



# Gas Processors Association

September 1, 2006

Danny Bivens,  
Gas Services Division  
Railroad Commission of Texas  
1701 North Congress  
P. O. Box 12967  
Austin, Texas 78711-2967

Re: Comments on Natural Gas Pipeline Competition Advisory Committee Report

Dear Mr. Bivens:

The Gas Processors Association (GPA) thanks the Railroad Commission of Texas (Commission) for this opportunity to provide these comments regarding the recent Report of the Natural Gas Pipeline Competition Advisory Committee (Report). As we have advised in our prior comments to the Commission, GPA is comprised of 105 corporate members that are engaged in the gathering and processing of natural gas into merchantable pipeline gas and natural gas liquid products. Our members account for over 90% of the natural gas liquids produced in the United States from natural gas processing and gather a great majority of the natural gas that is produced in Texas.

GPA has supported the Commission's existing informal complaint process for gas gathering disputes between gatherers and producers since the inception of the process ten years ago, and GPA pledges that we will continue working with the Commission, other gas gatherers, processors, and producers in the development of any formal rules that may result from the Report.

The Commission is to be congratulated in its appointments of such qualified Committee members who brought diverse experiences and perspectives of the natural gas gathering and gas producing industries in Texas to their appointed task. GPA extends its sincere appreciation to each of the Advisory Committee members for their thoughtfulness, diligence, energy and commitment to reach the compromises that were necessary to prepare a meaningful unanimous final Report.

GPA is pleased that the Report's recommended framework of strengthening the existing Commission informal complaint process for gas gathering disputes includes many of the recommendations we made in our final written comments to the Commission on March 8, 2006.

There are two specific points of the Report that GPA wishes to briefly address in these comments. The issue of confidentiality appears to have been covered by the Committee in a reasonable way, to-wit, the allowance of confidentiality of contractual terms and conditions between a gas gatherer and a producer to the extent the parties so agree in their contractual arrangement.

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Annual Convention Dates  
March 11-14, 2007  
San Antonio Rivercenter

Regional Meetings  
September 14, 2006  
Rocky Mtn. - Denver

October 10, 2006  
Houston

November 9, 2006  
North Texas - Dallas

April 19, 2007  
Midcontinent - Okla. City

May 8, 2007  
Permian Basin - Midland

Second, in a formal rate proceeding, GPA supports implementation by the Commission of a market-based methodology over cost-of-service rate making. We concur with the Advisory Panel's following observation:

*"The cost-of-service methodology does not reflect the environment in which gatherers and transporters conduct their business. These entities are market-based businesses that simply do not keep books with cost-of-service regulation in mind."*

GPA looks forward to working with the Commission and all interested parties in the implementation of the Report's recommendations.

Sincerely,



Robert R. Reis  
General Counsel

CC: Mark F. Sutton, GPA Executive Director  
Johnny Dreyer, GPA