



**R. Skip Horvath
President**

November 15 2001

The Honorable Pat Wood
Chairman
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

RE: Concerns Regarding Pipeline Quality Specifications
Natural Gas Pipeline Company of America, Docket No. RP01-503-000

Dear Chairman Wood:

The Natural Gas Supply Association (NGSA) wishes to bring to the attention of the Commission a matter of increasing concern to natural gas producers where some natural gas pipelines are proposing or implementing new procedures or more restrictive interpretations under their tariffs for the acceptance or rejection of gas supply based on gas quality specifications.

NGSA appreciates that pipelines legitimately desire to ensure the operational integrity of their systems. However, producers are concerned about situations where pipelines may inadequately justify these procedures, inappropriately apply or misinterpret existing tariff provisions, or simply change quality standards at their discretion with little or no Commission review. Specifically, we are concerned when and if pipelines: 1) refuse to accept gas of a quality they have consistently accepted for many years; 2) engage in a consistent practice of inappropriately applying and/or interpreting the quality specifications in their tariffs; 3) refuse to make operational adjustments that are both feasible and relatively inexpensive in order to be able to accept certain production attached to their systems; 4) alter quality specifications without taking reasonable mitigation measures; and/or 5) make such alterations without adequate notice or Commission review.

An example of this problem has manifested itself in a recent proceeding involving Natural Gas Pipeline Company of America, Docket No. RP01-503-000. A request for rehearing filed by five of NGSA's members (the Indicated Shippers) in that proceeding contains a good description of the concerns that arise when gas quality specifications are not set forth in, or administered under, the pipeline's tariff in a predictable, consistent manner. NGSA supports the Indicated Shippers filing and strongly urges Commission action consistent with the positions articulated therein.

Without a proper degree of predictability and reasonableness in relation to the establishment of, and changes to, quality specifications, producers fear that production and processing operations may be compromised. Consistent with the Indicated Shippers rehearing request in the NGPL

proceeding, NGSa believes the Commission needs to seriously examine this burgeoning problem and ensure that unreasonable restrictions on gas supplies are not put in place.

Sincerely,

R. Skip Horvath
President
Natural Gas Supply Association

cc: The Honorable William L. Massy, Commissioner
The Honorable Linda K. Breathitt, Commissioner
The Honorable Nora Brownell, Commissioner