

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Harrisburg, Pennsylvania 17105-3265**

**Natural Gas Distribution Companies  
and the Promotion of Competitive  
Retail Markets**

**Public Meeting – June 9, 2011  
2069114-LAW  
Docket No: L-2008-2069114**

**STATEMENT OF COMMISSIONER TYRONE J. CHRISTY**

Today the Commission is issuing proposed clarifying amendments to the final regulations that were issued in this proceeding on February 23, 2011. The purpose of the amendments is to respond to concerns raised by the staff of the Independent Regulatory Review Commission (IRRC). Although I support the issuance of the proposed amendments for comment, I reiterate my disagreement with some of the key provisions of the underlying final regulations, as expressed in my written Statement of January 13, 2011. The proposed amendments that the Commission is adopting today do not correct the flaws in these key provisions.

My primary disagreement with the final regulations is the inclusion of unavoidable costs related to gas procurement in the Gas Procurement Charge (GPC) Rider. In my opinion, only avoidable costs are properly included in the Price to Compare (PTC). Because these regulations require that unavoidable costs be included in the PTC, customers who elect to remain on default service will be required to subsidize shopping customers. Such subsidies are improper. In addition, including costs that are not avoidable in the PTC means that NGDCs may not be able recover them. Because the PTC will be inflated, more customers may leave the NGDC, thereby placing the unrecoverable gas procurement-related costs on an even smaller customer base. The required unbundling of unavoidable expenses may result in stranded costs.

I also disagree with the requirement that the reconciliation for over and under collections, i.e. the E-factor, be included in the PTC. The inclusion of the E-factor in the PTC will result in consumers comparing an NGS current price offer to a NGDC rate adjusted for prior period over/under collections, rather the NGDC's current gas cost. This is not an apples-to-apples cost comparison, and inappropriate pricing signals are going to be given to consumers as a result. Consumers need clear pricing signals, not more confusion.

6-9-11  
DATE

Tyrone J. Christy  
TYRONE J. CHRISTY, COMMISSIONER