

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-100, SUB 134

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Filing Requirements for New Electric
Generators.

**PETITION TO INTERVENE
BY THE
AMERICAN PUBLIC
GAS ASSOCIATION**

The American Public Gas Association, by and through its undersigned counsel, respectfully requests the North Carolina Utilities Commission ("NCUC" or "the Commission") to allow its Petition To Intervene in the above-captioned docket pursuant to G.S. § 62-72 and Rules R1-5, R1-7, and R1-19 of the Rules and Regulations of the North Carolina Utilities Commission. In support of this Petition, APGA respectfully shows the Commission as follows:

1. APGA is the national, non-profit association of publicly-owned natural gas distribution systems, with over 700 members in 36 states, including eight members in North Carolina.¹ Overall, there are some 950 publicly-owned systems in the United States. Publicly-owned gas systems are not-for-profit retail distribution entities that are owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that have natural gas distribution facilities. APGA members purchase interstate natural

¹ The APGA members in North Carolina are City of Bessemer City - Bessemer City, NC; Greenville Utilities Commission - Greenville, NC; City of Kings Mountain - Kings Mountain, NC; City of Lexington - Lexington, NC; City of Monroe - Monroe, NC; City of Rocky Mount - Rocky Mount, NC; City of Shelby Utilities - Shelby, NC; and City of Wilson - Wilson Energy - Wilson, NC.

gas transportation services, usually as captive customers of a single interstate pipeline, at rates and under terms and conditions that are regulated by the Federal Energy Regulatory Commission (“FERC”). The name and address of the Petitioner are as follows:

American Public Gas Association
Suite C-4
201 Massachusetts Avenue, N.E.
Washington, DC 20002

Attention: David Schryver
Executive Vice President
dschryver@apga.org

2. Petitioner’s representative in this proceeding, to whom all notices, pleadings and other documents related to this proceeding should be directed, is as follows (with copies to Mr. Schryver at the address shown in Paragraph 1):

M. Gray Styers, Jr.
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Counsel for Petitioner

3. On September 8, 2014, the Commission issued an order in this docket requesting comments on proposed rule changes to Commission Rules R8-61, R8-63, and R8-64 regarding, *inter alia*, the process for reviewing and approving applications to construct new electric generation facilities.

4. The proposed rule changes attached to that order recognize the important relationship between new electric generation facilities, especially those that are fueled by natural gas, and the fuel supply needed for those facilities. Specifically, the proposed rules include the following addition:

Rule R8-61 (a) : The preliminary plans shall include the following exhibits

(8) In the case of natural gas-fired facilities, a map showing the proximity of the facility to existing natural gas facilities; a description of dedicated gas facilities to be constructed to serve the facility; and any filed agreements, service contracts, or tariffs for interstate pipeline capacity;

and

Rule 8-61(b): Exhibit 1 shall contain the following resource planning information:

(3) A statement of how the facility would contribute to resource and fuel diversity, whether the facility would have dual-fuel capability, and how much fuel would be stored at the site.

5. APGA member systems purchase wholesale natural gas supply and interstate pipeline capacity, which enable them to serve their customers on a reliable basis during peak as well as non-peak periods. Consequently, their cost of gas and their ability to serve their customers reliably are potentially impacted by an electric generation market that is increasingly reliant on natural gas. To the extent that gas-fired electric generators rely increasingly on non-firm pipeline capacity to meet their needs during peak periods, that adversely impacts the availability of pipeline capacity (and hence price) on the secondary market and threatens the reliability of service to end-use consumers served both by natural gas and by natural-gas fired generation. Hence, the amended regulations being proposed by the NCUC are of great moment both regionally and nationally.

6. As the NCUC is no doubt aware, the very cold 2013-14 winter, which included the so-called polar vortex, stretched electric systems to the limit in most areas of the Nation, including the Southeast, and it is generally recognized that a major threat to

the reliability of service by gas-fired generation is the reliance by many gas-fired generators on non-firm transportation. For example, the North American Electric Reliability Corporation (“NERC”) recently pointed out in a report issued in September 2014 (entitled “Polar Vortex Review”) that a primary culprit of the reliability issues faced by the electric utility industry was the reliance by gas-fired generators on non-firm pipeline capacity.² NERC recommended that appropriate action be taken “to allow [gas-fired] generators to be able to secure firm supply and transportation at a reasonable cost.”³

7. The FERC has in recent years often expressed its concern about the reliability of gas-fired generators during peak periods, and has opened numerous dockets to explore the issue.⁴ Unfortunately, the FERC seems to be focused on changing the gas industry best practices (such as definition of the Gas Day, nomination practices, etc.) to accommodate electric power generators rather than on the threshold issue of the need for electric power generators relying on natural gas to secure firm access to natural gas supplies via firm pipeline transportation. It is APGA’s view that the primary focus of the FERC and of state commissions like the NCUC should be on requiring and/or incentivizing gas-fired electric generators that intend to operate during peak periods to have adequate firm pipeline capacity and/or other infrastructure (such as local gas storage or dual fuel capability) so that their generators are not dependent upon the secondary

² “As the [electric power] industry relies more on natural-gas-fired capacity to meet electricity needs, it is important to examine potential risks associated with increased dependence on a single fuel type. The extent of these concerns varies from Region to Region; however, they are most acute in areas where power generators rely on interruptible natural gas pipeline transportation.” NERC Report at 17.

³ NERC Report at 19.

⁴ E.g., FERC Docket Nos. AD12-12; AD14-8; AD14-19; RM13-17, RM14-2; RP14-442; EL14-22, -23, -24, -25, -26, and -27.

market during peak periods. APGA is encouraged by the action of the NCUC in the subject docket in proposing to require, *inter alia*, that applicants for new gas-fired electric generators provide relevant information regarding, among other things, access to interstate pipeline capacity. APGA applauds the NCUC for taking this path and urges it to press ahead with such requirements as they are critical to reliability for the consumers of natural gas and electric power served by the LDCs in North Carolina and the electric utilities operating in North Carolina.

8. For the reasons explained above, the subject matter of this proceeding materially affects the interests of Petitioner and its members' customers in a clear and direct manner, the Petitioner has a valid and direct interest in this matter, and no other party is able to adequately protect its interests. Because any order of the Commission in this proceeding to amend the proposed rules may affect the interests of the Petitioner and its members' customers, Petitioner respectfully petitions the Commission for leave to intervene and become a party to this proceeding, to file comments, and to generally have such rights and privileges afforded any party to proceedings before this Commission.

9. The Petition is filed within the time frame allowed by the Commission's Order Granting Extension of Time filed on September 24, 2014, in this docket. Petitioner's participation in this docket will not delay the proceedings or unduly burden the process of deciding the issues in this docket.

10. Petitioner agrees to accept electronic service of all filings in this docket.

WHEREFORE, APGA respectfully requests the Commission to enter an order allowing it to intervene, file comments, and otherwise fully participate in this proceeding in all respects.

Dated this the _____ day of October, 2014.

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DISTRICT OF COLUMBIA

VERIFICATION

The undersigned, being first duly sworn, deposes and says that he is the Executive Vice President of the American Public Gas Association; that he has read the foregoing Petition to Intervene; that to his personal knowledge, the matters and statements contained therein are true, except as to those matters or statements made upon information and belief, and as to those he believes them to be true; and he consents to this verified petition being used as an affidavit.

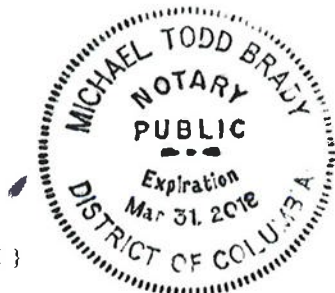
This the ____ day of October, 2014.

David Schryver
David Schryver

Sworn to and subscribed before me
this 7 day of October, 2014.

Michael Todd Brady
Notary Public

My Commission Expires: 3-31-2018



CERTIFICATE OF SERVICE

It is hereby certified that the foregoing Petition to Intervene by the American Public Gas Association has been served this day by hand delivery or by depositing copies of same in a depository under the exclusive care and custody of the United States Postal Service in postage prepaid envelopes and properly addressed as follows:

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Dated this the ____ day of October, 2014.

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