

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

**Gas Cost Rates for North East Heat & Light Co. – Effective November 1, 2009**      **Public Meeting held October 22, 2009**  
**2134358-AUD**  
**Docket No. M-2009-2134358**

**Motion of Commissioner Wayne E. Gardner**

In its annual gas cost rate (GCR) filing, North East Heat & Light Company has asked the Commission to waive the requirement that it pay interest on its overcollections for the twelve-month period ending August 31, 2009. Although the Company cited to section 56.222 of our regulations as support for its request, this section is inapplicable and does not address interest to be paid on overcollections.

The Commission's regulations require that overcollections of gas costs are to be refunded with interest. The purpose of the requirement to pay interest is to compensate customers for the time value of money lost due to overcollections. In this case, North East Heat & Light's overcollections were a result of the Company's purchasing strategy which took advantage of rapidly falling natural gas prices. Although this strategy allowed the Company to pass on the lower prices to its customers, it did result in large overcollections. The Company attempted to reduce its overcollections by filing an interim GCR but was unable to eliminate all overcollections.

Although we understand North East Heat & Light's position, it has not provided the Commission with a basis on which its request may be granted in this proceeding. Thus, we will approve the recommended GCR but hold the issue of interest on the overcollections refund in abeyance until such time that comments from interested parties can be solicited.

**Therefore, I move that:**

1. The Bureau of Audits recalculate the GCR to include the interest for the overcollections; but, that the issue of waiving this interest is held in abeyance pending further consideration by the Commission.
2. The Office of Consumer Advocate, the Office of Small Business Advocate, the Office of Trial staff and other appropriate parties be served with notice of this issue.
3. The Bureau of Audits in conjunction with the Law Bureau prepare a Secretarial Letter consistent with this motion.
4. Comments on the issue of North East Heat and Light's request for a waiver of the interest due for overcollections for the twelve-month period ending August 31,

2009, be considered timely if received within fifteen days of issuance of the Secretarial letter, with reply comments due five days thereafter.

5. The Bureau of Audits review the comments and replies and make a recommendation to the Commission for subsequent action.

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Commissioner Wayne E. Gardner

October 22, 2009