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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Establishing A Uniform :
Definition and Metrics : Docket No. L-2012-2294746
For Unaccounted-For-Gas :

**REPLY COMMENTS OF THE
ENERGY ASSOCIATION OF PENNSYLVANIA
TO THE PROPOSED RULEMAKING ORDER**

Introduction

The Energy Association of Pennsylvania (“EAP” or “Association”) files these reply comments on behalf of its natural gas distribution company (“NGDC”) members¹ concerning the Proposed Rulemaking Order on Establishing a Uniform Definition and Metrics for Unaccounted-For-Gas (Docket L-2012-2294746) entered by the Pennsylvania Public Utility Commission (“PUC” or “Commission”) on June 7, 2012. The Association applauds the efforts of the Commission to achieve, where practicable, industry-wide uniformity in defining, measuring and calculating amounts of unaccounted-for-gas (“UFG”). EAP requests that the Commission

¹ Columbia Gas of Pennsylvania, Inc.; Equitable Gas Company, LLC; National Fuel Gas Distribution Corporation; PECO Energy Company; Peoples Natural Gas Company; Peoples TWP, LLC; Philadelphia Gas Works; Pike County Light & Power Company; UGI Utilities, Inc.; UGI Penn Natural Gas, Inc.; UGI Central Penn Gas, Inc.; and Valley Energy, Inc.

thoughtfully consider its initial comments filed on November 19, 2012 as well as those of its NGDC members in crafting its final rulemaking order.

Reply Comments

The Pennsylvania regulated natural gas utilities support efforts to establish a common definition for UFG and a common method to measure and calculate the amount of UFG on a NGDC distribution system. EAP further supports a separate reporting requirement for UFG based on such a new uniform definition and methodology of determining UFG. Such efforts would provide reliable, consistently reported data by NGDCs for the Commission to analyze and use in its oversight of the industry and in proceedings relating to rates.

EAP does not support that section of these proposed regulations which seeks to establish a state-wide metric for reduction of UFG over a five year period and a corresponding cap on cost recovery for UFG which exceeds the metric. The metric proposed is arbitrary and does not account for the various factors which may and do cause UFG in any specific distribution system. This is particularly evident in light of the Commission's repeated recognition of the complexity of measuring UFG and present concern that current data available for review is not collected based on uniform definitions and methods of calculation. The underpinnings for the proposed metric appear flawed based on the conclusions reached in the February 2012 PUC Report entitled "*Unaccounted-for-Gas in the Commonwealth of Pennsylvania*" and EAP urges the Commission not to compound those inaccuracies through the creation of a metric based on inconsistent data.

EAP believes the prudent course of action here is to establish a common definition and method of calculation to measure UFG and use that new data in existing Section 1307(f)

proceedings to regulate an appropriate level of UFG for each NGDC.² Data compiled under the new uniform definition and methodology of measuring UFG can then be used both to benchmark company performance from year to year and to monitor levels of UFG across the Commonwealth. Such an approach acknowledges the various factors which create UFG on a distribution system and would provide a basis to review the impact of DSIC legislation and improvements to individual NGDC distribution systems. Industry and stakeholder experience under such an approach would also assist in the future development of consistent definition and measurements on the different operational facilities (i.e., distribution, transmission, storage and production/gathering) owned by NGDCS.

Additionally, EAP notes that its NGDC members as well as those stakeholders who commented on the reporting period uniformly stated that the period should end in a summer month, not December 31, to minimize fluctuations in UFG due to weather and billing variables. EAP and its members further support the suggestion of the PECO Energy Company (“PECO”) that the reporting period be a three-year period and that the gas utilities continue using a weighted average as has been adopted in current Section 1307(f) purchase gas costs proceedings for a number of the gas utilities.

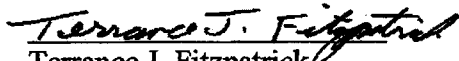
Finally, in the event that the PUC determines to retain the five year metric to a statewide UFG target despite the concerns addressed above and in the initial comments of the industry, EAP urges the Commission to create a rebuttable presumption that may be overcome by an individual NGDC in its Section 1307(f) proceeding by presenting evidence that its level of UFG is reasonable in view of company specific factors rather than an automatic bar to cost recovery. See Comments of PECO at Section C, pp. 7 – 10.

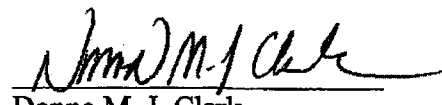
² *Technical Losses in Natural Gas Transportation, Distribution, and Storage*, a presentation by Paul Metro to the National Association of Regulatory Utility Commissioners (NARUC) at the 2007 Winter NARUC meetings.

Conclusion

The Energy Association of Pennsylvania appreciates the opportunity to offer reply comments to the Proposed Rulemaking Order Establishing a Uniform Definition and Metrics for Unaccounted-For-Gas and asks the Commission to adopt its suggestions and revise the proposed regulations accordingly.

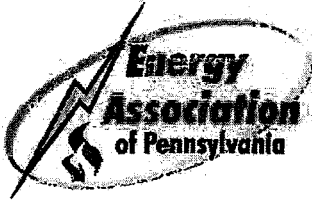
Respectfully submitted,


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Date: December 4, 2012



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**RE: Establishing a Uniform Definition and Metrics For
Unaccounted-For-Gas (Docket No. L-2012-2294746)**

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Dear Secretary Chiavetta:

Enclosed for filing please the Reply Comments of the Energy Association of Pennsylvania's filed in the above-referenced docket.

Sincerely,

A handwritten signature in black ink, appearing to read "Donna M. J. Clark".

Donna M. J. Clark
Vice President and General Counsel

CC: Robert F. Powelson, Chairman
John F. Coleman, Vice Chairman
Pamela A. Witmer, Commissioner
Wayne E. Gardner, Commissioner
James H. Cawley, Commissioner
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