

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

**Pennsylvania Public Utility
Commission, Law Bureau Prosecutory
Staff v. UGI Utilities, Inc.**

**Public Meeting – November 19, 2010
2120601-OSA
Docket No. C-2009-2120601**

STATEMENT OF VICE CHAIRMAN TYRONE J. CHRISTY

I consistently have advocated that, in lieu of imposing civil penalties on utilities involving violations, or alleged violations, of the Public Utility Code or the Commission's Regulations, the greater public good would be served by applying these dollar amounts toward deserving utility-related low income programs.

During my tenure at the Commission, we have directed over \$4.5 million to various low-income universal service programs, including Hardship Funds, Low Income Usage Reduction Programs, Customer Assistance Programs, and the Dollar Energy Fund. The source of these funds has included civil penalties from jurisdictional energy utilities, as well as refunds to jurisdictional natural gas distribution utilities from interstate pipelines. Assuming an average contribution to customers of \$300, these past Commission actions have provided assistance to approximately 15,000 low-income households, have minimized customer hardship by making customer bills more affordable and have helped customers maintain essential utility service. Unfortunately, during this same time frame, the Commission has directed \$261,500 in penalties to the General Fund. Had this money been directed to low-income universal service programs instead of the General Fund, over 870 additional need households could have received assistance.

Today the Commission is approving the Settlement Agreement (Settlement) filed on July 30, 2010, by the Commission's Law Bureau Prosecutory Staff (LBPS) and UGI Utilities, Inc. (UGI). The Settlement, among other things, provides for a civil penalty of \$10,000.¹ This formal complaint proceeding arises from LBPS's complaint alleging that UGI failed to maintain, modify and follow the required plans, procedures and programs for operating pipelines. The Settlement was reached before the matter went to hearing. No other parties intervened in the matter and no comments were filed regarding the Settlement.

I am disappointed with the Settlement. There is no discussion or comment from any interested party about the advisability of directing \$10,000 toward deserving utility-related low income programs in lieu of imposing a civil penalty.

The Commission always should send a strong message that safety or other violations will not be tolerated. Directing that a utility make a payment to a hardship fund is, in my opinion,

¹ In addition, UGI will spend twenty thousand dollars (\$20,000) to utilize the services of an outside contractor to retrain their work crews regarding excavation and safety.

every bit as effective as a civil penalty in sending such a message to a utility. Utility customers in need are at the heart of the public interest that the Commission is trying to protect. Imposition of a civil penalty on a utility provides no benefit to these customers. Regardless of whether money is directed to a hardship program, or to the General Fund, it comes directly from the pockets of a utility's shareholders. The deterrent effect on the utility is the same.

Had \$10,000 been applied to the Operation Share Fund, this additional funding would have helped approximately 33 low-income customers maintain their service, assuming an average grant of about \$300. I believe that providing additional assistance to low-income customers is an important consideration, particularly during these tough economic times during which many individuals are being forced to choose between paying for utility service and paying for other essentials for their families.

11-19-10

DATE

Tyrone J. Christy
TYRONE J. CHRISTY, VICE CHAIRMAN