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June 4, 2021

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Philadelphia Gas Works 2021-2022 1307(f) Gas Cost Rate Filing
Docket No. R-2021-3023970, C-2021-3024126 and C-2021-3024293

Dear Secretary Chiavetta:

Enclosed for electronic filing please Philadelphia Gas Works' Report on the Universal Service and Energy Conservation Surcharge for Fiscal Year 2020 with regard to the above matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,

Kristine E. Marsilio

Kristine E. Marsilio

KEM/lww

Enclosure

cc: Hon. Darlene Heep w/enc.
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Report on the Universal Service and Energy Conservation Surcharge for Fiscal Year 2020 upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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Dated: June 4, 2021

Kristine E. Marsilio

Kristine E. Marsilio, Esq.

**Philadelphia Gas Works’
Report on the
Universal Service and Energy Conservation Surcharge
for Fiscal Year 2020**

Introduction

Philadelphia Gas Works (“PGW”) conducted an analysis of the difference between PGW’s projected and actual Universal Service and Energy Conservation (“USEC” or “USC”) for Fiscal Year (“FY”) 2020.

PGW conducted a “variance analysis” and found that, when all items that were inadvertently left out (or which are typically not included) of the March, 2020 projection of the USC, and the effects on the actual results from an unusually cold May, 2020 (\$0.9 million overcollection) all but \$0.7 million of the actual \$6.6 million undercollection for FY 2020 were accounted for. This remaining difference in the projected USC Discount compared to the actual expense is likely due the effects of simplifying assumptions in the projection formulae for revenue at full rates and CRP rates.

PGW also reran the USC charge projection model for FY 2020, including all items that had been left out or which typically are not included, but using actual sales and rates for FY 2020. That “bottom-up” analysis showed the model would have projected an undercollection of \$5,834,865, compared to the actual undercollection of \$6,618,975, producing about the same level of unidentified difference between the projected USC expense and the actual expense.

In light of the reason for making the projection – to provide the Commission and the parties with a general indication of what USC under/over collection will be *assuming normal weather* – PGW submits that the current projection model is reasonable. However, in light of the issues brought to light by this exercise, PGW believes that it would be appropriate to reevaluate the current model to determine whether it can be improved and to report the results of that review, and any changes it has decided to make in the FY 2022-2023 GCR Proceeding.

In addition, as part of its investigation, PGW discovered an error in its billing for the FY 2017 USC. To correct this error, PGW is refunding \$4.3 million to customers to reverse this error, starting in its June, 2021 USC quarterly update.¹

¹ See PGW 2020-2021 Gas Cost Rate Filing, Docket No. R-2020-3017934, 3rd Quarter GCR update. <https://www.puc.pa.gov/pdocs/1705566.pdf>.

Background

PGW provides natural gas to the public within the City of Philadelphia (“City” or “Philadelphia”). It has been subject to the jurisdiction of the Pennsylvania Public Utility Commission (“Commission” or “PUC”)² since July 1, 2000.³

PGW’s USEC Surcharge became effective September 1, 2003.⁴ The established USEC Surcharge permits PGW to recover from its customers costs incurred by PGW to provide its Universal Service And Energy Conservation Plan⁵ (“USEC Plan” or “Plan”). The USEC Surcharge is adjusted annually and is subject to an annual reconciliation.⁶ That Surcharge is also subject to subsequent Commission audit.⁷

During PGW’s 2021 reconciliation proceeding,⁸ the parties⁹ noted a \$10.372 million discrepancy between PGW’s forecasted (or projected) USEC for FY 2020 in its 2020 reconciliation proceeding¹⁰ and the actual USEC balance at the end of FY 2020 (as stated in the March 2021 filing¹¹). The 2020 proceeding projected an overcollection of USEC for FY 2020 of \$0.9

² See 66 Pa.C.S. §§ 102, 2202, 2212(c).

³ 66 Pa.C.S. § 2212(b).

⁴ The Commission’s Final Restructuring Order, entered March 31, 2003, allowed PGW to establish an appropriate non-bypassable cost recovery mechanism to recover the costs of its universal service and energy programs over the lives of these programs. *See PUC v. Philadelphia Gas Works*, PUC Docket No. M-00021612, Opinion and Order entered March 31, 2003.

⁵ See *Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2022 and Petition to Amend Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2022*, Docket Nos. M-2016-2542415, et al., Order at 16 (March 26, 2020).

⁶ See 66 Pa.C.S. § 1307; PGW Gas Service Tariff, USEC Surcharge at Eighty Seventh Revised Page No. 81 (March 1, 2021).

⁷ See, e.g., *Universal Service and Energy Conservation Surcharge Audit*, PUC Docket No. D-2018-3001215 (for the twelve month periods ended August 31, 2016 and August 31, 2015); *Universal Service and Energy Conservation Surcharge Audit*, PUC Docket No. D-2015-2494863 (for the twelve month periods ended August 31, 2013 and August 31, 2014); *Universal Service and Energy Conservation Surcharge Audit*, PUC Docket No. D-2013-2399002 (for the twelve month periods ended August 31, 2012 and August 31, 2011).

⁸ *PGW 2021-2022 Gas Cost Rate Filing*, PUC Docket No. R-2021-3023970. PGW makes an annual filing for its Gas Cost Rate (“GCR”). *Id.* See also *Philadelphia Gas Works 2020-2021 Gas Cost Rate Filing*, PUC Docket No. R-2021-3023970. That proceeding, in addition to adjusting the GCR, also generally makes adjustments to the Price-to-Compare, the Restructuring and Consumer Education Surcharge, the Efficiency Cost Recovery Surcharge, and the USEC Surcharge.

⁹ See, e.g., Office of Small Business Advocate (“OSBA”) Statement 1 (Robert D. Knecht) at 1-2.

¹⁰ *Philadelphia Gas Works 2020-2021 Gas Cost Rate Filing*, PUC Docket No. R-2021-3023970.

¹¹ *PGW 2021-2022 Gas Cost Rate Filing*, PUC Docket No. R-2021-3023970.

million.¹² However, in FY 2020 (as stated in the March 2021 filing), there was an actual undercollection of USC for FY 2020 of \$9.4 million.¹³

PGW submitted Rebuttal testimony in the proceeding in which it pointed to several categories of USC costs that had been included in the USC but had been inadvertently omitted from the March, 2020 projection.¹⁴ PGW indicated that it would continue to analyze the projections and actuals and provide additional data to parties. As part of that additional analysis, it discovered an error in the FY 2020 USEC billing; it had charged for FY 2018 and 2019 Average Bill Arrearage Forgiveness twice.¹⁵ PGW indicated that it would begin to return the erroneously billed amount (\$2.8 million¹⁶) in its June, 2021 GCR/USC Quarterly Update.¹⁷ Accounting for the error, the actual FY 2020 undercollection was \$6.6 million,¹⁸ rather than \$9.4 million.¹⁹

As part of the settlement of 2021 reconciliation proceeding,²⁰ PGW agreed to conduct a further analysis pertaining to the difference between its projected and actual USEC for FY 2020. It was agreed that PGW would report its findings to the parties and the Commission by June 1, 2021.²¹

Key Definitions

USEC Revenue²²

USEC Revenue is derived by multiplying the sales volumes billed during the month by the C-Factor of the applicable USEC rate. The USEC is applied equally to all volumes of gas delivered.

¹² *PGW 2020-2021 Gas Cost Rate Filing*, Docket No. R-2020-3017934, Schedule 9(b). <https://www.puc.pa.gov/pdocs/1656536.pdf>.

¹³ *PGW 2021-2022 Gas Cost Rate Filing*, Schedule 9(b) - as filed on March 1, 2021, <https://www.puc.pa.gov/pdocs/1695415.pdf>.

¹⁴ *PGW 2021-2022 Gas Cost Rate Filing*, PGW St. 1-R (Florin Teme).

¹⁵ *PGW 2021-2022 Gas Cost Rate Filing*, PGW Supplemental St. 1-R (Supplemental Rebuttal, Florin Teme).

¹⁶ PGW discovered that it had inadvertently included twice an amount for arrearage forgiveness associated with average bill CRP customers for the years FY 2018 and FY 2019 in the amount of \$2,829,211. *PGW 2021-2022 Gas Cost Rate Filing*, Docket No. R-2021-3023970, PGW Supplemental St. 1-R (Supplemental Rebuttal, Florin Teme) at 2; *PGW 2020-2021 Gas Cost Rate Filing*, Docket No. R-2020-3017934, 3rd Quarter GCR update.

¹⁷ See footnote 1.

¹⁸ *PGW 2021-2022 Gas Cost Rate Filing*, Docket No. R-2021-3023970, PGW Supplemental St. 1-R (Supplemental Rebuttal, Florin Teme) at Exhibit FT-3, which is a Revised Statement of Reconciliation of PGW's USC for FY 2020 (from September 2019 through August 2020).

¹⁹ *PGW 2021-2022 Gas Cost Rate Filing*, Schedule 9(b) - as filed on March 1, 2021, <https://www.puc.pa.gov/pdocs/1695415.pdf>.

²⁰ All settlement documents, with statements of support, are due on or before June 4, 2021.

²¹ See also *PGW 2021-2022 Gas Cost Rate Filing*, PGW Statement 1-R (Florin Teme) at 5-6.

²² *Universal Service and Energy Conservation Surcharge Audit*, PUC Docket No. D-2018- 3001215, Report on USEC Surcharge for the 12-month periods ended August 31, 2016 and August 31, 2015, at Notes on Financial Statement. <https://www.puc.pa.gov/pdocs/1698510.pdf>.

USEC Expenses²³

USEC Expenses are the costs incurred by PGW for the operation of the programs that are recoverable through the USEC Surcharge. The specific costs authorized to be recovered through this surcharge are as follows:

1. Discounts provided to customers pursuant to the Customer Responsibility Program (“CRP”);
2. Discounts provided to senior citizens pursuant to the Senior Citizen Discount²⁴ (“SCD”);
3. Costs of PGW’s Low Income Usage Reduction Program (“LIRUP”), known as the Home Comfort Program (previously known as the Conservation Works Program (“CWP”), the Enhanced Low Income Retrofit Program (“ELIRP”) and the CRP Home Comfort Program);
4. Costs of the pilot Conservation Incentive Credit (“CIC”) program; and,
5. Past due arrearages forgiven for customers entering the CRP/Customer Assistance Program on or after September 1, 2003.²⁵

Over/(Under) Collections²⁶

The Over/(Under) Collection is the difference between the USEC Revenue and the USEC Expenses in a given month or year. The resulting amount represents the portion of USEC Revenue refundable to, or USEC Expenses recoverable from customers in subsequent years through subsequent USEC rates.

²³ See PGW Gas Service Tariff, USEC Surcharge at Eighty Seventh Revised Page No. 81 (March 1, 2021); *Universal Service and Energy Conservation Surcharge Audit*, PUC Docket No. D-2018- 3001215, Report on USEC Surcharge for the 12-month periods ended August 31, 2016 and August 31, 2015, at Notes on Financial Statement. <https://www.puc.pa.gov/pcdocs/1698510.pdf>.

²⁴ PGW Gas Service Tariff, Senior Citizen Discount at First Revised Page No. 72 to Original Page 73. As of September 1, 2003 enrollment in the SCD program was closed. Customers who are then properly receiving discounted rates continue to do so under the SCD program, unless and until the SCD program is modified in accordance with 66 Pa. C.S. § 2212.

²⁵ In addition to forgoing costs, a bad debt offset may also be applicable. For FY 2020, PGW was required to implement a 7.5% bad debt offset against CPR credit amounts (i.e., reported as “CRP Discount” in PGW’s quarterly filings) when average annual CRP participants exceeds 60,000 customers. See *PUC v. PGW*, Docket No. R-2017-2586783, *et al.*, Settlement Agreement at ¶ 37. <https://www.puc.pa.gov/pcdocs/1529631.pdf>. The trigger for the Bad Debt Offset in FY 2020 did not occur. The current bad debt offset (of 5.75%) is triggered when average annual CRP participants exceeds 80,000 customers. See *PUC v. PGW*, Docket No. R-2020-3017206, *et al.*, Settlement Agreement at ¶ 41. <https://www.puc.pa.gov/pcdocs/1674964.pdf>.

²⁶ *Universal Service and Energy Conservation Surcharge Audit*, PUC Docket No. D-2018- 3001215, Report on USEC Surcharge for the 12-month periods ended August 31, 2016 and August 31, 2015, at Notes on Financial Statement. <https://www.puc.pa.gov/pcdocs/1698510.pdf>.

Differences arise for two primary reasons:

- Variations between the actual monthly volumes billed to customers and the estimates used to determine the USEC rates; and,
- Variations between the actual USEC Expenses and the projected expenses used to determine the USEC rates.

USEC Surcharge

Schedules

In each annual reconciliation proceeding, PGW submits the following schedules to support the USEC Surcharge:

- **Schedule 9(a).** This schedule shows the projection of the USEC Surcharge to be effective for the upcoming (future) FY. It shows the calculation of the Surcharge, which is determined by dividing the total USEC Expenses (as approved for annual recovery) by the estimated applicable throughput in Mcfs.
- **Schedule 9(b).** This schedule is the reconciliation of the USEC Surcharge for the then-current FY. The first part of Schedule 9(b) calculates USEC Revenues, which (as noted above) derives USEC Revenues by multiplying the sales volumes billed during the month by the C-Factor of the applicable USEC rate. The second part of Schedule 9(b) calculates USEC Expenses. This second part contains both estimates and actual usage, since actual usage for each month in the then-current FY are not known at the time of the filing (on or about March 1 of each year) for the remaining part of the then-current FY (which continues until August 31). The third part of Schedule 9(b) determines if the bad debt offset is applicable.

In addition, as part of its pre-filing/supporting information, PGW submits a schedule (in response to 52 Pa. Code § 53.64(i)) that is the final reconciliation for the prior FY. That schedule – sometimes called “Schedule 8(b)”²⁷ – contains all of the items described above as being part of Schedule 9(b) for the then-current FY. However, Schedule 8(b) contains only actuals for the prior FY.

Preparation of Schedules

Schedules 9(a) and 9(b) are prepared by Gas Planning & Rates (“Gas Planning”) for the 1307(f) Annual Filing. Gas Planning receives data regarding the number of CRP customers, their

²⁷ See, e.g., *PGW 2021-2022 Gas Cost Rate Filing*, Docket No. R-2021-3023970, PGW Supplemental St. 1-R (Supplemental Rebuttal, Florin Teme) at Exhibit FT-3 (which is also labeled as Schedule 8(b) for FY 2020); Appendix A (Top-Down Analysis) (which contain tabs regarding Schedule 8(b) for FY 2020).

dispersion across the various subcategories of discount and arrearage forgiveness from Regulatory Compliance & Customer Programs (“Customer Programs”). Gas Planning then calculates the “CRP Discount” using those data. These schedules are submitted to the Commission and parties on or about March 1.

Schedule 8(b) is prepared by Gas Planning as supporting information for PGW’s pre-filing. It is final reconciliation for the prior FY and is submitted to the Commission and parties on or about February 1.

Investigation by PGW

The USC projection calculation is complex, and is based on a number of factors and variables.” Moreover, the actual over/under collection in any year will be affected by a variety of factors, including actual sales and customer behavior in response to physical or economic factors. Moreover, since the USC is fully reconcilable, customers will only be charged for actual expenses incurred. Any errors in the calculation can and will be corrected in future USEC calculations.

Nonetheless PGW committed to conducting an analysis to attempt to identify why the FY 2020 projection of a \$0.9 million overcollection varied from the (revised) actual results (as revised to correct for an error) – a \$6.6 million undercollection, or a total difference of \$7.5 total variance.

PGW identified several reasons for the variations that explain why actuals for FY 2020 are different than the projections (estimates) for FY 2020.

Revenue Variations

For FY 2020, PGW identified the following variations between the actual monthly volumes billed to customers and the estimates used to determine the USEC rates:

1. Lower USC Revenue Billed and Rate Change.

Because it was warmer than normal, actual gas sales were significantly less than projected due to lower sales.²⁸ PGW calculated that this factor, together with the effect of a small rate change, accounts for \$1,783,982 of the difference.²⁹

Expense Variations

For FY 2020, PGW identified the following variations between the actual USEC Expenses and the projected expenses used to determine the USEC rates.

1. CRP Discount On Discount.

²⁸ PGW 2021-2022 Gas Cost Rate Filing, PGW Response to Discovery Request OSBA-I-3(b).

²⁹ See Appendix C (Billed Sales Difference).

PGW’s projections are always going to be short of the actual numbers because of the “discount on discount effect.”³⁰ Florian Teme explained that PGW determines the amount that it will collect in the USC by looking at the regular rate versus the rate charged to CRP customers. When the charges that a CRP customer would otherwise pay go up, the discount goes up too.³¹

PGW takes into consideration in its projection the difference between the discounted rate on the regular amount and the discounted rate on an increased amount when making its projections (the “discount on discount effect”). But, by adding the discount to the projection, there is a remaining (or additional) discount on discount effect. This happens each time the discount is added to the projection. However, for its projections, PGW stops consideration of the discount on discount effect after the initial inclusion. The subsequent additional discount on discount effects are not taken into consideration as part of the projection submitted to support the USEC Surcharge. As such, PGW’s projections are always going to be short of the actual figures.

With respect to the March, 2020 USC Projection, PGW estimates that the additional “discount on discount” effect accounts for around \$200,000 of the actual undercollection. A second run of the projection produces a discount on discount effect of about \$149,000. A third run of the projection produces a discount on discount effect of about \$50,000. So, for purposes of this report, the cumulative additional discount on discount effect was estimated at \$200,000.

2. Senior Citizen Discount.

The estimated decline in seniors receiving discounted rates under the SCD program did not occur. So, PGW billed 2,213 more seniors than forecasted over the 8 months from January through August 2020.³² This resulted in a higher SCD than projected,³³ partially mitigated by actual degree days and their corresponding effect on customer bills (since the SCD is a 20% reduction on the customer’s bill.³⁴

3. ELIRP.

PGW spent less than projected in this area in FY 2020. Mr. Teme explained that the “COVID-19 Pandemic significantly impacted PGW’s Home Comfort program spending. PGW contractors halted non-emergency field work in mid-March and slowly ramped back up in mid-July 2020.”³⁵ This reduced the actual average spend well below the projected amounts.³⁶

4. Conservation Incentive Credit.

³⁰ *PGW 2021-2022 Gas Cost Rate Filing*, PGW Statement 1-R (Florian Teme) at 6.

³¹ *PGW 2021-2022 Gas Cost Rate Filing*, PGW Statement 1-R (Florian Teme) at 6.

³² *PGW 2021-2022 Gas Cost Rate Filing*, PGW Statement 1-R (Florian Teme) at 4.

³³ *See Appendix A (Top-Down Analysis)*.

³⁴ *PGW 2021-2022 Gas Cost Rate Filing*, PGW Statement 1-R (Florian Teme) at 4.

³⁵ *PGW 2021-2022 Gas Cost Rate Filing*, PGW Statement 1-R (Florian Teme) at 4.

³⁶ *PGW 2021-2022 Gas Cost Rate Filing*, PGW Statement 1-R (Florian Teme) at 4-5. *See also Appendix A (Top-Down Analysis)*.

The actual is over the estimate due to the inadvertent omission of \$227,500 in the estimate. That omission results in an adjustment of \$212,300.³⁷

5. CRP Forgiveness.

The actual is over the estimate because PGW’s projection for FY 2020 did not include certain forgiveness expenses. The cumulative impact of these adjustments is \$2,528,387. That amount is the difference between the March 2020 projection of \$11,147,567 and the actual of \$13,675,954.³⁸ PGW failed to incorporate approved expenses from FY 2018 and FY 2019 for average bill customers, in an amount totaling \$2,829,211, into its net cost of fuel projections. Because PGW’s projection of arrearage forgiveness for the remaining CRP customers was higher than actual, the net effect was \$2,528,387.

6. WNA Effect.

PGW does not project the effect of additional Weather Normalization Adjustment (“WNA”) charges (or credits) on the CRP Discount. When the WNA results in additional billings to customers (as it did in FY 2020) this increases the CRP Discount. PGW calculates that the WNA billings increased the CRP Discount expense by \$2,035,585.³⁹

Analysis

Top-Down Analysis⁴⁰

The following table starts with the projected overcollection of USEC for FY 2020 of \$0.9 million and proceeds to show each of the variations described above:

Description	Amount	Explanation
9(b) Estimate for FY 2020	\$923,797	Projected overcollection of USEC for FY 2020 of \$0.9 million
8(b) Original Actual for FY 2020	(\$9,448,186)	The actual USEC for FY 2020, as filed in February 2021
Shortfall to be Explained	\$10,371,984	The discrepancy noted by the parties
Exhibit FT-3: 8(b) Actual Undercollection for FY 2020, as revised	(\$6,618,975)	Revisions to actual USEC for FY 2020 that were made in the 2021 GCR Proceeding

³⁷ See Appendix A (Top-Down Analysis).

³⁸ See Appendix A (Top-Down Analysis).

³⁹ See Appendix D (WNA Estimate).

⁴⁰ See Appendix A (Top-Down Analysis).

Change from 8(b) Original	(\$2,829,211)	Removal the double Counting of FY18 and FY19
Shortfall to be Explained	\$7,542,773	
Lower USC Revenue Billed & Rate Change	(\$1,783,982)	Item 1: Lower USC Revenue due to decline in billed volumes % slight rate change
Seniors Discount	(\$122,246)	Item 4: Higher actual number of seniors served over the projected number of seniors
ELIRP Expense & Labor	\$2,063,189	Item 5: Program ramped down due to COIVD-19
Conservation Credits (CIC)	(\$212,300)	Item 6: The actual was over the estimate is because of the omission of an amount from the estimate
CRP Forgiveness	(\$2,528,387)	Item 7: Addition of the cumulative impact of the omitted CRP Average bill customer Forgiveness for FY 18 and 19 and the impact of the underestimate for FY 2020.
CRP Discount – WNA	(\$2,035,585)	Item 8: WNA was not part of the USC Estimate but colder weather results in higher CRP Discount
CRP Discount on Discount	(\$200,000)	Item 3: Estimate of the discount on discount effect
Unquantified Difference in CRP Discount	\$2,723,461	

The “unquantified” category captures the impacts of other variations that are difficult to measure or express as a number or amount and which would be impossible to include in a projection model, including the following:

- One of the “known unknowns” stems from extreme weather and is estimated to be about \$2 million of the unquantified category. The Commission approved the WNA to help PGW stabilize its income and operate more efficiently during the winter heating seasons. The WNA adjusts monthly bills when the weather is colder or warmer than normal. It is used to “restate” historic test year actual sales on a per customer basis to reflect the level of sales that the utility would have achieved had actual heating or cooling degree days been equivalent what is “normal.” But, the WNA does not capture all departures from

“normal” weather.⁴¹ Nor does it fully capture all influences on gas use or all differences regarding forecasts versus the actual bills, especially when there are extreme (or unusual) weather events. For example, the month of May 2020 deviated from “normal” by an extreme amount. May 2020 was cold versus normal weather. As a result, while the March 2020 projection model assumed that CRP average customer CRP bills would be higher than what those customers would have paid at full GS rates, the colder weather resulted in the CRP charges being lower than what the customer would have paid at GS rates. Therefore, instead of the CRP customer billings contributing a credit of \$1.3 million to USC expense they caused an additional \$750,000 expense. That swing increased CRP Discount expense by \$2 million compared to the projection.

- A variety of factors, approximated by the results of the “bottom-up approach” (discussed below), create differences in the way the CRP discount is forecasted versus the way the CRP discount is actually calculated. These forecast differences equate to about \$0.7 million, as described in the next section.

If both the forecast differences and the effect of the extraordinary weather in May, 2020 are included, all of the “unquantified” CRP Discount amount is accounted for.

Bottom-Up Analysis⁴²

For a “bottom-up” analysis, PGW “projected” what the over/undercollection would have been if: 1) all the items that were inadvertently left out of the March, 2020 had been known; and 2) the projection were made using actual sales and actual rates. That analysis shows a \$3.59 million undercollection for FY 2020.⁴³ As noted above, PGW’s usual projection process does not include the effect on the CRP discount of any WNA billings (which in this year increased the CRP discount by \$2.0 million), or the “discount-on-discount effect (\$0.2 million). The result is that the model projected an undercollection of \$5.8 million, compared to the actual undercollection: \$6.6 million.

Projected FY 2020 Over/Undercollection using FY 2020 Actual Sales and Including FY 2018-20 Arr. For., Updated SCD, Rate Change and CIC: ⁴⁴	(\$3,599,280)
Item 8: WNA Effect on CRP Discount	(\$2,035,585)
Item 3: Discount on Discount Effect	<u>(\$200,000)</u>
Total Projected Undercollection	<u>(\$5,834,865)</u>

⁴¹ The WNA applies only if the actual heating degree days (“AHDD”) for the billing cycle are lower than 99 percent or higher than 101 percent of the heating normal heating degree days (“NHDD”) for that billing cycle. A new WNA will be calculated for each billing cycle. *See* PGW Gas Service Tariff, Weather Normalization Adjustment Clause at Fourth Revised Pg. No. 150.

⁴² *See* Appendix B (Bottom-Up Analysis).

⁴³ *See* Appendix B (Bottom-Up Analysis).

⁴⁴ *See* Appendix B (Bottom-Up Analysis).

Exhibit FT-3: Actual Undercollection for FY 2020, as revised	(\$6,618,975)
Remaining “Forecast Differences”	<u>\$784,110</u>

The bottom-up approach shows that the model, while reasonably predictive of the end of year USC over/undercollection, the projection will not be able to be so accurate so as to make actual sales the only reason for the difference between projections versus actual. This is likely the result of differences in the way the CRP discount is forecasted versus the way the CRP discount is actually calculated. Such differences, which would be extremely difficult to quantify, include the following:

- As a simplifying assumption, sales are forecasted using 50% of the month and 50% of the prior month for cycle degree days. The actuals use the actual cycle degree days that fall in each of the 20 cycles.
- Each customer has the same forecasted usage, calculated using the previous summer and winter’s actual data for all customers. The actual usage per customer is the actual amount each customer uses in the cycle.
- Forecasted temperatures are entered on the assumption that daily temperatures are experienced on a colder to warmer pattern in the winter and a warmer to colder pattern in the swing months as opposed to how actual temperatures fall.

PGW submits that this bottom-up approach confirms that the USEC expense and revenue projection model is reasonably accurate.

Next Steps

While reviewing prior years’ USEC over/undercollection projections PGW discovered an error in the FY 2017 calculation of the USEC Charge: When calculating the FY 2017 charge, it had utilized an incorrect amount of undercollection from the prior year. As a result PGW overbilled customers in the amount of \$4.3 million and needs to refund that amount. PGW has started the crediting to ratepayers of this incorrectly billed amount starting with the June 1, 2021 GCR/USC.⁴⁵

The variance analysis shows that the current projection model is reasonable, since it provides the Commission and the parties with a general indication of what the USC under/over collection will be *assuming normal weather*. However, in light of the issues brought to light by this exercise, PGW believes that it would be appropriate to reevaluate the current model to determine whether it can be improved and to report the results of that review, and any changes it has decided to make in the FY 2022-2023 GCR Proceeding.

⁴⁵ See footnote 1.

Appendix A - Top Down Analysis

Item	Amount	Explanation
9(b) Estimate	\$923,797	PGW 2020-2021 Gas Cost Rate Filing, Docket No. R-2020-3017934, Schedule 9(b). [Tab = FY 2020 9(b) Estimate]
8(b) Original Actual	(\$9,448,186)	PGW 2021-2022 Gas Cost Rate Filing, Schedule 9(b) - as filed on March 1, 2021
Shortfall to be Explained	\$10,371,983	
Exhibit FT-3: 8(b) Revised Actual	(\$6,618,975)	PGW 2021-2022 Gas Cost Rate Filing, Docket No. R-2021-3023970, PGW Supplemental St. 1-R (Supplemental Rebuttal, Florin Teme) at Exhibit FT-3 [Tab = FY 2020 9 b_crp revised]
Change from 8(b) Original	(\$2,829,211)	Double Counting of FY18 and FY19
Difference to be Explained	\$7,542,773	
Lower USC Revenue Billed + Rate Change	(\$1,783,982)	Lower USC Revenue due to decline in billed volumes [Appendix C]
Seniors Discount	(\$122,246)	Increase in the number of seniors served [Comparison of Estimate and Revised Actual]
ELIRP Expense & Labor	\$2,063,189	Program ramped down due to COIVD-19 [Comparison of Estimate and Revised Actual]
Conservation Credits	(\$212,300)	The actual is over the estimate is because of the omission of \$227,500 in the estimate [Comparison of Estimate and Revised Actual]
CRP Forgiveness	(\$2,528,387)	FY 18,19 and 20 CRP Forgiveness to CRP Average Bill Customers [Comparison of Estimate and Revised Actual]
CRP Discount - WNA	(\$2,035,585)	WNA was not part of the USC Estimate but colder weather results in higher CRP Discount [Appendix D]
Discount on Discount	(\$200,000)	
Subtotal	(\$4,819,311)	Subtotal of the differences listed above
Unquantified	\$2,723,461	Remaining difference between the "Subtotal" and the "Differences to be Explained"

**STATEMENT OF RECONCILIATION
UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE
SEPTEMBER 2019 THROUGH AUGUST 2020**

Month	USC Applicable Volumes	USC Charge	USC Revenue Billed	USC Expenses	Monthly Over/(Under) Recovery	Cumulative Over/(Under) Recovery
FY 19 Reconciliation						
FY 17 & FY 18 Conservation Incentive Credit						(\$1,259,707)
						(\$561,650)
						(\$1,821,357)
September 2019	Actual 1,138,871	\$ 1.2605	\$ 1,435,490	\$ (1,326,316)	\$ 2,761,806	\$940,449
October	Actual 1,358,986	\$ 1.2195	\$ 1,657,283	\$ 296,127	\$ 1,361,156	\$2,301,605
November	Actual 3,752,873	\$ 1.2195	\$ 4,576,629	\$ 4,409,569	\$ 167,060	\$2,468,665
December	Actual 7,048,852	\$ 1.1010	\$ 7,761,111	\$ 9,424,042	\$ (1,662,931)	\$805,734
January 2020	Actual 8,154,457	\$ 0.9826	\$ 8,012,507	\$ 12,323,589	\$ (4,311,082)	(\$3,505,349)
February	Actual 7,509,470	\$ 0.9826	\$ 7,378,747	\$ 12,918,550	\$ (5,539,803)	(\$9,045,151)
March	Actual 5,575,763	\$ 1.0768	\$ 6,004,239	\$ 8,583,702	\$ (2,579,463)	(\$11,624,614)
April *	Actual 4,026,660	\$ 1.1711	\$ 4,715,622	\$ 4,851,043	\$ (135,421)	(\$11,760,035)
May	Actual 2,857,151	\$ 1.1711	\$ 3,346,010	\$ 2,059,642	\$ 1,286,367	(\$10,473,668)
June	Actual 1,405,930	\$ 1.1742	\$ 1,650,858	\$ (600,645)	\$ 2,251,503	(\$8,222,165)
July	Actual 1,028,875	\$ 1.1773	\$ 1,211,316	\$ (1,528,632)	\$ 2,739,948	(\$5,482,218)
August	Actual 949,950	\$ 1.1773	\$ 1,118,396	\$ 2,255,154	\$ (1,136,758)	(\$6,618,975)
			\$ 48,868,208			

USC Expenses	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	FY2020 Total
ELIRP Expense	\$ (5,610)	\$ 593,111	\$ 775,900	\$ 640,702	\$ 40,960	\$ 1,207,567	\$ 669,221	\$ 319,392	\$ 258,903	\$ 132,158	\$ 66,448	\$ 1,278,944	\$ 5,977,696
ELIRP Labor	\$ 22,492	\$ 10,117	\$ 23,353	\$ 14,486	\$ 15,486	\$ 16,569	\$ 14,373	\$ 14,312	\$ 21,452	\$ 13,229	\$ 16,554	\$ 15,509	\$ 197,932
Conservation Incentive Credit	\$ -	\$ 227,500	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,300	\$ -	\$ -	\$ 439,900
CRP Discount	\$ (2,403,563)	\$ (1,749,547)	\$ 2,348,336	\$ 7,501,644	\$ 10,903,197	\$ 10,457,560	\$ 6,628,267	\$ 3,525,469	\$ 749,769	\$(1,829,089)	\$(2,596,908)	\$(2,774,156)	\$30,760,979
CRP Forgiveness	\$ 988,896	\$ 1,121,236	\$ 1,031,915	\$ 880,406	\$ 890,992	\$ 788,561	\$ 946,916	\$ 758,533	\$ 877,485	\$ 791,483	\$ 921,875	\$ 3,677,656	\$13,675,954
Senior Citizen Discount	\$ 71,469	\$ 93,710	\$ 229,965	\$ 386,805	\$ 472,954	\$ 448,293	\$ 324,925	\$ 233,337	\$ 152,033	\$ 79,274	\$ 63,400	\$ 57,201	\$ 2,613,365
Bad Debt Expense Offset*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ (1,326,316)	\$ 296,127	\$ 4,409,569	\$ 9,424,042	\$ 12,323,589	\$ 12,918,550	\$ 8,583,702	\$ 4,851,043	\$ 2,059,642	\$ (600,645)	\$(1,528,632)	\$ 2,255,154	\$53,665,827

CRP Participation												
Rate Case Participation Rate	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Actual Participation Rate*	52,717	53,395	53,177	54,040	55,069	53,843	54,250	54,885	55,324	55,638	55,750	55,845
CRP Under/(Over) Participation	7,283	6,605	6,823	5,960	4,931	6,157	5,750	5,115	4,676	4,362	4,250	4,155
Average Shortfall Per CRP Participant												
CRP Discount	\$ (2,403,563)	\$ (1,749,547)	\$ 2,348,336	\$ 7,501,644	\$ 10,903,197	\$ 10,457,560	\$ 6,628,267	\$ 3,525,469	\$ 749,769	\$(1,829,089)	\$(2,596,908)	\$(2,774,156)
Actual Participation Rate	52,717	53,395	53,177	54,040	55,069	53,843	54,250	54,885	55,324	55,638	55,750	55,845
Average Shortfall per CRP Participant	\$ (46)	\$ (33)	\$ 44	\$ 139	\$ 198	\$ 194	\$ 122	\$ 64	\$ 14	\$ (33)	\$ (47)	\$ (50)
Shortfall**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bad Debt Expense Offset**	7.5%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*REVISED
**Bad Debt Expense Offset Applicable When Actual CRP Participation Exceeds 60,000

Appendix A - Top Down Analysis

STATEMENT OF RECONCILIATION UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE SEPTEMBER 2019 THROUGH AUGUST 2020

Month	USC Applicable Volumes	USC Charge	USC Revenue Billed	USC Expenses	Monthly Over/(Under) Recovery	Cumulative Over/(Under) Recovery (\$1,299,707) (\$581,655) (\$1,821,357)	Applicable Volumes	ted volumes
September 2019	Actual	1,138,871	\$ 1,2605	\$ 1,435,490	\$ (1,582,682)	\$ 3,018,152	\$ 1,139,436	565
October	Actual	1,358,986	\$ 1,2195	\$ 1,657,283	\$ (21,738)	\$ 1,679,021	\$ 1,359,011	25
November	Actual	3,752,873	\$ 1,2195	\$ 4,576,629	\$ 4,144,212	\$ 432,417	\$ 3,755,651	2,777
December	Actual	7,048,852	\$ 1,1010	\$ 7,761,111	\$ 9,196,747	\$ (1,435,636)	\$ 7,049,959	1,107
January 2020	Estimated	7,920,522	\$ 0,9826	\$ 7,782,644	\$ 11,673,306	\$ (3,890,662)	\$ 7,922,639	2,116
February	Estimated	8,020,988	\$ 0,9826	\$ 7,881,362	\$ 11,778,261	\$ (3,896,900)	\$ 8,023,532	2,544
March	Estimated	7,151,657	\$ 1,0768	\$ 7,701,234	\$ 9,932,236	\$ (2,231,002)	\$ 7,155,476	3,819
April	Estimated	4,632,251	\$ 1,1711	\$ 5,308,071	\$ 5,243,339	\$ 64,731	\$ 4,634,291	1,650
May	Estimated	2,027,795	\$ 1,1711	\$ 2,374,751	\$ 607,825	\$ 1,766,926	\$ 2,028,229	434
June	Estimated	1,313,847	\$ 1,1711	\$ 1,538,646	\$ (841,393)	\$ 2,380,040	\$ 1,313,847	-
July	Estimated	1,170,163	\$ 1,1711	\$ 1,370,376	\$ (1,057,939)	\$ 2,429,317	\$ 1,170,163	-
August	Estimated	1,079,832	\$ 1,1711	\$ 1,264,591	\$ (1,165,159)	\$ 2,429,749	\$ 1,079,832	-
				\$50,652,190			15,037	\$ 46,516,938

USC Expenses	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	FY 20 Total
ELIRP Expense	\$ (5,610)	\$ 593,111	\$ 775,900	\$ 640,702	\$ 753,384	\$ 753,384	\$ 753,384	\$ 753,384	\$ 753,384	\$ 753,384	\$ 753,384	\$ 753,384	\$ 8,031,177
ELIRP Labor	\$ 22,492	\$ 10,117	\$ 23,353	\$ 14,485	\$ 17,149	\$ 17,149	\$ 17,149	\$ 17,149	\$ 17,149	\$ 17,149	\$ 17,149	\$ 17,149	\$ 207,639
Conservation Incentive Credit	\$ -	\$ 227,500	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 227,600
CRP Discount	\$ (2,403,563)	\$ (1,749,547)	\$ 2,348,336	\$ 7,501,644	\$ 9,484,979	\$ 9,588,893	\$ 7,794,242	\$ 3,218,721	\$ (1,303,240)	\$ (2,716,169)	\$ (2,928,343)	\$ (3,034,021)	\$25,801,933
CRP Forfeiture	\$ 732,550	\$ 803,371	\$ 766,558	\$ 653,112	\$ 1,000,616	\$ 1,006,064	\$ 1,007,880	\$ 1,026,040	\$ 1,035,120	\$ 1,036,936	\$ 1,038,752	\$ 1,040,568	\$11,147,567
Senior Citizen Discount	\$ 71,469	\$ 93,710	\$ 229,965	\$ 386,805	\$ 417,176	\$ 412,771	\$ 359,581	\$ 228,044	\$ 105,411	\$ 67,306	\$ 61,118	\$ 57,761	\$ 2,491,119
Bad Debt Expense Offset*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ (1,582,662)	\$ (21,738)	\$ 4,144,212	\$ 9,196,747	\$ 11,673,306	\$ 11,778,261	\$ 9,932,236	\$ 5,243,339	\$ 607,825	\$ (841,393)	\$ (1,057,939)	\$ (1,165,159)	\$47,907,036

CRP Participation	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	FY 20 Total
Rate Case Participation Rate	60,000	60,000	60,000	60,000									
Actual Participation Rate*	52,717	53,395	53,177	54,040									
CRP Under/(Over) Participation	7,283	6,605	6,823	5,960									
Average Shortfall Per CRP Participant	\$ (2,403,563)	\$ (1,749,547)	\$ 2,348,336	\$ 7,501,644									
CRP Discount	\$ (2,403,563)	\$ (1,749,547)	\$ 2,348,336	\$ 7,501,644									
Actual Participation Rate	52,717	53,395	53,177	54,040									
Average Shortfall per CRP Participant	\$ (46)	\$ (33)	\$ 44	\$ (39)									
Shortfall	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bad Debt Expense Offset*	7.5%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*Bad Debt Expense Offset Applicable When Actual CRP Participation Exceeds 60,000

Item 53.64 (a)
Schedule 9 (b)

**STATEMENT OF RECONCILIATION
UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE
SEPTEMBER 2019 THROUGH AUGUST 2020**

Month	USC Applicable Volumes	USC Charge	USC Revenue Billed	USC Expenses	Monthly Over/(Under) Recovery	Cumulative Over/(Under) Recovery
FY 19 Reconciliation						(\$1,259,707)
FY 17 & FY 18 Conservation Incentive Credit						(\$561,650)
						(\$1,821,357)
September 2019	Actual 1,138,871	\$ 1,2605	\$ 1,435,490	\$ (1,326,316)	\$ 2,761,806	\$940,449
October	Actual 1,358,986	\$ 1,2195	\$ 1,657,283	\$ 296,127	\$ 1,361,156	\$2,301,605
November	Actual 3,752,873	\$ 1,2195	\$ 4,576,629	\$ 4,409,569	\$ 167,060	\$2,468,665
December	Actual 7,048,852	\$ 1,1011	\$ 7,761,138	\$ 9,424,041	\$ (1,662,903)	\$805,762
January 2020	Actual 8,154,457	\$ 0,9826	\$ 8,012,570	\$ 12,222,381	\$ (4,209,811)	(\$3,404,049)
February	Actual 7,509,470	\$ 0,9826	\$ 7,378,805	\$ 11,031,581	\$ (3,652,776)	(\$7,056,825)
March	Actual 5,575,763	\$ 1,1252	\$ 6,273,570	\$ 7,515,387	\$ (1,241,817)	(\$8,298,641)
April	Actual 4,026,854	\$ 1,2677	\$ 5,104,843	\$ 4,939,587	\$ 165,256	(\$8,133,385)
May	Actual 2,857,151	\$ 1,2677	\$ 3,622,010	\$ 3,122,181	\$ 499,829	(\$7,633,556)
June	Actual 1,405,930	\$ 1,2677	\$ 1,782,298	\$ (43,941)	\$ 1,826,239	(\$5,807,317)
July	Actual 1,028,875	\$ 1,2677	\$ 1,304,305	\$ (1,169,335)	\$ 2,473,640	(\$3,333,677)
August	Actual 949,950	\$ 1,2677	\$ 1,204,252	\$ 1,469,854	\$ (265,602)	(\$3,599,280)

Forgiveness error of 2.8 removed \$(2,829,211)
Actual Sales for January through August replaced estimated sales
CIC and Forgiveness adjusted as if it was known at the time of the filing
June CIC estimate not included in original filing
Rate changed to reflect increase in expenses.

USC Expenses	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	FY2020 Total
ELIRP Expense	\$ (5,610)	\$ 593,111	\$ 775,900	\$ 640,702	\$ 753,384	\$ 753,384	\$ 753,384	\$ 753,384	\$ 753,384	\$ 753,384	\$ 753,384	\$ 753,384	\$ 8,031,177
ELIRP Labor	\$ 22,492	\$ 10,117	\$ 23,353	\$ 14,485	\$ 17,149	\$ 17,149	\$ 17,149	\$ 17,149	\$ 17,149	\$ 17,149	\$ 17,149	\$ 17,149	\$ 207,639
Conservation Incentive Credit	\$ -	\$ 227,500	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 227,600	\$ -	\$ -	\$ 455,200
CRP Discount	\$ (2,403,563)	\$ (1,749,547)	\$ 2,348,336	\$ 7,501,644	\$ 10,009,198	\$ 8,853,163	\$ 5,440,667	\$ 2,915,623	\$ 1,144,434	\$ (2,159,744)	\$ (3,040,850)	\$ (3,226,446)	\$25,632,914
CRP Forgiveness	\$ 988,896	\$ 1,121,236	\$ 1,031,915	\$ 880,406	\$ 1,000,616	\$ 1,006,064	\$ 1,007,880	\$ 1,026,040	\$ 1,035,120	\$ 1,036,936	\$ 1,038,752	\$ 3,869,779	\$15,043,640
Senior Citizen Discount	\$ 71,469	\$ 93,710	\$ 229,965	\$ 386,805	\$ 442,033	\$ 401,820	\$ 296,307	\$ 227,391	\$ 172,094	\$ 80,733	\$ 62,230	\$ 55,988	\$ 2,520,546
Bad Debt Expense Offset*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ (1,326,316)	\$ 296,127	\$ 4,409,569	\$ 9,424,041	\$ 12,222,381	\$ 11,031,581	\$ 7,515,387	\$ 4,939,587	\$ 3,122,181	\$ (43,941)	\$ (1,169,335)	\$ 1,469,854	\$51,891,117

CRP Participation				
Rate Case Participation Rate	60,000	60,000	60,000	60,000
Actual Participation Rate*	52,717	53,395	53,177	54,040
CRP Under/(Over) Participation	7,283	6,605	6,823	5,960
Average Shortfall Per CRP Participant				
CRP Discount	\$ (2,403,563)	\$ (1,749,547)	\$ 2,348,336	\$ 7,501,644
Actual Participation Rate	52,717	53,395	53,177	54,040
Average Shortfall per CRP Participant	\$ (46)	\$ (33)	\$ 44	\$ 139
Shortfall*	\$ -	\$ -	\$ -	\$ -
Bad Debt Expense Offset* 7.5%	\$ -	\$ -	\$ -	\$ -

*Bad Debt Expense Offset Applicable When Actual CRP Participation Exceeds 60,000

Appendix C - Billed Sales Difference

USC Applicable Volumes			Forecasted Budget rate	Revenue based on lower sales	USC Applicable Volumes					
Forecasted Sales	Actual Sales	Difference in Billed Sales	Forecasted USC Rate		Forecasted Sales	Forecasted USC Rate	Actual USC Rate	Forecasted Billed Revenue	Actual Rate Billed Revenue	Difference in Billed Revenue
1,138,871	1,138,871	-	\$ 1.2605	-	1,138,871					
1,358,986	1,358,986	-	\$ 1.2195	-	1,358,986					
3,752,873	3,752,873	-	\$ 1.2195	-	3,752,873					
7,048,852	7,048,852	-	\$ 1.1010	-	7,048,852					
7,920,522	8,154,457	(233,935)	\$ 0.9826	(229,863)	7,920,522					
8,020,988	7,509,470	511,518	\$ 0.9826	502,614	8,020,988					
7,151,657	5,575,763	1,575,894	\$ 1.0768	1,696,995	7,151,657					
4,532,551	4,026,660	505,891	\$ 1.1711	592,449	4,532,551					
2,027,795	2,857,151	(829,356)	\$ 1.1711	(971,259)	2,027,795					
1,313,847	1,405,930	(92,083)	\$ 1.1711	(107,838)	1,313,847	\$ 1.1711	\$ 1.1742	\$ 1,538,646.37	\$ 1,542,719.30	\$ 4,072.93
1,170,163	1,028,875	141,288	\$ 1.1711	165,462	1,170,163	\$ 1.1711	\$ 1.1773	\$ 1,370,377.91	\$ 1,377,632.92	\$ 7,255.01
1,079,832	949,950	129,881	\$ 1.1711	152,104	1,079,832	\$ 1.1711	\$ 1.1773	\$ 1,264,590.89	\$ 1,271,285.85	\$ 6,694.96
46,516,938	44,807,840	1,709,098		1,800,664	46,516,938					\$ 18,022.89
				\$ 1,782,641.07						

* The forecast would have been \$1,800,664 lower based on lower sales. Offset by the change increase in rate beginning June 2020.

Lower USC Revenue Billed	(\$1,800,664)	Item 1: Lower USC Revenue due to decline in billed volumes and lower rates
Higher USC Charge	18,022	USC charge increased in June 2020

Appendix C - Billed Sales Difference

STATEMENT OF RECONCILIATION UNIVERSAL SERVICES & ENERGY CONSERVATION SURCHARGE SEPTEMBER 2019 THROUGH AUGUST 2020

Month	USC Applicable Volumes	USC Charge	USC Revenue Billed	USC Expenses	Monthly Over/(Under) Recovery	Cumulative Over/(Under) Recovery	Actual rate			
FY 19 Reconciliation										\$0
FY 17 & FY 18 Conservation Incentive Credit										\$0
September 2019	Actual	-	-	(256,346)	256,346	256,346				\$0
October	Actual	-	-	(317,865)	317,865	574,211				\$0
November	Actual	-	-	(265,357)	265,357	839,568				\$0
December	Actual	-	-	(227,295)	227,295	1,066,863				\$0
January 2020	Actual	(233,935)	-	(229,863)	(650,283)	420,420	1,487,283	0.9826	(229,863)	\$0
February	Actual	511,518	-	502,614	(1,140,289)	1,642,903	3,130,196	0.9826	502,614	\$0
March	Actual	1,575,894	-	1,689,995	1,348,534	349,461	3,479,648	1.0768	1,689,995	\$0
April *	Actual	508,891	-	592,449	302,296	200,153	3,678,800	1.1711	592,449	\$0
May	Actual	(829,356)	-	(971,259)	(1,451,818)	480,559	4,159,359	1.1711	(971,259)	\$0
June	Actual	(92,083)	(0.0031)	(112,211)	(240,748)	128,537	4,287,896	1.1742	(108,125)	\$0
July	Actual	141,288	(0.0062)	159,062	470,692	(311,831)	3,976,265	1.1773	166,341	\$0
August	Actual	129,881	(0.0062)	146,195	(3,420,312)	3,966,507	7,942,773	1.1773	152,912	\$0
		1,709,098		\$ 1,783,962						\$ 1,802,064
					\$ 18,083					

Lower USC Revenue Billed	(\$1,802,064)	Item 1: Lower USC Revenue due to decline in billed volumes and lower rates
Higher USC Charge	18,083	USC charge increased in June 2020

Applicable

Volumes ted volumes

Month	Actual	Volume	ted volume
September 201	\$ 1,139,436	565	1,138,871
October	\$ 1,359,011	25	1,358,986
November	\$ 3,755,651	2,777	3,752,873
December	\$ 7,049,959	1,107	7,048,852
January 2020	\$ 8,158,577	1,120	8,154,457
February	\$ 7,910,474	1,004	7,909,470
March	\$ 6,578,787	994	6,575,763
April	\$ 4,026,692	32	4,026,660
May	\$ 2,857,165	14	2,857,151
June	\$ 1,407,863	1,933	1,405,930
July	\$ 1,030,755	1,880	1,028,875
	\$ 951,081	1,131	949,950
	44,820,421	12,581	44,807,840

USC Expenses	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	FY2020 Total
EURP Expense	\$ -	\$ -	\$ -	\$ -	\$ 712,424	\$ (454,183)	\$ 84,163	\$ 433,992	\$ 494,481	\$ 621,226	\$ 686,936	\$ (525,560)	\$ 2,933,481
EURP Labor	\$ -	\$ -	\$ -	\$ -	(1)	\$ 1,663	\$ 580	\$ 2,776	\$ (4,303)	\$ 3,920	\$ 595	\$ 1,640	\$ - 9,707
Conservation Incentive Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (212,300)	\$ -	\$ -	\$ (212,300)
CRP Discount	\$ -	\$ -	\$ -	\$ -	\$ (1,418,218)	\$ (868,667)	\$ 1,165,974	\$ (306,748)	\$ (2,053,009)	\$ (887,080)	\$ (331,434)	\$ (259,865)	\$ (4,959,046)
CRP Forgiveness	\$ (256,346)	\$ (317,865)	\$ (265,357)	\$ (227,294)	\$ 109,624	\$ 217,503	\$ 60,964	\$ 267,507	\$ 157,635	\$ 245,453	\$ 116,877	#####	\$ (2,528,387)
Senior Citizen Discount	\$ -	\$ -	\$ -	\$ -	\$ (55,776)	\$ (35,522)	\$ 34,656	\$ (5,293)	\$ (46,622)	\$ (11,968)	\$ (2,282)	\$ 960	\$ (122,366)
Bad Debt Expense Offset**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ (256,346)	\$ (317,865)	\$ (265,357)	\$ (227,295)	\$ (650,283)	\$ (1,140,289)	\$ 1,348,534	\$ 392,296	\$ (1,451,818)	\$ (240,748)	\$ 470,692	#####	\$ (5,758,791)

CRP Participation	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	FY2020 Total
Rate Case Participation Rate	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Actual Participation Rate*	52,717	53,395	53,177	54,040	55,069	53,843	54,250	54,885	55,324	55,638	55,750	55,845	55,845
CRP Under/(Over) Participation	7,283	6,605	6,823	5,960	4,931	6,157	5,750	5,115	4,676	4,362	4,250	4,155	4,155
Average Shortfall Per CRP Participant													
CRP Discount	\$ -	\$ -	\$ -	\$ -	\$ (1,418,218)	\$ (868,667)	\$ 1,165,974	\$ (306,748)	\$ (2,053,009)	\$ (887,080)	\$ (331,434)	\$ (259,865)	
Actual Participation Rate	52,717	53,395	53,177	54,040	55,069	53,843	54,250	54,885	55,324	55,638	55,750	55,845	
Average Shortfall per CRP Participant	\$ -	\$ -	\$ -	\$ -	\$ (26)	\$ (16)	\$ 21	\$ (6)	\$ (37)	\$ (16)	\$ (6)	\$ (5)	
Shortfall**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Bad Debt Expense Offset**	7.5%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

*REVISIED
**Bad Debt Expense Offset Applicable When Actual CRP Participation Exceeds 60,000

Schedule 8 (b)

Appendix D - WNA Estimate

		Effect of the WNA on CRP Discount								
		Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Total
Customers	Residential	395,063	395,371	397,673	395,344	392,966	393,395	393,774	391,806	
	CRP	53,870	53,754	53,518	53,667	54,483	54,778	55,165	55,325	
	Total Residential	448,933	449,125	451,191	449,011	447,449	448,173	448,939	447,131	
	Residential WNA	\$ 3,728,711	\$ 7,072,716	\$ 4,513,805	\$ 31,428	\$ (3,795,106)	\$ (516,212)	\$ 149	\$ (294)	\$ 11,035,198
	Per customer	\$ 8.31	\$ 15.75	\$ 10.00	\$ 0.07	\$ (8.48)	\$ (1.15)	\$ 0.00	\$ (0.00)	
	Average residential usage - non-CRP	69.5								
	Average residential usage - CRP	105.9								
	Total non-CRP residential usage	27,456,878.50								
	Total CRP residential usage	5,704,833								
		33,161,712								
	usage basis - CRP	0.172030717								
	percent of customers - CRP	0.119995634								
	CRP WNA	\$ 641,452.78	\$ 1,216,724.45	\$ 776,513.17	\$ 5,406.58	\$ (652,874.72)	\$ (88,804.36)	\$ 25.67	\$ (50.58)	\$ 1,898,392.99