PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Petition of National Fuel Gas Distribution Corporation Requesting Approval of a Program for Purchase of Natural Gas Supplier Accounts Receivable

Public Meeting – June 3, 2010
2099182-ALJ
Docket No. P-2009-2099182

DISSENTING STATEMENT OF VICE CHAIRMAN TYRONE J. CHRISTY

Before the Commission for consideration is the Recommended Decision of Administrative Law Judge (ALJ) Wayne L. Weismandel in the above captioned matter, recommending approval of the Joint Petition for Settlement of All Issues (Settlement). The parties to the Settlement include National Fuel Gas Distribution Corporation (NFGD or Company), the Office of Trial Staff (OTS), the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), the Retail Energy Supply Association (RESA), Interstate Gas Supply, Inc. dba IGS Energy (IGS), Gateway Energy Services Corporation (Gateway), Agway Energy Service, LLC (Agway) and Vectron Retail, LLC (Vectron). NFGD initiated this proceeding to voluntarily request Commission approval to create a purchase of receivables program (POR) to be offered to natural gas suppliers (NGSs). Each of the parties has submitted a statement in support of the Settlement. In fact, several of the NGSs that participated in this proceeding commended the Company for putting forth a POR program that will benefit all customers and urged the Commission to approve the Settlement as filed and without delay so that the Company can begin implementation of this program immediately.

Despite the unanimous support and approval of the Settlement by all the parties to this proceeding, the majority of the Commission today has decided to reject one aspect of the settlement, the amount of the discount factor proposed by NFGD, and, as a result, is modifying the Settlement. NFGD had initially proposed the inclusion of a discount factor of 2.7086% applicable to residential accounts and 0.4766% applicable to non-residential accounts. The residential discount factor includes an amount of 2.2301% for write-offs, 0.0629% for program development, implementation and administration and 0.4156% as a risk factor. The majority objects to the inclusion of the latter amount, the risk factor.

I must respectfully dissent from the majority's decision today as I believe we should not be disturbing this settlement over an issue to which no party objected, including several alternative gas suppliers. First of all, this is a voluntary filing NFGD has made pursuant to the Commission's Order in the *Investigation into the Natural Gas Supply Market; Report on Stakeholder's Working Group (SEARCH),* Docket No. I-00040103F0002. The NFGD proposal represents a three year pilot program and was modeled after its successful pilot POR program that has been provided in NFGD's New York territory since December 2005.[1] Also, the Settlement is unanimous, was agreed to via mediation, and no hearings were deemed necessary by the parties.

Furthermore, the discount rate as proposed by NFGD is reasonable, especially when compared to the discount rates requested by the other natural gas distribution companies that have included a discount factor within a voluntary POR program filing:

Company	POR Discount Rate (%)	Uncollectible Portion (%)	Administrative Adders (%)
NFG	2.7086	2.2301	0.4785[2]
Columbia	2.45	1.86	0.59
TWP	2.81	2.00	0.81
UGI	2.78	2.19	0.59

As shown in this chart, the NFGD proposal is lower than each of the other NGDC's except Columbia, and NFGD actually has included the lowest administrative adder, even when including the risk factor component of 0.4156%. In my opinion, the NFGD proposal is reasonable, and I agree with the parties and the ALJ that it should be approved as submitted within the Settlement. I am concerned that rejection of this proposed risk factor could result in subsidization of the costs involved with including a POR program for the benefit of shopping customers by non-shopping customers. It is important to note that with the Commission's decision today to modify its discount rate, NFG could have the lowest POR discount rate of any natural gas utility in Pennsylvania.

I am very concerned that the Commission's actions will send the wrong message to parties considering entering into settlements in the future, particularly settlements arising from a voluntary filing as proposed by NFGD. The Commission has a long history of encouraging parties to settle their differences in order to create economic and administrative efficiencies. Today, the Commission is placing its interests over the interests of the parties involved in the details of the proceeding. In fact, NFGD stated in its original Petition that in its opinion, any material change imposed on the program would upset its balance and render it no longer voluntary in nature. Also, NFGD stated that it reserves the right to withdraw the filing and pursue an alternate course were that to happen.

For all of the above reasons, I respectfully dissent.

6-3-10
DATE

Tyrone J. Christy
TYRONE J. CHRISTY, VICE CHAIRMAN

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[1] In New York, customers served by NGSs increased from approximately 54,000 customers in the month before POR implementation to approximately 101,000 customers as of February 2009, an increase of 87%.

[2] The NFGD amount includes the risk factor of 0.4156% and the program development, implementation and administration adder of 0.0629%.