Order commencing a rulemaking process to establish a consistent definition and metric for Unaccounted-for-gas (“UFG”) for all jurisdictional NGDCs at 52 Pa. Code § 59.111, consistent with Annex A to the Order. The Order invites interested parties to file written comments to the proposed regulation within 30 days of its publication in the *Pennsylvania Bulletin*, which occurred on October 20, 2012, and reply comments within 45 days.

2. Equitable is pleased to have the opportunity to submit comments to the proposed regulation concerning UFG. Equitable’s Comments are presented in the Appendix A attached

hereto and are submitted without prejudice to any position Equitable might take in any subsequent proceeding(s) involving these or any other matters.<sup>1</sup>

WHEREFORE Equitable Gas Company, LLC submits the attached Comments in accordance with the Public Utility Commission's Proposed Rulemaking Order entered June 7, 2011.

Respectfully submitted,

By   
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Attorneys for Equitable Gas Company, LLC

Date: November 19, 2012

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<sup>1</sup> Equitable also joins in the Comments being submitted by the Energy Association of Pennsylvania to the extent those Comments are not inconsistent with Equitable's Comments as expressed herein.

## APPENDIX A

**Comments of  
Equitable Gas Company, LLC  
to Proposed Rulemaking Order Entered June 7, 2012  
Docket No. L-2012-2294746  
Proposed Regulation – 52 Pa. Code § 59.111 – Unaccounted-for-gas**

### General Comment to Proposed Regulation

The proposed regulation would establish a uniform definition for calculating and reporting distribution, transmission, storage and production/gathering system unaccounted-for-gas (UFG) and metrics for distribution system UFG losses only. Equitable believes that the proposed regulation should be revised to address only distribution system UFG. UFG for other system functions such as transmission, storage and production/gathering should be addressed separately. Equitable suggests that the proposed regulation be renamed as “**Distribution System Unaccounted-for-Gas.**” Further suggested changes to the proposed regulation eliminating references to transmission, storage and production/gathering are included in the following discussion of specific subsections of the proposed regulation.

### Comments to Specific Subsections of Proposed Regulation

#### Section 59.111(a) – Definitions.

Subsection (a) proposes definitions of *Adjustments*, *Gas Delivered*, *Gas Received*, *NGDC* and *UFG – Unaccounted for Gas*. In pursuit of uniformity, Equitable believes that the definition of *UFG* should track the definition of UFG recognized by the American Gas Association. Equitable also suggests that the reference to “volumes” in the proposed subsection should be changed to “quantities.” The reporting NGDC would then designate whether the reported information represents therms or cubic feet. Equitable believes that any definition of *Adjustments* should provide for adjustments based on sound engineering practices, as well as metered data, as presented in proposed Subsection (a). Equitable supports the use of “such as” to highlight that the list of adjustment types in the regulation is not exclusive. Additionally, as set forth above, Equitable believes the proposed regulation should be limited to distribution system UFG only.

Equitable’s suggested rewording of subsection (a) is as follows:

- (a) *Definitions.* The following words and terms, when used in this section, have the following meanings, unless the text clearly indicates otherwise:

*Adjustments-* All gas used by a NGDC or city natural gas distribution operation for safe and reliable service, such as company use, calculable losses from construction, purging, other temperature and pressure adjustments, and adjustments for heat content of natural gas. Adjustments

shall be supported by metered data, sound engineering practices, or other quantifiable results that clearly support the utility's need for the adjustment and shall be consistent from filing to filing.

*Gas delivered-* Any gas provided by the distribution facilities of a NGDC or city natural gas distribution operation, regardless of use, adjusted for any temperature or pressure variations. This category includes quantities of gas consumed by an end user, exchange gas supplied to another utility, gas delivered to transportation customers, or any other gas delivered to a user or pipeline system from the utility's distribution facilities. When bill timing issues arise, an effort shall be made to reasonably estimate consumption.

*Gas received-* Any gas that is transported by the distribution facilities of a NGDC or city natural gas distribution operation, regardless of use, adjusted for any temperature or pressure variations. This category includes gas for sales, hedging, storage, transportation, exchange gas received, or any other quantities of gas that enters the utility's distribution facilities.

*UFG--Unaccounted-for-gas-* The difference between the total gas available from all sources and the total gas accounted for as sales, net interchange and company use. This difference includes leakage or other actual losses, discrepancies due to meter inaccuracies, variations of temperatures and/or pressure, and other variants, particularly billing lag.

**Section 59.111(b) – Calculation.**

Consistent with the foregoing, subpart (3) of subsection (b) should be deleted if the proposed regulation is revised to apply to distribution system UFG only and the reference to “volumes” in subpart (2) should be changed to “quantities.” Equitable supports changes to the proposed calculation methodology which would more accurately reflect adjustments as shown below. Equitable also supports additional language in the subsection which provides for the calculation to be done on an annual basis for the twelve months ending August 31 or other date as the NGDC may show to be more appropriate for its system.

Equitable's suggested rewording of subsection (b) is as follows:

(b) *Calculation*

- (1) 
$$\text{UFG \%} = \frac{((\text{Gas Received +/- Adjustments}) - (\text{Gas Delivered +/- Adjustments}))}{(\text{Gas Received +/- Adjustments})}$$
- (2) Gas received, gas delivered and adjustments shall represent actual gas quantities. Estimates may be provided but shall be clearly identified and have supporting justification.

- (3) Adjustments shall be individually identified by category (such as, company use, calculable losses from construction, purging, other temperature and pressure adjustments, and adjustments for heat content of natural gas).
- (4) Unaccounted-for-gas should be calculated on an annual basis for the twelve months ended August thirty-first of each year, or such other date as the company may show to be more appropriate for its system.

**Section 59.111(c) – Metrics for distribution system losses.**

Equitable supports the continued consideration of distribution system UFG in the annual Section 1307(f) PGC proceeding. Rather than establishing an arbitrary metric start point and arbitrary reduction value as presented in proposed subsection 59.111(c), Equitable believes that the proposed regulation simply should adopt a standardized definition for UFG and collect information. The issue of cost recovery would be part of Section 1307(f) proceedings on a case-by-case basis reflective of the NGDCs individual operating characteristics. Proposed subsection 59.111(c) should not be considered in its present form.

**Conclusion**

Equitable is pleased to have the opportunity to submit the foregoing comments to the proposed regulation concerning unaccounted-for-gas. Equitable looks forward to working with the Commission to address this matter further.