

Philadelphia Gas Works

Gregory J. Stunder
Senior Attorney



800 W. Montgomery Avenue, Philadelphia, PA 19122
Telephone: (215) 684-6878 – Fax (215) 684-6798
Email: greg.stunder@pgworks.com

November 5, 2008

VIA EXPRESS MAIL

James J. McNulty - Secretary
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: **Comments of Philadelphia Gas Works' Concerning the Revision of Guidelines for Maintaining Customer Services Establishment of Interim Standards for Purchase of Receivables (POR) Programs; Docket No. M-2008-2068982**

Dear Secretary McNulty:

This letter provides comments from Philadelphia Gas Works ("PGW") in response to a Secretarial Letter dated October 16, 2008 regarding the revision of guidelines relating to customer service in order to implement Purchase of Receivables Programs ("PORs") by Natural Gas Distribution Companies ("NGDCs").¹

These customer service guidelines do not permit NGDCs to terminate customers (pursuant to Chapter 56 termination procedures) who fail to pay supply charges where the NGDC has purchased accounts receivable from a natural gas supplier ("NGS"). This prohibition has been recognized by both NGDCs and NGSs during SEARCH stakeholder meetings as a measure that prevents effective gas choice competition in Pennsylvania. In fact, the Commission also recognizes that effective PORs are vital to gas choice competition because the programs "promote efficiencies, reduce costs to consumers and reduce barriers to market entry by alternative natural gas suppliers."²

As part of the SEARCH Final Order and Action Plan, the Commission requires NGDCs to file voluntary POR proposals by December 31, 2008.³ At the same time, the Commission also acknowledges the deficiencies of current regulations and statutes with respect to PORs and orders a POR rulemaking. More specifically, the Commission states that:

¹ These interim guidelines were established in 1999 as guidance for companies during the transition to the Choice market in natural gas supply. *Guidelines for Maintaining Customer Services at the Same Level of Quality Pursuant to 66 Pa.C.S. § 2206 (a), Assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa.C.S. §§ 2207 (b), 2208 (e) and (f) and Addressing the Application of Partial Payments*, Docket No. M-00991249F003, Order entered Aug. 26, 1999 (*Guidelines*).

² Investigation into the Natural Gas Supply Market: Report on Stakeholder's Working Group (SEARCH), Final Order and Action Plan entered September 11, 2008 at Docket No. I-00040103F0002 (SEARCH Order).

³ *Id* at 12.

[T]he rulemaking on NGDC Issues will address, among other issues, the appropriateness of a discount on accounts receivables and parameters for its calculation, the effect of a POR program on the NGDC's uncollectible expense and the use of a bad debt tracker. The overall goal is to establish reasonable and fair parameters for POR programs on a statewide basis.⁴

Such expansive rulemaking issues will dramatically change the POR proposals of every NGDC. As a result, PGW foresees incurring significant information and billing systems costs more than once – first with the company's initial December 31, 2008 POR proposal and then with the changes required by the subsequent rulemaking.

PGW joins EAPA in respectfully suggesting that the rapid adoption of POR programs may be a hindrance to increased competition if proposed programs are "approved" and then need to be modified in the future as a result of the rulemaking outcome. What is necessitated at this point is a direct and orderly process whereby the Commission first modifies the Guideline to allow for termination, second, initiates a rulemaking where POR program parameters are determined and finally, seeks voluntary proposals from NGDCs. PGW and EAPA ask the Commission to (a) resolve first the issue of whether a NGDC can terminate a customer for failure to pay a supply charge where the NGDC has purchased the receivable of the NGS, (b) proceed with its proposed POR rulemaking and (c) suspend the December 31, 2008 deadline for submitting voluntary POR proposals and the alternative requirement that cost of service studies be submitted with the next PGC filings until the POR rulemaking is concluded.

PGW appreciates this opportunity to comment and looks forward to working with all stakeholders in this matter.

Respectfully submitted,

Gregory J. Stunder

cc: James H. Cawley, Chairman
Tyrone J. Christy, Vice Chairman
Robert F. Powelson, Commissioner
Kim Pizzingrilli, Commissioner
Wayne E. Gardner, Commissioner
Patricia Krise Burket, Assistant Counsel
Robert F. Young, Deputy Chief Counsel
Paul Diskin, Manager, Fixed Utility Services
Daniel Mumford, Policy Analyst

⁴ *Id* at 17-18.