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February 17, 2006

James J. McNulty, Esquire, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
P.O. Box 3265  
Harrisburg, Pennsylvania 17105-3265

**RE: NATURAL GAS CHOICE and COMPETITION ACT  
INITIAL STAKEHOLDERS' MEETING  
DOCKET NO. I-00040103 F0002**

Dear Mr. McNulty:

Enclosed for filing please find the original and three (3) copies of the Comments of the Energy Association of Pennsylvania on the Notice to Participate and Tentative Subgroup Issue Assignments. A copy of this document has been provided via electronic mail to Assistant Counsel Patricia Krise Burket.

Please do not hesitate to contact the undersigned with any questions.

Cordially,

A handwritten signature in black ink that reads "Donna M. J. Clark".

Donna M. J. Clark  
Vice President and General Counsel

CC: Wendell F. Holland, Chairman  
James H. Cawley, Vice Chairman  
Bill Shane, Commissioner  
Kim Pizzingrilli, Commissioner  
Terrance J. Fitzpatrick, Commissioner  
Patricia Krise Burket (by electronic mail)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Natural Gas Choice and  
Competition Act:  
Initial Stakeholders' Meeting**

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**Docket No. I-00040103 F0002**

**NOTICE to PARTICIPATE and COMMENTS to  
TENTATIVE SUBGROUP ISSUE ASSIGNMENTS  
of the ENERGY ASSOCIATION of PENNSYLVANIA**

On October 6, 2005, the Pennsylvania Public Utility Commission (“PUC” or “Commission”) issued a “*Report to the General Assembly on Competition in Pennsylvania’s Retail Natural Gas Supply Market*” concluding its investigation of competition in Pennsylvania’s retail natural gas supply services market. The Commission concluded that effective competition did not exist on a statewide basis and convened a Natural Gas Stakeholders’ Working Group to ascertain ways to increase competition.

By a Notice dated January 20, 2006, the Commission set the date of the first Stakeholders’ meeting for March 30, 2006. The Commission staff outlined the issues identified by the Report and assigned those issues to one of three subgroups tentatively established by the Notice. The Notice further sought feedback from Interested Parties on the issues assigned to each subgroup and provided a manner for participation in the Stakeholders’ process.

The Energy Association of Pennsylvania (“EAPA”) welcomes the opportunity to participate in the Natural Gas Stakeholders’ Working Group and offers the following comments on the structure of the working group/subgroups and the identified issues. Initially, EAPA

designates J. Michael Love, Donna M. J. Clark, and David O. Epple as participants in the Working Group on behalf of its member natural gas distribution companies,<sup>1</sup> recognizing that a number of those companies will also designate participants.

Contact information for each of EAPA's participants is as follows:

J. Michael Love  
President and CEO  
Energy Association of Pennsylvania  
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Harrisburg, PA 17102-2025  
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David O. Epple  
Vice President, Regulatory  
Energy Association of Pennsylvania  
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Donna M. J. Clark  
Vice President and General Counsel  
Energy Association of Pennsylvania  
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Harrisburg, PA 17102-2025  
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(717) 901-0631

Pursuant to the Notice issued January 20, 2006, stakeholders will be required to sign a waiver agreement at the Initial Stakeholders' Meeting scheduled for March 30, 2006. EAPA requests that the waiver agreement be forwarded to identified participants in the stakeholder process in advance of the initial meeting and suggests that the agreement be provided no later than March 15, 2006, along with the second notice referenced in the January 20, 2006 Notice.

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<sup>1</sup> Chartiers Natural Gas Co., Columbia Gas of PA, Dominion Peoples, Equitable Gas Co., Gasco Distribution Systems, Inc., National Fuel Gas Distribution Corp., PECO Energy Company, PG Energy, Philadelphia Gas Works, PPL Gas Utilities Corporation, UGI Utilities, Inc.—Gas Division, and Valley Energy, Inc.

This would enable all involved to review the waiver agreement in advance of its required execution and to raise any questions regarding its content in advance with Commission staff. EAPA believes that providing a copy of the waiver agreement in advance of the Initial Stakeholders' Meeting will streamline the meeting and help assure maximum participation among all interested parties from the beginning of the process.

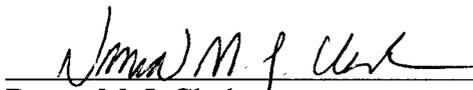
Additionally, EAPA submits that the primary Working Group, which is slated to meet at 9:00 a.m. on Thursday, March 30, 2006 should participate in the final decision relating to the number of subgroups, the issues which would be discussed by each subgroup, and the assignment of issues to those subgroups. First, multiple subgroups meeting simultaneously may eliminate some interested parties from participating in the stakeholder process for lack of sufficient personnel. Second, as recognized in the January 20, 2006 Notice, there appears to be an overlap of issues. In particular, two of the issues included in Subgroup III are also identified, one each, in Subgroup I and II, respectively. A discussion at the Initial Stakeholders' Meeting could result in a reduction of the number of subgroups needed for this process and assure that any interested party can participate fully in all aspects of the stakeholder process. Third, a number of the issues listed do not appear to be choice-related, but rather deal more specifically with the cost of service, which is not appropriately dealt with in a working group setting. EAPA contends it is imperative that the primary Working Group continue to meet beyond the March 30, 2006 date so that any recommendations or conclusions reached at the subgroup level will be presented to all stakeholders in an open forum for discussion and final resolution.

Finally, EAPA supports the stakeholder process and maintains that it should be used to encourage open discussion and creative solutions. In this light, EAPA is concerned that the issues, as presented in the Notice, are conclusive in nature, and may not frame the discussion so

as to address the underlying question of whether the current statutory scheme presents an appropriate model for competition in Pennsylvania's natural gas supply market. The issues, as framed, may not invite compromise and creativity between participants – a goal of any stakeholder process. For this reason, as well as those stated above, EAPA supports an initial meeting where the primary Working Group can discuss the report, the Commission's goals in this proceeding, and reach a consensus on the need for subgroups and the issues to be assigned to each subgroup.

In conclusion, EAPA has identified its individual participants; seeks an advance copy of the waiver agreement for all interested parties on or before March 15, 2006; and requests that the number of subgroups, the issues assigned to each subgroup, and the scope of these issues be discussed and decided by the primary working group set to meet on March 30, 2006 at 9:00 a.m.

  
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J. Michael Love  
President and CEO

  
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Donna M. J. Clark  
Vice President and General Counsel

2/17/06  
Date

**CERTIFICATE of SERVICE**

I hereby certify that I have served a copy of the foregoing "*Comments of the Energy Association of Pennsylvania on the Notice to Participate and Tentative Subgroup Issue Assignments*" relating to Docket No. I-00040103 F0002, The Natural Gas Choice and Competition Act: Initial Stakeholders' Meeting, on the persons listed below, by means of hand-delivery, first-class mail or electronic mail, as indicated:

**By Hand-Delivery:**

Hon. Wendell F. Holland, Chairman  
Pennsylvania Public Utility Commission  
P. O. Box 3265  
Harrisburg, PA 17105-3265

Hon. James H. Cawley, Vice Chairman  
Pennsylvania Public Utility Commission  
P. O. Box 3265  
Harrisburg, PA 17105-3265

Hon. Bill Shane, Commissioner  
Pennsylvania Public Utility Commission  
P. O. Box 3265  
Harrisburg, PA 17105-3265

Hon. Kim Pizzingrilli, Commissioner  
Pennsylvania Public Utility Commission  
P. O. Box 3265  
Harrisburg, PA 17105-3265

Hon. Terrance J. Fitzpatrick, Commissioner  
Pennsylvania Public Utility Commission  
P. O. Box 3265  
Harrisburg, PA 17105-3265

**By First-Class Mail Delivery:**

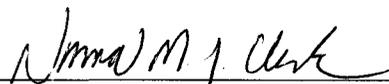
Irwin A. Popowsky  
Office of the Consumer Advocate  
555 Walnut Street  
Forum Place, Fifth Floor  
Harrisburg, PA 17101-1923

William R. Lloyd, Jr., Esquire  
Small Business Advocate  
Suite 1102, Commerce Building  
300 North Second Street  
Harrisburg, PA 17101

**Electronic Mail:**

Patricia Krise Burket, Esquire  
Assistant Counsel, Law Bureau  
Pennsylvania Public Utility Commission  
P. O. Box 3265  
Harrisburg, PA 17105-3265  
**pburket@state.pa.us**

2/17/04  
\_\_\_\_\_  
Date

  
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Donna M. J. Clark  
Vice President and General Counsel