AGA American Gas Association

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VIA E-MAIL: regs.comments@federalreserve.gov

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

RE: Fair Credit Reporting Risk-Based Pricing Regulations
Federal Reserve System
Docket No. R-1407 and RIN No. RIN 7100 –AD 66
Federal Trade Commission
RIN R 411009

Ladies and Gentlemen:

The American Gas Association ("AGA") appreciates the opportunity to offer comments on final rules to implement the risk based pricing provisions in section 311 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act), which amends the Fair Credit Reporting Act (FCRA). The proposed changes would impose new costs and administrative burdens that greatly outweigh the benefits to the customers AGA members serve and increase the state utility commission rate-based costs those customers pay to receive the services AGA members provide. We strongly urge the FTC to create an exemption for public utilities from compliance with this rule.

A fuller explanation of the potential harm to AGA members and customers is set forth in the "Comments of the American Public Power Association and the American Public Gas Association" filed April 13, 2011. AGA, by this reference, adopts those comments on the effects of the rule as they relate to:

i) excessive costs (e.g., changes to customer information systems including voice response units);

ii) likely need to renegotiate agreements with consumer reporting agency in order to obtain the required information;

iii) systemic burdens (e.g. , lack of access by employees to certain credit score information that the statute requires);

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iv) potential customer confusion (i.e., from disclosing a utility credit score that does not relate to FICO scores); and

v) increased disclosure of customer personal information.

The American Gas Association was founded in 1918 and represents 199 local energy companies that deliver clean natural gas throughout the United States. There are more than 70 million residential, commercial and industrial natural gas customers in the U.S., of which 91 percent — more than 64 million customers — receive their gas from AGA members. Natural gas currently meets almost one-fourth of the United States' energy needs and is one of the critical components in the Administration’s plans for a greener economy.

Almost all of our membership is comprised of state regulated natural gas distribution utilities. The state government public utility commissions set the rates and deposits these utilities may charge their customers and have jurisdiction over natural gas utilities. They require detailed reporting of company assets, finances, and operations and customer service operations. Many commissions also have a rate payer advocate who also investigates terms and quality of service utilities provide their customers. This mature and transparent regulatory framework in combination with existing federal law protects utility customers from the potential affects the amendments are intended to avoid.

Further, the additional cost of implementation and compliance with the amendments is likely to ultimately be borne by the ratepayers of the affected utilities that are already receiving the benefit of the existing regulatory framework and monitoring.

A targeted solution appropriate to this sector might be to allow utilities regulated by a state or federal, state governmental entity a specific exemption under the proposed Rule changes.

The AGA appreciates the efforts of the Federal Reserve System and the Commission to comply with the directives of the Dodd-Frank statute, but we believe that the proposed changes have an unnecessarily adverse impact on-the costs utility customers, i.e. rate payers, out of proportion to the benefits they may receive.

If the Federal Reserve System or Commission have any questions regarding this letter, please contact the undersigned at 202 824-7071.

Respectfully submitted,

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