

Comments of the Independent Regulatory Review Commission



Pennsylvania Public Utility Commission Regulation #57-289 (IRRC #2977)

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

January 3, 2013

We submit for your consideration the following comments on the proposed rulemaking published in the October 20, 2012 *Pennsylvania Bulletin*. Our comments are based on criteria in Section 5.2 of the Regulatory Review Act (71 P.S. § 745.5b). Section 5.1(a) of the Regulatory Review Act (71 P.S. § 745.5a(a)) directs the Pennsylvania Public Utility Commission (PUC) to respond to all comments received from us or any other source.

1. Subsection (a) Definitions. – Clarity.

Adjustments

The second sentence of this definition specifies substantive regulatory requirements for adjustments. Substantive provisions should not be included in a definition (*Pennsylvania Code and Bulletin Style Manual*, § 1.7(c)). Therefore, the PUC should remove this sentence from the definition and move the requirements to a provision in the body of the regulation that addresses adjustments, such as Paragraph (b)(5).

In addition, commentators suggest that the definition should encompass storage losses. Why didn't the PUC include storage losses in this definition?

UFG – Unaccounted-for-gas

A commentator recommends using the American Gas Association (AGA) definition of this term. The PUC should consider whether the AGA definition is appropriate for use in this regulation.

2. Subsection (c) Metrics for distribution system losses. – Reasonableness; Economic impact.

Percentage targets in the regulation and the single standard for all gas utilities

Paragraph (c)(1) includes a table that specifies the percent of unaccounted-for-gas allowable in each successive year. Commentators are concerned that these percentages are arbitrary and question whether setting a single standard for all utilities rather than individual performance standards is the best approach.

We ask the PUC to demonstrate three things. First, will the calculation of the percent of unaccounted-for-gas under the regulation differ from the percentages shown in Table 1 of the Preamble and, if so, by how much? Second, the PUC should demonstrate that the diminishing percentage reductions of unaccounted-for-gas specified in Paragraph (c)(1) are attainable for all gas utilities affected by the regulation. Finally, the PUC should demonstrate that the use of a single standard will best accomplish the purposes of reducing unaccounted-for-gas for all system types.

Calendar year

Paragraph (c)(2) specifies that the calculations shall be “on an annual basis for the year ending December 31.” Several commentators asked that an alternative timeframe be used, such as an annual period ending August 31. We ask that the PUC review this ending date with the commentators and also, to the extent practical, that the ending date be coordinated with other filings the utilities make that require a calculation of unaccounted-for-gas.

Disallowing cost recovery

Paragraph (c)(3) states that amounts of unaccounted-for-gas in excess of the standard may not be recovered unless approved by the PUC. Commentators raise concerns with the use of a single standard applied to the different types of systems in place. We note the PUC does not yet have experience with the result of the new definitions and calculations. The PUC should explain why it is necessary to impose the penalty of not allowing cost recovery now rather than waiting until after the PUC and the gas utilities have more experience with these new definitions, calculations and their results.

3. Miscellaneous Clarity.

To improve clarity, parentheses should be added to the formula in Paragraph (b)(2).