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June 23, 2010

VIA FEDERAL EXPRESS

Rosemary Chiavetta, Secretary
PA Public Utility Commission
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**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

Re: Pennsylvania Public Utility Commission, Docket No. R-2010-2155608; Office of Consumer Advocate, Docket No. C-2010-2163637; Office of Small Business Advocate v. Peoples Natural Gas Company, LLC, Docket No. C-2010-2164664

Dear Secretary Chiavetta:

Enclosed for filing is the original and nine copies of the Amicus Curiae Brief of the Pennsylvania Independent Oil and Gas Association. As evidenced by the attached Certificate of Service, the parties of record have been served in the manner indicated.

If you have any questions regarding this filing, please contact me at your convenience.

Very truly yours,


Kevin J. Moody

KJM/jls
Enclosures

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Administrative Law Judge David A. Salapa

JUN 23 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION, et al. : Docket Nos. R -2010-2155608
: C-2010-2163637
v. : C-2010-2164664
:
PEOPLES NATURAL GAS :
COMPANY LLC :

MAIN BRIEF OF AMICUS CURIAE
PENNSYLVANIA INDEPENDENT OIL AND GAS ASSOCIATION

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Date: June 23, 2010

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TABLE OF AUTHORITIES

Administrative Cases

<i>Joint Application for All of the Authority and the Necessary Certificate(s) of Public Convenience to Transfer All of the Issued and Outstanding Shares of Capital Stock of The Peoples Natural Gas Company, d/b/a Dominion Peoples, currently owned by Dominion Resources, Inc., to Peoples Hope Gas Companies LLC, an indirect subsidiary of Babcock & Brown Infrastructure Fund North America LP, and to Approve the Resulting Change in Control of The Peoples Natural Gas Company, d/b/a Dominion Peoples, Docket No. A-2008-2063737</i>	2
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I. INTRODUCTION

As permitted by 52 Pa. Code § 5.502(e), the Pennsylvania Independent Oil and Gas Association (“PIOGA”) as *amicus curiae* submits this Main Brief in support of Peoples Natural Gas Company LLC’s (“Peoples”) position that the Office of Small Business Advocate’s (“OSBA”) recommendation for a cap on Peoples’ “reasonable” level of unaccounted for gas (“UFG”) be rejected.

II. INTEREST OF AMICUS CURIAE

PIOGA is the comprehensive trade association representing oil and natural gas interests throughout Pennsylvania. Effective April 1, 2010, the Pennsylvania Oil and Gas Association (POGAM) merged into the Independent Oil and Gas Association of Pennsylvania (IOGA of PA) and the name of the organization changed to Pennsylvania Independent Oil and Gas Association (PIOGA). PIOGA now has over 800 members, including oil and natural gas producers, Commission-licensed natural gas suppliers (NGSs) and marketers, drilling contractors and service companies, professional service firms and individuals, and royalty owners. PIOGA members produce, transport and market Pennsylvania natural gas production from conventional wells over intrastate and interstate pipeline systems to PUC-regulated natural gas distribution companies (“NGDCs”), including Peoples, for system supply and to retail customers.

PIOGA has regular meetings with Peoples to discuss projects and measures to enhance production of Pennsylvania natural gas on Peoples’ system and to reduce UFG levels on its gathering system. During the course of monitoring Commission proceedings, PIOGA became aware of several proposals in this case that would adversely impact the interests of PIOGA and its members. PIOGA understands that the parties have reached a settlement on all but one of

these issues – OSBA’s recommendation to declare a “reasonable” capped level of UFG for Peoples prospectively at 3,163,603 Mcf.¹

III. SUMMARY OF ARGUMENT

OSBA’s recommendation to cap Peoples “reasonable” level of UFG at 3,163,603 Mcf should be rejected as premature and unnecessary.

IV. ARGUMENT

As explained in Peoples’ Main Brief, the Commission’s order approving the sale of Peoples² requires Peoples to study the causes of UFG on its system and submit a report in its 2011 Section 1307(f) filing. Indeed, Peoples is engaged in additional activities and measures to mitigate UFG on its system – beyond those required by the Commission’s order and the settlement in the Peoples sale case – including checking local gas meters for accuracy of local gas measurement and an accelerated effort to complete a leak survey of Peoples’ entire gathering system.

PIOGA is aware of and supports these measures. The reduction of UFG is in the best interests of PIOGA and its producer and marketer members as well as customers on Peoples’ system. Accordingly, for the reasons set forth in Peoples’ Main Brief,³ PIOGA requests that OSBA’s recommendation be rejected.

Moreover, as OSBA’s recommendation is based upon a slight increase in Peoples’ UFG levels – rather than an analysis of the reasonableness of Peoples’ UFG levels based upon Peoples’ unique pipeline system and consideration of Peoples’ ongoing UFG mitigation efforts –

¹ As the settlement terms are confidential as PIOGA is preparing this brief, PIOGA reserves the right to submit an amicus reply brief concerning the settlement’s resolution of the other issues of interest to PIOGA.

² Docket No. A-2008-2063737, Order entered November 19, 2009.

³ In accordance with 52 Pa. Code § 1.33(a), PIOGA hereby adopts and incorporates by reference the Main Brief of Peoples Natural Gas Company LLC, Docket Nos. R-2010-2155608, C-2010-2163637 and C-2010-2164664, pp. 6-17.

PIOGA offers the following additional reasons for rejecting OSBA's recommendation.

Equitable Gas Company, LLC ("Equitable") is another gas utility with significant gathering facilities. In Equitable's 2009 Section 1307(f) case, the Commission approved a settlement that rejected the Office of Trial Staff's recommendation that Equitable's "reasonable" level of UFG be capped at 8%.⁴ With respect to T.W. Phillips Gas and Oil Co.'s ("T.W. Phillips") 2010 Section 1307(f) case, Chairman Cawley issued a statement warning T.W. Phillips that it "must act decisively to improve its [UFG] programs to produce positive results," in view of the slight change in the utility's UFG from 2004 to 2009.⁵ Nonetheless, the Commission approved a settlement that permitted T.W. Phillips to continue its ongoing efforts to reduce UFG and its commitment to continue to implement cost-effective efforts to reduce UFG, with no cap or other limitation on the utility's recovery of this expense.⁶

Peoples is simply asking the Commission to treat Peoples similarly and give it time to allow its UFG mitigation efforts to work. This is an eminently reasonable request, especially in view of the settlement and Commission Order in the Peoples sale case, and should be adopted.

⁴ *Pa. P.U.C., et al. v. Equitable Gas Company*, Docket Nos. R-2009-2088072, *et al.*, Order entered September 30, 2009, at 17; ALJ Recommended Decision dated July 16, 2009, at 10.

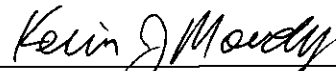
⁵ *Focused Management And Operations Audit of The T.W. Phillips Gas and Oil Co. – Butler, Pa.*, R-2009-2145441, Statement of Chairman Cawley, Public Meeting June 16, 2010.

⁶ *Pa. P.U.C., et al. v. T.W. Phillips Gas and Oil Co.*, Docket Nos. R-2009-2145441, *et al.*, Order entered June 17, 2010; ALJ Recommended Decision dated May 11, 2010, at 22.

V. CONCLUSION

For the reasons set forth above, PIOGA requests that the Commission reject the recommendation of OSBA to establish a reasonable level of Peoples' UFG at a capped volume.

Respectfully submitted,



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PA PUBLIC UTILITY COMMISSION
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Date: June 23, 2010

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the foregoing Amicus Curiae Brief on the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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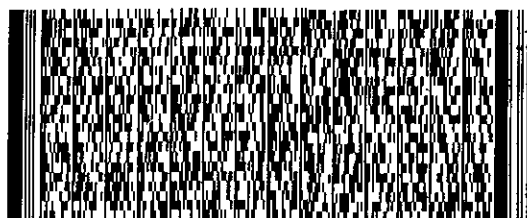


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