T.W. PHILLIPS
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November 4, 2008

VIA OVERNIGHT MAIL
Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, Pennsylvania 17105-3265

RE: Secretarial Letter dated as of October 16, 2008
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:

T. W. Phillips Gas and Oil Co. (T. W. Phillips) herewith submits an original and ten copies of T. W. Phillips' comments with respect to certain questions set forth in the above referenced Secretarial Letter.

Pursuant to the Final Order and Action Plan regarding the Commission's *Investigation into the Natural Gas Supply Market: Report on Stakeholder's Working Group (SEARCH)* Report (Docket No. I-00040103F0002) T. W. Phillips is encouraged to file a voluntary Purchase of Receivable (POR) program by December 31, 2008. Alternatively, T. W. Phillips will be required to submit a cost of service study to permit unbundling of certain costs in its next Purchased Gas Cost proceeding or base-rate proceeding, whichever comes first. T. W. Phillips is a Class A natural gas public utility that is required by PUC regulation to pre-file its annual 1307(f) Purchased Gas Cost Filing 30 days prior to February 1 of each year or January 2nd.[1] In short, the voluntary POR program deadline is December 31, 2008 and the PGC Pre-Filing is January 2, 2009.

The Secretarial Letter referenced above states that the Commission plans to commence a rulemaking proceeding in 2009 to develop standardized rules for POR programs. However, at this time the Commission has requested T. W. Phillips' comments with regard to certain changes to Customer Service Guidelines regarding the implementation of a POR Program. It is T. W. Phillips' understanding that revised Guidelines will be issued by the PUC. It is important that T. W. Phillips have an opportunity to understand and comprehend the new Guidelines before it can prepare an appropriate POR program. Moreover, the PUC should postpone the deadline for submitting the POR program or the alternative cost of service study filing until the PUC has developed the standardized rules for such POR programs.

[1] Currently, only T. W. Phillips and National Fuel are required to pre-file the Section 1307(f) filings on this date. Other western Pennsylvania Class A Utilities such as Equitable Gas Company, Dominion Peoples and Columbia Gas of Pennsylvania are required to submit the pre-filing until March.

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As specifically requested in the Secretarial Letter, below are T. W. Phillips' comments to the following questions:

1. **Should an NGDC be allowed to terminate customers for the failure to pay receivables purchased by an NGS pursuant to a Commission-approved POR program?**

   Response: Yes. Termination of customers is one of the few tools available to NGDCs to collect from non-paying customers. Eliminating this invaluable tool would further increase bad debt writeoffs incurred by NGDCs that would further burden the paying customers.

2. **Should the *Guidelines* be modified to remove this regulatory uncertainty?**

   Response: Yes. If NGDCs are to be encouraged to purchase receivables from NGSs and are responsible for the collection of such receivables, the NGDCs should have all of the existing collection tools currently available with respect to utility retail service.

3. **Are there other related consumer protection issues that need to be addressed as a result of any changes to utility termination rights?**

   Response: Yes. Issues regarding reconnection fees and related procedures and the institution of payment arrangements should be addressed. These need to be fully investigated and appropriately evaluated. It is assumed that these and other such issues will be addressed in the planned 2009 Rulemaking Proceeding aimed at standardizing POR rules.

4. **Are any statutory amendments necessary for this type of POR program to be implemented?**

   Response: Yes. In T. W. Phillips' opinion, Section 2205(c)(5) of the Public Utility Code prohibits a mandatory POR program. Therefore, any POR program must be voluntary unless this issue is addressed by the Legislature in the form of a statutory amendment.

Please stamp receipt the enclosed copy of this letter and return the same to me in the self-addressed, stamped envelope provided herein. If you have any questions with regards to our comments feel free to contact me.

Sincerely,

T. W. PHILLIPS GAS AND OIL CO.

Andrew P. Wachter
Assistant Vice President - Finance

cc: Patricia Krise Burket
Robert F. Young
Paul Diskin
Daniel Mumford