

CHAPTER 60. NATURAL GAS TRANSPORTATION SERVICE

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Authority

The provisions of this Chapter 60 issued under 66 Pa.C.S. §§ 316, 331, 501, 1301, 1302, 1501—1504 and 1506, unless otherwise noted.

Source

The provisions of this Chapter 60 adopted January 30, 1987, effective January 31, 1987, 17 Pa.B. 546, unless otherwise noted.

§ 60.1. General.

The transportation of natural gas by jurisdictional gas utilities is in the public interest. Transportation service should be provided under terms, conditions and rates which minimize the shifting of costs to retail customers and provide the natural gas utility with an opportunity to recover the fixed costs incurred to serve the transportation service customers. The development of Pennsylvania natural gas should be promoted, because it will achieve benefits that accrue to gas utilities and their customers.

Notes of Decisions

Illustrative Cases

The right of way held by the gas company, lessor, authorized the installation of a meter site and the receiving of gas into the pipeline. Any other interpretation would be contrary to the express terms and purposes of the right of way agreement; it would also be contrary to public policy and the public utility regulations and purposes. *Snyder Bros. Inc. v. The Peoples Natural Gas Co.*, 676 A.2d 1226 (Pa. Super. 1996); appeal denied 686 A.2d 1312 (Pa. 1996).

Cross References

This section cited in 52 Pa. Code § 60.9 (relating to effective date).

§ 60.2. Natural gas transportation service terms and objectives.

A Class A and B natural gas utility shall maintain a gas transportation program that adheres to the following terms and promotes the following objectives when providing natural gas transportation service:

(1) The tariff shall separately state and price the components of transportation service to afford customers flexibility in choosing the degree of supply risk they are willing to assume.

(2) The tariff shall indicate a range of rates for transportation service.

(3) The maximum rate allowed for transportation service shall be the weighted average retail rate for the otherwise applicable retail service less costs relating to natural gas supply, including natural gas demand, commodity and storage costs.

(4) The maximum rate for transporting gas which is produced in this Commonwealth shall be based upon a cost of service study. Only costs identifiable as related to transportation service shall be recovered through this rate.

(5) The rates described in paragraphs (3) and (4) shall be maintained as tariffed rates on file with the Commission.

(6) Transportation service shall be provided under a contract between the jurisdictional natural gas utility and the customer. The contract terms shall be consistent with rates and rules found in the natural gas utility's tariff. A contract shall be effective for no less than a 12-month period, except that a contract for a shorter period is permitted if the utility and the customer agree. The rates set shall recover, to the maximum extent possible, the fixed costs associated with the service.

(7) A natural gas utility shall provide transportation service in a manner and according to terms which maximize system throughput.

(8) The tariff may not unreasonably restrict Commonwealth natural gas producer access to gas utility facilities.

(9) The transportation service tariff shall specify that the distribution utility makes no guarantee against, and assumes no liability for, interruption caused by third parties.

(10) The location of entry points necessary for the introduction of customer owned gas into the natural gas utility's facilities shall be determined by a natural gas utility. Construction necessary to accomplish a natural gas connection will be conducted by the natural gas utility or under its supervision at the customer's expense. The natural gas utility shall own and maintain a natural gas connection.

(11) The transportation service customer shall agree to sell its natural gas supply to the natural gas distribution utility at the higher of the natural gas utility's weighted average cost of gas or the customer's own cost in the event of a distributor natural gas supply shortage. A natural gas shortage exists when the supply of gas is insufficient to meet the requirements of Priority 1 customers as specified in § 69.21 (Reserved) on a continuing basis or when continued delivery of gas to customers would prevent the injection of gas into underground storage pools for the protection of winter supply, so that service to Priority 1 customers is threatened. The customer shall demonstrate its costs of

natural gas by making a copy of the contract with the natural gas supplier available to the gas utility upon request.

(12) The natural gas utility may retain a reasonable allowance of customer-owned natural gas for gas which is lost or unaccounted for in its operations.

(13) Representative levels of transportation service shall be set for each jurisdictional natural gas utility in every general rate proceeding under 66 Pa.C.S. § 1308 (relating to voluntary changes in rates).

Cross References

This section cited in 52 Pa. Code § 60.9 (relating to effective date).

§ 60.3. Eligibility for natural gas transportation service.

(a) Transportation service shall be provided without discrimination as to type and location of customer. A natural gas utility shall state in its tariff the minimum volume of transported natural gas that entitles a customer to transportation service. These volumes shall be set at a level which maximizes the number of customers that can receive transportation service while permitting the natural gas utility to effectively and efficiently manage its natural gas distribution system. The minimum volume of transported natural gas that entitles a customer to transportation service may not be greater than 5,000 Mcf (thousand cubic feet) per customer or buyer group per year.

(b) The tariff shall permit individual customers or groups containing no more than ten customers to be eligible for transportation service. Larger groups shall be permitted if the utility and the customers agree.

(c) Gas injected into the natural gas utility's system shall be of a quality and pressure that is reasonably acceptable to the utility.

(d) A customer classified as a Priority 1 customer under § 69.21(a)(1) (Reserved) or a group of customers containing such a customer, shall purchase standby sales service as described in § 60.5 (relating to standby sales service) before it may be eligible for natural gas transportation service. This requirement does not apply to a customer which can demonstrate that the facility for which it seeks to transport gas possesses adequate installed alternative fuel capability.

Source

The provisions of this § 60.3 amended December 20, 1991, effective March 20, 1992, 21 Pa.B. 5819. Immediately preceding text appears at serial page (116315).

Cross References

This section cited in 52 Pa. Code § 60.9 (relating to effective date).

§ 60.4. Rebuttable presumptions.

(a) There shall be a rebuttable presumption in the rate proceeding of a natural gas utility governed by 66 Pa.C.S. § 1308 (relating to voluntary changes in

rates) that additional fixed costs may not be recovered from remaining retail customers due to retail customers' use of transportation service.

(b) There shall be a rebuttable presumption in a proceeding governed by 66 Pa.C.S. § 1307 (relating to sliding scale of rates; adjustments) that natural gas supply fixed costs relating to transportation customers may not be recovered from sale customers.

(c) In determining the natural gas utility's ability to serve a transportation customer, there is a rebuttable presumption that sufficient capacity in the utility system exists.

Cross References

This section cited in 52 Pa. Code § 60.9 (relating to effective date).

§ 60.5. Standby sales service.

Standby retail service shall entitle a transportation service customer to purchase natural gas at tariffed retail rates and shall be made available to a transportation service customer subject to the following conditions:

(1) The transportation customer and the natural gas utility shall agree upon the maximum sales volumes that will be provided upon the request of the customer. Volumes taken in excess of this amount will require the payment of a penalty.

(2) The rate charged for standby service shall recover natural gas supply fixed costs and any other costs, such as storage service costs where applicable, incurred to maintain natural gas supply for the transportation customer. Revenues for standby service shall be credited against natural gas costs in a proceeding under 66 Pa.C.S. § 1307 (relating to sliding scale of rates; adjustments).

(3) A natural gas utility maintains no duty to provide retail service to a transportation customer who declines to elect standby retail service.

Cross References

This section cited in 52 Pa. Code § 60.3 (relating to eligibility for natural gas transportation service); and 52 Pa. Code § 60.9 (relating to effective date).

§ 60.6. Natural gas storage service.

(a) A tariff rate for optional natural gas storage service shall be available for use when the transportation customer fails to take delivery of the entire net volume of natural gas delivered to the distribution utility for the customer's account. The tariff rate for optional storage service shall reflect any contribution toward the utility's storage costs made by the customer as part of the customer's standby sales service rate.

(b) The customer's failure to elect the storage service option will entitle the natural gas utility to buy unused natural gas from the customer at a price equal

to the utility's lowest cost gas or at the customer's costs, whichever is less. The customer shall demonstrate its cost of natural gas by supplying a sworn affidavit of the cost of gas to the natural gas utility.

Cross References

This section cited in 52 Pa. Code § 60.9 (relating to effective date).

§ 60.7. Balancing of deliveries and withdrawals.

(a) A natural gas utility providing transportation service shall reflect in its tariff a 3-month time period, as a minimum, within which the transportation customer shall balance deliveries into and withdrawals from the natural gas utility's system. The time period shall commence upon initial delivery of natural gas into the natural gas utility system. Deliveries and withdrawals may be considered as balance if they fall within a range specified in a natural gas utility's tariff.

(b) The tariff of a natural gas utility shall specify the action that may be taken by the utility if deliveries and withdrawals are not balanced.

Cross References

This section cited in 52 Pa. Code § 60.9 (relating to effective date).

§ 60.8. Reporting requirements.

A natural gas utility shall submit to the Commission an annual report on or before June 1 regarding transportation service that includes the following information:

- (1) The volumes transported for each customer.
- (2) The rate charged each customer for transportation service.
- (3) A description of the rate and service, approved by the Federal Energy Regulatory Commission, under which the gas is carried to the facilities of the natural gas utility.

Authority

The provisions of this § 60.8 amended under 66 Pa.C.S. § 308(c), 501, 504, 523, 1319 and 1501.

Source

The provisions of this § 60.8 amended March 22, 1996, effective March 23, 1996, 26 Pa.B. 1265. Immediately preceding text appears at serial page (164387).

§ 60.9. Effective date.

A natural gas utility shall file a tariff offering gas transportation services consistent with §§ 60.1—60.7 by March 2, 1987, effective May 1, 1987.

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(220218) No. 264 Nov. 96

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