

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Harrisburg, Pennsylvania 17105-3265**

**PENNSYLVANIA PUBLIC UTILITY  
COMMISSION V. COLUMBIA GAS  
OF PENNSYLVANIA, INC.**

**PUBLIC MEETING -  
OCTOBER 23, 2008  
2011621-OSA-0039  
DOCKET NO: R-2008-2011621**

**STATEMENT OF VICE CHAIRMAN TYRONE J. CHRISTY**

Before the Commission for consideration are the Exceptions of Dominion Retail, Inc., Interstate Gas Supply, Inc. and Shipley Energy Company (Natural Gas Suppliers or NGSs) to the Recommended Decision of Administrative Law Judges (ALJs) Kandace Melillo and Katrina L. Dunderdale issued in the base rate proceeding of Columbia Gas of Pennsylvania, Inc. (Columbia). The ALJs recommended approval of the unanimous Joint Petition for Settlement (Settlement) submitted by the Parties. The Settlement provides for the disposition of all issues in the proceeding except for the issue of termination for non-payment of purchased receivables.

The only contested issue concerns Columbia's voluntary Purchase of Receivables (POR) program. Under Columbia's current rules applicable only to choice service, the Company, at its sole discretion, may offer to purchase the NGSs' accounts receivables at a discounted rate. Columbia's tariff also states that, if it purchases natural gas supply accounts receivables from a NGS, the Company may not use the Chapter 56 termination process to address the nonpayment of natural gas supply charges and it may not make payment of NGS-provided gas supply charges a condition for the restoration of service. Currently, Columbia offers to purchase NGS receivables at a five percent discount.

In the instant proceeding, Columbia proposed a number of changes to its POR program. The principal change is that Columbia would have the right to terminate for non-payment of purchased receivables. This change would result in Columbia setting the discount rate at the same 1.86% unbundled uncollectible expense charge added to the Supplier of Last Resort (SOLR) price to compare. Columbia also proposed to include an administrative rider of 0.75% to recover estimated costs to establish the proposed revised POR program, resulting in a total proposed discount rate of 2.61%.

The ALJs recommended that the Commission not allow Columbia to terminate customers for nonpayment of NGS purchased receivables and not allow Columbia to withhold reconnection based upon nonpayment of the NGS purchased receivables. The ALJs recommend this matter be addressed in the Commission's ongoing SEARCH process, where all interested stakeholders will have a voice in the consideration of this controversial issue. I note that the Commission recently did exactly that in establishing the SEARCH Action Plan to address natural gas competition issues on September 11, 2008. The Commission also, on October 16, 2008, issued a Secretarial Letter requesting comments from interested parties concerning this issue and whether our existing guidelines should be revised.

I am concerned that the conclusions made within the Chairman's Motion may be premature based upon the record in this proceeding. I have some reservations regarding POR programs and their ability to enhance retail competition to the residential sector. I also have concerns that the POR programs may have the unintended result of increasing non-shopping customer bills. In general terms, I remain to be convinced that any meaningful savings are possible in the retail residential gas supply market from retail competition. I question the wisdom of continuing to try to make retail competition work on the residential level where, to date, competition has been so limited. As a result, I am voting to concur in the result only of the Chairman's Motion. I look forward to reviewing the comments to be filed in response to the October 16 Secretarial Letter, as well as the proposed rulemaking proceeding to be established pursuant to the SEARCH Action Plan to further analyze this issue.

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**DATE**

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**TYRONE J. CHRISTY, VICE CHAIRMAN**