

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PA 17120**

**Peoples Natural Gas Company LLC,  
Peoples Natural Gas Company LLC –  
Equitable Division and Peoples TWP LLC**

**Public Meeting – March 26, 2015  
2429610-ALJ**

**Docket Nos. R-2014-2429610**

**C-2014-2434196**

**C-2014-2435583**

**R-2014-2429606**

**C-2014-2434192**

**C-2014-2435636**

**R-2014-2429613**

**C-2014-2434195**

**C-2014-2435601**

**STATEMENT OF  
COMMISSIONER PAMELA A. WITMER**

Before the Public Utility Commission (Commission) today is the Recommended Decision of Administrative Law Judge Conrad A. Johnson approving a settlement of all issues in the above referenced proceeding. The settlement pertains to the Joint Petition for Approval of All Issues filed by the parties, Peoples Natural Gas Company LLC, Peoples Natural Gas Company LLC – Equitable Division, Peoples TWP LLC (collectively, “Peoples” or “Company”), the Commission’s Bureau of Investigation and Enforcement (I&E), the Office of Consumer Advocate (OCA) and the Office of Small Business Advocate (OSBA), to implement a five (5) year pilot program entitled Service Expansion Tariff (SET). The purpose of SET is to reduce the upfront financial barriers faced by potential residential and commercial customers who are interested in receiving natural gas service but would not pursue the service from the Company in the absence of Rate SET.

Pennsylvania sits on top of one of the largest natural gas reserves in the world. The ability to economically extract Marcellus Shale gas has made Pennsylvania the second largest producer of natural gas in the country. As a result, Pennsylvania consumers and businesses should have every reasonable opportunity to take advantage of this efficient and clean-burning natural resource. The SET program, even as modified by the settlement, is designed to do exactly that.

SET, with no limit on the amount of capital to be expended over the next five years, is a groundbreaking and progressive attempt by Peoples to significantly increase the availability of natural gas in areas of the Commonwealth that are underserved or unserved by Peoples. Typically, customers wishing to have natural gas service extended to them would have to either pay their share of extension costs through an up-front Contribution in Aid of Construction (CIAC) or pay up-front costs associated with customer owned service lines. In some cases, the existence or combination of

the CIAC and service line costs can be prohibitive for a homeowner or business, sometimes running into thousands of dollars.

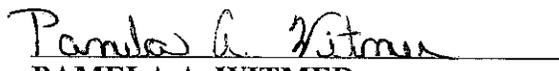
In general, SET seeks to address these obstacles by extending the presumed revenue stream length when calculating CIAC amounts, allowing residential customers to pay extension costs in monthly amounts of \$55 not to exceed 25 years, allowing commercial customers to spread out payment of extension costs over 20 years and including an option for customers to pay service line costs over time. In exchange for agreeing to pay a fixed SET monthly fee, currently underserved and unserved customers can gain access to Pennsylvania's thriving natural gas market. In addition, the pilot program as described in the settlement sets appropriate limits on the scope of the initiative, allowing the program to continue for a five-year term or until the effective date of rates set by the Company's first base rate case following approval of this program, whichever occurs first. Finally, I note that the settlement requires ongoing annual reporting by Peoples so we can monitor the success of the endeavor.

While I am pleased to lend my support to this aggressive and innovative effort by Peoples, I am disappointed that the parties did not include the proposal for Peoples to offer on-bill house line and appliance financing to further mitigate barriers to taking natural gas service. Although I note that the Company specifically reserved its right to file for a financing option in the future, I believe the lack of inclusion of an on-bill financing component is a missed opportunity.

As articulated in the October 31, 2013 On-Bill Financing Working Group Report, Docket No. M-2012-2289411, on-bill programs may be effective in expanding the reach of energy efficiency programs, especially to niche groups of customers, such as multifamily housing or municipal entities that work within fixed budgets. More fundamentally, on-bill financing of certain appliances could assist in driving uptake within the small commercial sector by bridging cost barriers and making deeper retrofit projects more feasible. To that end, I encourage the Company and statutory advocates to begin addressing any differences so that Peoples can design a program that will be workable in a Pilot format going forward. We will never be able to harness the potential of this flexibility if the parties involved abandon their proposals in the spirit of settlement.

Finally, I would like to thank and congratulate all of the parties to the settlement for reaching a resolution of all the major issues, and continue to challenge other natural gas utilities operating in underserved or unserved areas of the Commonwealth to begin thinking creatively on how they, too, can bring a homegrown fuel to more Pennsylvania businesses and homeowners.

**DATE: March 26, 2015**

  
**PAMELA A. WITMER,  
COMMISSIONER**