

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application Docket No. 78264

In re: Application of THE UNITED GAS IMPROVEMENT COMPANY, ALLENTOWN-BETHLEHEM GAS COMPANY, CONSUMERS GAS COMPANY, THE HARRISBURG GAS COMPANY, LANCASTER COUNTY GAS COMPANY, LEBANON VALLEY GAS COMPANY, LUZERNE COUNTY GAS AND ELECTRIC CORPORATION and THE PHILADELPHIA GAS WORKS COMPANY - For approval of (1) the transfer by merger of all the property, rights, powers, franchises and privileges of the seven last-named companies into The United Gas Improvement Company; (2) the acquisition by The United Gas Improvement Company by merger into it of all the rights, powers, franchises and privileges of the said seven last-named companies; and (3) the beginning of the exercise by The United Gas Improvement Company of all the additional rights, powers, franchises and privileges of the said seven last-named companies necessary and proper for furnishing service to the public in the territories in which the said seven last-named companies now furnish service.

ORDER

BY THE COMMISSION, FEBRUARY 10, 1958:

The United Gas Improvement Company (U.G.I.) has submitted to us a petition for further amendment of our Order entered at A. 78264 on June 16, 1952 (as amended by orders entered on August 24, 1953, and December 17, 1956) approving the merger into U.G.I. of Allentown-Bethlehem Gas Company, Consumers Gas Company (of Reading), The Harrisburg Gas Company, Lancaster County Gas Company, Lebanon Valley Gas Company, Luzerne County Gas and Electric Company, and The Philadelphia Gas Works Company. The last-named company had been operator for the City of Philadelphia of the city-owned gas works, whose operations are beyond the purview of our jurisdiction.

The order of June 16, 1952, as amended, requires, in paragraph 6 as amended, that U.G.I. keep separate accounting records for each of its four public-utility gas divisions--the Harrisburg Division, the Lancaster County Division, the Lehigh Valley Division, and the Reading Division.

In permitting U.G.I.'s Tariff Gas--Pa. P.U.C. No. 15 to become effective on October 27, 1957, for said four gas divisions, we

DOCKETED
APPLICATION DOCKET
FEB 20 1958
ENTRY No. 14

established, U.G.I. asserts, a uniform gas rate for those divisions, and recognized that they are being operated as an integrated gas system. That is substantially true, with the minor exception of the Lehigh Valley Division's Hazleton District, in which manufactured gas is furnished to the public at rates provided in Tariff Gas--Pa. P.U.C. No. 13, which differ from those in Tariff No. 15, supra. Costs applicable to the furnishing of manufactured-gas service in the Hazleton District would continue to be ascertainable for rate-making purposes.

Elimination of the requirement for maintaining subsidiary records for each gas division and the combining of the four divisions for purposes of accounting and reporting, would, in the opinion of U.G.I., be beneficial to U.G.I. and to its customers, for the following reasons:

1. The number of accounts to be maintained by the petitioner will be materially reduced.
2. Reporting, both for petitioner's use and for use by regulatory commissions, would be materially simplified.
3. Simplification of auditing procedures will result in a reduction of cost for such activity.
4. The combining of divisional records will permit further centralization and mechanization in processing accounting data.
5. Continuing Property Records covering physical property presently in use by the several gas divisions would be combined but in such a manner as would clearly identify such property geographically, as required by Rule 4 of both the Manufactured and Natural Gas Regulations.
6. Simplification in accounting resulting from the proposed combining of the several gas divisions will eventually result in an over-all reduction in operating cost for such activities.
7. The presentation of data to the Commission in matters involving petitioner's rates will be simplified in that the gas operations of the petitioner will be clearly segregated from its electric operations.

For the foregoing reasons, U.G.I. asserts it would be proper and in the public interest that we appropriately further amend paragraph 6 of our order of June 16, 1952, as amended, supra, so as to permit it, for purposes of accounting and reporting and for all other purposes, to combine its four gas divisions into one division.

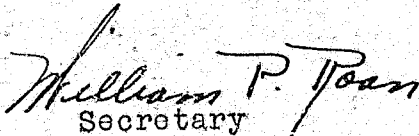
The matters and things involved in the petition for amendment having been duly submitted, and full consideration having been given thereto, we find and determine that it is necessary or proper in the public interest that paragraph No. 6 of our said order entered on June 16, 1952, as amended, be and is hereby further amended to read as follows:

6. That The United Gas Improvement Company, as merged and consolidated, shall maintain subsidiary records by kind of service rendered as follows: electric service by Luzerne Electric Division, and gas service by Harrisburg, Lancaster County, Lehigh Valley and Reading Gas divisions, on a consolidated basis, which shall show the original cost of utility plant in service therein, the depreciation and amortization reserves applicable thereto, the cost of materials and supplies carried therefor, the operating revenues and the non-operating revenues earned therein, the direct operating expenses and the direct non-operating expenses incurred in earning said revenues, and an equitable portion of operating and non-operating revenues and expense applicable to both kinds of service, exclusive of general administrative expenses and general taxes; and shall submit summaries of said matters, for each kind of service, in each annual report commencing with that for the year 1957 which it will file with us.

PENNSYLVANIA PUBLIC UTILITY COMMISSION


Chairman

ATTEST:


Secretary