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October 1, 2012

VIA FEDERAL EXPRESS

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor (filing room)
PO Box 3265
Harrisburg, PA 17105-3265

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Joint Petition for Generic Investigation or Rulemaking Regarding "Gas-On-Gas"
Competition Between Jurisdictional Natural Gas Distribution Companies; Docket
No. P-2011-2277868

Generic Investigation Regarding Gas-On-Gas Competition Between Jurisdictional
Natural Gas Distribution Companies; Docket No. I-2012-2320323

THE PENNSYLVANIA STATE UNIVERSITY'S COMMENTS

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission are Comments on behalf of The Pennsylvania State University in the above-captioned proceedings. Copies of this document were served according to the certificate of service.

If you have any questions, please contact me.

Very truly yours,

Thomas J. Sniscak
William E. Lehman

Counsel to The Pennsylvania State University

TJS/WEL/das

Enclosures

cc: Honorable Elizabeth H. Barnes
Per Certificate of Service

MAILING ADDRESS: P.O. BOX 1778 HARRISBURG, PA 17105

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Petition for Generic Investigation :
or Rulemaking Regarding "Gas-On- :
Gas" Competition Between : Docket No. P-2011-2277868
Jurisdictional Natural Gas Distribution :
Companies :
:
:
Generic Investigation Regarding Gas- :
On-Gas Competition Between : Docket No. I-2012-2320323
Jurisdictional Natural Gas Distribution :
Companies :

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**COMMENTS OF
THE PENNSYLVANIA STATE UNIVERSITY**

**PA PUBLIC UTILITY COMMISSION
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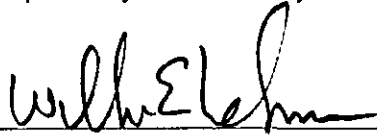
1. At the Initial Prehearing Conference on August 31, 2012, there were different opinions among the parties as to the appropriate scope of the proceeding. The presiding Administrative Law Judge ("ALJ") directed the parties to file Comments regarding the scope of the proceeding. The Pennsylvania State University ("PSU") hereby submits its comments.

2. PSU agrees with certain arguments made by Peoples Natural Gas Company ("Peoples") and Columbia Gas of Pennsylvania, Inc. ("Columbia") at the prehearing conference as to the scope of this proceeding being narrow as opposed to broad. Specifically, PSU agrees that this generic proceeding should be limited only to gas-on-gas NGDC-NGDC Competition, that the scope of this proceeding should be one of policy regarding treatment of the discount for ratemaking purposes, and that Comments and Reply Comments are an acceptable vehicle to address such policy.

3. PSU submits that comments and reply comments would be the most efficient and economical way to proceed at this juncture. What is presented is in the nature of a ratemaking

policy, and the Commission has established “policies” or “practices” in making such determinations. For instance, it normalizes ratemaking expense as opposed to amortizing it. Certainly Comments and Reply Comments can address the pros and cons of varying treatments to the difference between flex rates and tariff rates that the parties may prefer. It essentially comes down to what the Commission wants, through ratemaking discretion, to promote or discourage. Embarking upon broad discovery, hearings and essentially on-the-record litigation would be both precipitous, expensive and unnecessarily time consuming at this stage to resolve these policy or practice issues.

Respectfully submitted by:



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*Counsel for
The Pennsylvania State University*

DATED: October 1, 2012

CERTIFICATE OF SERVICE

Docket Nos. P-2011-2277868 & I-2012-2320323

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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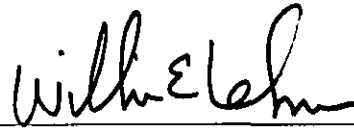
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Dated this 1st day of October, 2012

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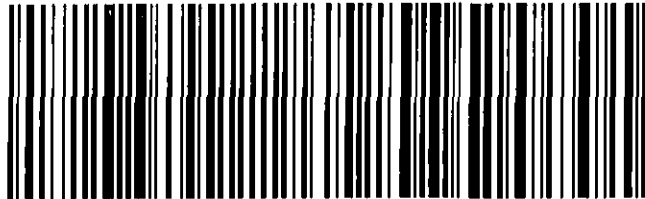
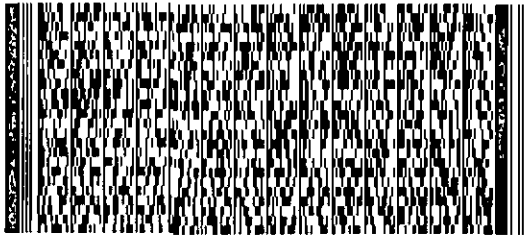
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