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February 1, 2002

The Honorable Diane Munns
The Honorable Mark Lambert
Iowa Utilities Board
350 Maple Street
Des Moines, Iowa 50319
Via Express Mail

RE: Small Volume Gas Transportation Programs

Dear Commissioners:

The National Energy Marketers Association (NEM) hereby submits this letter to furnish the Commission with a set of principles to guide in the formation of small volume gas transportation (SVT) programs and tariffs. NEM previously submitted comments in Docket NOI-98-3 and submits these principles for consideration as well.

Marketer Principles for Design of Small Volume Gas Transportation Programs:

1. SVT programs should not be subject to enrollment restrictions in terms of the number of customers eligible to participate or in terms of restrictions placed on the time frame in which customers can choose a competitive supplier.
2. Customers that return to utility service from SVT service should not be subject to minimum stay requirements as this restricts customers' ability to exercise choice. If a minimum stay requirement is implemented, customers should have a grace period of at least ninety days to consider other competitive options before being required to stay on bundled service.
3. Competitive suppliers should be able to render supplier consolidated billing to their customers.
4. Administrative charges, access fees, switching fees, aggregation and pooling charges operate as artificial barriers to competition and must be prohibited.
5. SVT Tariffs should be structured to maximize market liquidity, and reasonable rules, conditions and tolerances for the physical delivery of natural gas should be instituted. Delivery tolerances should be instituted within which reasonable fees or penalties will not be assessed. A true-up procedure should be performed every

thirty, sixty, or ninety days to account for supply imbalances, and marketers should be allowed to engage in imbalance trading to minimize fees incurred.

6. Customer education programs should be implemented to establish and increase awareness of competitive options.

Please contact me to discuss how NEM can be most helpful in this process

Respectfully submitted,

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