

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC CONSIDERATION OF THE)
IMPLEMENTATION OF NORTH AMERICAN) CASE NO. 2023-00272
ENERGY STANDARDS BOARD'S)
RECOMMENDATIONS ON GAS AND)
ELECTRIC HARMONIZATION)

COMMENTS OF
BURKESVILLE GAS COMPANY, INC.

In response to the Commission's Order of August 25, 2023, Burkesville Gas Company, Inc. ("BGC") offers these comments regarding this proceeding to develop a record upon which the Commission can consider the implementation of the recommendations made in the NAESB Report. BGC appreciates this opportunity to provide comments relating to the NAESB Report with its recommendations.

These problems envisioned are very real and also very complex. However, there is always a natural tendency to observe a potential major problem and think that by adding another set of non-market-based rules, reports and/or regulations, the anticipated problem can be resolved.

However, regardless of how well-intentioned such efforts may be, because of the level of complication and number of variables in both the nature of the problems and the most appropriate resolution for each problem, it is virtually impossible to craft rules

and regulations in advance that will efficiently address the almost infinite mix of possible problems in this energy field.

BGC provides comments herein for the nine NAESB Report recommendations for which the Commission sought specific comments and an additional three. There are similar aspects to the respondents

Recommendation 1: The FERC should direct NAESB to revise its business practice standards related to the timely reporting of natural gas pipeline informational website posting data (such as operationally available capacity, total scheduled quantity, and any other data necessary to assist regional operators in maintaining system reliability) to enable the data and any subsequent amendments to become routinely accessible to Bulk Electric System operators as soon as such data are reported and available.

BGC's comments: Natural gas distribution and intra-state pipeline companies might have reservations about supporting the directive for NAESB to revise its business practice standards for timely reporting of natural gas pipeline data for several reasons:

- Confidentiality and Competitive Concerns: Distributing detailed operational data widely and immediately could compromise confidential information, potentially revealing business strategies or operational vulnerabilities to others.

- **Increased Regulatory and Operational Burden:** Adhering to stricter standards for data reporting can increase the regulatory and operational burden on companies. This includes the need for more robust IT systems, additional staff training, and increased compliance costs.
- **Data Security and Cybersecurity Risks:** Increasing the frequency and speed of data sharing, particularly on public platforms, can elevate data security and cybersecurity risks. Companies might be concerned about the potential for data breaches or cyber-attacks.
- **Potential for Misinterpretation or Misuse of Data:** Rapid dissemination of complex operational data might lead to misinterpretation, especially if the data are taken out of context or misunderstood by those without industry-specific knowledge.
- **Impact on Decision-making Processes:** The requirement for near-immediate data disclosure could pressure companies to rush their internal decision-making processes, potentially leading to less considered or suboptimal decisions.
- **Resource Allocation:** Implementing the necessary systems and processes for faster data reporting may require significant resources, both in terms of technology and manpower, which could divert attention from other critical operational areas.
- **Legal and Compliance Risks:** With stricter reporting requirements, the risk of non-compliance, whether inadvertent or due to system failures, increases.

Companies might be concerned about the potential legal and financial consequences of non-compliance.

- **Uncertainty About the Effectiveness of the Measure:** There may be skepticism about whether such rapid data sharing will effectively enhance Bulk Electric System operations or significantly contribute to maintaining system reliability.
- **Costs of Technological Upgrades:** To meet the new standards, companies may need to invest in upgrading their IT infrastructure and data management systems, which could be particularly burdensome for smaller companies.

Recommendation 2: The FERC should take steps to facilitate the expansion of the Argonne National Laboratory NGInsight tool, with funding from a federal governmental agency, such as the Department of Energy, to improve situational awareness and communication between the natural gas pipeline system and Bulk Electric System operators. Access to and use of this tool should include appropriate security protocols and market protections.

BGC's Comments: Natural gas distribution and intra-state pipeline companies might have several reasons for not supporting the expansion of the Argonne National Laboratory NGInsight tool as proposed:

- **Data Security and Privacy Concerns:** The companies might be concerned about the security and privacy of their operational data. Sharing detailed information

through a centralized tool could expose sensitive data to potential cybersecurity risks or unintended disclosure.

- **Regulatory Overreach and Autonomy:** Expansion of the NGInsight tool under FERC's direction could be perceived as regulatory overreach. Companies may prefer to maintain autonomy over their operational data and the tools they use for situational awareness and communication.
- **Costs and Funding Uncertainties:** Even if initially funded by a federal agency, there might be concerns about the long-term costs associated with the tool's maintenance and operation. Companies could be wary of future expenses being passed onto them.
- **Operational Integration Challenges:** Integrating the NGInsight tool into existing systems and processes could pose significant operational challenges. It may require extensive training, adjustments to existing workflows, and could potentially disrupt current operations.
- **Effectiveness and Reliability Doubts:** Companies might doubt the effectiveness or reliability of the tool in improving situational awareness and communication. They could be skeptical about whether it would accurately meet the industry's diverse and complex needs.
- **Impact on Competitive Dynamics:** The tool could potentially affect competitive dynamics within the natural gas market. Companies might be concerned that it

could level the playing field in a way that diminishes their competitive advantages.

- **Concerns Over Market Distortions:** By centralizing information and communication through a single tool, there might be concerns that it could inadvertently distort market dynamics or lead to unintended market consequences.
- **Potential for Misuse of Information:** Companies might be worried about the potential misuse of the information shared through the tool, either for market manipulation or other unfair competitive practices.
- **Complex Regulatory Compliance:** Adapting to a new system mandated by FERC could lead to complex compliance requirements, adding to the regulatory burden faced by companies.
- **Impact on Decision-making Processes:** Relying on a centralized tool for situational awareness might impact the internal decision-making processes of companies, potentially leading to over-reliance on the tool for critical operational decisions.

Recommendation 3: The FERC should take steps to facilitate the expansion of the Argonne National Laboratory NGInsight tool, with funding from a federal governmental agency, such as the Department of Energy, to improve situational awareness and communication between owners and operators of natural gas production and processing facilities and Bulk Electric System operators. Such

communication could include aggregated volume data or confirmed scheduled quantities for key upstream receipt points. Access to and use of the tool should include appropriate security protocols and market protections.

Respondents comments: Natural gas distribution companies, natural gas production companies and intra-state pipeline companies might be hesitant to support the expansion of the Argonne National Laboratory NGInsight tool facilitated by FERC for several reasons:

- **Data Security and Confidentiality:** There could be concerns about the security and confidentiality of sensitive operational data, such as aggregated volume data or scheduled quantities. Sharing this information through a centralized system could risk exposure to unauthorized parties or cyber threats.
- **Regulatory Overreach and Loss of Autonomy:** The involvement of FERC in expanding and facilitating the use of the tool might be seen as regulatory overreach. Companies often prefer to maintain autonomy over their operational processes and data management.
- **Potential for Increased Costs:** While the tool's expansion is proposed to be funded by a federal agency, there might be concerns about the long-term financial implications, including potential costs that could be passed onto the natural gas companies in the future.
- **Operational Integration and Compatibility:** Integrating the NGInsight tool with existing systems could be challenging and resource-intensive. Companies might

be concerned about the operational and technical difficulties associated with adopting a new system.

- **Effectiveness and Reliability Concerns:** There might be skepticism about the tool's effectiveness in actually improving situational awareness and communication. Companies could question whether the tool would adequately address the specific needs and complexities of the natural gas market.
- **Impact on Competitive Market Dynamics:** Providing access to detailed operational data could potentially impact competitive dynamics, particularly if the information gives certain market participants an advantage or influences market behavior.
- **Complexity of Compliance and Reporting:** Adhering to a new system for data reporting and communication can increase the complexity of compliance, requiring additional administrative and operational adjustments.
- **Concerns Over Market Distortions and Misuse:** There may be worries that the tool could lead to market distortions or be misused for unfair competitive practices, especially if the data becomes accessible to a wide range of market participants.
- **Reliance on a Single Tool for Critical Information:** Over-reliance on a single tool for critical operational and market information could be risky, especially if there are issues with the tool's accuracy, timeliness, or availability.

- **Uncertainty and Change Management:** Implementing a new system often involves uncertainty and requires significant change management efforts.

Companies might be cautious about adopting a tool that necessitates considerable operational changes.

Recommendation 7: State public utility commissions and applicable state authorities in states with competitive energy markets should engage with producers, marketers and intrastate pipelines to ensure that such parties' operations are fully functioning on a 24/7 basis in preparation for and during events in which extreme weather is forecasted to cause demand to rise sharply for both electricity and natural gas, including during weekends and holidays. (States could consider the approaches adopted in FERC regulations affecting the interstate pipelines.) In instances where state authorities lack enabling authority to take such actions, the FERC should adopt regulations to achieve identical outcomes within its authority.

BGC's comments: A natural gas distribution and intra-state pipeline company might oppose the proposed measures for several reasons:

- **Increased Operational Costs and Complexity:** Ensuring 24/7 operations during extreme weather events and peak demand periods could significantly increase operational costs. These costs might arise from the need for additional staffing, enhanced infrastructure, and emergency preparedness measures. Companies

might argue that these increased costs are not justifiable or could lead to higher prices for consumers.

- **Regulatory Overreach and Autonomy:** The company might view such regulations as an overreach of state or federal authority, infringing on their operational autonomy. They may argue that too much regulation can stifle innovation and efficiency in the sector.
- **Concerns about Feasibility and Effectiveness:** The company may doubt the feasibility or effectiveness of such regulations. They could argue that despite best efforts, certain extreme weather conditions could render continuous operation challenging or impossible, and that regulations might not adequately account for these practical limitations.
- **Potential for Unintended Consequences:** Companies might be concerned about unintended consequences, such as increased risks to infrastructure or personnel during extreme conditions. They may argue that regulations requiring continuous operation could inadvertently compromise safety.
- **Cost of Compliance and Impact on Profitability:** Compliance with new regulations, especially those modeled after FERC regulations for interstate pipelines, might require significant investment in infrastructure upgrades, technology, and training. This could impact the company's profitability and competitiveness.

- **State vs. Federal Jurisdiction Issues:** There might be concerns about the overlap or conflict between state and federal jurisdictions. Companies may prefer state-level regulations, tailored to local conditions and needs, over a one-size-fits-all approach by the FERC.
- **Impact on Flexibility and Response Strategies:** Mandating specific operational standards may limit the company's ability to adapt and respond flexibly to changing conditions, potentially leading to less effective management during crises.
- **Reliability and Risk Management Concerns:** Companies might argue that their existing risk management and reliability strategies are sufficient and that additional regulatory burdens could detract from focusing on these core aspects.

Recommendation 10: State public utility commissions should encourage local distribution companies within their jurisdictions to structure incentives for the development of natural gas and electric demand-response programs in preparation for and during events in which demand is expected to rise sharply for both electricity and natural gas.

BGC's comments: A natural gas distribution company might have reservations about supporting the development of demand-response programs due to several potential concerns:

- **Implementation Costs:** Developing and implementing demand-response programs can be costly, especially for smaller companies with limited budgets. These costs include technology investments, customer outreach, and program management. For a small company, the initial investment might not be justifiable, especially if the short-term return on investment is unclear.
- **Complexity in Management and Operation:** Demand-response programs require sophisticated management systems and real-time monitoring capabilities. Smaller companies might lack the necessary infrastructure or expertise to effectively manage these programs, leading to operational challenges.
- **Customer Participation and Effectiveness:** There's a risk that customers might not participate in these programs at the levels required for them to be effective. This can be due to a lack of interest, awareness, or perceived inconvenience. For small companies, the effort to incentivize and engage customers might not yield the desired results.
- **Regulatory and Market Risks:** Engaging in demand-response programs often involves navigating complex regulatory environments and market mechanisms. Small companies may perceive this as a risk, especially if regulations or market conditions change.
- **Potential Revenue Reduction:** Demand-response programs aim to reduce consumption during peak periods, which could lead to reduced revenue for the

company. For small companies, this potential loss of revenue might be a significant concern.

- **Resource Diversion:** Focusing on developing and implementing demand-response programs might divert resources (both financial and human) from other critical areas, such as infrastructure maintenance or customer service improvements.
- **Technological Challenges:** The effective implementation of demand-response programs often relies on advanced technologies, such as smart meters and real-time data analytics. Smaller companies might not have the resources to invest in such technologies or the expertise to integrate them into their existing systems.
- **Customer Relations and Perception:** There's a possibility that some customers might view demand-response programs, particularly those that involve direct control of home appliances, as intrusive. This can lead to negative perceptions and impact customer relations.

Recommendation 11: State public utility commissions should encourage local distribution companies within their jurisdictions to provide voluntary conservation public service announcements for residential, commercial and industrial customers in preparation for and during events in which demand is expected to rise sharply for both electricity and natural gas.

BGC's comments: A small natural gas distribution company might have reservations about supporting voluntary conservation public service announcements for several reasons:

- **Reduced Revenue:** Encouraging conservation, particularly during peak demand periods, could lead to reduced energy usage, which might negatively impact the company's revenue. For a small company, even a slight decrease in revenue can have significant financial implications.
- **Operational and Financial Burden:** Creating and disseminating public service announcements can be resource-intensive. It requires time, effort, and money to develop effective messages, produce the announcements, and ensure they reach a wide audience. For a small company with limited resources, this could be seen as an unwelcome burden.
- **Mixed Customer Reception:** There's a risk that some customers might not respond positively to being asked to conserve energy, especially if they perceive it as a limitation on their business operations or personal comfort. This could potentially lead to customer dissatisfaction or a negative public perception of the company.
- **Questionable Effectiveness:** The effectiveness of public service announcements in actually changing consumer behavior can be uncertain. A small company might question the value of investing in these campaigns if the actual impact on conservation is minimal or hard to measure.

- **Potential Conflict with Business Goals:** Encouraging conservation might be seen as contrary to the company's business interests, particularly if its revenue model is heavily dependent on the volume of natural gas sold.
- **Resource Allocation Concerns:** Allocating resources to develop and promote conservation efforts might divert attention and funds from other critical areas, such as infrastructure maintenance, customer service, or technological upgrades.
- **Uncertain Regulatory Impact:** While the announcements might be encouraged by state public utility commissions, there could be uncertainty about how these efforts are viewed or rewarded by regulatory bodies. The company might be concerned about investing in initiatives without clear regulatory incentives or recognition.
- **Limited Influence and Reach:** Small companies might feel that their influence and reach are too limited to make a significant impact with such announcements, especially if larger players in the market are not equally engaged in conservation efforts.

Recommendation 12: Joint and cross-market, long-term planning should be expanded by relevant gas and electric market parties with an increased focus on fuel adequacy. FERC should encourage this planning coordination using its oversight roles for interstate pipelines, regulated RTO/ISO interstate transmission, and Electric Reliability Organization (ERO)-related Planning Authorities and collaborate with state public utility commissions and applicable state authorities.

BGC's comments: There are several reasons why a natural gas distribution company, regardless of its size, might hesitate to support joint and cross-market, long-term planning as described:

- **Loss of Competitive Advantage:** Companies often rely on their unique strategies and operational efficiencies to maintain a competitive edge. Joint planning can lead to a more homogenized market where individual competitive advantages are diminished.
- **Complexity and Bureaucracy:** Coordinating across different markets and regulatory bodies can introduce significant complexity. It can lead to bureaucratic processes that are cumbersome and time-consuming, potentially hindering quick decision-making and agility.
- **Regulatory Risks:** Engaging in coordinated planning with oversight from various regulatory bodies like FERC, RTO/ISO, and state commissions increases exposure to regulatory risks. Companies might be concerned about the potential for regulatory changes that could unfavorably impact their operations or profit margins.
- **Resource Allocation:** The resources required for active participation in long-term, cross-market planning can be substantial. Companies might prefer to allocate these resources to more immediate business needs or opportunities.
- **Uncertainty and Flexibility:** Long-term planning in the energy sector involves uncertainty, particularly regarding future technology trends, market dynamics,

and policy shifts. Companies may prefer to maintain flexibility in their strategies rather than committing to long-term plans that might become obsolete.

- **Potential Conflict of Interests:** In a diverse market, the interests of different parties can vary greatly. A natural gas distribution company might find that the collective goals of joint planning do not align with its own strategic objectives or the interests of its stakeholders.
- **Operational Independence:** Companies often value their operational independence. Engaging in joint planning and adhering to collectively decided strategies can limit a company's ability to operate independently and make autonomous decisions.
- **Market Dynamics and Predictability:** While coordinated planning can lead to market stability, it can also reduce the ability of companies to capitalize on market dynamics and shifts, which can be a crucial aspect of their business strategy.

Recommendation 13: The FERC, state public utility commissions, and applicable state authorities in states with competitive energy markets should consider whether market mechanisms are adequate to ensure that jurisdictional generators have the necessary arrangements for secure firm transportation and supply service and/or storage to avoid and/or mitigate natural gas supply shortfalls during extreme cold weather events, and if not, (a) determine whether non-market solutions are warranted,

including funding mechanisms borne or shared by customers and (b) if warranted, adopt such non-market solutions.

BGC's comments: Natural gas distribution companies might have several reasons to be cautious or hesitant about supporting the proposal for FERC, state public utility commissions, and state authorities to assess market mechanisms and potentially adopt non-market solutions for ensuring secure firm transportation and supply service during extreme cold weather events:

- **Cost Implications:** If non-market solutions involve funding mechanisms that are borne or shared by customers, this could lead to increased costs for the distribution companies, either directly or indirectly. These increased costs could impact profitability or necessitate rate hikes, which might not be well-received by customers.
- **Market Interference:** Companies often prefer market-driven solutions that allow for competition and innovation. Non-market interventions could be seen as interference in the natural dynamics of the market, potentially leading to inefficiencies or distortions.
- **Regulatory Burden and Uncertainty:** Increased regulation and oversight, which often accompany non-market solutions, can add to the operational complexity and regulatory burden for these companies. This can also create an environment of uncertainty, as companies have to continuously adapt to changing regulations.

- **Reduced Autonomy:** Non-market solutions might limit the operational autonomy of natural gas distribution companies, restricting their ability to make independent business decisions and respond flexibly to market conditions.
- **Potential for Uneven Impact:** Depending on how non-market solutions are structured, they could disproportionately affect different players in the industry, particularly smaller or regionally focused companies.
- **Impact on Investment and Innovation:** When market mechanisms are overridden by regulatory interventions, it can potentially dampen the incentive for companies to invest in infrastructure improvements or innovative technologies that could naturally mitigate supply shortfalls.
- **Questionable Effectiveness:** There might be skepticism about the effectiveness of non-market solutions in actually addressing the issues of supply shortfalls during extreme weather events. Companies may believe that market-driven solutions are more effective in ensuring reliable supply.
- **Complexity in Implementation:** Implementing non-market solutions can be complex, involving coordination among various stakeholders, compliance with new rules, and potential legal challenges. This complexity can be daunting and resource-intensive for companies.

Recommendation 14: Applicable state authorities should consider the adoption of legislation or regulations or other actions to create a secondary market for unutilized intrastate natural gas pipeline capacity, including a requirement for intrastate pipelines

to offer some minimum level of firm service and/or support bilateral agreements between end users. In instances where state authorities lack enabling authority to take such actions, the FERC should adopt regulations to achieve identical outcomes within its authority.

BGC's comments: Natural gas distribution companies and interstate pipeline companies might have several reasons for not supporting the creation of a secondary market for unutilized intrastate natural gas pipeline capacity and related regulatory changes:

- **Impact on Revenue and Business Model:** If a secondary market leads to lower prices for pipeline capacity, it could directly impact the revenue of companies that rely on selling this capacity. This could be particularly challenging for companies that have built their business models around the existing primary market structures.
- **Operational Complexity:** Managing participation in a secondary market adds operational complexity. Companies would have to navigate both the primary and secondary markets, adjust their strategies accordingly, and potentially deal with more variable and unpredictable revenue streams.
- **Regulatory and Compliance Burdens:** New regulations to establish and govern a secondary market would likely increase the regulatory and compliance burdens on natural gas distribution companies. This could involve additional reporting requirements, adherence to new standards, and potential legal complexities.

- **Market Stability Concerns:** Introducing a secondary market could disrupt the existing equilibrium in the natural gas market. Companies may be concerned about the potential for increased volatility or uncertainty in pipeline capacity pricing and availability.
- **Investment and Infrastructure Implications:** The long-term investment in pipeline infrastructure might be impacted by the establishment of a secondary market. If revenues become less predictable, companies may be less inclined to invest in maintaining or expanding pipeline infrastructure.
- **Reduced Incentive for Long-term Contracts:** A secondary market could reduce the incentive for end users to enter into long-term contracts for pipeline capacity, as they might prefer to rely on the potentially lower-priced and more flexible options in the secondary market. This could lead to less stability and predictability for the natural gas distribution companies.
- **Risk of Market Manipulation and Fairness Concerns:** There might be concerns about the potential for market manipulation in a secondary market, as well as issues related to fairness and equal access to pipeline capacity.
- **Interference with Existing Contracts and Agreements:** Implementing a secondary market could interfere with existing contracts and business agreements that distribution companies have in place, potentially leading to legal challenges and contractual disputes.

- **Resource Allocation for Managing Market Dynamics:** Companies would need to allocate more resources to understand and manage the dynamics of a secondary market, which might divert attention and resources from other key operational areas.

Recommendation 15: Applicable state authorities should consider establishing informational posting requirements for intrastate natural gas pipelines to enhance transparency for intrastate natural gas market participants regarding operational capacity data, similar to the reporting and posting requirements mandated by the FERC for interstate natural gas pipelines as part of 18 CFR §284.13. In instances where state authorities lack enabling authority to take such actions, the FERC should adopt regulations to achieve identical outcomes within its authority.

BGC's comments: There are several reasons why natural gas distribution and intrastate pipeline companies might not support the establishment of informational posting requirements for intrastate natural gas pipelines, similar to those mandated by the FERC for interstate pipelines:

- **Confidentiality and Competitive Concerns:** Companies might view certain operational data as proprietary or commercially sensitive. Posting this information publicly could reveal strategic details about their operations to competitors, potentially impacting their competitive advantage.

- **Increased Regulatory Burden:** Implementing new reporting and posting requirements would increase the regulatory burden on companies. This involves additional administrative work, potential system upgrades to comply with the requirements, and the ongoing task of ensuring accuracy and timeliness in public postings.
- **Operational and Financial Impacts:** The process of gathering, verifying, and publishing operational capacity data can be resource intensive. This could divert resources from other critical areas of operation and potentially incur significant costs, especially for smaller companies with limited administrative capacity.
- **Potential for Misinterpretation of Data:** There is a risk that the data, once made public, could be misinterpreted by market participants, leading to incorrect assumptions about market conditions or the company's operations. This could impact market dynamics or the company's reputation.
- **Data Security and Privacy Concerns:** Ensuring the security and privacy of operational data is a significant concern. Companies might be wary of the risks associated with making detailed operational information publicly accessible, including cybersecurity risks.
- **Impact on Market Dynamics:** The release of detailed operational data could influence market dynamics in unforeseen ways. Companies might be concerned about the potential for this information to impact supply, demand, and pricing in the intrastate market.

- **Potential Legal and Compliance Risks:** Introducing new regulatory requirements always carries the risk of non-compliance, whether intentional or accidental. Companies could be concerned about the potential legal and financial ramifications of failing to meet these new requirements.
- **Uncertainty and Adaptation Challenges:** Changing existing practices to align with new regulations requires a period of adaptation. Companies might be concerned about the uncertainty during this transition period and the challenges of adapting their systems and practices to comply with the new requirements.

Recommendation 16: Applicable state authorities should consider the development of weatherization guidelines appropriate for their region/jurisdiction to support the protection and continued operation of natural gas production and processing and gathering system facilities during extreme weather events, and require public disclosure concerning weatherization efforts of jurisdictional entities.

BGC's comments: Natural gas distribution companies, intra-state pipeline companies, and natural gas producers might have several reasons to oppose the development and mandatory public disclosure of weatherization guidelines for their facilities:

- **Cost Concerns:** Implementing weatherization measures can be expensive. Companies might oppose mandatory guidelines if they believe the costs of compliance (upgrading facilities, purchasing new equipment, etc.) outweigh the

perceived benefits, especially if these costs are not offset by higher revenues or government incentives.

- **Operational Flexibility:** Mandated guidelines could reduce a company's operational flexibility. Companies often prefer to develop their own weatherization plans tailored to their specific needs and operational realities, rather than adhere to a one-size-fits-all approach.
- **Confidentiality and Competitive Disadvantage:** Public disclosure of weatherization efforts could require companies to reveal operational details that they consider proprietary or competitively sensitive. Companies might be concerned that such disclosure could disadvantage them in relation to competitors who are not subject to the same requirements.
- **Regulatory Burden:** Additional regulations can be seen as a burden, especially for smaller companies with fewer resources. The process of ensuring compliance with new guidelines and the associated administrative tasks can be viewed as unnecessarily cumbersome.
- **Uncertainty and Variability of Weather Events:** Companies might argue that weather events are too variable and unpredictable for standardized guidelines to be effective. They may believe that their existing emergency response plans are sufficient.
- **Liability Concerns:** Public disclosure of weatherization efforts could potentially increase a company's liability. If a company publicly states that it has undertaken

certain weatherization measures and then experiences a failure during an extreme weather event, it could be more vulnerable to lawsuits or regulatory penalties.

- **Questioning the Effectiveness of Guidelines:** Companies might doubt the effectiveness of such guidelines, especially if they believe that extreme weather events are too rare or unpredictable in their region to justify the investment.
- **State vs. Federal Jurisdictional Issues:** In the United States, there can be tension between state and federal authority in regulating energy companies. Companies might oppose state-imposed guidelines if they believe this should be a federal matter, or vice versa.
- **Impact on Service Rates:** Implementing weatherization measures might lead to increased costs, which could then be passed on to consumers in the form of higher rates. Companies might oppose guidelines that could make their services less affordable.

Recommendation 17: Many generalized recommendations for resource adequacy and accreditation and market reforms to bolster reliability were offered throughout the NAESB GEH Forum activities; we understand, however, based upon information provided by representatives from the ISO and RTO segment, that steps are being taken within the organized markets to consider such reforms through their stakeholder processes. The GEH Forum endorses this evaluation of resource adequacy

and accreditation requirements by all ISOs and RTOs and encourages the review of the Forum record.

BGC's comments: There are several reasons why natural gas distribution companies might not support the endorsement of evaluations of resource adequacy and accreditation requirements by ISOs and RTOs as suggested in the NAESB GEH Forum activities:

- **Potential Increase in Regulatory Complexity:** Companies might be concerned that these evaluations could lead to more complex regulatory requirements. Increasing the complexity of compliance could be particularly challenging for smaller or less-resourced companies.
- **Uncertainty and Unpredictability of Reforms:** The nature and impact of potential market reforms are often uncertain until they are fully developed and implemented. Companies might be wary of endorsing a process that could lead to unpredictable changes in the market environment.
- **Impact on Operational Flexibility:** If new accreditation requirements or resource adequacy standards are introduced, companies may have to alter their operations to comply. This could reduce their operational flexibility and require significant adjustments to their current practices.
- **Cost Implications of Compliance:** Adhering to new standards or reforms could involve substantial costs. This includes potential infrastructure upgrades,

increased operational costs, and the cost of maintaining compliance with new regulations.

- **Concerns Over Market Dynamics:** Companies might be apprehensive that reforms proposed through the ISOs and RTOs could alter market dynamics in ways that are unfavorable to them, particularly if they lead to increased competition or lower profit margins.
- **Influence and Representation in Stakeholder Processes:** Natural gas distribution companies might feel that their interests are not adequately represented in the stakeholder processes of ISOs and RTOs. This concern could lead them to be cautious about endorsing evaluations and reforms arising from these processes.
- **Risk of Over-Regulation:** There could be a concern that the evaluation process might lead to over-regulation, which can stifle innovation and efficiency in the market.
- **Diverse Operational Realities:** Natural gas distribution companies operate in varied environments with different challenges and needs. They might be skeptical about the applicability of one-size-fits-all solutions or standards proposed in these evaluations.

In Conclusion: It is for these reasons that it seems that in this type of energy-related environment, the interests of those involved in providing the energy as well as more importantly, the users of the energy will best be served by continuing to rely on the market reaction to problems as they occur, allowing the market balance to the

variables in reaction to the problems if and when they take place. There is always the risk that a non-market-based solution to one anticipated problem can, as a somewhat different problem occurs, actually exasperate rather than resolve it.

This 20th day of November, 2023.

Respectfully submitted,

/s/ David T. Shirey _____

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CERTIFICATE OF SERVICE

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085, this is to certify that the electronic filing is a true and accurate version of the document that has been transmitted to the Commission on January 20, 2023, and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

/s/ David T. Shirey _____

David Thomas Shirey Jr.

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