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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION 2012 DEC -7 PM 2: 40

ESTABLISHING A UNIFORM :  
DEFINITION AND METRICS FOR : Docket No. L-2012-2294746  
UNACCOUNTED-FOR-GAS :

**REPLY COMMENTS OF PECO ENERGY COMPANY  
ON THE COMMISSION'S PROPOSED RULEMAKING ORDER**

**I. INTRODUCTION**

On June 7, 2012, the Pennsylvania Public Utility Commission ("Commission") entered a Proposed Rulemaking Order ("Proposed Order") in Docket No. L-2012-229474 to establish uniform definitions, metrics and cost recovery targets for Lost and Unaccounted For Gas ("UFG"). Comments were due to the Commission on November 19, 2012 and PECO Energy Company ("PECO" or "the Company") filed comments on that date. Reply Comments are due on December 4, 2012. In support of the Commission's efforts to address UFG, PECO offers the following reply comments for the Commission's consideration.

**II. REPLY COMMENTS**

**A. NGDCs Should Not Be Required to Separately Meter All Gas Inputs Into Their Distribution Systems**

Dominion Retail, Inc. ("Dominion") filed comments to the Proposed Order, which stressed that "every NGDC should be required to separately meter all gas inputs into their system through a meter that they own and control, and for which they have sole calibration and maintenance responsibility." (Dominion Comments at 3.) PECO does not agree with Dominion because pipeline-owned meters are accurate and installing NGDC meters may be too costly.

All interstate pipeline companies own meters at NGDC receipt points. However, NGDCs may not necessarily own meters at each of their receipt points. Consequently, pipeline meters have monitoring equipment that allows NGDCs to obtain instantaneous electronic readings of gas volumes flowing into distribution systems. In effect, it is the same result as if NGDCs had their own meters at these locations.

Dominion's belief that the meters should be owned, maintained and calibrated by NGDCs is misplaced because pipeline meters adequately and accurately measure the transfer of gas into distribution systems. For instances in which NGDCs do not have meters at their receipt points, PECO sees no need to install additional utility-owned meters because they would produce the same data as pipeline-owned meters. Doing so also could be extremely costly and, as such, PECO requests that the Commission reject Dominion's proposal.

**B. Adjustments for Billing Cycles Should Be Calculated Using Billed Sales Data**

In its comments, the Office of Small Business Advocate ("OSBA") recommended adjusting UFG for billing cycles. (OSBA Comments at 2). PECO agrees with the OSBA, but qualifies its support by proposing that this adjustment be based upon billed sales data, not a combination of billed sales data and output data.

PECO makes this recommendation because billed volumes always will be derived from actual data based on a half month billing lag. However, output data always will be reported on a calendar basis; an inconsistent approach because of the variances in accounting treatment that NGDCs can use when they book these values. Because actual data is more consistent and accurate, PECO recommends that billing cycle adjustments be based upon billed sales data only.

**C. PECO Supports the Notion that Negative UFG Levels Can Exist and Be Reasonable**

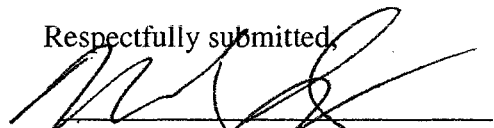
The OSBA's comments indicate that negative UFG levels are possible (due to metering errors and estimated adjustments for billing cycles, temperature and pressure). Therefore, the Commission should not automatically consider negative UFG levels to be unreasonable. (OSBA Comments at 4).

PECO agrees with the OSBA that negative UFG levels are possible based on the components identified above, as well as the type of distribution system under consideration. As such, PECO recommends that the Commission properly review all reported UFG levels, including negative levels, to determine the reasonableness thereof.

**III. CONCLUSION**

PECO appreciates the opportunity to comment on this important matter and requests that the Commission favorably consider and adopt these reply comments.

Respectfully submitted,



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November 4, 2012

*For PECO Energy Company*

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December 4, 2012

Rosemary Chiavetta, Secretary  
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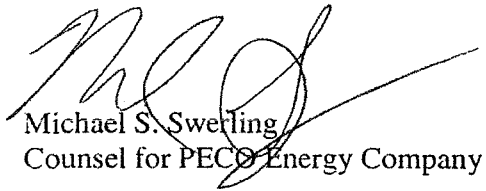
**Re: Establishing a Uniform Definition and Metrics for Unaccounted-For-Gas  
Docket No.: L-2012-2294746**

Dear Ms. Chiavetta:

Enclosed for filing with the Commission are PECO Energy Company's ("PECO's") Reply Comments in the above-referenced matter.

If you have any questions, feel free to contact me directly, at 215.841.4220.

Very truly yours,



Michael S. Swerling  
Counsel for PECO Energy Company

MSS/adz  
Enclosures