

**Peoples Natural Gas Company LLC**  
**Rider Universal Service Costs**  
**Effective 10/29/19**

		<u>PNG</u>	<u>PED</u>	<u>Combined</u>
		per 10/1/2019 Filing (1)	per 10/1/2019 Filing (2)	<u>Amount</u> effective 10/29/2019 (3)
		<u>Annual Expenses</u>	<u>Annual Expenses</u>	<u>Annual Expenses</u>
<u>CAP</u>				
CAP Credit (Shortfall or deficiency)	Page 2	\$ (85,391)	\$ 1,237,069	\$ 4,732,095 <sup>1/</sup>
Arrearage Forgiveness	Page 2	\$ 2,079,735	\$ 1,054,215	\$ 4,373,283 <sup>1/</sup>
CAP Administration - Third Party Administrator	Page 3	\$ 730,000	\$ 277,000	\$ 1,175,000 <sup>2/</sup>
Total CAP Expenses		\$ 2,724,344	\$ 2,568,284	\$ 10,280,378
<u>Other Universal Services</u>				
LIURP	Page 3	\$ 1,150,000	\$ 700,000	\$ 2,500,000 <sup>3/</sup>
Emergency Line Repair	Page 3	\$ 400,000	\$ 400,000	\$ 800,000
Billing System Modifications to Support LIHEAP State Plan	Page 3	\$ -	\$ -	\$ -
Total Other Universal Services		\$ 1,550,000	\$ 1,100,000	\$ 3,300,000
<b>Total Projected Universal Service Program Costs</b>		<b>\$ 4,274,344</b>	<b>\$ 3,668,284</b>	<b>\$ 13,580,378</b>
Residential Non-CAP Throughput		26,849,820	19,405,540	46,255,360
Proposed Rider Universal Surcharge per Mcf		\$0.1592	\$0.1890	\$0.2936
Plus: Reconciliation Adjustment	Page 4	\$0.0121	\$0.0636	\$0.0337
<b>Total Proposed Rider Universal Service Surcharge per Mcf</b>		<b>\$0.1713</b>	<b>\$0.2526</b>	<b>\$0.3273</b>

<sup>1/</sup> Includes E-CAP Customers

<sup>2/</sup> New base rates effective 10/29/2019 per Docket No. R-2018-3006818 reflect the correct admin costs in base rates for Equitable Division. Therefore, the manual deduction in admin costs of \$168,000 is no longer necessary.

<sup>3/</sup> The new combined total also Includes an additional amount of \$650,000 per the base rate case settlement at Docket No. R-2018-3006818.

**Peoples Natural Gas Company LLC**  
**Rider Universal Service Costs**  
**Calculation of CAP Plus, CAP Credits and Arrearage Forgiveness**

	<u>PNG</u>	<u>PED</u>	<u>Combined</u>
	per 10/1/2019 Filing	per 10/1/2019 Filing	Amount
	(1)	(2)	effective 10/29/2019
			(3)
<b><u>CAP Plus Calculation</u></b>			
1 LIHEAP funds received for CAP Accounts	\$ 2,372,932	\$ 1,608,717	\$ 3,981,649 <sup>1/</sup>
2 Active CAP Accounts (including E-CAP) + Projected Enrollments	19,476	14,475	33,951
3 LIHEAP funds per CAP participant	(Line 1/Line 2) \$ 122	\$ 111	\$ 117
4 Calculated Monthly CAP Plus Amount	(Line 3/12 months) \$ 10	\$ 9	\$ 10
5 <b>CAP Plus Amount</b>	<b>\$ 5</b>	<b>\$ 5</b>	<b>\$ 5</b> <sup>2/</sup>
6 Current Average CAP Payment	\$ 80	\$ 77	\$ 79 <sup>3/</sup>
7 Monthly CAP Amount including CAP Plus	(Line 5 + Line 6) \$ 85	\$ 82	\$ 84
<b><u>CAP Credit Calculation</u></b>			
8 CAP enrollment to 32,300 level as established @ Docket R-2018-3006818	16,725	-	32,330 <sup>4/</sup>
9 Average CAP Usage	110	119.6	114 <sup>3/</sup>
10 Average Bill Calculation			
11 Monthly Service Charge	\$ 13.8910	\$ 13.0097	\$ 14.5000
12 Usage charge per MCF	\$ 7.6596	\$ 7.6437	\$ 8.4740
13 Average Annual Bill	(Line 11 * 12) + (Line 12 * Line 9) \$ 1,012	\$ 1,070	\$ 1,143
14 Annual average CAP Payments per customer	(Line 7 * 12) \$ 1,017	\$ 985	\$ 1,003
15 Annual average CAP Credit per customer	(Line 13 - Line 14) \$ (4)	\$ 85	\$ 140
16 Projected CAP credit (shortfall)	(Line 15 * Line 8) \$ (73,670)	\$ 1,237,069	\$ 4,514,480
<b><u>Incremental Enrollments</u></b>			
17 Incremental enrollment above 32,300 (Including E-CAP customers)	2,751	-	1,621 <sup>4/</sup>
18 Projected Cap Credit for incremental enrollments	(Line 15 * Line 17) \$ (12,117)	-	\$ 226,352
19 Bad Debt Offset for incremental enrollments (3.86%)	(3.86% * Line 18) \$ (396)	-	\$ 8,737 <sup>5/</sup>
20 Net Projected CAP Credit (shortfall) for Incremental Enrollments	(Line 18 - Line 19) \$ (11,721)	\$ -	\$ 217,615
<b><u>Total CAP Credits</u></b>			
21 <b>Total Projected CAP Credits</b>	(Line 16 + Line 20) \$ (85,391)	\$ 1,237,069	\$ 4,732,095
<b><u>Arrearage Forgiveness</u></b>			
<b><u>Enrollments to 32,330 level</u></b>			
22 Enrollments up to 32,330 level	16,725	-	32,330
23 Average Arrearage Forgiveness per cust.	\$ 238	\$ 106	\$ 182 <sup>3/</sup>
24 Total Projected Annual Arrearage Forgiveness	(Line 22* Line 23) \$ 3,987,240	\$ 1,527,848	\$ 5,876,294
25 Projected Arrearage Forgiveness at 71% Payment Compliance	(71% * Line 24) \$ 1,794,258	\$ 1,054,215	\$ 4,172,169 <sup>6/</sup>
<b><u>Incremental Enrollments</u></b>			
26 Projected Incremental Enrollment above 32,330 (Including E-CAP customers)	2,751	-	1,621
27 Average Arrearage Forgiveness per cust.	\$ 238	\$ 106	\$ 182
28 Total Projected Annual Arrearage Forgiveness	(Line 26 * Line 27) \$ 655,838	\$ -	\$ 294,633
29 Bad Debt Offset for Incremental Enrollments	(3.86% * Line 27) \$ 21,446	\$ -	\$ 11,373 <sup>5/</sup>
30 Net Annual Arrearage Forgiveness for Incremental Enrollments	(Line 28 - Line 29) \$ 634,392	\$ -	\$ 283,260
31 Projected Arrearage Forgiveness at 71% Payment Compliance	(71% * Line 30) \$ 285,477	\$ -	\$ 201,114 <sup>6/</sup>
32 <b>Total Projected Annual Arrearage Forgiveness</b>	(Line 25 + Line 31) \$ 2,079,735	\$ 1,054,215	\$ 4,373,283

<sup>1/</sup> Per Settlement at Docket No. R-2012-2285985, LIHEAP cash grants received will be updated as of May each year. The new CAP Plus amount is effective from July 1 through June 30.

<sup>2/</sup> Per approval at Docket No. R-2018-3003855, the CAP Plus payment shall be the lesser of the calculated CAP Plus payment or \$5.

<sup>3/</sup> Combined value is based upon a weighted average of the former Peoples Division and former Equitable Division values.

<sup>4/</sup> Former Peoples Division prior CAP enrollment level was 16,725 established @ Docket R-2010-2201702.

<sup>5/</sup> Former Peoples Division prior bad debt offset amount was 3.27%.

<sup>6/</sup> Former Peoples Division payment compliance was 45% and former Equitable Division payment compliance was 69%. The combined payment compliance of 71% was developed based upon the number of current CAP customers as of September 2019 for the prior Divisions.

**Peoples Natural Gas Company LLC  
Rider Universal Service Costs  
Universal Service Programs and Administrative Costs**

	<u>PNG</u> per 10/1/2019 Filing (1)	<u>PED</u> per 10/1/2019 Filing (2)	<u>Combined Amount</u> effective 10/29/2019 (3) = (1) + (2)
	<u>Annual Cost</u>	<u>Annual Cost</u>	<u>Annual Cost</u>
<b><u>CAP Administration</u></b>			
1 Third Party Administrator (Dollar Energy Fund)	\$730,000	\$ 445,000	\$1,175,000
2 Less; Admin costs in base rates	\$0	\$ (168,000)	\$0 <sup>1/</sup>
3 Net Cost included in Rider (Line 1 + Line 2)	\$730,000	\$277,000	\$1,175,000
<b><u>Other Universal Services</u></b>			
4 Low Income Usage Reduction Program (LIURP)	\$1,150,000	\$ 700,000	\$2,500,000 <sup>2/</sup>
5 Emergency Line Repair	\$400,000	\$ 400,000	\$800,000
6 Billing System Modifications to Support LIHEAP State Plan	\$0		\$0 <sup>3/</sup>
7 Total Program Costs -- Other Universal Services (Lines 4 through 6)	\$1,550,000	\$1,100,000	\$3,300,000
8 Total Administrative & Program Costs (Line 3 + Line 7)	<b>\$2,280,000</b>	<b>\$1,377,000</b>	<b>\$4,475,000</b>

<sup>1/</sup> New base rates effective 10/29/2019 per Docket No. R-2018-3006818 reflect the correct admin costs in base rates. The offset is no longer necessary.

<sup>2/</sup> The new combined total also includes an additional amount of \$650,000 per the base rate case settlement at Docket No. R-2018-3006818

<sup>3/</sup> Billing System Modifications to Support the LIHEAP State Plan were approved through Peoples' base rate proceeding at Docket No. R-2012-2285985.

## Peoples Natural Gas Company LLC

Rider Universal Service - Annual Reconciliation and Rate Adjustment  
Effective 10/29/2019Annual Reconciliation of CAP Costs to CAP Recoveries

	<u>PNG</u> per 10/1/2019 Filing (1)	<u>PED</u> per 10/1/2019 Filing (2)	<u>Combined</u> <u>Reconciliation Rate Adjustment</u> effective 10/29/2019 (3) = (1) + (2)
Prior Period Over/ (Under) Collection	\$ (3,406,558)	\$ 593,588	\$ (2,812,970)
Actual Total CAP Costs	\$ 10,444,599	\$ 7,196,649	\$ 17,641,247
Prior Period Adjustment	\$ -	\$ (61,963)	\$ (61,963)
<u>Less:</u>			
Cost Offsets for Customers	\$ 20,975	\$ -	\$ 20,975
Total CAP Recoveries	\$ 13,506,134	\$ 5,307,615	\$ 18,813,749
Over / (Under) Recoveries	\$ (324,047)	\$ (1,233,483)	\$ (1,557,529)
Residential throughput (Mcf)	26,849,820	\$ 19,405,540	46,255,360
Reconciliation Rate Adjustment	\$ 0.0121	\$ 0.0636	\$ 0.0337