

Appendix H

Peoples Natural Gas Company LLC
 Universal Service Rider Costs - Rider F

Annual Expenses

CAP

CAP Credit (Shortfall or deficiency)	\$1,231,625
Arrearage Forgiveness	\$1,877,545
CAP Administration - Third Party Administrator	<u>\$322,000</u>
Total CAP Expenses	\$3,431,170

Other Universal Services

LIURP	\$1,000,000
Community Partnership for Weatherization	\$50,000
Emergency Line Repair	<u>\$200,000</u>

Total Universal Service Program Costs \$4,681,170

Residential Non-CAP Throughput - FTY 27,623,435

Rider US	\$0.1695
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Peoples Natural Gas Company LLC
 Universal Service Rider Costs - Rider F
 Calculation of CAP Plus, CAP Credits and Arrearage Forgiveness

CAP Plus Calculation

1 LIHEAP funds received for CAP Accounts		\$3,155,315
2 Active CAP Accounts & Projected Enrollments		17,556
3 LIHEAP funds per CAP participant	(Line 1/Line 2)	\$180
4 Monthly CAP Plus Amount	(Line 3/12)	\$15
5 Current Average CAP Payment		<u>\$71</u>
6 Monthly CAP Plus Amount	(Line 4 + Line 5)	\$86

CAP Credit Calculation

7 Projected CAP enrollment		16,725
8 Average CAP Usage		130 MCF
9 Average Bill Calculation		
10 Monthly Service Charge		\$11.00
11 Usage charge per MCF		\$7.9380
12 Average Annual Bill	(Line 10 * 12) + (Line 11 * Line 8)	\$1,164
13 Annual average CAP Payments per customer	(Line 6 * 12)	\$1,031
14 Annual average CAP Credit per customer	(Line 12 - Line 13)	\$133
15 Projected CAP credit (shortfall)	(Line 14 * Line 7)	\$2,217,257

Incremental Enrollments

16 Incremental enrollment above 16,725		831
17 Projected Cap Credit for incremental enrollments	(Line 14 * Line 16)	\$110,167
18 Bad Debt Offset for Incremental enrollments (3.27%)	(3.27% * Line 17)	<u>\$3,602</u>
19 Net Projected CAP Credit (shortfall) for Incremental Enrollments	(Line 17 - Line 18)	\$106,564

Total CAP Credits

20 Projected CAP Credits	(Line 15 + Line 19)	\$2,323,821
21 Adjustment to reflect expected payment compliance	(47% * Line 20)	<u>\$1,092,196</u>
22 Total Projected CAP Credits	(Line 22 - Line 21)	\$1,231,625

Arrearage Forgiveness

Existing Customers

23 Total Pre-CAP arrearages -- September 2010		\$9,136,598
24 Annual Arrearage Forgiveness	(Line 23 / 3)	\$3,045,533
25 Adjustment to reflect expected payment compliance	(47% * Line 24)	<u>\$1,431,400</u>
26 Projected Arrearage Forgiveness For Existing Customers	(Line 24 - Line 25)	\$1,614,132

Enrollments during the Future Test Year

27 Enrollments during the FTY		676
28 Average Current pre-CAP balance		\$1,008
29 Total Projected pre-CAP balances for new enrollments	(Line 27 * Line 28)	\$681,111
30 Annual Arrearage Forgiveness for Projected Enrollments	(Line 29 / 3)	\$227,037
31 Adjustment to reflect expected payment compliance	(47% * Line 30)	<u>\$106,707</u>
32 Projected Arrearage Forgiveness for Newly Enrolled	(Line 30 - Line 31)	\$120,330

Incremental Enrollments

33 Projected Incremental Enrollment above 16,725		831
34 Projected pre-CAP Balances for Incremental Enrollments	(Line 33 * Line 28)	\$837,282
35 Annual Arrearage Forgiveness for Incremental Enrollments	(Line 34 / 3)	\$279,094
36 Bad Debt Offset for Incremental Enrollments	(3.27% * Line 35)	<u>\$9,126</u>
37 Net Annual Arrearage Forgiveness for Incremental Enrollments	(Line 35 - Line 36)	\$269,968
38 Adjustment to Reflect Expected Payment Compliance	(47% * Line 37)	<u>\$126,885</u>
39 Projected Arrearage Forgiveness for Incremental Enrollments	(Line 37 - Line 38)	\$143,083
40 Total Projected Annual Arrearage Forgiveness	(Line 26 + Line 32 + Line 39)	\$1,877,545

Notes:

- * 16,725 represents base enrollment
- * The adjustment to reflect expected payment compliance is based on a 53% payment ratio of on-time payments to annual CAP bills issued 2008/2009.
- * 1,507 represents the enrollment from the end of the Historical Test Year (16,049) to the projected enrollment at the end of the Future Test Year (17,556)

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

Annual Costs

CAP Administration

1 Third Party Administrator (Dollar Energy Fund) \$322,000

Other Universal Services

2 Low Income Usage Reduction Program (LIURP) \$1,000,000

3 Community Partnership for Weatherization \$50,000

4 Emergency Line Repair \$200,000

5 Total Program Costs -- Other Universal Services (Lines 2 through 4) \$1,250,000

Total Administrative & Program Costs (Line 1 + Line 5) \$1,572,000

Notes:

* The projection for the annual cost of the Specialized Call Center group was developed using the number of CAP calls received historically and projecting a call handling time of six and one half minutes.