

January 31, 2012

Via eFiling and 1st Class Mail

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

**RE: Docket No. M-2012-2282031
Act 127 of 2011-The Gas and Hazardous Liquids Pipeline Act;
Assessment of Pipeline Operators
Comments on Tentative Implementation Order, entered January 12, 2012**

Dear Secretary Chiavetta:

PAPGA thanks the PUC for the opportunity to comment on both various drafts of the bill concerning PUC Jurisdiction over Propane Jurisdictional Systems and the opportunity to participate in a stakeholders' meeting and recent PUC conference call about the Tentative Implementation Order.

I. INTRODUCTION

The PAPGA is a Pennsylvania nonprofit corporation, originally incorporated in October 1947 as the Pennsylvania Liquefied Petroleum Gas Association. Its name was changed to the Pennsylvania Propane Gas Association and amended with the Pennsylvania Department of State in February 2005. PAPGA is a voluntary membership organization of competitive propane distributors and those with interests related to the propane industry, who work together on issues affecting the propane industry

generally. The purposes of the PAPGA are:

- (a) To promote and develop the propane gas industry within the Commonwealth and to coordinate its activities to the end that it may serve to the fullest possible extent the best interests of its members and the public.
- (b) To advance to the highest efficiency the methods of manufacture, distribution, utilization, sales and accounting employed in the propane gas industry and to collect, coordinate and disseminate ideas and information for this purpose.
- (c) To represent before governmental bureaus, agencies and other bodies, matters of safety and of interest to the public, members and the propane gas industry.
- (d) To advance knowledge and learning in the sciences and to stimulate invention and research, especially as applied to the propane gas industry.
- (e) To cooperate with other organizations in efforts toward accident prevention, conservation and other activities.
- (f) To promote employee training and education for the specific skills employed in the propane gas industry.
- (g) To cooperate with the National Propane Gas Association and to extend its functions and purposes to the local and state level.

Bylaws of PAPGA, § 1.

PAPGA currently has some two hundred thirty five (235) participating organizations.

Approximately one hundred seventy-five (175) are members and sixty (60) are associate members.

The PAPGA has eight (8) districts throughout the Commonwealth. There are also a number of related membership categories.

PAPGA has three membership meetings throughout the year at which a wide variety of topics affecting the propane industry in Pennsylvania are discussed. PAPGA also runs a series of educational seminars, issues periodic newsletters addressing issues of interest, and provides a safety and operational training to propane distributors.

PAPGA is a member of PA One Call, and, number of member only services, including, legislative awareness, and business and government compliance.

PAPGA maintains a business address at 908 N. Second St., Harrisburg, Pennsylvania 17102, where its full time Executive Director is located. PAPGA also has a Legislative Counsel, utilized on an issue-by-issue basis. The majority of the PAPGA's business is performed by committed propane distributors who volunteer their efforts without compensation to serve on a variety of committees and task forces.

In 1998, the leadership of PAPGA separately incorporated the Pennsylvania Propane Foundation to develop and fund programs to enhance consumer and employee safety and training; to provide for research and development of clean and efficient propane burning equipment; and to inform and educate the public about propane safety. PAPGA is affiliated with the National Propane Gas Association (NPGA) and the Propane Education and Research Council (PERC).

II. COMMENTS

PAPGA offers only two short comments to the PUC's Tentative Implementation Order of January 12, 2012 regarding Act 127 of 2011. One requests use of the same standards in the same editions, which govern the propane industry under Act 61 (2002). The second, emphasizes the need to keep assessments for miles of distribution mains as low as possible.

1. Applicable NFPA Standards

PAPGA notes that under Act 61 (2002),¹ NFPA standards apply to propane. The regulations, duly adopted under Act 61, which include the following²:

NFPA-National Fire Protection Association, 1 Batterymarch Park, Quincy, Massachusetts 02269.

NFPA 54-The "National Fuel Gas Code," 2009 edition, issued by the NFPA.

NFPA 58-The "Liquefied Petroleum Gas Code," 2008 edition, issued by the NFPA.

NPGA-National Propane Gas Association, 1150 17th Street, NW, Suite 310, Washington, DC 20036-4523 or its current address.

¹ 35 P.S. §1329.1-1329.19.

² 34 Pa. Code §13.1.

In seeking to comply and be consistent with current Pennsylvania Propane law and regulations PAPGA proposes that jurisdictional systems located in Pennsylvania would be governed by the guidelines of the adopted NFPA 58 in the same edition as adopted in the Act 61 regulations.

2. Concern Regarding Per Mile Cost of Assessments

As previously discussed with representatives of the Commission during stakeholder meetings on the new law, the number of miles of propane distribution lines is expected to be only a small portion of the total number of miles of distribution pipeline assessed in Pennsylvania. Further, we anticipate that only a fraction of the propane distributors registered with the Department of Labor and Industry will operate pipelines under Act 127. The problem is that the number of customers covered by the PUC's jurisdictional miles is also expected to be extremely small. We understand that the PUC needs revenue in order to appropriately address the issue of pipeline safety in Pennsylvania, and that the assessments will be the source of that revenue. We ask, however, that the PUC keep in mind that the assessments of propane mileage are likely to be passed through to only a very limited number of customers. It is not improbable that *if* the cost of assessments is considered too high by any propane consumer, the propane consumer will consider other fuel options, rather than paying the higher propane rates needed to cover the new pipeline safety assessments. Hence the actual mileage cost should be kept as small as possible to continue the use of propane as an environmentally friendly fuel in Pennsylvania.

III. CONCLUSION

We thank the PUC for considering our comments and respectfully recommend that the PUC modify the Tentative Implementation Order to address these concerns.

Respectfully submitted,



Kathy Speaker MacNett

On behalf of the Pennsylvania Propane Gas Association