2743

COPY

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Standards and Billing Practices For	:	
Residential Utility Services	:	Docket No. L-00060182
	:	

RECEIVED
2009 APR 27 PM 2:42
INDEPENDENT REGULATORY REVIEW COMMISSION

COMMENTS OF
UGI UTILITIES, INC., UGI CENTRAL PENN GAS, INC.
AND UGI PENN NATURAL GAS, INC.

Pursuant to the notice published in the Pennsylvania Bulletin dated February 14, 2009, 39 Pa. Bull. 925 (2009), UGI Utilities, Inc., UGI Central Penn Gas, Inc., and UGI Penn Natural Gas, Inc. ("UGI") hereby submit the following comments regarding the Pennsylvania Public Utility Commission's notice of proposed rulemaking in the above docketed proceeding.

I. INTRODUCTION

UGI is generally supportive of the Commission's efforts to promulgate rules that are consistent with the letter and spirit of Chapter 14. However, for a number of reasons, UGI believes that the Commission's efforts to date have resulted in proposed regulations that run contrary to Chapter 14's requirements. To this end, UGI joins in the comprehensive set of comments being filed this date by the Energy Association of Pennsylvania ("EAPA"). UGI urges the Commission to carefully review the EAPA's comments and make the necessary changes to its proposed rules that are explained therein.

RECEIVED
APR 20 2009
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

UGI will take the time here only to address one additional issue presented by the regulations proposed by the Commission: how regulation can create additional costs that are incurred by the utilities and eventually the utilities' good paying customers through higher rates. In sum, Chapter 14 provides Pennsylvania utilities with the tools generally to reduce their cost of collection and termination. UGI encourages the Commission to embrace those tools and allow the utilities to exercise wide discretion, free from unnecessary administrative obstacles and burdens, to pursue reasonable revenue collection and termination practices.

II. THE COST OF REGULATION MUST BE BALANCED WITH ITS BENEFITS

As regulated entities, the UGI utilities are accustomed to regulatory oversight into many of its practices, including gas safety, financial performance, and revenue collection and termination. As to the latter, the Pennsylvania legislature has concluded, through enactment of Act 201, that the overly burdensome prior set of regulations embodied in 52 Pa. Code Chapter 56 needed to be relaxed so that the utilities could improve their collections performance.

Part of that relaxation included specific provisions in Chapter 14 that allow the utilities to terminate for nonpayment and other reasons without needing to offer more than one payment agreement to a customer and forbade the Commission, absent a change in a customer's income situation, from requiring additional agreements. Other provisions of Chapter 14 entitle the utilities to apply generally accepted credit scoring practices to determine the creditworthiness of prospective customers and to require up-front security deposits from applicants for utility service. These mandated changes were intended to permit utilities reasonable latitude to minimize their exposure to customers with bad credit so that good paying customers would not be required to bear related uncollectible accounts expense or other costs related to nonpaying or payment troubled customers.

As explained at length in the EAPA's comments, however, the Commission's proposed regulations in some instances undermine the rights afforded the utilities in Chapter 14. These include rules that are designed to allow the Commission to require additional payment agreements that do not appear to be permitted under Section 1405(d) of the Public Utility Code, security deposit payment periods that differ from those set forth in Section 1404, and termination procedures that appear to conflict with Section 1406.

In addition to the reasons offered by the EAPA, UGI would request that the Commission reconsider its rules in light of the additional burdens that its proposed regulations place on the utilities and their good paying customers. Any regulatory requirement that exceeds the minimum required or maximum permitted under Chapter 14 comes at a cost. These costs include computer programming, additional labor and outside services, the cost of additional notices, the delay in payment and associated working capital, and the ultimate write off of accounts receivable if the rules prevent the utility from collecting the revenue duly charge pursuant to its tariffs or require the utility to refrain from terminating a customer with only a reasonable delay. All of those costs serve to reduce each utility's earnings, increase their working capital requirements, increase their business risk and associated cost of capital, and eventually lead to rate increases that otherwise may have been avoided if the utility had been provided reasonable latitude in implementing Chapter 14 and the reasonable practices called for in that legislation.

The Commission should, therefore, review its proposed regulations to determine whether the additional costs that result from them are justified in light of the goals of Chapter 14 and the plain letter of the statutory language. Where an inappropriate balance is achieved, the regulations should be rejected and additional efforts undertaken to correct them.

III. CONCLUSION

For the reasons set forth above and in the EAPA's comments, UGI hereby requests the Commission to reconsider its proposed regulations governing the standards and billing practices for residential utility services.

Respectfully submitted,

Kent D. Murphy

Kent D. Murphy (ID # 44793)
UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406
Phone: 610-768-3631
Fax: 610-992-3258
E-mail: murphyke@ugicorp.com

Dated: April 20, 2009