**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Harrisburg, Pennsylvania 17105-3265**

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| **Proposed Rulemaking - Natural Gas Distribution Companies and Promotion of Competitive Retail Markets** | **Public Meeting held January 13, 2011**  **2069114-LAW**  **Docket No. L-2008-2069114** |

**DISSENTING STATEMENT OF COMMISSIONER WAYNE E. GARDNER**

Before the Commission is the Final Rulemaking Order which finalizes regulations meant to promote competition in the retail natural gas market. One issue of note concerns the price to compare (PTC) and whether the cost of providing supplier of last resort (SOLR) service should be included. Currently, the cost for procuring natural gas supply is included in distribution rates and paid for by both shopping and non-shopping customers. Each natural gas distribution company (NGDC) is required to provide SOLR service; each company must stand ready to provide natural gas supply to every customer in its distribution territory whether that customer currently receives supply from an alternative supplier or from the NGDC. Because SOLR service exists for the benefit of every customer, SOLR procurement costs should remain in distribution rates where every customer is required to pay for it. Additionally, because each NGDC is required to provide SOLR service, the associated costs are unavoidable and should be excluded from the PTC.

Today the majority votes to remove SOLR costs from distribution rates and put them into the gas procurement charge which will be paid for by non-shopping customers only and will be included in the PTC. The result of this is that customers who choose to stay with the default supplier will subsidize shopping customers who also benefit from the availability of SOLR service. Additionally, the true cost of the NGDCs providing a required service will not be reflected in the PTC. Therefore, I respectfully dissent from the majority’s action and I support the recommendation made by Commission staff in this matter.

**January 13, 2011 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Date Wayne E. Gardner, Commissioner**