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November 9, 2018

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re: Peoples Natural Gas Company LLC**  
**Supplement No. 96 to Tariff Gas – PA PUC No. 45**  
**CAP Plus Compliance Filing**  
**Docket No. R-2018-3003855**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission on behalf of Peoples Natural Gas Company LLC (“Peoples Natural Gas”) is Supplement No. 96 to Peoples Natural Gas’ Tariff Gas – PA PUC No. 45, which has an effective date of November 10, 2018. Supplement No. 96 is filed in compliance with the Commission’s order at Docket No. R-2018-3003855 approving the change to the Company’s CAP Plus program.

Copies of this filing have been served in accordance with the attached Certificate of Service. Thank you for your attention to this matter.

Respectfully submitted,

Carol Scanlon  
Enclosure  
cc: Certificate of Service

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of §1.54 (relating to service by a participant).

**VIA FIRST CLASS MAIL**

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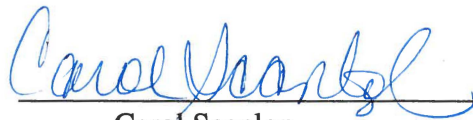
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P.O. Box 3265  
Harrisburg, PA 17105

Dated: November 9, 2018

  
Carol Scanlon

# PEOPLES NATURAL GAS COMPANY LLC

## RATES AND RULES GOVERNING THE FURNISHING OF NATURAL GAS SERVICE TO RETAIL GAS CUSTOMERS

CAP Plus

**ISSUED:** November 9, 2018  
**BY:** Morgan K. O'Brien  
President  
375 North Shore Drive  
Pittsburgh, PA 15212

**EFFECTIVE:** November 10, 2018

### NOTICE

This tariff makes changes to existing rates.  
(See page 2)

LIST OF CHANGES

Pages 38 and 39A. The description of the calculation of the calculated CAP Plus payment amount has been modified so that the CAP Plus payment amount may not exceed \$5 per month.

	<u>Current</u>	<u>Proposed</u>	<u>Increase/ (Decrease)</u>
<u>Rider F – Universal Service</u>	\$0.4667	\$0.4961	\$0.0294

CAP Plus	Rider B - Gas Cost Charges				Base Rate Charges	Rider A STAS	Rider E MFC	Rider Supplier Choice	Rider F USR	Rider G GPC	Rider H Rate Credit	Rider K DSIC Charge	Rider TCJA	Total Rate
	Capacity	AVC Capacity	GCA	Commodity										
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14=SUM 1 to 13)
<b>Residential Sales</b>						-0.23%						5.00%	-4.8231%	
Customer Charge					\$ 13.9500			\$ 0.0115			\$ -	\$ 0.6975	\$ (0.6728)	\$ 13.9862
Capacity	\$ 1.0398	\$ 0.6225					\$ 0.0270							\$ 1.6893
Price to Compare - PTC			\$ (0.0418)	\$ 2.9474			\$ 0.0754			\$ 0.1055				\$ 3.0865
Delivery Charge					\$ 3.1330				\$ 0.4961		\$ -	\$ 0.1919	\$ (0.1511)	\$ 3.6699
State Tax Surcharge							\$ (0.0072)							\$ (0.0072)
Total per MCF							\$ 0.1024							\$ 8.4385
<b>Commercial SGS</b>														
Customer Charge														
0 to 499 MCF/Yr					\$ 14.8800			\$ 0.0115			\$ -	\$ 0.7440	\$ (0.7177)	\$ 14.9178
500 to 999 MCF/Yr					\$ 27.0000			\$ 0.0115			\$ -	\$ 1.3500	\$ (1.3022)	\$ 27.0593
1/ Capacity	\$ 0.3848	\$ 0.5745												\$ 0.9593
Price to Compare - PTC	\$ 0.6550		\$ (0.0418)	\$ 2.9474			\$ 0.0261			\$ 0.1055				\$ 3.6922
Delivery Charge					\$ 2.1939							\$ 0.1163	\$ (0.1058)	\$ 2.2044
State Tax Surcharge							\$ (0.0050)							\$ (0.0050)
Total per MCF	\$ 1.0398						\$ 0.0261							\$ 6.8508
<b>Industrial SGS</b>														
Customer Charge														
0 to 499 MCF/Yr					\$ 20.0000			\$ 0.0115			\$ -	\$ 1.0000	\$ (0.9646)	\$ 20.0469
500 to 999 MCF/Yr					\$ 27.0000			\$ 0.0115			\$ -	\$ 1.3500	\$ (1.3022)	\$ 27.0593
1/ Capacity	\$ 0.3848	\$ 0.5745												\$ 0.9593
Price to Compare - PTC	\$ 0.6550		\$ (0.0418)	\$ 2.9474			\$ 0.0261			\$ 0.1055				\$ 3.6922
Delivery Charge					\$ 1.7623							\$ 0.0947	\$ (0.0850)	\$ 1.7720
State Tax Surcharge							\$ (0.0041)							\$ (0.0041)
Total per MCF	\$ 1.0398						\$ 0.0261							\$ 6.4194
<b>Commercial MGS</b>														
Customer Charge														
1,000 to 2,499 MCF/Yr					\$ 50.0000						\$ -	\$ 2.5000	\$ (2.4116)	\$ 50.0885
2,500 to 24,999 MCF/Yr					\$ 77.0000						\$ -	\$ 3.8500	\$ (3.7138)	\$ 77.1362
1/ Capacity	\$ 0.3848	\$ 0.3750												\$ 0.7598
Price to Compare - PTC	\$ 0.6550		\$ (0.0418)	\$ 2.9474			\$ 0.0261			\$ 0.1055				\$ 3.6922
Delivery Charge					\$ 2.1904						\$ -	\$ 0.1161	\$ (0.1056)	\$ 2.2009
State Tax Surcharge							\$ (0.0050)							\$ (0.0050)
Total per MCF	\$ 1.0398						\$ 0.0261							\$ 6.6478

1/ The Price-to-Compare format as shown is applicable to a Non-Priority One customer; the Price-to-Compare Charge for a Priority One customer would not include the Capacity Charge. See the Residential - Sales section above as an example of Priority One.

PEOPLES NATURAL GAS COMPANY, LLC

SUPPLEMENT NO. 96 TO GAS—PA PUC NO. 45  
 SEVENTY-EIGHTH REVISED PAGE NO. 4  
 CANCELLING SEVENTY-SEVENTH REVISED PAGE NO. 4

CAP Plus	Base Rate Charges	Rider A STAS	Rider E MFC	Rider F USR	Rider B Capacity    AVC Capacity		BB&A	Rider Supplier Choice	Rider H Rate Credit	Rider K DSIC Charge	Rider TCJA	Total Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12=SUM 1 to 11)
<b>Rate GS-T Residential</b>		-0.23%								5.00%	-4.8231%	
Customer Charge	\$ 13.9500							\$ 0.0115	\$ -	\$ 0.6975	\$ (0.6728)	\$ 13.9862
Capacity			\$ 0.0270		\$ 1.0398	\$ 0.6225						\$ 1.6893
Delivery Charge	\$ 3.1330			\$ 0.4961					\$ -	\$ 0.1828	\$ (0.1511)	\$ 3.6608
State Tax Surcharge		\$ (0.0072)										\$ (0.0072)
Total per MCF												\$ 5.3429
<b>Rate GS-T Commercial SGS</b>												
Customer Charge												
0 to 499 MCF/Yr	\$ 14.8800							\$ 0.0115	\$ -	\$ 0.7440	\$ (0.7177)	\$ 14.9178
500 to 999 MCF/Yr	\$ 27.0000							\$ 0.0115	\$ -	\$ 1.3500	\$ (1.3022)	\$ 27.0593
1/ Capacity/BB&A					\$ 0.5745	\$ 0.3848				\$ -		\$ 0.9593
Delivery Charge	\$ 2.1939									\$ 0.1097	\$ (0.1058)	\$ 2.1978
State Tax Surcharge		\$ (0.0050)										\$ (0.0050)
Total per MCF												\$ 3.1520
<b>Rate GS-T Industrial SGS</b>												
Customer Charge												
0 to 499 MCF/Yr	\$ 20.0000							\$ 0.0115	\$ -	\$ 1.0000	\$ (0.9646)	\$ 20.0469
500 to 999 MCF/Yr	\$ 27.0000							\$ 0.0115	\$ -	\$ 1.3500	\$ (1.3022)	\$ 27.0593
1/ Capacity/BB&A					\$ 0.5745	\$ 0.3848						\$ 0.9593
Delivery Charge	\$ 1.7623									\$ 0.0881	\$ (0.0850)	\$ 1.7654
State Tax Surcharge		\$ (0.0041)										\$ (0.0041)
Total per MCF												\$ 2.7207
<b>Rate GS-T Commercial MGS</b>												
Customer Charge												
1,000 to 2,499 MCF/Yr	\$ 50.0000								\$ -	\$ 2.5000	\$ (2.4116)	\$ 50.0885
2,500 to 24,999 MCF/Yr	\$ 77.0000								\$ -	\$ 3.8500	\$ (3.7138)	\$ 77.1362
1/ Capacity/BB&A					\$ 0.3750	\$ 0.3848						\$ 0.7598
Delivery Charge	\$ 2.1904								\$ -	\$ 0.1095	\$ (0.1056)	\$ 2.1943
State Tax Surcharge		\$ (0.0050)										\$ (0.0050)
Total per MCF												\$ 2.9490

1/ The Capacity Charge applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the BB&A charge.

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(C) – Indicates change.

**CUSTOMER ASSISTANCE PROGRAM (CAP)****RATE TABLE**

Ratepayers will pay a specified percentage of their monthly income or \$21/month, whichever is greater. The applicable percentage by Group follows:

<u>Group</u> <sup>1</sup>	<u>Percentage</u>
A	8%
B	9%
C	10%

If the ratepayer's monthly CAP payment, as calculated above, exceeds the otherwise applicable monthly budget payment amount, the monthly budget payment amount will be accepted as the CAP payment. The Company will review any ratepayer account where usage exceeds 125% of the ratepayer's annual usage. In cases where the Company determines that the increase in a CAP ratepayer's usage is unjustified, the Company will provide the ratepayer with conservation information, refer the ratepayer to a usage reduction program, and bill the ratepayer for excess usage.

**CAP Plus**

(C)

Effective November 1, 2011, LIHEAP receipts for customers participating in the CAP program for the previous LIHEAP heating season will be divided by the total of (1) current active CAP and E-CAP participants; and (2) the projected average number of CAP and E-CAP participants to be added for the projected quarter to arrive at a calculated CAP Plus amount. The calculated CAP Plus amount, up to a maximum of \$5 per month, will be added to the calculated monthly CAP or E-CAP payment described above for all participating CAP and E-CAP customers.

**PAYMENTS TOWARD ARREARAGE**

In addition to the ratepayer's obligation under the Rate Table above, the ratepayer also shall make payments of \$2 per month toward any pre-program arrearage.

**SURCHARGES**

All riders to this tariff, as would otherwise be applicable to Rate RS with the exception of Rider F.

**LATE-PAYMENT CHARGES**

No late-payment charges shall be applied to arrearages existing at the time the ratepayer begins receiving service under Rate Schedule CAP. Late-payment charges will not be applied during participation in the CAP program.

1/ Defined under Availability Criteria 3.

**PILOT EXTENDED CUSTOMER ASSISTANCE PROGRAM (E-CAP)**

This Rate is established as a Pilot and will close for new participation three years after this rate is approved by the Commission. All provisions of Rate CAP will additionally apply to participants of E-CAP.

**AVAILABILITY**

Rate E-CAP is a program designed to enroll residential ratepayers who satisfy the criteria set forth below.

- a. Ratepayer of the Company, using natural gas for space heating, who has a significant delinquent balance, broken payment arrangement, termination notice or lack of utility service.
- b. Annual income verified annually as being between 151 and 200 percent of the federal poverty level..
- c. Agreement by ratepayer to apply for any other energy assistance programs, if available, as referred to by the Company and before enrolling in E-CAP.

**RATE TABLE**

Ratepayers will pay 11% of their monthly income as their E-CAP Payment. If the ratepayer's monthly E-CAP payment exceeds the otherwise applicable monthly budget payment amount, the monthly budget payment amount will be accepted as the E-CAP payment.

**CAP Plus**

(C)

Effective November 1, 2011, LIHEAP receipts for customers participating in the CAP program for the previous LIHEAP heating season will be divided by the total of (1) current active CAP and E-CAP participants; and (2) the projected average number of CAP and E-CAP participants to be added for the projected quarter to arrive at a calculated CAP Plus amount. The calculated CAP Plus amount, up to a maximum of \$5 per month, will be added to the calculated monthly CAP or ECAP payment described above for all participating CAP and E-CAP customers.

**PAYMENTS TOWARD ARREARAGE**

In addition to the ratepayer's obligation under the Rate Table above, the ratepayer also shall make payments of \$5 per month toward any pre-program arrearage.

**SURCHARGES**

All riders are applicable to this tariff, as would otherwise be applicable to Rate RS, with the exception of Rider F.

**LATE-PAYMENT CHARGES**

No late-payment charges shall be applied to arrearages existing at the time the ratepayer begins receiving service under Rate Schedule E-CAP. Late-payment charges will not be applied during participation in the E-CAP program.

**RIDER F**  
**UNIVERSAL SERVICE**

This rider shall be applicable to all residential customers except for any residential ratepayer served in the Company's Customer Assistance Program (CAP). This rider recovers costs related to the Company's universal service programs.

**RATE**

Rider F per Mcf \$0.4961

(l)

The charges assessed per this rider shall be assessed to residential ratepayers served under rate schedules Rate RS and Rate GS-T. Charges assessed per this rider shall not be applicable to ratepayers served in the Company's CAP or Pilot E-CAP (E-CAP).

Costs related to the following universal service programs shall be calculated and recovered per this rider: CAP; Low Income Usage Reduction Program (LIURP); Community Partnership for Weatherization; and the Emergency Furnace and Houseline Repair Program.

CAP Costs will be calculated to include the following components:

1. Projected CAP Credit – The difference between the total Rate RS bill, excluding Rider F, and the CAP or E-CAP payment amount which is comprised of the sum of the percentage of income payment or minimum bill, whichever is greater, plus the CAP Plus amount. The projected CAP Credit shall be calculated based on current rates, current CAP or E-CAP payment amounts and projected normalized annual volumes for CAP and E-CAP participants. Separate CAP credit costs will be calculated for: 1) current active CAP and E-CAP participants; and 2) the projected average net change in the number of CAP and E-CAP participants for the projected quarter.
2. Pre-Program Arrearage Forgiveness – Projected CAP and E-CAP pre-program arrearage forgiveness costs for the projected annual period.

Costs for the LIURP, Community Partnership for Weatherization and Emergency Furnace and Houseline Repair programs will be calculated based on the projected number of eligible participants for the projected annual period. Recoverable CAP credit and arrearage forgiveness amounts will be reduced by 3.27% times the average CAP credit and arrearage forgiveness of existing CAP customers times the incremental number of CAP participants in excess of 16,725 CAP customers. Historical payment statistics will be utilized in the development of projected CAP credit and arrearage forgiveness amounts. Third party costs for the purposes of CAP administration and Universal Service call management will be included in the calculation of the Rider.

The applicable unit for this rider shall be determined by dividing the total costs universal service plan costs by the annual projected non-CAP residential volumes established in the most recent 1307(f) gas cost recovery proceeding. For bill display purposes, the unit rate calculated under this rider shall be included in a single delivery charge that also includes the residential delivery charge set forth in rate schedules Rate RS and Rate GS-T.

**QUARTERLY ADJUSTMENT**

Effective with each quarterly 1307(f) gas cost change, the unit rate under this rider shall be recalculated to reflect current cost data for the cost components outlined above. The updated rate will be filed to be effective one day after the filing.

**ANNUAL RECONCILIATION**

As part of the quarterly adjustment filing effective on April 1 of each year, the Company shall include a reconciliation of actual revenues recovered under Rider F and actual universal service costs incurred for the twelve month period ended December 31. The resulting over/undercollection will be included in the quarterly Rider F rate adjustment to be effective April 1.

Peoples Natural Gas Company LLC  
 Universal Service Rider Costs - Rider F  
 Effective November 10, 2018

Annual Expenses

<u>CAP</u>		
CAP Credit (Shortfall or deficiency)	Page 2	\$ 4,266,920
Arrearage Forgiveness	Page 2	\$ 2,945,614
CAP Administration - Third Party Administrator	Page 3	\$ 730,000
E-CAP Expenses	Page 4	\$ 393,549
Total CAP Expenses		\$ 8,336,082
 <u>Other Universal Services</u>		
LIURP	Page 3	\$ 1,100,000
Community Partnership for Weatherization	Page 3	\$ 50,000
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>\$ 9,886,082</b>
 Residential Non-CAP Throughput		 26,792,892
 Proposed Rider F Surcharge per Mcf		 \$0.3690
 Plus: Reconciliation Adjustment	Page 5	 \$0.1271
<b>Total Proposed Rider F Surcharge per Mcf</b>		<b>\$0.4961</b>

**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		\$ 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	(Line 3/12)	\$ 7.97	
<b>5 CAP Plus Amount</b>		<b>\$ 5</b>	<b>2/</b>
6 Current Average CAP Payment		<u>\$ 68</u>	
7 Monthly CAP Amount including CAP Plus	(Line 5 + Line 6)	\$ 73	

**CAP Credit Calculation**

8 CAP enrollment to 16,725 level as established @ Docket R-2010-2201702		16,725	
9 Average CAP Usage		116	
10 Average Bill Calculation			
11 Monthly Service Charge		\$ 13.9747	
12 Usage charge per MCF		\$ 7.9176	
13 Average Annual Bill	(Line 11 * 12) + (Line 12 * Line 9)	\$ 1,086	
14 Annual average CAP Payments per customer	(Line 7 * 12)	\$ 880	
15 Annual average CAP Credit per customer	(Line 13 - Line 14)	\$ 206	
16 Projected CAP credit (shortfall)	(Line 15 * Line 8)	\$ 3,446,320	

**Incremental Enrollments**

17 Incremental enrollment above 16,725 (excluding E-CAP customers)		4,117	
18 Projected Cap Credit for incremental enrollments	(Line 15 * Line 17)	\$ 848,341	
19 Bad Debt Offset for Incremental enrollments (3.27%)	(3.27% * Line 18)	<u>\$ 27,741</u>	
20 Net Projected CAP Credit (shortfall) for Incremental Enrollments	(Line 18 - Line 19)	\$ 820,600	

**Total CAP Credits**

21 <b>Total Projected CAP Credits</b>	(Line 16 + Line 20)	<b>\$ 4,266,920</b>	<b>3/</b>
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**Arrearage Forgiveness**

**Enrollments to 16,725 level**

22 Enrollments up to 16,725 level		16,725	
23 Average Arrearage Forgiveness per cust.		\$ 316	
24 Total Projected Annual Arrearage Forgiveness	(Line 22 * Line 23)	<u>\$ 5,286,940</u>	
25 Projected Arrearage Forgiveness at 45% Payment Compliance	(45% * Line 24)	\$ 2,379,123	4/

**Incremental Enrollments**

26 Projected Incremental Enrollment above 16,725 (excluding E-CAP customers)		4,117	
27 Average Arrearage Forgiveness per cust.		\$ 316	
28 Total Projected Annual Arrearage Forgiveness	(Line 26 * Line 27)	\$ 1,301,425	
29 Bad Debt Offset for Incremental Enrollments	(3.27% * Line 28)	\$ 42,557	
30 Net Annual Arrearage Forgiveness for Incremental Enrollments	(Line 28 - Line 29)	<u>\$ 1,258,868</u>	
31 Projected Arrearage Forgiveness at 45% Payment Compliance	(45% * Line 30)	\$ 566,491	4/
<b>32 Total Projected Annual Arrearage Forgiveness</b>	(Line 25 + Line 31)	<b>\$ 2,945,614</b>	

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.

4/ 45% payment compliance developed using 2015 historical data regarding the number of customers making a full CAP payment.

		<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)	\$1,100,000
3	Community Partnership for Weatherization	\$50,000
4	Emergency Line Repair	\$400,000
5	Billing System Modifications to Support LIHEAP State Plan	<u>\$0</u> 1/
6	Total Program Costs -- Other Universal Services (Lines 2 through 5)	\$1,550,000
<b>Total Administrative &amp; Program Costs (Line 1 + Line 5)</b>		<b>\$2,280,000</b>

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

**E-CAP Credit Calculation**

1	Projected E-CAP enrollment	1,388	
2	Projected E-CAP Annual CAP Credit per Customer	\$82	
3	Total Projected E-CAP Credits	(Line 1 x Line 2)	\$ 113,816
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)	\$ 3,722
6	Net Projected E-CAP credit	(Line 3 - Line 4 - Line 5)	\$ 26,814

**E-CAP Arrearage Forgiveness Calculation**

7	Projected Annual Arrearage Forgiveness per Customer	\$607	
8	Total Projected E-CAP Arrearage Forgiveness	(Line 1 x Line 7)	\$ 842,516
9	Bad Debt Offset for Enrollments Above 16,725	(3.27% * Line 8)	\$ 27,550
10	Net Annual Arrearage Forgiveness for Incremental Enrollments	(Line 8 - Line 9)	\$ 814,966
11	Projected Arrearage Forgiveness at 45% Payment Compliance	(45% * Line 10)	\$ 366,735 1/
12	Total Projected E-CAP Expenses	(Line 6 + Line 11)	<u>\$ 393,549</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 4/1/18Annual Reconciliation of CAP Costs to CAP Recoveries

Prior Period Over/ (Under) Collection	\$	(5,463,989)
Actual Total CAP Costs (January - December 2017)	\$	9,649,561
Less:		
<u>Cost Offsets for Customers in Excess of 16,725</u>	\$	27,805
Total CAP Recoveries	\$	<u>11,679,187</u>
Over / (Under) Recoveries	\$	(3,406,558)
Residential throughput (Mcf)		<u>26,792,892</u>
Reconciliation Rate Adjustment	\$	<u><u>0.1271</u></u>