BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
v.	:	Docket No. R-2018-3006818
	:	
PEOPLES NATURAL GAS COMPANY LLC	:	

PREPARED REBUTTAL TESTIMONY OF
CAROL A. SCANLON,
MANAGER, RATES AND REGULATION
PEOPLES NATURAL GAS COMPANY LLC

PEOPLES NATURAL GAS – PEOPLES DIVISION
PEOPLES NATURAL GAS – EQUITABLE DIVISION

PUBLIC VERSION

DATE SUBMITTED: May 28, 2019
DATE ADMITTED:

Peoples Statement No. 5-R

PREPARED REBUTTAL TESTIMONY OF

CAROL A. SCANLON

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Carol A. Scanlon. My business address is 375 North Shore Drive, Pittsburgh, PA 15212.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Peoples Natural Gas Company LLC ("Peoples" or the "Company") as the Manager of Rates and Regulation.

Q. HAVE YOU PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes. My direct testimony is set forth in Peoples Statement No. 5.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS CASE?

A. I will respond to the testimony put forth by Bureau of Investigation and Enforcement ("I&E") witness Ethan H. Cline, Office of Small Business Advocate ("OSBA") witness Brian Kalcic, and Duquesne Light Company witnesses C. James Davis and Cynthia A, Menhorn regarding competitive customer accounts and negotiated rates. I will also address issues related to the proposed tariff changes described in the testimony of I&E witness Brenton Grab, Direct Energy witness

Orlando Magnani, and The Coalition for Affordable Utility Services in Pennsylvania ("CAUSE-PA") witness Harry Geller. Finally, I will address several other varying topics. Specifically, averaged FTY and FPFTY revenues raised in the testimony of witness Dante Mugrace on behalf of the Office of Consumer Advocate ("OCA"), the bad debt offset to CAP costs presented in the testimony of Roger Colton on behalf of OCA, the issue of CHP and the request that Peoples withdraw its proposed EE&C plan stated in the testimony of C. James Davis on behalf of Duquesne Light, and curtailment and priority of service issues raised by Jason Harchick on behalf of Duquesne Light.

Q. LET'S BEGIN WITH THE DIRECT TESTIMONY OF WITNESS CLINE OF I&E REGARDING COMPETITIVE CUSTOMERS. PLEASE DESCRIBE HIS CONCERNS.

A. In his testimony, Mr. Cline presents two concerns related to competitive customers. First, Mr. Cline states that the Company did not provide thorough enough details in response to specific data requests to determine if there are competitive customers that have not had their competitive alternative verified in several years. He recommends that in the Company's next base rate case proceeding, the Company provide a competitive alternative analysis for any discount rate customer that has not had its competitive alternative verified within five years of the time of the Company's filing. Second, Mr. Cline argues that discount rate customers should be separated into their own class for allocation purposes in the Company's next base rate case filing. I will respond to Mr. Cline's first concern and the second concern will be addressed in the rebuttal testimony of Company witness Russell Feingold.

Q. DID THE COMPANY PROVIDE THE INFORMATION REQUESTED IN THE DATA RESPONSES?

A. Mr. Cline states that in the response to HIGHLY CONFIDENTIAL I&E-RS-9-D, the Company states for discounted rate customers “the Company verifies the alternative at the time the contract is initiated or renewed.” He further states that the Company did not provide the date each contract was initiated or renewed in either of the data responses he references in his testimony. While I agree that he is correct regarding the response to HIGHLY CONFIDENTIAL I&E-RS-9-D, I would like to point out that the Company did provide copies of the current contracts for customers in the FPFTY with discounted rates in the HIGHLY CONFIDENTIAL responses to part (j) of OCA-IV-5 & OCA-IV-6. The date the contract was initiated and the term of the contract are obtainable from these contracts. In addition, the contract start dates were provided for the gas-on-gas competition customers in the HIGHLY CONFIDENTIAL data response to OSBA-II-3.

Q. DOES THE COMPANY ACCEPT MR. CLINE’S RECOMMENDATION FOR THE COMPETITIVE ALTERNATIVE ANALYSIS IN THE NEXT BASE RATE CASE PROCEEDING.

A. Yes. The Company accepts Mr. Cline’s recommendation in principle, but would like to add some clarity. As contracts are newly negotiated or renewed, the Company will perform its normal assessment, which includes verification of the competitive alternative. If the date of completing the prior competitive alternative verification is greater than five years old, the Company will conduct a new verification. As an example, if a competitive alternative verification is performed and a contract is renewed two years later, the Company may use the prior competitive alternative verification. But, if in the same instance, the contract is renewed six years later, the Company will conduct a new competitive alternative verification. Likewise, using the same example, if the contract is renewed every two years, the initial contract, the contract renewed at year 2, and the contract renewed at year 4, may use the same competitive alternative verification. But for the contract renewed at year 6, a new competitive alternative verification would be required. Additionally, if a contract is negotiated for any period of time greater than five years, a new competitive alternative verification would not be performed unless the contract is newly written or renewed after the fifth year.

Q. BRIEFLY SUMMARIZE THE ISSUE RAISED BY OSBA WITNESS KALCIC REGARDING RATE DISCOUNTS FOR GAS-ON-GAS COMPETITION.

A. Mr Kalcic indicates that the Company's discounted rates related to gas-on-gas competition exceed the level of discounts that would otherwise arise from discounting rates to the lowest applicable tariff rate of the competing NGDC. He further specifies that the Commission should not permit the Company to recover the revenue shortfall arising from excess gas-on-gas discounts from the other ratepayers.

Q. DOES MR. KALCIC PROPOSE AN ADJUSTMENT TO THE REVENUE CLAIM?

A. Yes. Mr. Kalcic proposes that the Company impute $2.291 million dollars in additional revenues to gas-on-gas customers during the FPFTY.

Q. DO YOU AGREE WITH THE PROPOSED AJUSTMENT?

A. No.

Q. EXPLAIN WHY YOU DISAGREE WITH THE PROPOSED ADJUSTMENT.

A. The concept of being able to only discount to the lower of the two competing gas utilities was raised as a potential solution to gas-on-gas competition at Docket Nos. P-2011-2277868 and I-2012-2320323. As part of that proceeding the consensus of the parties was that a collaborative should be convened to determine the appropriate methodology to calculate the lowest applicable tariff rate available to a gas-on-gas customer. Attached to those Replies as Appendix A was the Consensus Positions of Commenting Parties, addressing most but not all of the issues in that proceeding. However, the Commission has yet to issue a final order on the outstanding issues. As such, neither competing utility in a gas-on-gas competitive situation is obligated to comply with the terms of its positions in that proceeding. In addition, if one of the competing utilities was to comply with the lowest applicable tariff rate available to a gas-on-gas customer concept and the other was not to comply, the other would receive an unfair competitive advantage.

Q. MR. KALCIC MAKES REFERENCE TO THE COMMISSION'S ORDER IN THE GAS-ON-GAS PROCEEDING. PLEASE EXPLAIN.

A. On page 12 of Mr. Kalcic's testimony, he references the Commission's Opinion and Order in the gas-on-gas competition proceeding at Docket Nos. P-2011-2277868 and I-2012-2320323. He cites page 58 of the Order, which in part, states:

> Accordingly, the NGDCs are placed on notice that they may not be able to recover any forgone revenue beyond December 31, 2018, in future rate proceedings.

Q. DO YOU WISH TO REPLY TO THIS EXCERPT?

A. Yes. I would like to point out that the Opinion and Order Mr. Kalcic references was entered on May 4, 2017. The gas-on-gas competition customers included in the FPFTY and the most recent contract start date are presented in the HIGHLY CONFIDENTIAL data response attachment to OSBA-II-3 and is also attached to my testimony as Exhibit CAS-1R for reference. As can be seen, only one of the contracts has been newly negotiated since the time of the Opinion and Order entered on May 4, 2017. The said customer is customer identifier # 23 and the volumetric delivery charge negotiated with this customer is equivalent to the rate of the comparable rate schedule of the competing NGDC. I must reiterate that this is irrelevant as this limit is not yet approved. The Company negotiated the other gas-on-gas competition contracts prior to the Commission's Opinion and Order referenced, and therefore should not be penalized in this proceeding for revenue shortfall that exceeds the level of discounts that would arise from negotiating rates down to the applicable tariff rate of the competing NGDC.

Q. DO YOU HAVE ANY ADDITIONAL COMMENTS?

A. Yes. Relating to the same Commission Opinion and Order entered on May 4, 2017, I would like to highlight the section found on page 56 of the Order that is titled "Existing Customer Contracts." The first paragraph in this section states:

> With the expectation that the Commission might enter an order in this proceeding by December 31, 2014, the ALJ recommended that ratepayer funded gas-on-gas rate discounts be abolished no later than December 31, 2018. The ALJ opined that a reasonable transition period will enable businesses to prepare for the coming changes through budgeting, operational forecasting, and decision making, and should serve to address the concerns over any possible economic disruptions. R.D. at 30.

A reasonable transition period has not yet been established. As discussed above, with the exception of customer identifier # 23, the remaining gas-on-gas competitive customers included in the FPFTY were negotiated prior to the issuance of this Opinion and Order. Furthermore, any amendments to gas-on-gas competition discounting should be uniform in nature and begin at the same time for all of the NGDCs. It would be prejudicial to require Peoples to impute additional revenues of $2.291 million without requiring the same measures of other NGDCs.

Q. MOVING NEXT TO THE TESTIMONY OF DUQUESNE LIGHT COMPANY. LET'S START WITH C. JAMES DAVIS. WHAT ISSUES DOES HE PRESENT?

A. Mr. Davis raises two concerns. The first one is related to Peoples' EE&C

proceeding at Docket No. M-2017-2640306. Mr. Davis cites that the Company did not forecast incremental gas sales or revenue associated with serving new CHP systems. As a result, he recommends the Company withdraw its proposal in the EE&C proceeding. The second concern he raises is associated with flexed gas rates and considering electricity a competitive alternative. He proposes that the Company modify its tariff such that electricity supplied by an EDC is not deemed a competitive alternative for purposes of flexed rates.

Q. DO YOU AGREE WITH HIS REQUEST TO WITHDRAW THE PROPOSAL IN THE COMPANY'S EE&C PROCEEDING?

A. No. The EE&C proceeding is not a base rate issue and should not be linked to this proceeding. The EE&C proceeding is a separate case and issues related to withdrawing the proposal should be handled in the context of that proceeding.

Additionally, the EE&C proceeding is still pending on exceptions before the Commission. The Administrative Law Judge recommended disapproval of the EE&C plan. As such, the future of Peoples' EE&C plan is uncertain at this time and, even if the plan is ultimately approved, actual CHP projects may be years in the future. It is simply too speculative at this time to anticipate whether Peoples will have any incremental gas sales or revenue associated with its proposed EE&C plan.

Q. WITH REGARD TO MR. DAVIS' RECOMMENDATION REGARDING FLEXED RATES, DOES WITNESS CYNTHIA MENHORN RAISE

SIMILAR ISSUES REGARDING ELECTRICITY AS A COMPETITIVE ALTERNATIVE?

A. Yes. Ms. Menhorn testifies that she also has concerns about customers that may be able to obtain a flexed rate due to electricity being a competitive alternative. She agrees with Mr. Davis' recommendation that the Company be required to amend its tariff to exclude electric service supplied by an EDC as a competitive alternative.

Q. WHAT IS YOUR POSITION REGARDING THE TARIFF REVISION TO EXCLUDE ELECTRICITY AS A COMPETITIVE ALTERNATIVE?

A. I disagree with this recommendation. As indicated in the response to DLC-I-2, which was included in Exhibit CJD-1, electricity is deemed a competitive alternative because it can be used to displace natural gas for heating, cooking, clothes drying, and other uses. [**BEGIN HIGHLY CONFIDENTIAL]** [redacted] [**END HIGHLY CONFIDENTIAL.**] This illustrates that the Company is not just deeming any customer with access to electricity as competitively situated as Mr. Davis and Ms. Menhorn infer. The Company evaluates each customer on a case-by-case basis and is prudent in the evaluation of deeming a customer as competitively situated. Neither of the witnesses presented a compelling basis to exclude electricity as a competitive option over any other alternate fuel source, such as coal, steam, or propane. As such, the Company should not be precluded from offering a flexed rate where electricity is the alternative fuel source. Peoples has a legal duty to its customers to maintain just and reasonable rates. One way of doing so is to maintain a reasonable customer load.

Finally, public policy should favor the use of flexed rates that encourage increased economic development due to the availability of shale gas, thus utilizing more of this abundant resource in Pennsylvania to benefit the Commonwealth's economy.

Q. LET'S SHIFT NOW TO THE PROPOSED TARIFF REVISIONS. WHAT ISSUE IS POSED BY BRENTON GRAB OF I&E?

A. Mr. Grab discusses the tariff language change for Equitable Division such that the State Tax Adjustment Surcharge ("STAS") is applied only to max rate customers. He argues that eliminating STAS for certain customers is inappropriate and it should continue to be recovered from all customers.

Q. DO YOU AGREE?

A. Yes. Currently the tariffs for Peoples Division and Equitable Division vary on this aspect. The current Peoples Division tariff states that the surcharge percentage applies to the maximum delivery charge. The Equitable Division tariff applies the surcharge to all customers. Since the company is proposing a combined tariff going forward, the company initially offered to keep the Peoples Division language related to STAS, which meant it was a change in methodology for the current Equitable Division customers only. However, given the argument that Mr. Grab makes, the Company will revise the proposed tariff language to mimic the current Equitable Division tariff, meaning STAS will apply to all customers. With this revision, there is no longer a change for the current Equitable Division customers, but it will now be a change for the current Peoples Division customers. Attached to my testimony as Exhibit CAS-2R is a revised tariff page showing the modification.

Q. ARE THERE OTHER CONCERNS WITH CHANGES PROPOSED IN THE RETAIL TARIFF?

A. Yes. Harry Geller raises several items. First, he recommends that the Company not charge any fee for a foreign load investigation and that all high bill investigation fees for customers with incomes at or below 150% of the FPL be waived. Next, he rejects the Company's proposal to increase the reconnection fee and requests that all reconnection fees for customers with incomes at or below 150% of FPL be waived.

Q. WHAT DO YOU RESPOND TO THE FOREIGN LOAD AND HIGH BILL INVESTIGATION PROPOSAL?

A. I do not agree with the proposal to not charge a fee for the foreign load investigation. I also do not agree that the fee for a high bill investigation should be waived for customers with incomes at or below 150% of the FPL. This fee is currently applicable for Equitable Division customers and is part of the approved Equitable Division tariff. Since both Peoples and Equitable divisions now have Encoder Receiver Transmitters (ERTs) on the meters, the Company is proposing that the high bill investigation fee apply to all customers served by Peoples Natural Gas. The ERT meters result in monthly meter readings, as opposed to the bi-monthly readings previously obtained on the historic Peoples Division. The monthly meter reads provide a more consistent usage picture and high usage events that may have, in the past, been associated with bi-monthly estimated reads will no longer occur.

As Mr. Geller himself points out on page 43 of his testimony, the fee will be waived if the investigation identifies an error in the measurement of gas used. Additionally, as indicated in the data response to CAUSE-PA-II-16, the Company will not impose late fees for failure to pay the high bill investigation fee and will not seek to terminate service for non-payment of this fee. Therefore, the customers have no reason to be discouraged from requesting an investigation unless it is unwarranted.

Q. DO YOU AGREE WITH THE RECOMMENDATION REGARDING THE RECONNECTION FEES?

A. No. I don’t agree with either recommendation related to the reconnection fees. First, I would like to point out that the proposed reconnection fee is $56 and not $60 as shown in Mr. Gellar’s testimony. I disagree with the notion of rejecting the increase in the fee from $50 to $56. The current fee of $50, which is the same for both divisions, has been in place for many years, dating back to well before the last base rate case proceeding for each of the divisions independently. The last Peoples Division base rate case proceeding was filed in 2012 and the last Equitable Division base rate case proceeding was filed in 2008. Therefore, given the length of time, the increase of $50 to $56 is not unreasonable.

In regard to the waiving the reconnection fee for customers with incomes at or below 150% of the FPL, I also disagree. Currently, the Company waives the connection fee for customers with incomes at or below 150%. Also, the Company offers a CAP program for customers with incomes at or below 150% of the FPL, and a pilot E-CAP program for customers between 151% and 200% percent of the FPL. If enrolled in the CAP program, the customer is billed a percentage of their income versus a usage based bill. Thus, there are other measures in place to assist low income customers and the low income customers should continue to be subject to the reconnection fee rather than transitioning this cost the other ratepayers.

Q. ARE THERE ANY OTHER ISSUES RAISED WITH THE PROPOSED RETAIL TARIFF TO DISCUSS?

A. No. While there are concerns put forth by Diane Meyer Burgraff on behalf of Snyder Brother, Inc. (SBI) about the proposed Appalachian Gathering Service rate schedule, this topic will be addressed in the rebuttal testimony of Joseph Gregorini.

Q. ARE THERE ITEMS TO DISCUSS RELATED TO THE PROPOSED SUPPLIER TARIFF IN THIS PROCEEDING?

A. Yes. Orlando Magnani states he has serious concerns with the Company's proposal to change the assignment of capacity for Priority One Pool Operators with peak day demand of 2,000 Dth per day or less. Mr. Magnani thinks this change will affect large suppliers, such as Direct, and ultimately increase energy costs for Direct. He recommends that the threshold be reduced to Priority One Pool Operators with peak day demand of 500 Dth per day or less and also would like the option to be voluntary.

Q. ARE MR. MAGNANI'S CONCERNS APPLICABLE?

A. No. Mr. Magnani is testifying on behalf of Direct Energy. Direct Energy has a peak day demand of 7,880 Dth per day and has not been below 2,000 Dth per day since 2017. As a result, Direct would not currently be subject to this tariff provision.

Q. DO YOU AGREE WITH HIS RECOMMENDATIONS?

A. As stated above, Direct Energy is well above the threshold for this provision. Therefore, I fail to understand how the reduction to a peak day demand of 500 Dth per day or less would be favorable.

Q. ARE THERE ANY OTHER ISSUES RAISED WITH THE PROPOSED SUPPLIER TARIFF TO DISCUSS?

A. No.

Q. LET'S PROCEED TO THE TESTIMONY OF DANTE MUGRACE. PLEASE SUMMARIZE HIS POSITION RELATED TO OPERATING REVENUES.

A. Mr. Mugrace averaged FTY and the FPFTY periods of Operating Revenues, resulting in an adjustment of $749,249. He avers that this method better aligns the revenues with the costs that will be incurred during the rate period.

Q. DO YOU AGREE?

A. This subject is addressed in the rebuttal testimony of Andrew Wachter.

Q. NEXT, PLEASE EXPLAIN THE POSITION OF ROGER COLTON PERTAINING TO THE BAD DEBT OFFSET TO CAP COSTS.

A. Mr. Colton accepts the Company's combined universal service cost recovery proposal, with the exception of two components. First, he argues that the bad debt offset for CAP Credits and Arrearage Forgiveness should be set at 6.44% rather than the 2.49% presented by the Company. Secondly, he does not agree with the 16,725 base CAP participation level over which the Company will apply the proposed bad debt offset. He recommends a combined participation level of 32,300, made up of 18,500 for Peoples division and 13,800 for Equitable division.

Q. DO YOU ACCEPT MR. COLTON'S PROPOSAL OF 6.44% AS THE BAD

DEBT OFFSET AMOUNT?

A. The Company accepts Mr. Colton's concept for revising the bad debt offset, but does not agree with the amount of 6.44%. In reviewing Mr. Colton's testimony and derivation of the 6.44% bad debt offset presented in Schedule RDC-3, he is incorporating each of the division's existing bad debt offset percentages in his calculation. This is not appropriate. The current bad debt offset for each of the division's was set in the last base rate case proceeding for each of the divisions independently and would have been based upon the experienced bad debt at that time. As discussed earlier in my testimony, the last Peoples Division base rate case proceeding was filed in 2012 and the last Equitable Division base rate case proceeding was filed in 2008. Given the span of time since each of those proceedings, it is not reasonable to incorporate the bad debt offset faced at that time into the present day calculation. Rather, the Company's proposition is presented in Exhibit CAS-3R and equates to a 3.86% bad debt offset for CAP Credits and Arrearage Forgiveness. The Company used data that is reported in the annual Universal Services Reporting Requirements to calculate the write-off amount for confirmed low income customers for the three year period of 2016-2018. As can be seen in Exhibit CAS-3R, the net write-off percentage fluctuates from year to year. As a result, the Company's proposal is based upon the three year average to even out the fluctuations.

Q. HOW DO YOU RESPOND TO MR. COLTON'S RECOMMENDATION FOR THE BASE CAP PARTICIPATION LEVEL OVER WHICH THE

COMPANY WILL APPLY THE PROPOSED BAD DEBT OFFSET?

A. The Company accepts Mr. Colton's recommendation of a combined base participation rate of 32,300. However, pending the approval of the tariffs and rates in this proceeding, the Company will no longer track the Peoples division and Equitable division separately, so the universal service recovery mechanism will only recognize a combined base participation level of 32,300 over which it will apply the bad debt offset.

Q. DESCRIBE THE CONCERNS RAISED BY DUQUESNE LIGHT WITNESS JASON HARCHICK RELATED TO PRIORITY OF SERVICE AND CURTAILMENT .

A. Mr. Harchick explains that Duquesne Light provides electric service that is critical to the well-being of customers. He further asserts that any interruption of natural gas service could negatively affect Duquesne Light's ability to provide electric service. Lastly, he claims that the Company's tariff lacks clarity on the curtailment priority for Duquesne Light's facilities and requests that the tariff be modified to rank EDC operational facilities no lower than category 2(a) or its equivalent.

Q. WHAT IS THE COMPANY'S CURTAILMENT POLICY?

A. In a gas emergency situation, the Company's procedure is to follow the mandatory reduction measures set forth in 52 Pa. Code §59.73(c). Per this regulation, the priority categories, listed in descending order, pertaining to the curtailment of firm services are:

(1) Priority 1
(2) Priority 2

Following that, priority-based curtailments could be implemented upon issuance of a Commission order as outlined in sections (e) – (h) of §59.73. In that case, the Company would follow the Priority of Service categories in its currently approved tariff. In this proceeding, the Company has proposed to change the combined retail tariff Rules and Regulations related to Emergency Curtailment and Priority of Service Curtailment to conform the tariff language with the regulation language. The combined tariff proposal, in part, states:

> An emergency exists whenever the aggregate demand of firm service customers on the Company's system or confined segment of the system exceeds or threatens to exceed the gas supply or capacity that is actually and lawfully available to the Company to meet the demands, and the actual or threatened excess creates an immediate threat to the Company's system operating integrity with respect to Priority-One customers. If this occurs, the Company may require each commercial and industrial customer, who is not a Priority-One customer, to reduce its consumption of gas. The reduction required shall be determined by the Company without regard to priorities of use, as necessary to minimize the potential threat to public health and safety; however, the authorized volume shall provide only the minimum volume of firm service necessary for the prevention of damage to plant equipment.
>
> When all other service has been curtailed except for Priority-One service and the Company continues to be unable to meet Priority-One requirements, the Company shall exercise its judgment as to any further curtailment that may be necessary and shall utilize measures designed to minimize harm to customers if curtailments to plant protection use are found to be necessary.

Q. WHAT DOES PRIORITY ONE AND PRIORITY TWO MEAN?

A. The definition of a Priority One customer set forth in 52 Pa. Code § 59.73 is service for essential human needs use. A Priority Two customer is defined as firm services not included in essential human needs use. Further, the definition of essential human needs set forth in 52 Pa. Code § 69.11 is customers consuming gas service in buildings where persons normally dwell including apartment houses, dormitories, hotels, hospitals and nursing homes, as well as the use of natural gas by sewage plants.

Q. ARE THE SIX LOCATIONS THAT MR. HARCHICK REFERENCES DEEMED PRIORITY ONE OR PRIORITY TWO?

A. The six locations that Mr. Harchick discusses in his testimony are identified below. For each of these specific accounts, I can confirm they are designated as Priority Two. [**BEGIN HIGHLY CONFIDENTIAL]**

Line Item	Address
1	[redacted]
2	[redacted]
3	[redacted]
4	[redacted]
5	[redacted]
6	[redacted]

[END HIGHLY CONFIDENTIAL.]

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes. I reserve the right to supplement my testimony as additional issues arise during the course of this proceeding.

HIGHLY CONFIDENTIAL EXHIBIT CAS-1-R

RIDER
STATE TAX SURCHARGE

There shall be added to gas bills rendered by the utility for retail gas service a surcharge of (0.00)% percent applied to the ~~maximum~~ delivery charge under tariff rate schedules Rate RS, Rate SGS, Rate MGS, Rate LGS, Rate GS-T, and Rate NGPV to reflect changes and new taxes imposed by the General Assembly.

The utility will recompute this surcharge whenever any of the tax rates used in calculation of the surcharge are changed. Any recomputation of this surcharge will be submitted to the Commission within ten days after the occurrence of the event or date which occasions such computation. If the recomputed surcharge is less than the one then in effect, the utility will, and if the recomputed surcharge is more than the one then in effect, the utility may, accompany such recomputation with a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be ten days after filing.

Docket No. R-2018-3006818 | Exhibit CAS-3R

Peoples Division & Equitable Division

Derivation of CAP Bad Debt Offset for CAP Credits and Arrearage Forgiveness

Annual Residential Revenue_Confirmed Low Income [1/]	**2018**	**2017**	**2016**	**3 Yr Average**
Peoples Division	$ 26,829,235	$ 69,807,213	$ 60,758,372	$ 157,394,820
Equitable Division	$ 19,092,749	$ 34,188,902	$ 29,663,755	$ 82,945,406
Combined	$ 45,921,984	$ 103,996,115	$ 90,422,127	$ 240,340,226
Net Residential Write-Offs_Confirmed Low Income [2/]				
Peoples Division	$ 1,982,250	$ 2,092,191	$ 2,585,623	$ 6,660,064
Equitable Division	$ 1,189,175	$ 837,196	$ 600,681	$ 2,627,052
Combined	$ 3,171,425	$ 2,929,386	$ 3,186,304	$ 9,287,115
	6.91%	2.82%	3.52%	3.86%

[1/] As reported in # 5 of the annual Universal Service Reporting Requirements.

[2/] As reported in # 12B of the annual Universal Service Reporting Requirements.