

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

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v.

Docket No. R-2018-3006818

PEOPLES NATURAL GAS COMPANY  
LLC

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**PREPARED REJOINDER TESTIMONY  
RITA BLACK  
DIRECTOR, CUSTOMER RELATIONS  
PEOPLES NATURAL GAS COMPANY LLC**

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DATE SUBMITTED: June 17, 2019  
DATE ADMITTED:

Peoples Statement No. 13-RJ

**PREPARED REJOINDER TESTIMONY OF  
RITA BLACK**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Rita Black and my business address is 375 North Shore Drive, Suite 600, Pittsburgh,  
3 PA 15212.

4

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

6 A. I am employed by Peoples Natural Gas Company LLC (“Peoples” or “Company”) as Director,  
7 Customer Relations.

8

9 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS**  
10 **PROCEEDING?**

11 A. Yes, I submitted Peoples Statement No. 13-R, which is my rebuttal testimony. I did not  
12 submit direct testimony in this case.

13

14 **Q. WHAT IS THE PURPOSE OF THIS REJOINDER TESTIMONY?**

15 A. I will respond to OCA Statement No. 4-SR, the surrebuttal testimony of Roger Colton  
16 submitted on behalf of the Office of Consumer Advocate (“OCA”), and CAUSE-PA  
17 Statement No. 1-SR, the surrebuttal testimony of Harry Geller submitted on behalf of the  
18 Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania  
19 (“CAUSE-PA”).

20

1 **Q. ARE YOU SPONSORING ANY EXHIBITS AS PART OF YOUR REJOINDER**  
2 **TESTIMONY?**

3 A. Yes, attached to my testimony are Peoples Exhibit Nos. RB-RJ-1 through RB-RJ-3.  
4

5 **Q. HOW HAVE YOU ARRANGED YOUR REJOINDER TESTIMONY?**

6 A. I have grouped my testimony by the witness to which I am responding.  
7

8 Responses to Mr. Roger Colton, OCA Statement No. 4-SR

9 **Q. PLEASE DESCRIBE THE AREAS OF MR. COLTON'S TESTIMONY TO**  
10 **WHICH YOU WOULD LIKE TO PROVIDE A RESPONSE.**

11 A. I will respond to Mr. Colton's assertions and recommendations in the following areas: 1)  
12 energy usage by low-income customers; 2) confirmed low-income classification; 3) CAP  
13 outreach; 4) plain language notice prior to termination; and 5) third party notifications.  
14

15 **Q MR. COLTON REITERATES HIS POSITION THAT LOW INCOME**  
16 **CUSTOMERS ARE ALSO LOW USAGE CONSUMERS. DOES THIS**  
17 **ASSERTION ALIGN WITH YOUR EXPERIENCE AT PEOPLES?**

18 A. It does not. A review of usage patterns for customers participating in the Customer  
19 Assistance Program ("CAP") provides a very different picture. The table below  
20 references the average consumption for a CAP participant of each Division along with  
21 the historical test year usage for residential customers in total.  
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|  | <b>Peoples Division</b> | <b>Equitable Division</b> |
|--|-------------------------|---------------------------|
| Average Residential Usage <sup>1</sup> | 95.9 MCF                | 92.8 MCF                  |
| Average CAP Usage <sup>2</sup>         | 110.0 MCF               | 122.4 MCF                 |
| Variance by percentage                 | 14.7%                   | 32%                       |

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The percentage increase in usage for an average CAP customer over an average residential customer is significant and should be considered in this discussion of how rate design in this case potentially impacts the low-income population. In this comparison, distributing a base rate increase more heavily to the usage based delivery charge rather than the monthly customer charge would disproportionately affect low-income customers whose usage exceeds average residential usage levels. Anecdotally, low-income customers who reside in a public housing building, for example, typically have lower usage than an average residential customer who may reside in a single family home or duplex. In those cases, the structure of the building and close proximity of apartments typically lend to less heating usage required for each individual apartment. However, as evidenced by participation in the Company’s CAP program, Peoples’ low-income customers reside in all types of housing and, due to the condition of the housing or appliances, typically use more than a high-income homeowner who has the benefits of new housing and/or appliances.

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<sup>1</sup> Peoples Filing Exhibit 10, Schedule 2. Pertinent pages attached as Peoples Exhibit No. RB-RJ-1.

<sup>2</sup> Rider D and Rider F filings provided in Peoples Exhibit No. RB-RJ-2.

1 **Q. PLEASE RESPOND TO MR. COLTON’S RECOMMENDATION REGARDING**  
2 **ADDING A DEFINITION OF “CONFIRMED LOW INCOME” TO THE**  
3 **COMPANY’S TARIFF.**

4 A. I first would like to reiterate that the Company’s practice with regards to low-income  
5 eligibility is to accept self-certification for low-income classification as it pertains to cold  
6 weather procedures and waiving of connection fees when starting service, for example.  
7 Certification of low income is only required when customers are applying for assistance  
8 to the Company’s universal service programs. The Company follows regulations  
9 established with regards to confirmed low income classifications and actively participates  
10 in all stakeholder working groups offered by the PA PUC’s Bureau of Consumer Services  
11 (“BCS”). As noted in the Secretarial Letter on May 3, 2019 and provided as Peoples  
12 Exhibit No. RB-RJ-3, the BCS and Law Bureau are to convene a USR working group to  
13 standardize universal service reporting protocols for data definitions, tracking and  
14 reporting. A pre-emptive tariff change to include a definition for a particular item that  
15 may be revised by the collaboration of this working group is not prudent. Furthermore,  
16 Mr. Colton alleges that Section 62.2 of the Commission’s regulations defines “confirmed  
17 low-income residential account” as a customer who has provided “self-certification.”  
18 (OCA St. No. 4-SR, p. 13.) However, Mr. Colton overlooks that the regulation states  
19 how the “information that would reasonably place the customer in a low-income  
20 designation . . . may include . . . self-certification by the customer.” 52 Pa. Code § 6.2.2  
21 (emphasis added). Although I am not a lawyer, I do not believe that that the Company is  
22 “not in compliance with this regulation,” as Mr. Colton claims.

23

1 **Q. MR. COLTON RESPONDED TO YOUR REBUTTAL TESTIMONY**  
2 **REGARDING CAP OUTREACH AND IMPLEMENTATION OF A PLAIN**  
3 **LANGUAGE NOTICE PRIOR TO TERMINATION. HE ACCEPTED YOUR**  
4 **REFERRAL TO THE COMPANY'S UNIVERSAL SERVICE ADVISORY**  
5 **GROUP ("USAG") WITH TWO CAVEATS AND AN EXCEPTION. PLEASE**  
6 **RESPOND.**

7 A. His first caveat regards Peoples' level of commitment to moving this forward with its  
8 USAG. He wants to ensure that it will not only be a topic of discussion at a future  
9 meeting, but will ultimately result in the development of an outreach plan. I would like  
10 to reassure Mr. Colton that the input of Peoples' USAG is highly valued by the  
11 Company. Peoples uses that input to develop improvements to its programs, and the  
12 Company reports back to the USAG on a regular basis regarding the status of these items.  
13 The Company is currently awaiting BCS action on its Universal Service and Energy  
14 Conservation Plan ("USECP"), which was filed on July 2, 2018. I believe that  
15 proceeding is the appropriate venue for addressing CAP outreach. CAP outreach will be  
16 a focus topic of the Company's next USAG meeting, which is scheduled for July 24,  
17 2019. The information gained from that discussion will be used to develop a CAP  
18 outreach plan that will be shared with BCS and interested parties when BCS initiates its  
19 collaborative process that typically takes place when the filed USECP is reviewed.

20 Mr. Colton also notes that the USAG could provide input into the questions of  
21 why customers do not respond to termination notices and/or successfully maintain  
22 payment arrangements. Peoples will include this topic in the July USAG meeting as well  
23 because it so closely aligns with the discussion on CAP outreach. As a result, Peoples

1 will gain information from the Company's social service agency partners on their  
2 experience, anecdotally and generally, regarding these issues.

3 Further, Mr. Colton did not believe the concept of a plain language notice  
4 regarding the availability of CAP should be a topic for the USAG and instead  
5 recommends that it be implemented immediately. I disagree. One of the important  
6 benefits of Peoples' USAG is the group's insight into messaging and communications for  
7 low-income customers. Peoples' agency partners work with the Company's customers  
8 on a daily basis, and they have a firm understanding of the words and phrases that  
9 encourage action and those that do not. While I believe Mr. Colton's suggestion to  
10 implement a plain language notice is a very good one, I do not want to rush  
11 implementation without the USAG's input and risk determining later that revisions are  
12 needed to make the notice more effective.

13  
14 **Q MR. COLTON ADDRESSES THE TOPIC OF THIRD PARTY NOTIFICATION**  
15 **AND PROVIDES FURTHER RECOMMENDATIONS REGARDING**  
16 **EXPANSION OF THE PROGRAM. PLEASE RESPOND TO HIS TESTIMONY**  
17 **ON THIS ISSUE.**

18 A. Mr. Colton generally agreed with my recommendation that the topic of Third Party  
19 Notification be part of a future discussion at our USAG meeting. He makes two  
20 recommendations regarding Third Party Notification that I would like to address. First,  
21 he recommends the Company include Third Party Notification in Peoples' tariff. I  
22 disagree with this recommendation. The tariff does not need to contain all regulations  
23 pertaining to service for customers. I believe it is more effective to encourage use of the

1 Third Party Notification program through inclusion of this information in  
2 communications to customers, such as the Company's bill insert and website.

3 Mr. Colton made a further recommendation regarding the scope of Third Party  
4 Notification. He asserts that a customer should be allowed to authorize a Third Party  
5 Notification for any collection-related or program participation-related notice. My  
6 understanding is that the Third Party Notification regulation requires collection-related  
7 notices, such as termination notices, past due notices, and reminder notices, to be mailed  
8 to the designated Third Party of record. It does not include program participation-related  
9 notices. Although I am not a lawyer, I believe that the regulation was designed as a  
10 safety measure, to ensure that another person or organization is made aware that a  
11 customer is facing a potential loss of service. Expanding the use of Third Party  
12 Notification to program-participation related notices could 'water down' the impact of  
13 such notices. Further, a Third Party Notification regarding continued participation in an  
14 income-eligible based program implies information regarding the customer's income  
15 status that the customer may not choose to share. I believe the effectiveness of the Third  
16 Party Notification program relies on its limited use to notify others of a possible loss of  
17 utility service and to engage those receiving the notice in assisting the customer to  
18 resolve the issue that could lead to disconnection of service.

19  
20 Responses to Mr. Harry Geller, CAUSE-PA Statement No. 4-SR

21 **Q. PLEASE DESCRIBE THE AREAS OF MR. GELLER'S TESTIMONY TO**  
22 **WHICH YOU WOULD LIKE TO PROVIDE A RESPONSE.**



1 A. I will respond to Mr. Geller’s recommendations in the following areas: 1) Low Income  
2 Usage Reduction Program (“LIURP”) funding levels; and 2) modifications to CAP  
3 design within the Company’s billing system.  
4

5 **Q. PLEASE DESCRIBE MR. GELLER’S RECOMMENDATION REGARDING AN**  
6 **INCREASE TO LIURP FUNDING.**

7 A. Mr. Geller generally agreed with my position in rebuttal that low-income customers are  
8 more likely to have inefficient housing and/or appliances. I noted this issue in my  
9 rebuttal testimony regarding the concerns raised by Mr. Geller and Mr. Colton that an  
10 increase in the monthly customer charge would be more detrimental to low-income  
11 customers than a change to the usage based delivery rate. However, Mr. Geller argues in  
12 his surrebuttal testimony that the best solution to this issue is an increase to LIURP  
13 funding. He states, “When a general rate increase exacerbates unaffordability through  
14 rate increases and rate design changes, an increase in assistance for low income  
15 households to blunt the impact of these changes is warranted.” (CAUSE-PA St. No. 1-  
16 SR, p. 11, lines 15-17.) He asserts that while the Company’s independent evaluation,  
17 performed in 2017, using 2015 data, did not propose an increase to the LIURP budget, it  
18 did not anticipate the 2019 base rate proceeding and the potential impact of this  
19 proceeding on affordability. I would like to note that eligibility for LIURP services for  
20 Peoples is annual usage exceeding 140 MCF. This is significantly higher than average  
21 CAP usage as reflected earlier in my testimony. An increase to LIURP funding would  
22 not improve affordability for most low-income customers and, therefore, would not  
23 ‘blunt the impact’ of a rate increase in this proceeding.

1           Mr. Geller next noted that other NGDC utilities have higher annual LIURP  
2 budgets and spending levels than Peoples. He further points to Peoples strictly adhering  
3 to its budget on an annual basis in comparison to the pattern of Philadelphia Gas Work  
4 (“PGW”) which has “consistently outpaced its projected spending.” (CAUSE-PA St. No.  
5 1-SR, p. 14, lines 16-18.) Funding for Peoples’ LIURP is recovered through its universal  
6 service rider mechanism. This mechanism functions on a budget versus actual annual  
7 true-up basis. For this reason, and to avoid unexpected increases in the universal service  
8 riders as a result of over-spending, Peoples prioritizes management of its LIURP actual  
9 expenses to budget amounts.

10           I understand Mr. Geller’s concerns regarding the level of LIURP funding in  
11 comparison to the Company’s eligible customer base. However, I do not believe annual  
12 budgets for universal service programs are best reviewed and established in base rate  
13 proceedings. Rather, I believe the Commission’s USECP proceeding is the appropriate  
14 venue to fully evaluate program eligibility, assess need, and establish funding levels. In  
15 fact, I have been advised by counsel that the Commission has rejected addressing the  
16 annual budgets for universal service programs as part of base rate proceedings. Indeed,  
17 the Commission has declared that its “practice is to address all aspects of [Universal  
18 Service Programs] through the triennial filing process” and that the Commission  
19 “believe[s] this process has provided, and will continue to provide, the customers who  
20 rely upon USPs with appropriate funding levels on a timely basis.” *Pa. PUC v. PPL*  
21 *Electric Utilities Corp.*, Docket Nos. R-2012-2290597, *et al.*, p. 51 (Order entered Dec.  
22 28, 2012).

1 **Q. MR. GELLER ALSO PROVIDED TESTIMONY REGARDING THE DESIGN OF**  
2 **THE COMPANY’S CAP PROGRAM. PLEASE IDENTIFY AND RESPOND TO**  
3 **THE SPECIFIC ASPECTS HE HAS RECOMMENDED BE CHANGED.**

4 A. Mr. Geller has two substantive CAP design changes he would like to recommend. First,  
5 he believes the CAP Plus payment should be eliminated for customers with incomes  
6 below 50% of Federal Poverty Level (“FPL”). He also recommends eliminating the pre-  
7 CAP copay of \$5 for CAP participants with incomes below 150% FPL. Both of these  
8 recommendations were made in his direct testimony, and I responded in my rebuttal  
9 testimony that changes such as these, which are no global changes to all CAP customers,  
10 but specific to groups of customers within the CAP program require significant IT  
11 resources of time and funding. Further, I noted the Commission’s ongoing efforts in the  
12 affordability proceeding which may further modify CAP designs. I suggested that the  
13 Company should not make significant changes to its CAP program until the Commission  
14 provides guidance on CAP design.

15 Mr. Geller believes the two items he has suggested for change are “design flaws”  
16 that impact affordability and CAP participation levels. (CAUSE-PA St. No. 1-SR, p. 17,  
17 lines 13-14.) He also disagrees with my assertion that changes such as these are  
18 significant from an IT resource point of view.

19 The Company’s billing system was designed to help ensure that changes to CAP,  
20 such as an increase or decrease in the pre-CAP payment amount or the CAP Plus amount,  
21 can be maintained easily and updated immediately. This is particularly important for  
22 CAP Plus, which is reviewed and changed on an annual basis. These changes are global  
23 in nature and impact all CAP accounts in the same manner. For example, the system is

1 not designed to treat CAP customers with incomes below 50% FPL differently than those  
2 with incomes below 150% FPL. To implement the changes Mr. Geller suggests, a  
3 wholesale change to the design of these items in the Company's billing system would be  
4 required. The low- end estimate for this change is approximately \$100,000. Additional  
5 costs would likely be incurred as individual accounts may require maintenance following  
6 such a change to ensure customers are billed properly. In addition to the costs of the  
7 changes, these system enhancements would have to be considered along with other IT  
8 projects that are already pending in order to identify an implementation date in the future.  
9 In the interim, the Company's USECP is pending before BCS and the larger Commission  
10 proceeding related to affordability, and CAP designs in particular, remains pending as  
11 well, either or both of which could require further changes to the Company's current  
12 CAP design. Implementing such design changes while these key proceedings remain  
13 active is premature. In addition to implementation concerns, I also believe that it is more  
14 appropriate to review Mr. Geller's proposal with all interested parties, which should  
15 include not only the parties to this case, but members of the USAG and BCS, before  
16 determining what CAP design changes, if any, should be considered.

17  
18 **Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?**

19 **A.** Yes. Thank you.

Peoples Natural Gas Company LLC  
Peoples Division  
Analysis of Average Monthly Consumption  
Twelve Months Ended September 30, 2018

| Line No. | Period                    | Residential     |                   |                   |                  |                  | Commercial      |                   |                   |                  |                  | Industrial      |                   |                   |                  |                  |
|----------|---------------------------|-----------------|-------------------|-------------------|------------------|------------------|-----------------|-------------------|-------------------|------------------|------------------|-----------------|-------------------|-------------------|------------------|------------------|
|          |                           | Total Customers | Sales Volume MMcf | Trans Volume MMcf | Through-put MMcf | Average Mcf/Cust | Total Customers | Sales Volume MMcf | Trans Volume MMcf | Through-put MMcf | Average Mcf/Cust | Total Customers | Sales Volume MMcf | Trans Volume MMcf | Through-put MMcf | Average Mcf/Cust |
| 1        | October 2017              | 332,089         | 571               | 179               | 750              | 2.26             | 27,935          | 166               | 432               | 598              | 21.39            | 248             | 3                 | 1,220             | 1,223            | 4,932.11         |
| 2        | November                  | 331,136         | 1,879             | 620               | 2,499            | 7.55             | 27,891          | 458               | 885               | 1,344            | 48.17            | 246             | 8                 | 1,426             | 1,433            | 5,827.15         |
| 3        | December                  | 332,028         | 3,110             | 1,013             | 4,122            | 12.42            | 27,918          | 727               | 1,421             | 2,148            | 76.94            | 246             | 14                | 1,674             | 1,688            | 6,860.92         |
| 4        | January 2018              | 332,303         | 5,453             | 1,768             | 7,221            | 21.73            | 27,965          | 1,279             | 2,409             | 3,688            | 131.87           | 245             | 21                | 1,864             | 1,885            | 7,694.77         |
| 5        | February                  | 331,945         | 3,739             | 1,214             | 4,954            | 14.92            | 27,985          | 888               | 1,868             | 2,756            | 98.47            | 245             | 22                | 2,038             | 2,060            | 8,406.46         |
| 6        | March                     | 331,455         | 3,178             | 1,025             | 4,204            | 12.68            | 27,940          | 763               | 1,548             | 2,311            | 82.72            | 246             | 22                | 1,660             | 1,682            | 6,835.41         |
| 7        | April                     | 333,263         | 3,047             | 974               | 4,022            | 12.07            | 28,023          | 667               | 1,648             | 2,315            | 82.62            | 247             | 23                | 1,884             | 1,907            | 7,720.48         |
| 8        | May                       | 332,959         | 1,413             | 455               | 1,869            | 5.61             | 28,003          | 319               | 903               | 1,221            | 43.61            | 247             | 46                | 1,573             | 1,618            | 6,552.48         |
| 9        | June                      | 332,536         | 557               | 175               | 731              | 2.20             | 27,919          | 144               | 471               | 615              | 22.03            | 248             | (16)              | 1,455             | 1,440            | 5,805.54         |
| 10       | July                      | 331,210         | 399               | 120               | 518              | 1.57             | 27,859          | 94                | 380               | 475              | 17.04            | 245             | 6                 | 1,325             | 1,331            | 5,431.59         |
| 11       | August                    | 332,553         | 409               | 121               | 530              | 1.59             | 27,862          | 124               | 449               | 573              | 20.58            | 245             | 7                 | 1,330             | 1,337            | 5,455.68         |
| 12       | September 2018            | 331,949         | 336               | 101               | 438              | 1.32             | 27,801          | 84                | 296               | 380              | 13.67            | 245             | 6                 | 1,133             | 1,139            | 4,649.93         |
| 13       |                           |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |
| 14       | Total or Average          | 332,119         | 24,091            | 7,766             | 31,858           | 95.92            | 27,925          | 5,714             | 12,710            | 18,424           | 659.75           | 246             | 161               | 18,581            | 18,743           | 76,163.45        |
| 15       |                           |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |
| 16       | Heating Season            |                 | 17,360            | 5,640             | 23,000           | 69               |                 | 4,116             | 8,131             | 12,246           | 439              |                 | 87                | 8,661             | 8,748            | 35,547           |
| 17       | (November - March)        |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |
| 18       | Non-Heating Season        |                 | 6,731             | 2,126             | 8,857            | 27               |                 | 1,598             | 4,580             | 6,177            | 221              |                 | 75                | 9,920             | 9,995            | 40,616           |
| 19       | (April - October)         |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |
| 20       | Daily Average = Total/365 |                 | 66                | 21                | 87               |                  |                 | 16                | 35                | 50               |                  |                 | 0                 | 51                | 51               |                  |

(1) Average sales, not weather normalized

Peoples Natural Gas Company LLC  
Equitable Division  
Analysis of Average Monthly Consumption  
Twelve Months Ended September 30, 2018

| Line No. | Period                    | Residential     |                   |                   |                  |                  | Commercial      |                   |                   |                  |                  | Industrial      |                   |                   |                  |                  |
|----------|---------------------------|-----------------|-------------------|-------------------|------------------|------------------|-----------------|-------------------|-------------------|------------------|------------------|-----------------|-------------------|-------------------|------------------|------------------|
|          |                           | Total Customers | Sales Volume MMcf | Trans Volume MMcf | Through-put MMcf | Average Mcf/Cust | Total Customers | Sales Volume MMcf | Trans Volume MMcf | Through-put MMcf | Average Mcf/Cust | Total Customers | Sales Volume MMcf | Trans Volume MMcf | Through-put MMcf | Average Mcf/Cust |
| 1        | October 2017              | 245,640         | 429               | 37                | 466              | 1.90             | 17,936          | 101               | 330               | 432              | 24.08            | 151             | 7                 | 827               | 833              | 5,518.84         |
| 2        | November                  | 243,901         | 1,459             | 124               | 1,583            | 6.49             | 17,891          | 294               | 603               | 897              | 50.15            | 152             | 9                 | 870               | 879              | 5,780.99         |
| 3        | December                  | 247,769         | 2,798             | 243               | 3,041            | 12.27            | 18,114          | 569               | 1,087             | 1,657            | 91.47            | 151             | 12                | 1,181             | 1,193            | 7,901.94         |
| 4        | January 2018              | 247,882         | 4,969             | 454               | 5,422            | 21.87            | 18,134          | 969               | 1,563             | 2,532            | 139.63           | 150             | 19                | 1,340             | 1,358            | 9,056.52         |
| 5        | February                  | 248,061         | 3,427             | 313               | 3,740            | 15.08            | 18,119          | 691               | 1,507             | 2,198            | 121.31           | 150             | 13                | 1,876             | 1,889            | 12,594.16        |
| 6        | March                     | 248,283         | 2,776             | 250               | 3,026            | 12.19            | 18,105          | 570               | 1,097             | 1,667            | 92.09            | 148             | 12                | 1,394             | 1,407            | 9,503.81         |
| 7        | April                     | 247,721         | 2,714             | 249               | 2,964            | 11.96            | 18,059          | 549               | 1,144             | 1,693            | 93.75            | 148             | 14                | 1,509             | 1,522            | 10,286.29        |
| 8        | May                       | 246,572         | 1,113             | 109               | 1,222            | 4.96             | 18,005          | 216               | 686               | 902              | 50.12            | 148             | 7                 | 1,328             | 1,335            | 9,020.72         |
| 9        | June                      | 245,907         | 370               | 35                | 406              | 1.65             | 17,941          | 91                | 337               | 428              | 23.87            | 147             | 6                 | 1,258             | 1,263            | 8,593.72         |
| 10       | July                      | 245,437         | 318               | 31                | 349              | 1.42             | 17,873          | 77                | 306               | 383              | 21.45            | 147             | 4                 | 1,164             | 1,167            | 7,940.62         |
| 11       | August                    | 245,539         | 316               | 31                | 347              | 1.41             | 17,865          | 76                | 320               | 396              | 22.19            | 149             | 6                 | 1,264             | 1,270            | 8,525.64         |
| 12       | September 2018            | 245,030         | 286               | 29                | 314              | 1.28             | 17,835          | 70                | 276               | 346              | 19.42            | 148             | 3                 | 1,097             | 1,100            | 7,433.02         |
| 13       |                           |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |
| 14       | Total or Average          | 246,478         | 20,976            | 1,904             | 22,880           | 92.83            | 17,990          | 4,275             | 9,258             | 13,533           | 752.26           | 149             | 111               | 15,107            | 15,218           | 102,075.82       |
| 15       |                           |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |
| 16       | Heating Season            |                 | 15,429            | 1,383             | 16,813           | 68               |                 | 3,093             | 5,858             | 8,951            | 498              |                 | 65                | 6,661             | 6,726            | 45,116           |
| 17       | (November - March)        |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |
| 18       | Non-Heating Season        |                 | 5,547             | 521               | 6,068            | 25               |                 | 1,181             | 3,400             | 4,582            | 255              |                 | 46                | 8,446             | 8,492            | 56,960           |
| 19       | (April - October)         |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |                 |                   |                   |                  |                  |
| 20       | Daily Average = Total/365 |                 | 57                | 5                 | 63               |                  |                 | 12                | 25                | 37               |                  |                 | 0                 | 41                | 42               |                  |

(1) Average sales, not weather normalized

Peoples Natural Gas Company LLC  
Universal Service Rider Costs - Rider F  
Effective April 1, 2019

|   |        | <u>Annual Expenses</u> |
|---|--------|------------------------|
| <u>CAP</u>  |        |                        |
| CAP Credit (Shortfall or deficiency)                      | Page 2 | \$ 926,114             |
| Arrearage Forgiveness                                     | Page 2 | \$ 2,171,168           |
| CAP Administration - Third Party Administrator            | Page 3 | \$ 730,000             |
| E-CAP Expenses  | Page 4 | \$ 249,621             |
| Total CAP Expenses  |        | \$ 4,076,903           |
| <u>Other Universal Services</u>                           |        |                        |
| LIURP   | Page 3 | \$ 1,150,000           |
| Emergency Line Repair                                     | Page 3 | \$ 400,000             |
| Billing System Modifications to Support LIHEAP State Plan | Page 3 | \$ -                   |
| Total Other Universal Services                            |        | \$ 1,550,000           |
| <b>Total Projected Universal Service Program Costs</b>    |        | <b>\$ 5,626,903</b>    |
| Residential Non-CAP Throughput                            |        | 26,699,028             |
| Proposed Rider F Surcharge per Mcf                        |        | \$0.2108               |
| Plus: Reconciliation Adjustment                           | Page 5 | \$0.0121               |
| <b>Total Proposed Rider F Surcharge per Mcf</b>           |        | <b>\$0.2229</b>        |

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

Page 2 of 5

CAP Plus Calculation

|   |                   |    |           |    |
|---|-------------------|----|-----------|----|
| 1 LIHEAP funds received for CAP Accounts                        |                   | \$ | 1,993,028 | 1/ |
| 2 Active CAP Accounts, Projected Enrollments and E-CAP Accounts |                   |    | 20,842    |    |
| 3 LIHEAP funds per CAP participant                              | (Line 1/Line 2)   | \$ | 96        |    |
| 4 Calculated Monthly CAP Plus Amount                            |                   | \$ | 8         |    |
| 5 CAP Plus Amount   | (Line 3/12)       | \$ | 5         | 2/ |
| 6 Current Average CAP Payment                                   |                   | \$ | 80        |    |
| 7 Monthly CAP Amount including CAP Plus                         | (Line 4 + Line 5) | \$ | 85        |    |

CAP Credit Calculation

|   |                                     |    |         |  |
|---|-------------------------------------|----|---------|--|
| 8 CAP enrollment to 16,725 level as established @ Docket R-2010-2201702 |                                     |    | 16,725  |  |
| 9 Average CAP Usage   |                                     |    | 110     |  |
| 10 Average Bill Calculation   |                                     |    |         |  |
| 11 Monthly Service Charge   |                                     | \$ | 13.9181 |  |
| 12 Usage charge per MCF   |                                     | \$ | 8.1017  |  |
| 13 Average Annual Bill  | (Line 10 * 12) + (Line 11 * Line 8) | \$ | 1,061   |  |
| 14 Annual average CAP Payments per customer                             | (Line 6 * 12)                       | \$ | 1,017   |  |
| 15 Annual average CAP Credit per customer                               | (Line 12 - Line 13)                 | \$ | 45      |  |
| 16 Projected CAP credit (shortfall)                                     | (Line 14 * Line 7)                  | \$ | 748,007 |  |

Incremental Enrollments

|   |                     |    |         |  |
|---|---------------------|----|---------|--|
| 17 Incremental enrollment above 16,725 (excluding E-CAP customers)  |                     |    | 4,117   |  |
| 18 Projected Cap Credit for incremental enrollments                 | (Line 14 * Line 16) | \$ | 184,128 |  |
| 19 Bad Debt Offset for Incremental enrollments (3.27%)              | (3.27% * Line 17)   | \$ | 6,021   |  |
| 20 Net Projected CAP Credit (shortfall) for Incremental Enrollments | (Line 17 - Line 18) | \$ | 178,107 |  |

Total CAP Credits

|                                |                     |    |         |    |
|--------------------------------|---------------------|----|---------|----|
| 21 Total Projected CAP Credits | (Line 15 + Line 19) | \$ | 926,114 | 3/ |
|--------------------------------|---------------------|----|---------|----|

Arrearage Forgiveness

Enrollments to 16, 725 level

|  |                     |    |           |    |
|--|---------------------|----|-----------|----|
| 22 Enrollments up to 16,725 level                            |                     |    | 16,725    |    |
| 23 Average Arrearage Forgiveness per cust.                   |                     | \$ | 233       |    |
| 24 Total Projected Annual Arrearage Forgiveness              | (Line 21 * Line 22) | \$ | 3,896,925 |    |
| 25 Projected Arrearage Forgiveness at 45% Payment Compliance | (45% * Line 23)     | \$ | 1,753,616 | 4/ |

Incremental Enrollments

|  |                     |    |           |    |
|--|---------------------|----|-----------|----|
| 26 Projected Incremental Enrollment above 16,725 (excluding E-CAP customers) |                     |    | 4,117     |    |
| 27 Average Arrearage Forgiveness per cust.                                   |                     | \$ | 233       |    |
| 28 Total Projected Annual Arrearage Forgiveness                              | (Line 25 * Line 26) | \$ | 959,261   |    |
| 29 Bad Debt Offset for Incremental Enrollments                               | (3.27% * Line 27)   | \$ | 31,368    |    |
| 30 Net Annual Arrearage Forgiveness for Incremental Enrollments              | (Line 27 - Line 28) | \$ | 927,893   |    |
| 31 Projected Arrearage Forgiveness at 45% Payment Compliance                 | (45% * Line 29)     | \$ | 417,552   | 4/ |
| 32 Total Projected Annual Arrearage Forgiveness                              | (Line 24 + Line 30) | \$ | 2,171,168 |    |

1/ 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.

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

3/ Effective July 1, 2015, CAP credits issued at the time of billing.



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

Page 3 of 5

|  |   | <b>Annual Costs</b> |
|--|---|---------------------|
| <b><u>CAP Administration</u></b>       |   |                     |
| 1                                      | Third Party Administrator (Dollar Energy Fund)            | \$730,000           |
| <b><u>Other Universal Services</u></b> |   |                     |
| 2                                      | Low Income Usage Reduction Program (LIURP)                | \$1,150,000         |
| 3                                      | Emergency Line Repair                                     | \$400,000           |
| 4                                      | Billing System Modifications to Support LIHEAP State Plan | \$0 <sup>1/</sup>   |
| 5                                      | Total Program Costs -- Other Universal Services           | \$1,550,000         |
|  | (Lines 2 through 4)                                       |                     |
|  | <b>Total Administrative &amp; Program Costs</b>           | <b>\$2,280,000</b>  |
|  | (Line 1 + Line 5)   |                     |

*1/ 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  
Universal Service Rider Costs - Rider F  
Projected E-CAP Expenses

Page 4 of 5

E-CAP Credit Calculation

|   |  |                            |       |         |
|---|--|----------------------------|-------|---------|
| 1 | Projected E-CAP enrollment                     |                            | 1,388 |         |
| 2 | Projected E-CAP Annual CAP Credit per Customer |                            | \$99  |         |
| 3 | Total Projected E-CAP Credits                  | (Line 1 x Line 2)          | \$    | 137,412 |
| 4 | Annual CAP Plus payment amount                 | (Line 1 x \$5 x 12 months) | \$    | 83,280  |
| 5 | Bad Debt Offset for Enrollments Above 16,725   | (3.27% * Line 3)           | \$    | 4,493   |
| 6 | Net Projected E-CAP credit                     | (Line 3 - Line 4 - Line 5) | \$    | 49,639  |

E-CAP Arrearage Forgiveness Calculation

|    |  |                    |       |                |
|----|--|--------------------|-------|----------------|
| 7  | Projected Annual Arrearage Forgiveness per Customer          |                    | \$331 |                |
| 8  | Total Projected E-CAP Arrearage Forgiveness                  | (Line 1 x Line 7)  | \$    | 459,428        |
| 9  | Bad Debt Offset for Enrollments Above 16,725                 | (3.27% * Line 8)   | \$    | 15,023         |
| 10 | Net Annual Arrearage Forgiveness for Incremental Enrollments | (Line 8 - Line 9)  | \$    | 444,405        |
| 11 | Projected Arrearage Forgiveness at 45% Payment Compliance    | (45% * Line 10)    | \$    | 199,982        |
|    |  |                    |       | 1/             |
| 12 | Total Projected E-CAP Expenses                               | (Line 6 + Line 11) | \$    | <u>249,621</u> |

1/ 45% payment compliance developed using 2015 historical data regarding the number of customers making a full CAP payment.

**Peoples Natural Gas Company LLC**

**Rider F - Annual Reconciliation and Rate Adjustment  
Effective 4/1/19**

**Annual Reconciliation of CAP Costs to CAP Recoveries**

|  |    |                      |
|--|----|----------------------|
| Prior Period Over/ (Under) Collection            | \$ | (3,406,558)          |
| Actual Total CAP Costs (January - December 2018) | \$ | 10,444,599           |
| Less:  |    |                      |
| Cost Offsets for Customers in Excess of 16,725   | \$ | 20,975               |
| Total CAP Recoveries                             | \$ | <u>13,506,134</u>    |
| Over / (Under) Recoveries                        | \$ | (324,047)            |
| Residential throughput (Mcf)                     |    | <u>26,699,028</u>    |
| Reconciliation Rate Adjustment                   | \$ | <u><u>0.0121</u></u> |

Peoples Natural Gas Company LLC  
Equitable Division  
Universal Service Rider Costs - Rider D  
Effective May 18, 2019

Page 1 of 5

|  |        | <u>Annual Expenses</u> |
|--|--------|------------------------|
| <u>CAP</u>   |        |                        |
| CAP Credit (Shortfall or deficiency)                       | Page 2 | \$ 3,031,759           |
| Arrearage Forgiveness                                      | Page 2 | \$ 971,980             |
| CAP Administration - Third Party Administrator             | Page 3 | \$ 267,000             |
| E-CAP Expenses   | Page 4 | \$ 215,125             |
| LIURP  |        | \$ 700,000             |
| Emergency Furnace & Service Line Repair Assistance Program | 1/     | \$ 400,000             |
| <b>Total Projected Universal Service Program Costs</b>     |        | <b>\$ 5,585,864</b>    |
| Residential Non-CAP Throughput                             |        | 20,119,405             |
| Proposed Rider D Surcharge per Mcf                         |        | \$0.2776               |
| Plus: Reconciliation Adjustment                            | Page 5 | (\$0.0295)             |
| <b>Total Proposed Rider D Surcharge per Mcf</b>            |        | <b>\$0.2481</b>        |

1/ Refer to Commission's Order entered May 9, 2019, at Docket Nos. P-2019-3007044 and M-2014-2432515.

Peoples Natural Gas Company LLC  
Equitable Division  
Universal Service Rider Costs - Rider D  
Calculation of CAP Plus, CAP Credits and Arrearage Forgiveness

CAP Plus Calculation

|   |                   |    |           |
|---|-------------------|----|-----------|
| 1 LIHEAP funds received for CAP Accounts                        |                   | \$ | 1,328,211 |
| 2 Active CAP Accounts, Projected Enrollments and E-CAP Accounts |                   |    | 15,603    |
| 3 LIHEAP funds per CAP participant                              | (Line 1/Line 2)   | \$ | 85        |
| 4 Calculated Monthly CAP Plus Amount                            |                   | \$ | 7         |
| 5 CAP Plus Amount   | (Line 3/12)       | \$ | 5 1/      |
| 6 Current Average CAP Payment                                   |                   | \$ | 74        |
| 7 Monthly CAP Amount including CAP Plus                         | (Line 5 + Line 6) | \$ | 79        |

CAP Credit Calculation

|   |                                     |    |           |
|---|-------------------------------------|----|-----------|
| 8 Average CAP Usage                         |                                     |    | 122.4     |
| 9 Average Bill Calculation                  |                                     |    |           |
| 10 Monthly Service Charge                   |                                     | \$ | 12.9197   |
| 11 Usage charge per MCF                     |                                     | \$ | 8.0424    |
| 12 Average Annual Bill                      | (Line 10 * 12) + (Line 11 * Line 8) | \$ | 1,139     |
| 13 Annual average CAP Payments per customer | (Line 7 * 12)                       | \$ | 945       |
| 14 Annual average CAP Credit per customer   | (Line 12 - Line 13)                 | \$ | 194       |
| 15 Projected CAP credit (shortfall)         | (Line 14 * Line 2)                  | \$ | 3,031,759 |

Arrearage Forgiveness

|  |                    |    |            |
|--|--------------------|----|------------|
| 16 Average Arrearage Forgiveness per cust.                   |                    | \$ | 96         |
| 17 Total Projected Annual Arrearage Forgiveness              | (Line 16 * Line 2) | \$ | 1,495,354  |
| 18 Projected Arrearage Forgiveness at 65% Payment Compliance | (65% * Line 17)    | \$ | 971,980 2/ |

1/ Per approval at Docket No. R-2018-3003851, the CAP Plus payment shall be the lesser of the calculated CAP Plus payment or \$5.

2/ 65% payment compliance based upon the number of current CAP customers as of September 2018.

**Peoples Natural Gas Company LLC**  
**Equitable Division**  
Estimated Annual Cost of Dollar Energy Fund Contract

| <u>Line No.</u> |                                 | <u>Current</u>          |
|-----------------|---------------------------------|-------------------------|
| 1               | Total Annual Cost               | \$ 435,000              |
| 2               | Less; Admin costs in base rates | <u>\$ 168,000</u>       |
| 3               | Net Cost included in Rider D    | <u><u>\$267,000</u></u> |

Peoples Natural Gas Company LLC  
Equitable Division  
Projected E-CAP Expenses

E-CAP Customer Shortfall

|   |  |                            |       |               |
|---|--|----------------------------|-------|---------------|
| 1 | Projected E-CAP enrollment                     |                            | 876   |               |
| 2 | Projected E-CAP Annual CAP Credit per Customer |                            | \$135 |               |
| 3 | Total Projected E-CAP Credits                  | (Line 1 x Line 2)          | \$    | 118,145       |
| 4 | Monthly CAP Plus payment amount                | (Line 1 x \$5 x 12 months) | \$    | 52,560        |
| 5 | Net Projected E-CAP credit (shortfall)         | (Line 3 - Line 4)          | \$    | <u>65,585</u> |

E-CAP Arrearage Forgiveness

|    |   |                    |       |                       |
|----|---|--------------------|-------|-----------------------|
| 6  | Projected Annual Arrearage Forgiveness per Customer   |                    | \$263 |                       |
| 7  | Total Projected E-CAP Arrearage Forgiveness           | (Line 1 x Line 6)  | \$    | 230,060               |
| 8  | % of Customers who pay regularly                      |                    |       | 65%                   |
| 9  | Adjustment to Reflect Expected Non Payment Compliance | (35% x Line 7)     | \$    | <u>80,521</u>         |
| 10 | Projected E-CAP Arrearage Forgiveness                 | (Line 7 - Line 9)  | \$    | 149,539               |
| 11 | Total Projected E-CAP Expenses                        | (Line 5 + Line 11) | \$    | <u><u>215,125</u></u> |

**Peoples Natural Gas Company LLC  
Equitable Division**

**Rider D - Annual Reconciliation and Rate Adjustment  
Effective 10/1/18**

**Annual Reconciliation of CAP Costs to CAP Recoveries**

|                                       |    |                   |
|---------------------------------------|----|-------------------|
| Prior Period Over/ (Under) Collection | \$ | (1,677,869)       |
| Actual Total CAP Costs                | \$ | 7,883,148         |
| Less:                                 |    |                   |
| <u>Cost Offsets</u>                   | \$ | -                 |
| Total CAP Recoveries                  | \$ | <u>10,154,605</u> |
| Over / (Under) Recoveries             | \$ | 593,588           |
| Residential throughput (Mcf)          | \$ | <u>20,119,405</u> |
| Reconciliation Rate Adjustment        | \$ | <u>(0.0295)</u>   |





COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
400 North Street, Harrisburg, Pennsylvania 17120

IN REPLY PLEASE  
REFER TO OUR FILE

May 3, 2019

**Docket No: M-2017-2587711**

To: All Parties to M-2017-2587711

Re: Requesting Utility and Stakeholder Participation in the Universal Service Reporting (USR) Working Group

On January 17, 2019, the Pennsylvania Public Utility Commission (Commission) entered an Order, releasing a staff report titled "*Home Energy Affordability for Low-Income Customers in Pennsylvania*" (Report). The Report found, *inter alia*, that inconsistencies and limitations in reported data impacted the analysis and evaluation of Customer Assistance Programs (CAPs).

In the January 17 Order, the Commission recognized the need for NGDCs and EDCs to (1) standardize data gathering and reporting; (2) establish standard definitions for terms; (3) track and report data consistently (*e.g.*, income verification/confirmed low income); and (4) track and report additional data elements to enhance the evaluation of CAPs. January 17 Order at 18.

Therefore, the January 17 Order directed staff in the Bureau of Consumer Services (BCS) and the Law Bureau to convene, no later than July 31, 2019, a USR working group to standardize universal service reporting protocols for data definitions, tracking, and reporting. Additionally, the Commission directed all NGDCs and EDCs to participate in the USR working group. January 17 Order at 23.

The USR working group shall conclude its work no later than December 31, 2019 and BCS shall provide a consensus/non-consensus report to the Commission prior to January 31, 2020. January 17 Order at 23.

With this Secretarial Letter, the Commission announces establishment of the USR working group. The Commission invites interested stakeholders to participate. The first meeting of the working group will be held in July 2019, in the Keystone Building, Harrisburg. Utilities and interested stakeholders should email [ra-pc-uswg@pa.gov](mailto:ra-pc-uswg@pa.gov) by May 31, 2019 to inform the Commission of your intent to participate.<sup>1</sup> All utility participants and interested stakeholders

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<sup>1</sup> All utilities should inform the Commission of which staff members will be participating in the working group.

M-2017-2587711 Announcing the first Universal Service Reporting (USR) Working Group  
Page 2

will be provided with information and comment requests, and notified of specific meeting dates, times, and locations, via email.

Please contact Eric Tuttle at [etuttle@pa.gov](mailto:etuttle@pa.gov) if you have any questions.

Sincerely,



Rosemary Chiavetta  
Secretary

cc: Sarah Dewey, BCS, [sdewey@pa.gov](mailto:sdewey@pa.gov)  
Lori Mohr, BCS, [laumohr@pa.gov](mailto:laumohr@pa.gov)  
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Cert. of Service via email