



**Pennsylvania Public Utility Commission
Technical Conference – Compliance of
Pennsylvania with Section 410(a) of the
American Recovery and Reinvestment Act of
2009**

Docket No. I-2009-2099881

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Equitable Gas Company, LLC

- ❖ Headquartered in Pittsburgh
- ❖ 255,000 Pennsylvania gas distribution customers
- ❖ Service territory consists of communities in 10 southwestern Pennsylvania counties

Customer Interest in Energy Conservation

- ❖ J.D. Power and Associates survey results indicate the offering of energy efficiency and conservation programs influence customer satisfaction.
- ❖ Companies with established conservation programs rank higher in customer satisfaction.
- ❖ Equitable is interested in providing programs and services which increase customer satisfaction.

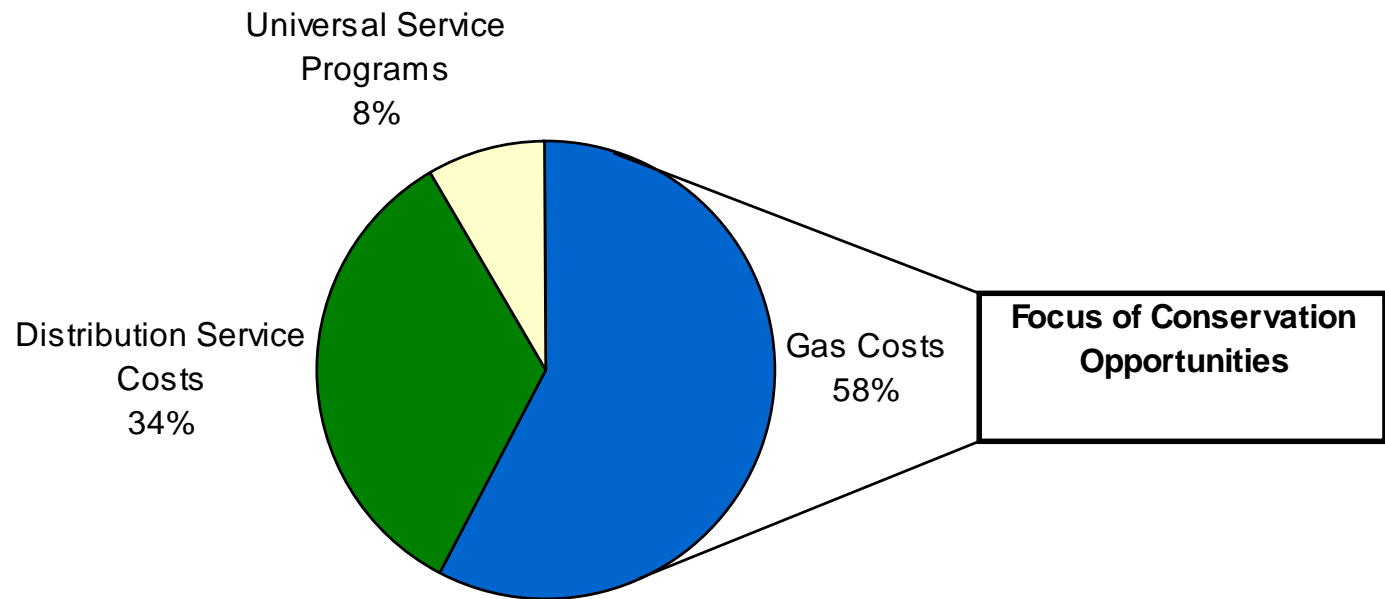
Benefits of Conservation

- ❖ Promotes efficient use of natural resources
- ❖ Reduces upward pressure on natural gas prices
- ❖ Increases the availability of existing pipeline and distribution capacity
- ❖ Distribution capacity available for alternative uses
 - ◆ NGVs

Current Rate Design: Conflict With Conservation

- ❖ NGDCs provide 24/7/365 service through investment in distribution pipeline infrastructure and human resources
- ❖ Earnings directly related to usage of natural gas, not distribution service
- ❖ Reduced earnings limit job growth and reduce the LDCs Corporate Citizenship role

Typical NGDC Residential Customer



Annualized October 2009 residential bill using 95 Mcf

Resolving the Conflict

- ❖ Establish a policy to ensure financial incentives are aligned with helping customers use natural gas more efficiently.

Options:

1. Allow utilities the option to modify existing rate design to remove the disincentive of promoting natural gas conservation.
 - ◆ Rate Decoupling
 - ◆ Revenue stabilization mechanism
 - ◆ Straight-fixed variable rate design
2. Increased base rate case filings.

Conclusion

- ❖ Customers of gas utilities desire ideas and input in reducing natural gas usage to reduce their monthly bills.
- ❖ Under current rate structures, gas utilities are penalized financially for promoting conservation.
- ❖ PUC's policy should remove disincentives and create a rate structure balancing the interests of consumers and companies.