

**WEST VIRGINIA
SECRETARY OF STATE**

KEN HECHLER

ADMINISTRATIVE LAW DIVISION

Form #5

FILED

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OFFICE OF THE WEST VIRGINIA
SECRETARY OF STATE

**NOTICE OF AGENCY ADOPTION OF A PROCEDURAL OR INTERPRETIVE RULE
OR A LEGISLATIVE RULE EXEMPT FROM LEGISLATIVE REVIEW**

AGENCY: Public Service Commission TITLE NUMBER: 150

CITE AUTHORITY: West Virginia Code §24-1-7

RULE TYPE: PROCEDURAL _____ INTERPRETIVE _____

EXEMPT LEGISLATIVE RULE X

CITE STATUTE(S) GRANTING EXEMPTION FROM LEGISLATIVE REVIEW

West Virginia Code §24-1-7

AMENDMENT TO AN EXISTING RULE: YES X, NO _____

IF YES, SERIES NUMBER OF RULE BEING AMENDED: 16

TITLE OF RULE BEING AMENDED: Rules Governing the Transportation
of Natural Gas

IF NO, SERIES NUMBER OF NEW RULE BEING ADOPTED: _____

TITLE OF RULE BEING ADOPTED: _____

THE ABOVE RULE IS HEREBY ADOPTED AND FILED WITH THE SECRETARY OF STATE. THE
EFFECTIVE DATE OF THIS RULE IS December 4, 2000

Charlotte R. Lane

Authorized Signature

\$9.00

SUMMARY OF PROPOSED RULES

The Commission has modified its Rules relating to transportation of natural gas to allow for the pooling of natural gas accounts for balancing and other transportation issues. The pooling of accounts will be limited to interruptible transportation customers under certain circumstances.

STATEMENT OF CIRCUMSTANCES REQUIRING THE RULE

The Commission has adopted changes to its Rules Governing the Transportation of Natural Gas to expand the benefits of such transportation to certain endusers. Specifically, the Commission has allowed the pooling of natural gas accounts for the purpose of balancing and other related transportation issues.

FISCAL NOTE

**P.S.C.
Series 16**

IN THE MATTER OF the amendment of the Rules Governing the Transportation of Natural Gas 150 C.S.R. Series 16.

I. OBJECTIVES OF THE RULE

This rulemaking is to amend the Commission's Rules Governing the Transportation of Natural Gas, 150 C.S.R. Series 16, by adding rules to govern the pooling of customer accounts for balancing and other related transportation issues.

II. COST OF IMPLEMENTING THE PROPOSED RULES:

There will be no significant implementation cost relating to this rulemaking for the State of West Virginia. The Commission does not anticipate additional costs to be incurred as a result of the rulemaking.

III. THE EFFECT THIS MEASURE WILL HAVE ON THE COSTS OR REVENUES OF STATE GOVERNMENT (Information required by fiscal notes for either house of the Legislature.)

This rulemaking will have no effect on the costs or revenues of state government.

IV. ECONOMIC IMPACT OF THE RULE ON THE STATE OR ITS RESIDENTS

This rulemaking will have no significant economic impact on the state or its residents.

DATE: Oct. 3, 2000 AGENCY: Public Service Commission

SIGNATURE OF AUTHORIZED REPRESENTATIVE: Charlotte R. Lane
CHARLOTTE R. LANE, Chairman

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 3rd day of October, 2000.

GENERAL ORDER NO. 228.2

IN THE MATTER OF the amendment of the Rules Governing the Transportation of Natural Gas, 150 C.S.R. Series 16.

CASE NO. 96-0241-G-GI

GENERAL INVESTIGATION into whether marketers should be permitted to pool various Interruptible Transportation Customers for the purpose of balancing.

COMMISSION ORDER

PROCEDURAL HISTORY

On February 29, 1996, the Commission instituted this general investigation to determine whether natural gas marketers should be permitted to pool the accounts, for the purpose of balancing and other related transportation issues, of various customers who purchase interruptible transportation (IT) service. As part of the general investigation, the Commission created a task force, which was open to all interested parties, to consider joint recommendations and proposed rules.

On September 27, 1996, members of the task force advised the Commission that they were not able to reach consensus and would not likely be able to issue unanimous recommendations. In 1998 proposed pooling rules were filed and supported by some, but not all, members of the task force. Other parties filed responses to the task force report. In 1999, Commission Staff proposed an alternative set of rules which contemplated that pooling would begin with customers who purchase firm transportation service, and then be expanded to interruptible transportation customers. Bluefield Gas Company, the Consumer Advocate Division (CAD), Weirton Steel Corporation, the Independent Oil and Gas Association of West Virginia (IOGA), West Virginia Power Gas Service & UtiliCorp United, Inc., Hope Gas, Inc., and Equitable Gas Company responded to Staff's proposed rules.

The Commission promulgated as proposed rules the compromise task force rules which contemplated pooling by interruptible transportation customers. See Gen. Order No. 228.2 (Aug. 27, 1999). The Commission advised that in deciding to promulgate the task force's compromise rules, it was not prejudging any issues, including the arguments of the CAD and Staff that pooling should begin with firm customers. The Commission gave notice that it would consider, and could ultimately adopt, a position other than that set forth in the task force rules.

Initial or reply comments to the proposed rules were filed by CAD, W.G. Gas, Inc., Ravencliff Fuel & Supply Co., Statoil Energy, Inc., IOGA, Equitable, UtiliCorp and West Virginia Power Gas, Hope, Mountaineer Gas Company, Weirton, Cabot Oil & Gas Marketing Corporation, Bluefield, Staff, CNG Retail Services Corporation, and Cranberry Pipeline Corporation.

A hearing was conducted in late October, 1999. In November and December, 1999, initial and reply briefs were filed by Mountaineer, IOGA, Weirton, Cabot, Hope, Staff and CAD.

DISCUSSION

Summary of Decision

This entire proceeding is a refinement of our existing Gas Transportation Rules. This modification is to give end users additional options relating to the transportation of natural gas. Although transportation involves more participants than end users, the primary beneficiaries of the Federal Energy Regulatory Commission orders 436 et seq., W. Va. Code § 24-3-3a, and our Gas Transportation Rules are the end users.

The final rules being promulgated today allow pooling to begin with IT customers, as proposed by the task force. The Commission is adopting a human needs limitation on pool membership and shall handle geographic limitations, standby service and telemetry in individual utility tariffs. A single end user which has multiple delivery points will be allowed to operate its own pool, known as an individual member pool, and will not be required to be certificated by the Commission. Pools also may be made up of multiple end users. Multiple member pools shall be required to be certificated by the Commission and shall be subject to the Commission's jurisdiction. However, the Commission has decided that its regulatory oversight over such multiple member pools should be limited, so long as pooling service is subject to a human needs limitation. The Commission wishes to make clear that should problems develop, it shall increase its regulatory oversight over poolers.

Throughout the record of this proceeding, terms such as pooler, pool operator,

marketer and gas supplier have been used interchangeably. This is also true with the terms customer, end user and pool member. To clarify, the following meanings apply:

Pool *An aggregation of multiple accounts of one or more natural gas end users which have assigned natural gas nomination, balancing and other transportation requirements to a pool operator. If a pool is made up solely of multiple delivery points of one customer, it is referred to as an individual member pool, whereas a pool made up of two or more customers is referred to as a multiple member pool.*

Pooling *A service whereby the pool operator aggregates natural gas supplies delivered to satisfy the pool requirements of end users which have assigned their nomination and balancing responsibilities.*

Pool Operator or Pooler *The entity which has entered into a pooling agreement with a natural gas local distribution company or intrastate pipeline.*

Pool member *An individual end user that belongs to a pool.*

End user *Any person, firm or corporation which is the ultimate consumer of natural gas.*

Marketer or supplier *An entity that obtains gas supply and offers that supply to one or more end users.*

Background

Transportation of natural gas to end users is not a new concept. Open access to the interstate pipeline systems was mandated by Federal Energy Regulatory Commission Order 436 on October 9, 1985. Open access allowed utilities to obtain wholesale gas supply in competitive markets, free from the monopoly service of pipelines acting within their traditional merchant function. Moreover, it opened the door for states to allow end users to similarly seek alternative gas supplies. Even prior to the FERC orders, the West Virginia Legislature passed Senate Bill 117 in 1983, requiring intrastate pipelines and local distribution companies (LDC's, sometimes used interchangeably with gas utilities) to provide open access transportation of natural gas. See W. Va. Code § 24-3-3a.

In 1986, this Commission adopted its Rules Governing the Transportation of Natural Gas (Gas Transportation Rules), 150 C.S.R. Series 16. Under these rules, all customer classes are able to enter into their own contracts for transportation of their own non-utility gas supplies. When these rules were adopted, many customers moved from full service LDC tariff gas supplies, which included transportation service, to contracting on their own for gas supplies and transportation service. To date, transportation service has been arranged on a customer-by-customer basis, as required by LDC tariffs. Each customer separately arranges for transportation on the LDC system, nominates gas inputs into the LDC system and either balances the individual loads or pays balancing fees.

In modifying the Gas Transportation Rules, the Commission is requiring that pooling be made available to those interruptible transportation customers who request it, subject to a human needs limitation. Pooling is the administrative act of considering two or more delivery points as one. It could mean literally hundreds of delivery points and hundreds of different end users being treated like one customer by the utility or intrastate pipeline. With pooling, it is possible that the pooler, instead of the end user, will be the transportation customer. Poolers, though, are not necessarily end users. Prior to pooling, the transportation customer has almost always been the end user.

Staff has suggested that departure from this individual customer transportation policy requires specific additional statutory authority. The Commission disagrees. Existing statutory language allows customers to contract for non utility gas supply while receiving open access transportation service from intrastate pipelines and local distribution utilities. Although pooling has been effectively prohibited in the past due to individual balancing requirements of LDC tariffs, which were approved by this Commission, we now find that these individual balancing restrictions should be lifted under limited circumstances. Pooling of the gas requirements at multiple delivery points is a logical extension of LDC open access transportation obligations.

Issues

Adoption of Pooling Rules

The threshold issues in this proceeding are whether to allow pooling at all and, if pooling is allowed, whether to limit pools in any way. The Commission finds that pooling should be allowed, but that it should be limited to IT customers. Although Staff and the CAD suggested that pooling begin with firm customers, the vast majority of the participants in this proceeding preferred that pooling begin with interruptible transportation customers. The Commission agrees with the IT customer limitation.

Very few residential or other customers requiring firm service have availed themselves of natural gas transportation service since W. Va. Code § 24-3-3a was enacted. Since commercial and industrial customers are most familiar with unbundled service, that is, independently acquiring their own gas supplies and transportation of those supplies, it makes sense to offer pooling first to the customers who are most likely to use it and who do not require the protection of pervasive regulatory oversight of their pool operators. Therefore, the Commission agrees with the majority and shall adopt final rules which allow pooling for interruptible transportation customers.

Obligations of Poolers and Transporters To Serve Their Customers

With regard to the obligation to serve, pool operators must provide gas supply to end users pursuant to the terms and conditions of their contracts. By allowing pooling under the limited conditions authorized by this rule, the Commission sees no need to add any obligations or responsibilities on natural gas poolers beyond those contracts. Likewise, except for adding a pooling requirement, the Commission shall not alter the obligations of the intrastate pipelines or LDC's beyond those contained in our existing rules or within LDC tariffs. Intrastate pipelines and LDC's shall continue to have an obligation to provide transportation service to the individual customers within the pool, subject to our Gas Transportation Rules and subject to the LDC's tariff terms and conditions. The LDC shall have no obligation to provide full service gas supply at tariff rates unless individual customers, or the pool operator on behalf of such individual customers, have contracted and paid for stand-by sales service.

Service to Basic Human Needs Customers

The pooling allowed by this Rule modification is limited to interruptible transportation customers. One issue raised was whether pooling should be available to some interruptible customers, namely customers like hospitals and nursing homes, which cannot realistically have their service safely interrupted. Several alternatives were suggested, ranging from IOGA's proposal to not address the question at all to CAD's proposed mandatory services rule. The Commission shall adopt the human needs limitation supported by Mountaineer and Hope. Under this limitation, customers that rely on natural gas for basic human needs will not be eligible for pool membership unless they purchase stand-by sales service or have demonstrated that they have the existing ability to switch to alternate energy sources which would meet the human needs customers' energy requirements that were provided by the interrupted gas supply. These basic human needs customers include, but may not be limited to residences, schools, hospitals and nursing homes. Any disagreements regarding the classification of a customer within this category may be brought to the Commission in a complaint proceeding.

Commission Jurisdiction and Regulation

Several parties addressed the utility status of poolers and the degree to which they would be subject to Commission regulation. The Commission is initially limiting the availability of pooling to IT customers, as limited by the human needs provision described above. Under these circumstances, it is not necessary to require the same level of regulation or to impose the same service obligation on poolers as apply to local distribution companies. Poolers shall be required to satisfy their contractual obligations to intrastate pipelines and LDC's, the LDC's tariff terms and conditions and their contractual obligations to their customers. Commission regulatory oversight may be expanded if problems develop, or if pooling is made available to other customers.

Terminations

A marketer's decision to offer pooling and an end user's decision to become a pool member does not affect the end user's responsibility to pay for gas service received pursuant to the contract between the end user and the pooler. Furthermore, pooling does not affect an intrastate pipeline's or LDC's right to receive timely payments for services provided to the pool. Currently a gas supplier may become the end user's payment agent. That is, the end user pays the supplier one sum -- which covers both the cost of the gas and the charge to transport it -- and the supplier is then contractually obligated to make the transportation payment on the end user's behalf. Absent pooling, the transporter continues to bill individual end user accounts and expects to receive specific payments either from the end user or its agent. Failure to receive such account specific payments subjects the end user to collection action and possibly termination.

With pooling, this individual transportation arrangement between a transporter and a single end user may cease to exist. The pooling entity may now become the transportation customer and the transporter would have a right to expect payment for its full bill applied to throughput on behalf of the entire pool, regardless of the individual payments made by members of the pool to the pool operator. Equitable disposition of end user payments to the pool operator shall be a matter of contractual rights between the end user and the pool operator. When a transporter has not received adequate, timely payment from a pool operator, the Commission shall allow the transporter to initiate collection activities, including termination action, against the entity contracting transportation service, even if such entity is a pool operator and is not an end user. However, under these circumstances, we shall require the transporter to provide notification to each member of the pool regarding such non-payment and pending termination actions. Individual members of a pool that is delinquent in its payments to a transporter shall not be precluded from obtaining service in their own right solely because of the delinquency of their former pool. If the transporter is an LDC, it must comply with the Commission's Rules for terminations. Further, if

applicable to any individual member of such pool, LDC's shall comply with the Commission's multiple unit termination requirements, which are as set forth in Rule 4.8.1.a.J of our Rules and Regulations for the Government of Natural Gas Utilities, 150 C.S.R. Series 4.

Pooling References

Throughout the proposed rules, "transportation" was followed by "and pooling." Pooling is not a new transportation service. Instead, it is an administrative tool used to provide transportation service, available upon request to some interruptible transportation customers. To clarify that pooling is not a separate and new service, "and pooling" has been removed throughout the Gas Transportation Rules.

Revised Numbering

Since the Gas Transportation Rules were adopted, the West Virginia Secretary of State's office has changed its requirements for rule numbering. The final rules conform to the Secretary of State's revised numbering system.

Extending Pooling to Firm Customers and Pooling Implementation Schedule

Although the task force members proposed a schedule by which the availability of pooling service would be expanded, the Commission has decided not to establish a date when pooling will be made available to firm customers. Before deciding to extend pooling to firm customers, the Commission shall consider the experience it gains through oversight of IT pooling. The Commission has also decided to modify the schedule, by deleting the 36-month and 48-month timetables. The Commission recognizes that further rulemakings will be necessary. Therefore, two years after pooling is first implemented, the Commission will initiate a proceeding to receive proposed rules to extend the availability of pooling to new IT residential customers and to firm customers. The Commission expects these proposed rules to address what level of regulatory oversight of marketers should be implemented when pooling is offered to these two classes of customers.

Further, the proposed implementation schedule required that pooling be made available to current pooling customers. IOGA suggested that the reference to current pooling customers be deleted because it is not possible to be a pooling customer until these rules are finally adopted. We agree.

Geographic Limitations, Standby Service and Telemetry in Utility Tariffs

Geographic limits, standby service and telemetry will be addressed in individual tariff filings, as Mountaineer, IOGA, Weirton and Hope suggest. The Commission is persuaded that sufficient differences exist between the systems of different utilities that these issues should be addressed individually for each utility.

Express Discriminatory Provision

We agree with Weirton that utilities must be reasonable and nondiscriminatory in developing and applying such tariff provisions. Although Weirton suggests an express rule to that effect, by law utilities cannot discriminate in providing service and discrimination is already expressly prohibited by the Gas Transportation Rule 2.5. The Commission shall not add another section in the rules, but shall enforce the statute, if needed.

Transition Cost Recovery

Weirton also suggested that the recovery of transition costs, which are referred to in Rule 3.3.2.f, should be included in utility tariffs. We agree. Transition costs will vary from utility to utility and should be handled utility by utility. Therefore, the Commission has deleted proposed rule 3.3.2.f.

Operation of Pools by End Users

As the task force contemplated, end users, such as Weirton, may operate their own pools. Such individual member pools will be held to the same standards as other pool operators so far as applicability of utility tariffs is concerned; however, individual member pool operators will not be required to obtain a certificate from the Commission and will not be subject to any Commission jurisdiction beyond such jurisdiction that the Commission has over any other individual end user.

Multiple Member Pool Operator Certification

Multiple member pool operators must apply for a certificate by filing, at a minimum, the information set forth in Gas Transportation Rule 9.4. The Commission is developing a form to use to apply for this type of certificate and may decide to require additional information. If multiple member pool operators do not comply with Commission rules and state law, the Commission may revoke their authority to operate.

Rule 3.2.1 Applications and Interpretation

The CAD and IOGA note that Rule 3.2.1, relating to cost recovery, refers to customers who do not pool, yet it appears that the Commission intended the rule to apply to customers who pool. Further, the CAD and IOGA disagree whether the phrase "including any balancing penalties" should be in the rule. The CAD opposes IOGA's suggestion to take out that phrase.

The Commission shall not change Rule 3.2 except to clarify that transportation service shall include the availability of pooling. Existing Rule 3.2 requires that the "... interruptible transportation customer pay for all the costs they impose on the system including any balancing penalties. . .". We shall not remove the reference to balancing penalties; however, we shall clarify that it applies to all interruptible transportation customers, whether they are members of a pool or not.

Tariff Filing Deadline

The Commission's proposed rule required that pooling tariffs be filed within 15 days of the effective date of the revised rules. Hope suggested that 60 days would be more appropriate. The Commission does not agree. These rules will not become effective until 60 days after their issuance. Therefore, the LDC's will have 75 days from the date of this order to develop and file tariff provisions relating to pooling. That should be more than sufficient time.

Pipeline Definitions

Weirton and IOGA suggested that "pooling" be removed from the definitions of interstate and intrastate pipelines in Rules 1.5.11 and 1.5.12 because statutory definitions suffice. We agree "pooling" should be removed, but for a different reason. By modifying the Gas Transportation Rules, the Commission is requiring transporters to permit pooling for certain interruptible customers. Therefore, when these modified Rules become final Rules of the Commission, transportation of natural gas by any entity subject to the Rules must include the option of pooling.

"Customer" References

Weirton notes that the rules refer to "customer," but "customer" is not defined. Thus, Weirton suggests that "customer" be replaced with "end user" in Rules 1.5.13, 1.5.14 and 9.3. We agree that clarification is required, but we shall not make the changes suggested by Weirton. Under the modified rules, pool operators may be "customers", but they will not necessarily be end users. It would be wrong to make these Rules apply only to end users.

"Applicant" References

Similarly, Weirton notes that the rules refer to "applicant" without defining term, and that "applicant" could be interpreted to mean pool operator, end user or both. Weirton suggests that it be replaced with "pool operator" in Rules 2.3.2 and 2.6. We disagree. An applicant for transportation service may be a pool operator, an end user or both.

FINDINGS OF FACT

1. On February 29, 1996, the Commission instituted this general investigation to determine whether natural gas marketers should be permitted to pool the accounts, for the purpose of balancing and other related transportation issues, of various customers who purchase interruptible transportation (IT) service.

2. As part of the general investigation, the Commission created a task force, which was open to all interested parties, to consider joint recommendations and proposed rules.

3. On September 27, 1996, members of the task force advised the Commission that they were not able to reach consensus and would not likely be able to issue unanimous recommendations.

4. In 1998 proposed pooling rules were filed and supported by some, but not all, members of the task force. Other parties filed responses to the task force report.

5. In 1999, Commission Staff proposed an alternative set of rules which contemplated that pooling would begin with customers who purchase firm transportation service, and then be expanded to interruptible transportation customers. Bluefield Gas Company, the Consumer Advocate Division (CAD), Weirton Steel Corporation, the Independent Oil and Gas Association of West Virginia (IOGA), West Virginia Power Gas Service & UtiliCorp United, Inc., Hope Gas, Inc., and Equitable Gas Company responded to Staff's proposed rules.

6. The Commission promulgated as proposed rules the compromise task force rules which contemplated pooling by interruptible transportation customers. See Gen. Order No. 228.2 (Aug. 27, 1999). The Commission advised that in deciding to promulgate the task force's compromise rules, it was not prejudging any issues, including the arguments of the CAD and Staff that pooling should begin with firm customers. The Commission gave notice that it would consider, and could ultimately adopt, a position other than that set forth in the task force rules.

7. Initial or reply comments to the proposed rules were filed by CAD, W.G. Gas. Inc., Ravencliff Fuel & Supply Co., Statoil Energy, Inc., IOGA, Equitable, UtiliCorp and West Virginia Power Gas, Hope, Mountaineer Gas Company, Weirton, Cabot Oil & Gas Marketing Corporation, Bluefield, Staff, CNG Retail Services Corporation, and Cranberry Pipeline Corporation.

8. A hearing was conducted in late October, 1999. In November and December, 1999, initial and reply briefs were filed by Mountaineer, IOGA, Weirton, Cabot, Hope, Staff and CAD.

CONCLUSIONS OF LAW

The Rules Governing the Transportation of Natural Gas, 150 CSR 16, attached as Appendix A, should be adopted as final rules.

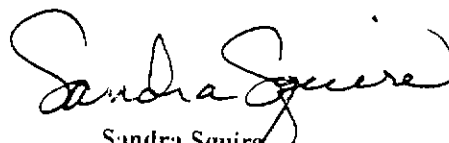
ORDER

IT IS THEREFORE ORDERED that the attached rules are adopted as final rules, to become effective on December 4, 2000.

IT IS THEREFORE ORDERED that this proceeding be removed from the Commission's docket of active cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order upon all parties of record **and all natural gas utilities and intrastate pipeline companies operating in W. Va.** by United States First Class Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:


Sandra Squire
Executive Secretary

ARC
CLW/JML/jaf
960241cc.wpd

16-final
10/3/00

TITLE 150
LEGISLATIVE RULES
PUBLIC SERVICE COMMISSION

FILED
Oct 3 3 52 PM '00
OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

SERIES 16
RULES GOVERNING THE TRANSPORTATION
OF NATURAL GAS

§150-16-1. General

1.1. Scope -- This legislative rule applies to the transportation of natural gas within the State of West Virginia.

1.2. Authority -- W. Va. Code §§24-3-3a, 24-1-1, 24-1-7, 24-2-7, and 24-2-11.

1.3. Filing Date -- ~~January 18, 1995~~ October 3, 2000

1.4. Effective Date -- ~~March 19, 1995~~ December 4, 2000

1.5. Definitions.

1.5.a. Aggregation.

See Pooling.

1.5.b. Aggregation Pool.

See Pool.

1.5.c. Aggregator.

See Pool Operator.

1.5.d. Balancing.

A process by which receipts and deliveries of natural gas volumes are equalized.

1.5.e.† Benchmark fully distributed cost based rate.

The term "benchmark fully distributed cost based rate" means a rate for a transportation service which represents the full embedded costs associated with providing the service.

1.5.f.‡ Benchmark incremental rate.

The term "benchmark incremental rate" means a rate for a transportation service which represents the short-run variable costs associated with providing the service.

1.5.g.3 Bypass.

The term "bypass" means the connection by an end-user to facilities other than facilities owned by a utility for the purpose of receiving natural gas through such alternate facilities.

1.5.h.4 End-user.

The term "end-user" shall mean any person, firm or corporation which is the ultimate consumer of natural gas.

1.5.i.5 Full commodity service.

The term "full commodity service" means the supplying of utility owned natural gas.

1.5.j.6 Gathering facilities.

The term "gathering facilities" shall include all pipelines and related facilities used to collect the gas production of one (1) or more wells for the purpose of moving such production from the well(s) into the facilities of an interstate pipeline, a utility, or an intrastate pipeline. For the purposes of these rules, gathering facilities shall not be considered either public utilities or intrastate pipelines.

1.5.k.7 Interstate pipeline.

The term "Interstate Pipeline" means any person, firm or corporation engaged in natural gas transportation subject to the jurisdiction of the Federal Energy Regulatory Commission under the Natural Gas Act, 15 U.S.C. §717.

1.5.l. Intrastate pipeline.

The term "Intrastate Pipeline" means any person, firm or corporation engaged in natural gas transportation in intrastate commerce to or for another person, firm or corporation for compensation.

1.5.m. Marketer.

An entity that obtains gas supply and offers that supply to one or more end users.

1.5.n. Nomination.

The customer's request of a utility or intrastate pipeline to receive quantities of natural gas for the customer's account at specified receipt point(s) and for delivery of quantities of natural gas to specified delivery point(s).

1.5.o. Nomination Requirement.

The quantity of gas required to be delivered to the utility or intrastate pipeline at receipt point(s) for the account of a customer in order to meet (1) the customer's requirement for flowing gas (gas physically delivered to end-user), (2) losses, and (3) correction of a customer's out-of-balance condition existing at the end of the preceding nomination period.

1.5.p. Pool.

An aggregation of multiple accounts of one or more natural gas end users which have assigned natural gas nomination, balancing and other transportation requirements to a pool operator. If a pool is made up solely of multiple delivery points of one customer, it is referred to as an individual member pool, whereas a pool made up of two or more customers is referred to as a multiple member pool.

1.5.q. Pool member.

An individual end user that belongs to a pool.

1.5.r. Pool Operator.

The individual or entity which has entered into a pooling agreement with a utility or intrastate pipeline. A single end user with multiple delivery points may be a pool operator.

1.5.s. Pooler.

See pool operator.

1.5.t. Pooling.

A service, whereby the pool operator aggregates natural gas supplies delivered to satisfy the pool requirements of end users which have assigned their nomination and balancing responsibilities.

1.5.u. Public utility service area.

The term "Public Utility Service Area" includes those present and future end-users located within the communities and environs specified in the utility's tariff sheets.

1.5.v. Receipt Point.

The location point at which natural gas is physically received into a utility's or intrastate pipeline's facilities.

1.5.w. Supplier.

See marketer.

1.5.x.+θ Unbundle.

The term "Unbundle" shall mean the separation of distinct transportation service, or services associated therewith, which allows an identification of the charge for each component of the service provided.

1.5.y.+† Utility.

The term "Utility" or "Public Utility" means any person, firm or corporation subject to the Commission's jurisdiction under West Virginia Code §24-2-1.

1.6. Waiver -

If hardship results from the application of any rule herein prescribed, or if unusual difficulty is involved in immediately complying with any rule, application may be made to the Commission for the modification of the rule or for temporary or permanent exemption from its provisions: Provided, that the application for such modification or exemption must be submitted with a full and complete justification for such action.

§150-16-2. Transportation Obligations.

2.1. Obligations -

All natural gas public utilities and intrastate pipelines shall provide non-discriminatory transportation of customer-owned gas, upon request, upon a first come/first served basis, to persons requesting such service over the existing facilities of the utility or intrastate pipelines. Transportation service shall include service to a pool, provided, however, that pool membership shall be made available only to interruptible transportation customers. Pooling shall be made available to human needs customers only as set forth in these Gas Transportation Rules.

2.2. Conditions -

The obligation to provide transportation services shall be subject to valid capacity restraints. Pooling service also shall be subject to valid operational characteristics of the utility or intrastate pipeline, satisfactory proof that the pool operator is qualified under the provisions of these regulations and/or other Commission consideration(s) and all other laws of the State.

2.2.a†. A rebuttable presumption shall exist that adequate capacity exists to provide

the requested transportation service.

2.2.b2. In the event of a dispute between an existing or potential transportation customer and a public utility or intrastate pipeline over the adequacy of capacity to provide the requested transportation service, the Commission shall resolve the dispute through its complaint procedures in which the utility or intrastate pipeline will have the initial burden of overcoming a presumption that adequate capacity does exist.

2.3. Application forms -

The information required by a utility or intrastate pipeline to process a request for transportation service shall be clearly set forth ~~within on~~ an application form which shall be made available, ~~at the time of the~~ upon request to the person requesting transportation service.

2.3.a1. The application form shall be contained within the utility's or intrastate pipeline's ~~proposed~~ transportation tariffs.

2.3.b2. The requirements of such forms shall be just and reasonable and shall not be unduly burdensome upon the applicant for transportation services.

2.4. Processing of applications -

All requests for transportation services shall be ~~processed~~, approved or rejected by the utility or intrastate pipeline within twenty (20) working days following ~~the submission receipt~~ of a completed application form ~~which requests such service~~. If the request ~~has been is~~ rejected, ~~a written reasons for such rejection shall~~ must be given at the time of the rejection together with an indication of the revisions which would make the application acceptable, if at all.

2.5. Discrimination prohibited -

All transportation services to be offered and policies and practices with respect thereto shall be applied without unjust discrimination or preference, either as to affiliates or nonaffiliates.

2.6. Creditworthiness -

The utility or intrastate pipeline shall establish creditworthiness standards for pool operators that are not unduly discriminatory, and that shall consider, among other factors, the past payment history of the applicant with the utility. The utility or intrastate pipeline may consider the total potential monetary loss to the utility or intrastate pipeline in the event of a default on the part of the pool operator. Where such standards result in a requirement for a deposit or other financial assurance, such deposit amount or financial assurance amount shall not exceed that permitted at Section 4.2.1 of the Commission's Gas Rules.

§150-16-3. Transportation Rates, Practices and Services.

3.1. Interim Transportation Tariffs -

No later than fifteen days after the effective date of these rules each gas utility shall file proposed transportation tariffs, to be effective within fifteen (15) days following the filing date, which unbundle the transportation services to be rendered by the utility, set forth the conditions of service, and establish just and reasonable rates for service. The proposed tariffs may be suspended and will become effective, revised or rejected upon the further order of the Commission.

3.1.a. Unless otherwise acted upon by the Commission, the tariffs filed pursuant to this section shall be considered interim provisions with respect to transportation which will be reviewed by the Commission in the entity's next general rate filing or upon complaint or the Commission's own motion.

3.1.b. All workpapers, data, and calculations which support and demonstrate the proposed rates and any other calculated numbers in the filed tariffs shall be filed with the proposed tariffs.

3.1.c. Small utilities whose total annual throughput is less than five hundred thousand (500,000) Mcf, excluding residential sales, and intrastate pipelines are exempt from the tariff filing requirements of this section. However, although exempt, such entities must offer services and charge rates with respect thereto in accordance with the provisions of this rule. This exemption is subject to future modification by the Commission. Additionally, the Commission's complaint procedure is available for the purpose of reviewing any service, practice, or policy of an entity claiming exemption under this section. Specific exemptions may be revoked by the Commission on a case by case basis for good cause shown.

~~3.2. Utilities and intrastate pipelines shall offer, at a minimum, both firm and interruptible transportation services. All local distribution companies shall develop some method which ensures that all interruptible transportation customers pay for all the costs they impose on the system including any balancing penalties. The LDCs shall file appropriate tariff applications no later than July 1, 1995, with the Commission for its consideration. Utilities and intrastate pipelines may further propose to unbundle services associated with both firm and interruptible transportation which may be appropriate to their individual operating capabilities and characteristics.~~

3.2. Services provided

3.2.a. Mandatory services.

All natural gas utilities and intrastate pipelines shall offer firm and interruptible transportation service. Pooling shall be made available to interruptible transportation service customers, subject to the human needs limitation set forth in these Gas Transportation Rules.

3.2.b. Optional services.

All local distribution companies shall develop some method which ensures that

all interruptible transportation customers, whether they are members of a pool or not, pay for all the costs they impose on the system including any balancing penalties. Utilities and intrastate pipelines may further propose to unbundle services associated with both firm and interruptible transportation which may be appropriate to their individual operating capabilities and characteristics.

3.2.3c. Discrimination prohibited -

All transportation rates and policies with respect thereto shall be applied without unjust discrimination or preference, either as to affiliates or nonaffiliates.

3.2.4d. Recourse to the Commission -

In the event the person requesting transportation service and the transporter cannot negotiate a mutually agreeable rate and/or terms of service, the dispute shall be resolved by the Commission upon a petition by either party.

3.3. Tariff Requirements -

Tariffs filed or rates charged pursuant to these rules must, at a minimum, contain the following provisions:

3.3.1a. Transportation tariffs

~~3.3.1~~ 3.3.a.1. Rates must be flexible, both downward and upward, from a benchmark fully distributed cost based rate. The Commission will review flexible pricing practices in rate cases, complaint cases, or in cases initiated upon its own motion.

~~3.3.2~~ 3.3.a.2. Generally, the benchmark fully distributed cost based rate should be the rate imposed upon a transportation service; however, flexibility, at the discretion of the transporter, is provided in order to reflect market conditions on a case by case basis.

~~3.3.3~~ 3.3.a.3. For natural gas produced within West Virginia, the transportation rate may not flex upward from the benchmark fully distributed cost based rate.

~~3.3.4~~ 3.3.a.4. The benchmark fully distributed cost based rate shall include an allowance for return on allocated rate base equal to the last rate of return authorized by the Commission for the particular utility. For entities which do not have an authorized rate of return, the benchmark fully distributed cost based rate shall include a reasonable return, which shall be documented and supported by sufficient information and data at the time of the filing, until modified by the Commission.

~~3.3.5~~ 3.3.a.5. The flexibility of transportation rates for each entity subject to this rule must be determined according to the following standards:

aA. Negotiated rates for services provided under this rule may flex

downward from the benchmark fully distributed cost based rate but not below the benchmark incremental rate, as defined in Section 1.5.2.

bB. The provisions of this subsection 3.3.5.b. shall apply to utilities which provide, in addition to transportation services, full commodity service to non-transportation customers.

A1. Negotiated rates for services provided under this rule by a utility may flex upward from the benchmark fully distributed cost based rate but not above the utility's otherwise applicable sales tariff rate excluding the utility's avoidable purchased gas commodity costs. For the purpose of calculating this maximum rate, the "utility's otherwise applicable sales tariff rate" shall be the average per unit rate computed on the basis of the utility's tariff that would apply to the volumes of throughput contemplated in the transportation agreement.

B2. To the extent standby sales service is contracted for, the maximum provided in this subsection shall be calculated by deducting all of the utility's purchased gas costs from the utility's otherwise applicable sales tariff rate.

EXAMPLE

The following calculations provide an example of a maximum rate determination, which has flexed upward from the benchmark fully distributed cost based rate. The example assumes a customer requesting transportation for 500 Mcf per month. To calculate the maximum transportation rate you first determine the average rate under the serving utility's applicable rate schedule. A typical rate schedule may appear as follows:

Customer Charge	\$34.00
First Mcf	6.00 per Mcf
Next 49 Mcf	5.00 per Mcf
Over 50 Mcf	4.70 per Mcf

The above rates include a PGA of \$4.30 per Mcf.

Under this rate schedule the total bill for 500 Mcf would be \$2,400 and the average per unit rate is \$4.80.

Avoidable purchased gas commodity costs are deducted from the average tariff rate to arrive at the maximum transportation rate for non-standby customers. For standby customers all purchased gas costs are deducted from the average tariff rate. Typical purchased gas costs may be made up of the following components:

Avoidable Commodity	
Costs	\$3.45 per Mcf
All Other Purchased	
Gas Costs	<u>.85</u> per Mcf

Total PGA . . . \$4.30 per Mcf

Given the above assumed tariff rates and purchased gas costs the maximum transportation rate is determined as follows:

Non-Standby Customers:

Average Tariff Rate . . . \$4.80
Less Avoidable Purchased
Gas Costs (3.45)
Maximum Transportation Rate \$1.35

Standby Customers:

Average Tariff Rate . . . \$4.80
Less Total Purchased
Gas Costs (4.30)
Maximum Transportation Rate \$.50

€3. In the event the maximum flex rate calculated under this subsection is less than the total benchmark fully distributed cost based rate for the transportation services to be provided, the total benchmark fully distributed cost based rate shall be the maximum rate that may be charged.

€C. Nothing within these rules regarding rate flexibility should be construed as allowing, or Commission authorization for, an elimination of a reasonable differential between rates for firm and interruptible service.

~~3-3-6~~ 3.3.a.6. Utilities shall provide for optional standby sales service. Standby sales service shall entitle a transportation service end-user to purchase natural gas at the applicable full service commodity tariff rate, i.e., the utility's retail sales rate applicable to the particular end user. Each transportation service end-user shall be entitled to standby sales service subject to the following conditions:

aA. The transportation service end-user must be in compliance with the terms and conditions of the tariff relating to standby sales service, including the payment of fees.

bB. The transportation service end-user and the utility shall agree upon the maximum sales volumes. Volumes taken in excess of this amount may require the payment of a penalty.

€C. The standby sales service shall include all fixed costs, including the fixed costs associated with gas supply, associated with providing standby sales service to the transportation service end-user.

€D. The rate for standby sales service shall not be flexible.

eE. For a transportation service end-user which is not paying a standby sales service fee, the utility is relieved from its service obligation to provide full commodity service to such end-user.

~~3.3.7~~ 3.3.a.7. If transportation service to an end-user requires the capacity of other pipelines, the transportation rate to such end-user shall recover the costs incurred by the utility or intrastate pipeline in reserving such capacity.

3.3.b. Tariffs provisions for pooling service.

3.3.b.1. No later than fifteen (15) days after the effective date of these rules, any entity with natural gas transportation tariffs on file with the Commission shall file proposed tariffs which set forth terms, conditions and rates for providing service to pools. Any entity subsequently filing transportation tariffs with the Commission shall include provisions for pooling service at that time.

3.3.b.2. Work papers, data and calculations which support and demonstrate the proposed rates and any other calculated numbers in the filed tariffs shall be filed with proposed tariffs.

3.3.b.3. Small utilities whose total annual throughput is less than five hundred thousand (500,000) Mcf, excluding residential sales, and intrastate pipelines who have no transportation tariff on file with this Commission, are exempt from the initial tariff filing requirements of these rules. However, although exempt, such entities must offer services and charge rates with respect thereto in accordance with the provisions of these rules. The exemption is subject to future modification by the Commission. Additionally, the Commission's complaint procedure is available for the purpose of reviewing any service, practice, or policy of an entity claiming exemption under this section. Specific exemptions may be revoked by the Commission on a case by case basis for good cause shown.

3.3.b.4. Tariff and/or rates developed, after consultation with interested parties, and subsequently filed pursuant to these rules must, at a minimum, address the following items:

A. Rates including any billing and payment requirements, and/or late payment penalty clauses.

B. Eligibility for pooling service. Human needs customers who have selected interruptible transportation service, including residences, schools, hospitals, nursing homes and other types of health care facilities, are not eligible for pooling unless they purchase stand-by service or have demonstrated that they have the existing ability to switch to alternative fuels which would meet the human needs customers' energy requirements that were provided by the interrupted gas supply.

C. Responsibility for any unpaid purchased gas cost arising from prior utility or intrastate pipeline service.

D. Provisions for balancing the pool and the transfer of gas supplies from one pool to another.

E. Pool membership requirements, include at a minimum, proof that all end users are interruptible transportation customers, are not subject to this rule's human needs limitation, have knowingly selected the option of pooling and the potential ramifications of selecting pooling. Such proof must be clear and unambiguous and to the satisfaction of the utility or intrastate pipeline. The primary responsibility for payment for the transportation service is that of the pool operator. Equitable distribution of end user payments to the pool operator shall be a matter of contractual rights between the end user and the pool operator. When a transporter has not received adequate, timely payment from a pool operator, the transporter may initiate collection activities, including termination action, against the entity contracting transportation service, even if such entity is a pool operator and is not an end user, provided that the transporter provide notification to each member of the pool regarding such non-payment and termination actions. Individual members of a pool that is delinquent in its payments to a transporter shall not be precluded from obtaining service in their own right solely because of the delinquency of their former pool. If the transporter is an LDC, it must comply with the Commission's rules on terminations. Further, if applicable to any individual member of such pool, an LDC shall comply with Gas Rule 4.8.1.a.J.

3.3.b.5. Utilities and intrastate pipelines may provide for the following operational considerations within their individual pooling tariffs, for example, but not limited to:

A. Limitations, if any, due to upstream and/or downstream contractual agreements with interstate and intrastate pipelines.

B. Limitations, if any, on the number of pools from which an individual end-user can be served at any one time.

C. Limitations, if any, on the timing of commencement of service. Any requirements for notification to the utility or intrastate pipeline required for making additions to the pool participant listing(s).

D. Any provisions related to withdrawals from pool participation. Such provision should provide for time frames for proper notice and appropriate forms for such notice.

E. Any volumetric restrictions limiting the eligibility of end-users for the pooling service and the time frame, if applicable, of the phase-in or implementation of pooling service for interruptible transportation end-users.

§150-16-4. Bypass.

4.1. Any person, corporation, or other entity desiring to construct or operate any facilities for the purpose of transporting natural gas to an end-user is required to file for and obtain a certificate of public convenience and necessity from the Commission prior to such construction or operation.

4.1.a. Ordinary extensions of existing utility systems in the usual course of business are exempt from the certificate requirements of this section.

4.1.b2. Exemptions.

1a. Except for pending cases before the Commission, all persons operating facilities engaged in flowing gas transportation arrangements to specific end-users as of June 10, 1986 are exempt from the certificate filing requirements of this section. However, within ninety (90) days from the issuance of these final rules, the entities operating such facilities shall register with the Commission by filing PSC Gas Transportation Form No. 1, provided for in Section 8.0, for the twelve (12) month period ending December 31, 1986.

2b. The Commission intends to proceed on a case by case basis regarding the construction or operation of facilities in gas transportation arrangements after June 10, 1986 and prior to the effective date of these rules. Such transportation arrangements shall be subject to the reporting requirements of Section 8.0.

4.1.c3. In the case of an application pursuant to this section, the Commission intends to apply the following procedure:

1a. The thirty (30) day prefiling notice provided for in West Virginia Code §24-2-11(a) is waived.

2b. The certificate applied for will be granted unless otherwise ordered by the Commission, on the thirty-first (31) day following the notice required by West Virginia Code §24-2-11(a), i.e., a Class I legal advertisement, unless a bona-fide protest is received by the Commission within the thirty (30) day notice period, a petition is filed by Commission Staff, or upon the Commission's own motion the application is set for further examination, review or hearing.

3c. In order to constitute a bona-fide protest, the protestant, if providing a service, must indicate an initial willingness to reduce its rates in light of the proposed alternative. After a discovery period of ninety (90) days, the protestant must present to the Commission an affidavit that the protestant in good faith can provide the proposed transportation service more economically.

4d. Upon the receipt of a bona-fide protest, the Commission will proceed with a disposition of the application in an expeditious manner.

4.2. A public utility is relieved from its service obligation with respect to any end-user located in its service territory which bypasses the utility's facilities. In the event an end-user bypasses a utility's facilities and subsequently decides to reestablish service from the utility, the rate at which the end-user will receive such service must be approved by the Commission prior to the reestablishment of service. For good cause shown, upon the petition of a utility or end-user, the Commission will consider allowing the service and establishing rates and fees for the service on an interim basis pending final Commission decision. The interim rates and fees will be subject to true

up based on the Commission's final order. Any such end-user is not automatically entitled to average cost pricing of any service. Upon the end-user's agreement to pay the fees and rates established in the Commission's order, the utility shall provide the service.

§150-16-5. Utility to Utility Competition.

5.1. A public utility shall not provide sales or transportation service to end-users located within the service area of another utility unless the proposed sales or transportation service meets one (1) of the following exceptions:

5.1.a. the facilities of the utility whose service area is involved will be used and compensated for transportation; or,

5.1.b. the end user has requested transportation services from the utility whose service area is involved and has been refused the requested service due to capacity restraints. Prior to service under this exception, the transporting utility must petition for and obtain the approval of the Commission.

5.2. Any dispute regarding utility to utility competition shall be resolved through the Commission's complaint procedures.

§150-16-6. Existing Transportation Arrangements.

6.1. All transportation arrangements pursuant to contracts which were executed and made effective prior to the effective date of this rule, will be exempt from the rate requirements of this rule, unless renegotiated to conform to such requirements, until the expiration of the term of the agreement as it existed on date of issuance of this final rule. Except as otherwise specifically exempted by these rules, all other provisions of these transportation rules shall apply to existing transportation arrangements.

§150-16-7. Priority of Service.

7.1. For the purpose of establishing service priority, the Commission recognizes four (4) categories of service by public utilities: firm and interruptible sales and firm and interruptible transportation. In the event of the need for curtailment, because of utility capacity reasons or utility supply shortages, firm sales and firm transportation shall have a higher priority than interruptible sales and interruptible transportation.

7.2. In the event of future curtailment problems, the Commission, at that time, will establish priorities among customers within the firm and interruptible services, e.g. the priority of firm residential sales as compared to firm industrial sales, the priority of interruptible commercial transportation as compared to interruptible industrial transportation.

§150-16-8. Reporting Requirements.

8.1. Every August 1, each utility and intrastate pipeline shall file reports with the Commission which shall set forth information relating to volumes of gas transported in a consecutive twelve (12) month period commencing thirteen (13) months prior to the report due date. The report due on August 1 will cover volumes transported for the period beginning July 1 of the previous year through June 30 of the current year.

8.2. The information required by this subsection shall be provided upon PSC Gas Transportation Form No. 1, which will be available from the office of the Executive Secretary, Public Service Commission, P. O. Box 812, Charleston, W. Va. 25323.

§150-16-9. ~~Modifications:~~ Pooling Requirements.

~~9.1. For good cause shown in instances when the provisions of this rule adversely affect the public interest, the Commission may modify the application of these provisions on a case-by-case basis. These rules apply to public utilities, intrastate pipelines, pool operators, marketers and end users as defined in these Gas Transportation Rules and the Commission's Rules and Regulations for the Government of Gas Utilities and Gas Pipeline Safety.~~

9.2. A pool operator shall provide verification to the utility or intrastate pipeline of the pool operator's compliance with these rules. The pool operator shall also affirm its acceptance of responsibility to satisfy the utility's or intrastate pipeline's pool balancing requirements. The utility or intrastate pipeline shall require proof of the pool operator's legal status within the State.

9.3. At a minimum, all entities proposing to be operators of pools for interruptible transportation customers must comply with the utility's or intrastate pipeline's tariff filings and applicable Commission rules. Operators of multiple member pools must be certificated by the Public Service Commission of West Virginia. Operators of individual members pools do not have to obtain a certificate.

9.4. The Commission will provide a form for such certification, which shall contain at least the following information:

- a. The pool operator's name and business address.
- b. The name(s) and telephone number(s) of the designated contact person(s) for the pool operator.
- c. The name, address and telephone number of the resident agent registered with the Commission or with the West Virginia Secretary of State to receive service of process.

9.5. Pool operators have the obligation to provide gas supply to pool members pursuant to the terms and conditions of their contracts. Those contracts shall also govern the equitable disposition of an individual end user's payment to the pool operator.

9.6. The Commission may revoke the authority to operate of multiple member pool

operators who do not comply with Commission rules or state law.

§150-16-10. Implementation of Pooling.

10.1. To orderly and effectively implement pooling, the following transition and timetable will be observed:

10.1.a. After a final Commission order approving each utility's or intrastate pipeline's tariff filing required by this rule, pooling will become available to the following groups and/or classes:

(1.) All current and previous interruptible transportation service customers;
and

(2.) All utility defined industrial and commercial customers that request and are eligible to receive interruptible transportation service for new or incremental load.

10.1.b. No later than twelve (12) months after pooling is available under section 10.1.a above, pooling will become available to all other utility defined industrial customers who request and are eligible to receive interruptible transportation service.

10.1.c. No later than twenty-four (24) months after pooling is available under section 10.1.a above, pooling will become available to all other utility defined commercial customers who request and are eligible to receive interruptible transportation service.

PSC Gas Transportation Form No. 1A

Detail Information

Detail Page 1 of 3

This information must be filed by all Class A or B Natural Gas Utilities. For all other transportation entities subject to General Order No. 228 this information is not required unless specifically requested by the Commission.

Annual report of Year ended June 30

Address of respondent

(Complete one form for each transportation contract. Add pages as needed.)

1. Name of the entity receiving the transportation service from respondent.
2. Name and addresses of the end-user ultimately receiving the benefit of the transportation service.
3. Applicable transportation tariff
4. Monthly transportation revenues received: (If less than the fully distributed cost based rate, add a brief statement of the justification for such lower rate.)

	<u>Per Unit Transp. Rate</u>	<u>Revenues Received</u>	<u>Volume Delivered</u>	<u>If Explanation Required See Note</u>
July	()
August	()
September	()
October	()
November	()
December	()
January	()
February	()
March	()
April	()
May	()
June	()
TOTAL	()

If Standby Service is Contracted:

Volumes Contracted

Revenues Received

Annual report ofYear ended June 30.....

5. Disclose the affiliation, if any, of the respondent to: the entity receiving the transportation service, the end-user, and the producer

Entity Receiving Transportation.....
.....
End User
.....
Producer
.....

6. Gas Supplier(s):

Name Location

7. Other transportation entities involved:

Name Address Fees to be Received

8. Date deliveries commenced Projected termination date.....

9. Estimated maximum daily quantity

10. Estimated total quantity to be transported

Annual report of.....Year ended June 30.....

11. Location where the gas is received and delivered and the approximate pipeline distance between such locations:

<u>Received</u>	<u>Delivered</u>	<u>Distance</u>
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12. Notes to Report:

<u>Explanation</u>	<u>Reference</u>
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Public Service Commission

Richard E. Hitt, General Counsel



201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323

Phone: (304) 340-0317
FAX: (304) 340-0372

October 3, 2000

Judy Cooper, Director
Administrative Law Division
Secretary of State's Office
Building 1, Suite 157-K
1900 Kanawha Blvd. E.
Charleston, WV 25305-0771

Re: Series 16; Transportation of Natural Gas

Dear Judy:

Enclosed are the final rules of the Public Service Commission concerning Series 16. I have enclosed a completed Form 5; a Fiscal Note; a Brief Summary of the Rules; a Statement of Circumstances requiring the rule; a diskette containing the final rule in electronic format (without strikethroughs and underlining); as well as a copy of our order adopting the rules and the rules as they were mailed out to the parties (which show strikethroughs and underlining).

If there are any problems or questions, please direct them to my attention. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard E. Hitt", enclosed within a large, loopy circular flourish.

Richard E. Hitt
General Counsel
304-340-0317

REH/cbd
Enclosure
cc: Sandra Squire, Executive Secretary
rickmisc/cooper26.wpd