

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition for Generic Investigation or Rulemaking Regarding “Gas-On-Gas” Competition Between Jurisdictional Natural Gas Distribution Companies	:	
	:	P-2011-2277868
	:	
	:	
Generic Investigation Regarding Gas-On-Gas Competition Between Jurisdictional Natural Gas Distribution Companies	:	
	:	I-2012-2320323
	:	

**ANSWER OF
PENNSYLVANIA INDEPENDENT OIL & GAS ASSOCIATION
IN SUPPORT OF
MOTION TO HOLD PROCEEDING IN ABEYANCE**

To The Honorable Elizabeth H. Barnes, Administrative Law Judge:

As directed by Your Honor’s Order dated January 25, 2013, the Pennsylvania Independent Oil and Gas Association (PIOGA) files this answer in support of the motion of Peoples Natural Gas Company LLC (Peoples) to hold this matter in abeyance pending final Commission action on the application for approval of the announced acquisition of Equitable Gas Company, LLC (Equitable) by Peoples.

PIOGA agrees with Peoples’ rationale for holding this matter in abeyance because the proposed acquisition is likely to change significant facts subject to investigation because Peoples and Equitable are clearly the major natural gas distribution company (NGDC) gas-on-gas competitors. The only other significant NGDC competitors are Columbia Gas of Pennsylvania (CPA) and National Fuel Gas Distribution Company (NFG). As PIOGA understands the NGDC service territories, there is limited overlap of the Peoples TWP LLC service territory with those of CPA and NFG and, while each UGI Distribution Company has a service territory that

partially overlaps with the other UGI Distribution Company service territories, the UGI Distribution Companies stated in their petition to intervene that they have not engaged in the competitive activities that are the subject of this investigation.¹ PIOGA is unaware of the extent of the partial overlap of PECO Energy Company's (PECO) service territory with those of other NGDCs, but notes that the significant gas-on-gas competition has occurred in western Pennsylvania and the NGDC base rate and purchased gas cost (PGC) cases identified in the petition requesting this investigation were limited to Peoples, Equitable and CPA.

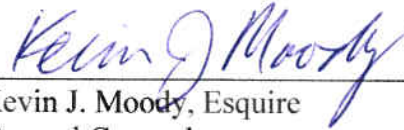
To provide a meaningful basis for Commission action concerning gas-on-gas competition, PIOGA agrees with Peoples that this investigation should examine the future structure of the market and its competitors rather than the past structure which is certain to change if Peoples acquires Equitable's distribution business. As part of the acquisition, Peoples has agreed to extend at least through 2018 the benefits Peoples and Equitable customers have negotiated as a result of gas-on-gas competition. PIOGA views this commitment more as a "freeze" of the current competition between these two significant competitors rather than a continuation of their historic "business as usual" competition.

Finally, PIOGA notes that Peoples is not proposing an indefinite abeyance, but an automatic restart of the investigation within 45 days after final Commission action on the proposed acquisition, which PIOGA also supports.

¹ This is consistent with the statement in the Second Prehearing Memorandum of the UGI Distribution Companies that they do not anticipate any of their responses to the Office of Small Business Advocate's initial discovery to be confidential, which indicates these companies have no such rate information to disclose.

WHEREFORE, for the reasons stated above and in Peoples' motion, the Pennsylvania Independent Oil & Gas Association respectfully requests that Peoples' motion be granted.

Respectfully submitted,



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Dated: February 1, 2013

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the foregoing Petition to Intervene of the Pennsylvania Independent Oil and Gas Association on the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code § 1.54.

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