

**I&E Statement No. 4
Witness: Rachel Maurer**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA INC.

**Docket Nos. R-2012-2321748
M-2012-2323645**

Direct Testimony

of

Rachel Maurer

Bureau of Investigation and Enforcement

Concerning:

**CONSUMER EDUCATION
WARMWISE: AUDITS & REBATES
MANAGEMENT PERFORMANCE**

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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PENNSYLVANIA PUBLIC UTILITY
COMMISSION

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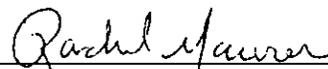
COLUMBIA GAS OF
PENNSYLVANIA, INC.

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Docket Nos. R-2012-2321748
M-2012-2323645

VERIFICATION OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT

I, Rachel Maurer, on behalf of the Bureau of Investigation and Enforcement, hereby verify that the documents preliminarily identified as I&E Statement No. 4, I&E Exhibit No. 4, I&E Statement No. 4-R, I&E Exhibit No. 4-R, and I&E Statement No. 4-SR was prepared by me or under my direct supervision and control. Furthermore, the facts contained therein are true and correct to the best of my knowledge, information and belief and I expect to be able to prove the same at an Evidentiary Hearing in this matter. This Verification is made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.



Rachel Maurer
Fixed Utility Financial Analyst
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement

Dated: February 13, 2013

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Rachel Maurer. I am employed by the Pennsylvania Public Utility
4 Commission in the Bureau of Investigation and Enforcement (I&E) as a Fixed
5 Utility Financial Analyst. My business address is P.O. Box 3265, Harrisburg, PA
6 17105-3265.

7
8 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
9 **EXPERIENCE IN UTILITY REGULATION.**

10 A. My education and professional background are set forth in Appendix A, which is
11 attached.

12
13 **Q. PLEASE DESCRIBE THE ROLE OF I&E IN RATE PROCEEDINGS.**

14 A. I&E is responsible for protecting the public interest in rate proceedings. I&E's
15 analysis in this proceeding is based on its responsibility to represent the public
16 interest. This responsibility requires the balancing of the interests of the
17 ratepayers and the company.

18
19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

20 A. The purpose of my testimony is to address the proposed \$300,000 increase in
21 consumer education funding for the new "Count on Columbia" program, the
22 WarmWise Audits & Rebates budget level of \$750,000, and Mr. Kempic's claims

1 that Columbia Gas of Pennsylvania, Inc. (Columbia or Company) provides a level
2 of service that is superior to the industry average.

3
4 **CONSUMER EDUCATION**

5 **Q. WHAT IS “COUNT ON COLUMBIA”?**

6 A. Count on Columbia is the Company’s proposed new consumer education program.
7 In Columbia Statement No. 18, Pages 2-3, Company Witness Rachel Ford states,
8 “The goal of Count on Columbia is to drive awareness and education among
9 Columbia’s consumers of the positive impact that the Company’s infrastructure
10 replacement program has had on natural gas safety, the communities we serve, and
11 the economy.”

12
13 **Q. WHAT IS THE EXPENSE CLAIM ASSOCIATED WITH COUNT ON**
14 **COLUMBIA IN THE COMPANY’S BASE RATE FILING?**

15 A. The Company is proposing to recover \$300,000 annually through base rates.

16
17 **Q. WHAT IS THE BASIS FOR THE COMPANY’S CLAIM?**

18 A. The Company claims that there is an increased need for consumer education
19 among its customers based on the possibility that customers may have developed
20 an inaccurate idea of the cost of providing safe and reliable service. On page 2,
21 Ms. Ford bases this claim on the fact that Columba initiated an “aggressive

1 replacement program” in 2007 and prior to that had not filed a base rate case since
2 1995.

3 The second reason given to support increased expenditures in consumer
4 education is the Commission’s *Policy Statement Regarding Utility Service Outage*
5 *Public Notification Guidelines* at Docket No. M-2008-2065532, entered on
6 December 15, 2011. On page 4, Ms. Ford claims that “While the Commission’s
7 statement was focused on improving communication during public outages, the
8 Commission’s desire for utilities to better communicate with their customers can
9 apply to more than just service interruptions.”

10 Additionally, Ms. Ford cites a 2011 J.D. Power survey to show that
11 Columbia’s overall customer communication satisfaction scores decreased from
12 2010 to 2011. The survey also showed that less than one-third of customers
13 surveyed noticed any type of communication from Columbia and only 15% of
14 customers surveyed retained messages about company image.

15
16 **Q. DO YOU AGREE WITH THE COMPANY’S CLAIM?**

17 A. No.

18
19 **Q. WHY NOT?**

20 A. The Company’s proposed new customer education program is little more than
21 additional Company advertising. This expense should not be paid for by
22 ratepayers especially when Columbia is already requesting to recover \$159,942

1 from ratepayers for advertising in the Fully Projected Future Test Year. Columbia
2 Exhibit No. 104, Schedule No. 1, Page 2.

3
4 **Q. WHAT DO YOU RECOMMEND?**

5 A. I recommend that Columbia not be permitted to recover an additional \$300,000
6 from ratepayers to fund the proposed Count on Columbia program.

7
8 **Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?**

9 A. As stated above this program is little more than Columbia's effort to foster its
10 brand with customers. This activity is not one to be borne by ratepayers. The
11 support cited by Ms. Ford for implementing the Count on Columbia program is
12 insufficient to allow the collection of an additional \$300,000 from ratepayers. The
13 facts that in the past Columbia did not file frequent base rate cases and Columbia's
14 decreasing customer satisfaction scores are not sufficient reasons to warrant
15 ratepayers being required to pay Columbia an additional \$300,000 per year.
16 Additionally, the Commission's Final Policy Statement mentioned by Ms. Ford is
17 not applicable to this situation.

18 If the lack of base rate cases filed prior to the replacement program in 2007
19 caused consumers to develop a misconception as to the cost of providing service,
20 the fact that Columbia has filed cases approximately every two years since 2007
21 should have adequately instructed customers about the Company's increased costs
22 of service since then. If a lack of base rate cases prior to 2007 caused consumers

1 to understand that their lower rates were reflective of the cost of service, it follows
2 that the increasing rates since 2007 should also be sufficient to aid consumers in
3 understanding the increasing cost of service.

4 The second reason offered by Ms. Ford, the Commission's Final Policy
5 Statement for communications during emergencies, is not valid. As stated on page
6 7 of the Final Policy Statement,

7 The policy statement is intended to provide guidance to the industry
8 regarding the types of public notice necessary to meet the
9 reasonableness standard in the Public Utility Code at 66 Pa. C.S.
10 §1501. The purpose of this policy statement is to help ensure that
11 actual, timely notice to customers is provided by utilities whenever
12 any event disrupts service or potentially endangers public safety.
13

14 Accordingly, this policy statement addresses interruptions in service only and does
15 not provide guidance to utilities on communication with customers during normal
16 operations.

17 Additionally, the fact that Columbia's customer satisfaction scores
18 decreased does not mean that the Company should be allowed to recover an
19 additional \$300,000 from customers. If only 31% of customers notice Columbia's
20 current efforts of communication and only 15% retain any messages about
21 Company image, the Company may need to change the current methodology used
22 for advertising instead of spending additional money on advertising. Moreover,
23 based upon how the Company has sought to use the results of other J.D. Power
24 surveys in this case to seek an additional boost to its equity return, if Columbia
25 were successful in raising its customer communication satisfaction scores, it

1 would likely seek to use those increased scores to seek an additional equity reward
2 for shareholders. This puts customers in the untenable situation of being required
3 to pay more in rates so that the Company can provide better service, only to be
4 then asked to pay more in rates because the service is better.

5 Since 2007 when the Company began a regular and sustained course of
6 filing base rate cases, it has had three opportunities to fully explain the increase to
7 its cost of distribution service caused by its aging infrastructure. Better
8 explanations provided during these base rate cases, times in which customers are
9 paying particular attention to their gas service, would be more fruitful and less
10 expensive than the Company's proposed Count on Columbia proposal.

11
12 **Q. DOES COLUMBIA HAVE ANOTHER EXISTING PROGRAM TO**
13 **ADDRESS CUSTOMER EDUCATION ABOUT COMPANY**
14 **INFRASTRUCTURE THAT IS ALREADY RATEPAYER FUNDED?**

15 **A.** Yes. Columbia's Public Awareness Program already addresses the import of its
16 facilities and infrastructure. As can be seen in I&E Exhibit No. 4, Schedule 1, the
17 goals of Count on Columbia and the Public Awareness Program are both focused
18 on Company infrastructure and natural gas safety.

1 **Q. DOES COLUMBIA HAVE ANOTHER EXISTING PROGRAM TO**
2 **ADDRESS CUSTOMER EDUCATION ABOUT COMPANY BILLING,**
3 **RATES, AND SUPPLY THAT IS RATEPAYER FUNDED?**

4 A. Yes. The Company already proposes to recover from ratepayers advertising
5 monies that are educational in nature with regard to billing, rates, and supply.
6 (Company Exhibit No. 4, Schedule No. 8, Page 2). This expense claim has goals
7 similar to that of Count on Columbia. Such redundancy is not in the public
8 interest, especially when Company witness Ford cites to the customers'
9 knowledge of the Company's "image" as support for the Count of Columbia
10 expense (Company Statement No. 18, Page 6). As the goals of Count on
11 Columbia are already being met through Columbia's Public Awareness Program
12 and advertising monies, the Company should not be permitted to recover an
13 additional \$300,000 through base rates.

14

15 **WARMWISE AUDITS & REBATES**

16 **Q. WHAT IS THE WARMWISE AUDITS & REBATES PROGRAM?**

17 A. The WarmWise Audits & Rebates (WarmWise A&R) program is managed by
18 Columbia to promote energy efficiency among customers whose incomes are
19 between 151% and 250% of the Federal Poverty Guideline. The program
20 currently has a yearly budget of \$750,000.

1 **Q. WHAT DOES THE COMPANY PROPOSE?**

2 A. In Columbia Statement No. 1 on page 36, Mr. Kempic proposes that the Company
3 be permitted to make changes to the WarmWise A&R program design without
4 seeking Commission approval for each change with the condition that Columbia
5 will not exceed the current funding level of \$750,000.

6

7 **Q. DO YOU AGREE WITH THE COMPANY'S PROPOSAL?**

8 A. Not entirely.

9

10 **Q. WHAT IS YOUR RECOMMENDATION?**

11 A. I do not oppose Columbia's request to make changes to the WarmWise A&R
12 program without seeking Commission approval. However, one design feature that
13 Columbia should not be permitted to change is the customer eligibility
14 qualification of having an income between 151% and 250% of the Federal Poverty
15 Guideline. Additionally, I recommend that the funding level for the WarmWise
16 A&R program be reduced to \$200,000.

1 **Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?**

2 A. The WarmWise A&R program has a current annual funding level of \$750,000;
3 however, in the past three years, Columbia has not spent \$750,000 annually. The
4 actual historical program costs for the WarmWise A&R program were as follows:

Year	Actual Cost
2009	\$211,284
2010	\$76,121
2011	\$194,999

5 Source: I&E Exhibit No. 4, Schedule No. 2

6 Columbia has spent an average of \$160,800 annually over the prior three years.
7 Accordingly, I recommend a budget of \$200,000, resulting in a \$550,000
8 reduction to the Company's claim, because it more accurately represents the
9 historical expense incurred. While this amount is reconciled in the company's
10 Universal Service Plan Rider, it is unreasonable to repeatedly artificially inflate
11 the budget in view of the historical expense.

12 Additionally, although the design and implementation of the program
13 should be left to the discretion of the Company, the scope and intent of the
14 program should not change. On page 35 of Columbia St. 1, Mr. Kempic defines
15 the scope of the program as offering energy efficiency benefits to "customers who
16 are slightly over the income qualification for Columbia's WarmWise LIURP." As
17 the WarmWise A&R program is currently intended to assist low-income
18 customers who fall just outside of the qualifications for Columbia's other

1 programs, the 151% to 250% of the Federal Poverty Guideline income
2 qualification should not change.

3
4 **MANAGEMENT PERFORMANCE**

5 **Q. WHAT DOES THE COMPANY CLAIM REGARDING MANAGEMENT**
6 **PERFORMANCE?**

7 A. On page 27 of Columbia Statement No. 1, Company Witness Mark R. Kempic
8 states that “Columbia’s management consistently performs above average and
9 provides a superior level of customer service as measured by numerous industry
10 and Commission metrics.” Mr. Kempic references statistics from the
11 Commission’s 2011 Quality of Service Benchmarking Report to show that
12 Columbia performs above average. On page 31, Mr. Kempic references the 2011
13 Utility Consumer Activities Report and Evaluation (UCARE) as support for his
14 statement that, “Columbia continues to perform better than the industry average in
15 every category.” On page 32, Mr. Kempic also uses the 2011 J.D. Power
16 Residential Customer Satisfaction Survey to claim that “Columbia once again
17 ranked in the top quartile among the other mid-size local gas utilities in the east
18 region.” Columbia Statement No. 1, Page 32.

1 **Q. DO YOU AGREE WITH MR. KEMPIC'S CLAIMS?**

2 A. No. As demonstrated below, Mr. Kempic has selectively highlighted specific
3 statistics to support his claim while ignoring others that do not.

4
5 **Q. DO THE COMMISSION REPORTS SHOW THAT COLUMBIA**
6 **CONSISTENTLY PERFORMS ABOVE AVERAGE?**

7 A. No. I'll first review the results of the Bureau of Consumer Services Quality of
8 Service Benchmarking Report, one report relied on by Mr. Kempic.

9
10 **Q. PLEASE DESCRIBE THE QUALITY OF SERVICE BENCHMARKING**
11 **REPORT.**

12 A. The Quality of Service Benchmarking Report is officially titled *Customer Service*
13 *Performance Report, Pennsylvania Electric & Natural Gas Distribution*
14 *Companies* and is distributed annually by the Bureau of Consumer Services of the
15 Pennsylvania Public Utility Commission. The report presents quality of service
16 data for both Electric Distribution Companies (EDCs) and the major Natural Gas
17 Distribution Companies (NGDCs). Commission regulations require both EDCs
18 and NGDCs to report statistics on various components of customer service. The
19 Bureau of Consumer Services summarizes the statistics in the annual Quality of
20 Service Benchmarking Report.

1 **Q. HOW DOES COLUMBIA’S PERFORMANCE AS REPORTED IN THE**
2 **QUALITY OF SERVICE REPORT SUPPORT MR. KEMPIC’S CLAIM**
3 **THAT COLUMBIA PROVIDES SUPERIOR SERVICE?**

4 A. As Mr. Kempic states, in the 2011 Quality of Service Benchmarking Report,
5 Columbia had a 90%+ customer satisfaction rating for its Call Center
6 Representatives (CSR) courtesy and knowledge. Columbia Statement. No. 1,
7 Page. 28. While in isolation these may appear attractive, as demonstrated below,
8 when reviewed in context and compared with the industry averages of 94% CSR
9 rating for courtesy and 91% CSR rating for knowledge, Columbia is average in
10 courtesy and below average in knowledge.

Company	2011 Call Center Representative's Courtesy	2011 Call Center Representative's Knowledge
UGI Penn Natural	92%	89%
PGW	92%	90%
Columbia	94%	90%
Peoples	94%	91%
Equitable	95%	92%
UGI-Gas	95%	92%
NFG	95%	93%
Average	94%	91%

11
12 Mr. Kempic also points out Columbia’s ratings for its Field Service
13 Representatives’ courtesy and knowledge were 95%+. Again, as demonstrated
14 below, while these are attractive ratings, the industry’s averages of 97% for

1 courtesy and 95% for knowledge are also 95%+, and every company surveyed had
 2 results in the mid to upper nineties.

Company	2011 Field Representative's Courtesy	2011 Field Representative's Knowledge
Columbia	98%	98%
Equitable	97%	96%
NFG	97%	93%
Peoples	95%	93%
PGW	96%	96%
UGI Penn Natural	96%	95%
UGI-Gas	97%	94%
Average	97%	95%

3 On page 30 of Columbia Statement No. 1, Mr. Kempic states that Columbia
 4 had a busy-out rate (a measure of the number of calls that receive a busy signal) of
 5 0%. However, as demonstrated below, five of the seven companies surveyed had
 6 a busy-out rate of 0%. Mr. Kempic also states that Columbia's call abandonment
 7 rate of 2% is the "lowest call abandonment rate in Pennsylvania's gas industry
 8 during 2011." Columbia Statement. No. 1, Page. 30. Not only does Peoples
 9 Natural Gas share the 2% rating, but also the industry average for 2011 was only
 10 3.6%.

Company	2011 Busy-Out Rate	2011 Call Abandonment Rate
Peoples	0%	2%
Columbia	0%	2%
PGW	0%	3%
UGI Penn Natural	0%	4%
UGI-Gas	0%	4%
Equitable	1%	3%
NFG	1%	7%
Average	0.3%	3.6%

1 Although in some specific statistics Columbia performs slightly above average,
2 when balanced with the rest of the report, Columbia is average and does not
3 provide customer service superior to its natural gas industry peers.

4 As demonstrated in the BCS Quality of Service Benchmarking Report,
5 Columbia performs better than the industry average in the following 7 of the 27
6 metrics.

	Columbia	Industry Average	Difference
Call Abandonment Rate	2.00%	3.57%	-1.57%
Consumer Ratings of NGDC Representatives - Very Courteous	86.00%	85.00%	1.00%
Ease of Using NGDC's Automated Telephone system	78.00%	77.00%	1.00%
Field Representative's Courtesy	98.00%	97.00%	1.00%
Field Representative's Respect for Property	100.00%	98.00%	2.00%
Overall Satisfaction with Contact: Credit/Collection	91.00%	88.00%	3.00%
Field Representative's Knowledge	98.00%	95.00%	3.00%

1 Columbia performs in line with the industry average (deviation less than
 2 1% from the industry average) for the following 9 of the 27 metrics.

	Columbia	Industry Average	Difference
Busy-Out Rate	0.00%	0.29%	-0.29%
Percent of Bill to Small Business Customers Not Rendered Once/Billing Period	0.00%	0.02%	-0.02%
Percent of Residential Bills Not Rendered Once Every Billing Period	0.00%	0.01%	-0.01%
Consumer Ratings of NGDC Representatives - Very Knowledgeable	79.00%	79.00%	0.00%
Overall Satisfaction with the Way Premise Visit Handled	96.00%	96.00%	0.00%
Satisfaction that Work Completed Promptly	86.00%	86.00%	0.00%
Percent of Residential Meters Not Read in 12 Months	0.05%	0.01%	0.04%
Percent of Residential Meters Not Read by Company or Customer in Six Months	0.14%	0.07%	0.07%
Satisfaction with NGDC Representative's Handling of the Contact	90.00%	89.57%	0.43%

1

Columbia performs below average for the following 11 of 27 metrics.

	Columbia	Industry Average	Difference
Percent of Calls Answered Within 30 Seconds	77.00%	82.29%	-5.29%
Satisfaction with Wait to Speak to an NGDC Representative	78.00%	83.00%	-5.00%
Overall Satisfaction with Contact: Other	83.00%	86.00%	-3.00%
Satisfaction that Work Completed in a Timely Manner	85.00%	88.00%	-3.00%
Satisfaction with Easy of Reaching NGDC	83.00%	85.43%	-2.43%
Satisfaction with Using NGDC Automated Phone System	71.00%	72.67%	-1.67%
Overall Satisfaction with NGDC's Quality of Service During Recent Contact	85.00%	86.43%	-1.43%
Overall Satisfaction with Contact: Overall	85.00%	86.00%	-1.00%
Satisfaction with Choices Offered by Automated Telephone System	76.00%	77.00%	-1.00%
Consumer Ratings of NGDC Representatives - Somewhat Courteous	8.00%	9.00%	-1.00%
Consumer Ratings of NGDC Representatives - Somewhat Knowledgeable	11.00%	12.00%	-1.00%

2

3

Columbia performs above average in 26% of BCS' metrics, average 33% of

4

the time, and below average in 41% of the metrics. Columbia is no more than

5

average among its industry peers.

6

7

Q. WHAT OTHER METRICS DOES MR. KEMPIC OFFER TO SUPPORT

8

HIS CONCLUSION THAT COLUMBIA'S MANAGEMENT IS

9

SUPERIOR?

1 A. Mr. Kempic also relies on the BCS UCARE report.

2

3 **Q. PLEASE BRIEFLY DESCRIBE THE BCS UCARE REPORT.**

4 A. The UCARE report is compiled by the Bureau of Consumer Services and contains
5 information on performance of electric, gas, water and telephone utilities.

6 Performance measures include consumer complaint rate, justified consumer

7 complaint rate, response time to consumer complaints, payment arrangement

8 request rate, justified payment arrangement request rate, response time to payment

9 arrangement requests, infraction rate and termination rate.

10

11 **Q. DOES COLUMBIA'S PERFORMANCE AS REPORTED IN THE UCARE**
12 **REPORT SUPPORT MR. KEMPIC'S CLAIM THAT COLUMBIA**
13 **PROVIDES SUPERIOR SERVICE?**

14 A. No. Mr. Kempic maintains that the UCARE report demonstrates that Columbia
15 performs "significantly better than the industry average" and he highlights

16 Columbia's 0.61 consumer complaint rate and its 2.24 payment arrangement

17 request rate. Columbia Statement No. 1, Page 31. Although the statistics of a 0.61

18 customer complaint rate and a 2.24 payment arrangement request rate may appear

19 attractive in isolation, as can be seen by the following table, other measurements

20 of consumer activity in the UCARE report show that Columbia is only marginally

21 above average, not significantly above average as claimed by Mr. Kempic.

	Columbia	Industry Average
Consumer Complaint Rate	0.61%	0.91%
Justified Consumer Complaint Rate	0.06%	0.10%
Response Time to BCS Residential Consumer Complaints (in days)	7.3	7.4
Commission Infraction Rate	0.03%	0.08%

1

2 **Q. WHAT OTHER MEASURE OF CUSTOMER SATISFACTION DOES MR.**
3 **KEMPIC USE TO CLAIM SUPERIOR PERFORMANCE?**

4 A. Mr. Kempic used the 2011 J.D. Power Residential Customer Satisfaction Survey.

5

6 **Q. DOES COLUMBIA'S PERFORMANCE AS REPORTED IN THE J.D.**
7 **POWER REPORT SUPPORT MR. KEMPIC'S CLAIM THAT COLUMBIA**
8 **PROVIDES SUPERIOR PERFORMANCE?**

9 A. No. Columbia's satisfaction rating was 620 and the midsize segment of the
10 eastern region had an average of 609. When compared with the national industry
11 average of 627, however, Columbia's performance nationally is below average.
12 I&E Exhibit No. 4, Schedule 3. Additionally, as seen in I&E Exhibit No. 4,
13 Schedule 4, Columbia's satisfaction rating in the 2012 J.D. Power Report was 629
14 while the east midsize segment had an average of 622. Columbia's satisfaction
15 rating may have improved by 9 points, but the east midsize segment average
16 improved by 13 points.

1 Q. WHAT IS YOUR CONCLUSION REGARDING COLUMBIA'S CLAIM OF
2 SUPERIOR PERFORMANCE?

3 A. While some individual statistics may appear attractive, when viewed as a whole,
4 the J.D. Power report along with the Quality of Service Report and the UCARE
5 Report demonstrate that Columbia's performance is average.

6

7 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

8 A. Yes.

Rachel Maurer

Professional Experience:

Commonwealth of Pennsylvania, Public Utility Commission
Fixed Utility Financial Analyst
November 2011 – Current

Commonwealth of Pennsylvania, Unemployment Compensation Tax Services
Tax Technician
February 2008 – November 2011

Select Medical Corporation
Accounts Payable Representative
November 2007 – February 2008

Education:

Lebanon Valley College
Bachelor of Science, Accounting
May 2007

National Association of Regulatory Utility Commissioners Utility Rate School
(conducted by NARUC's Committee on Water and the Institute of Public Utilities,
Michigan State University), October 29-November 2, 2012.

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COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748
Data Requests

Bureau of Investigation and Enforcement – Set RE

Question No. I&E-RE-6-D:

Reference Columbia Statement No. 18. Other than the proposed Count on Columbia program, identify any current consumer education programs and provide the following:

- A. The goal of each program;
- B. The year the program began and the anticipated end year;
and
- C. Actual and project costs for the years 2011 to 2014.

Response:

Other than the proposed Count on Columbia program, Columbia Gas of Pennsylvania ("Columbia" or "Company") is currently implementing the following:

1. **WarmWise Energy Efficiency Information Program ("EEI")** – A consumer education program offering all customers energy efficiency educational material.
2. **Cold Weather Minute** – A consumer energy efficiency tips program.
3. **Public Awareness Program** – An external education program following guidance from the American Petroleum Institute's ("API's") Recommended Practice ("RP") 1162.

WarmWise Energy Efficiency Information Program

A. Goal:

The goal is to help customers better manage energy use and gas heating costs by reducing natural gas consumption.

B. Timeline:

The program was approved in 2008, under the name of Conservation Awareness, and there are no current plans to end the program.

C. Budget:

WarmWise EEI	2011	2012	2013	2014
Budget	\$10,000	\$10,000	\$10,000	\$10,000
Annual Spend	\$5,278	TBD	TBD	TBD

**Annual budgets are based on a 12-month calendar year and the 2012 actual spend will be determined at calendar year end.*

Cold Weather Minute

A. Goal:

To externally communicate energy saving tips that help customers manage their energy bills during the winter heating season by using energy wisely.

B. Timeline:

The program was started during the 2009-2010 winter heating season and there are no current plans to end the program.

C. Budget:

The tips are communicated via news release to print and broadcast media outlets across Columbia's service territory, as well as posted on Columbia's web site so there is no incremental cost other than what is already embedded in base rates,

Public Awareness Program

A. Goal

To educate customers, the general public, public safety agencies, emergency responders and excavators on how to excavate around the Company's gas lines and how to respond to possible gas leaks involving natural gas (Federal Pipeline Safety Standards found in 49 CFR 192.614, 192.615, and 192.616).

Question No. I&E-RE-6-D
Respondent: R. Ford
Page 3 of 4

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The goal is to help customers better manage energy use and gas heating costs by reducing natural gas consumption.

B. Timeline:

The program was approved in 2008, under the name of Conservation Awareness, and there are no current plans to end the program.

C. Budget:

WarmWise EEI	2011	2012	2013	2014
Budget	\$10,000	\$10,000	\$10,000	\$10,000
Annual Spend	\$5,278	TBD	TBD	TBD

**Annual budgets are based on a 12-month calendar year and the 2012 actual spend will be determined at calendar year end.*

Cold Weather Minute

A. Goal:

To externally communicate energy saving tips that help customers manage their energy bills during the winter heating season by using energy wisely.

B. Timeline:

The program was started during the 2009-2010 winter heating season and there are no current plans to end the program.

C. Budget:

The tips are communicated via news release to print and broadcast media outlets across Columbia's service territory, as well as posted on Columbia's web site so there is no incremental cost other than what is already embedded in base rates,

Public Awareness Program

A. Goal

To educate customers, the general public, public safety agencies, emergency responders and excavators on how to excavate around the Company's gas lines and how to respond to possible gas leaks involving natural gas (Federal Pipeline Safety Standards found in 49 CFR 192.614, 192.615, and 192.616).

The purpose of the program is to:

- Enhance public safety by educating Pennsylvania residents on the hazards of natural gas, and how to recognize and react to possible leaks in pipelines of all kinds operating in Pennsylvania. This includes natural gas pipelines, and pipelines carrying liquefied natural gas and propane.
- Raise public awareness of the necessity to call Pennsylvania One Call in their state before digging when doing any kind of excavation work.
- Raise the awareness of the affected public and stakeholder audiences of the presence of buried natural gas pipelines in the communities we serve. A more informed public will also understand that they too have a significant role in helping to prevent third-party damage accidents.
- Help excavators understand the steps that they should take to prevent damage to the pipeline and respond properly if the pipeline is damaged.
- Enhance emergency response coordination by helping emergency response agencies and first responders understand the proper actions to take in response to a pipeline emergency.
- Improve pipeline safety performance.
- Build trust and better relationships with the public along the pipeline route.
- Keep appropriate Company personnel, jurisdictional authorities and the public informed about the Company's integrity management efforts and the results of its integrity management activities.

B. Timeline:

Every pipeline operator including NiSource and its subsidiaries was required to submit an official Public Awareness Plan on or before June 20, 2006. Pipeline safety will always be a top priority, and we are federally mandated by the Pipeline and Hazardous Materials Safety Administration to create, maintain and execute this program until otherwise advised.

C. Budget:

Public Awareness Program	2011	2012	2013	2014
Budget	\$89,250	\$110,500	\$200,000	\$300,000
Annual Spend	\$77,491	\$ TBD	\$ TBD	\$ TBD

** Annual budgets are based on a 12-month calendar year and the 2012 actual spend will be determined at calendar year end.*

Public Awareness Program: The proposed 2013 and 2014 budgets are approximately \$200,000 and \$300,000 respectively. These proposed figures depend on final company approval of the actual 2013/2014 budgets and includes the incremental \$200,000 Columbia has proposed in this case, and funding at that incremental level is contingent upon Commission approval in this case.

Question No. I&E-RE-9-D

Respondent: R. Ford

Page 1 of 2

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748

Data Requests

Bureau of Investigation and Enforcement – Set RE

Question No. I&E-RE-9-D:

Reference Columbia Statement No. 18. Explain all differences between the current public education program and the proposed Count on Columbia program, including but not limited to differences in funding, program goals, and the method or medium of education.

Response:

As outlined in Columbia's response to Question No. I&E-RE-6-D, Columbia has several customer education programs currently underway to help educate customers on a number of important natural gas related topics. Differences in the current and proposed education programs are outlined in the chart below.

	Count on Columbia	WarmWise Energy Efficiency Information	Cold Weather Minute	Public Awareness Program
Annual Funding	<i>Proposed at \$300,000</i>	\$10,000	No incremental cost other than what is already embedded in base rates	Currently around \$100,000. <i>Proposed to increase by \$200,000</i>
Goal	Focused on rates/infrastructure investment /value of service education	Focused on energy conservation education	Focused on energy conservation education	Focused on natural gas safety/improving pipeline safety education

Question No. I&E-RE-9-D

Respondent: R. Ford

Page 2 of 2

Education	As proposed, includes, but is not limited to, online information, television, radio, print media, outdoor, direct marketing, bill inserts, media relations, community events and sponsorships, online portal for children and possibly social media.	Limited to print material distribution	Limited to press release and online web updates	Includes, but is not limited to, community event sponsorship/promotion, bill inserts, direct mail, public meetings, print and radio safety advertising, safety brochures, school programs, surveys and promotional giveaways.
Other	As proposed, will dovetail with existing and future Public Awareness Program efforts	Benefits all customers, not based on income	Targets all customers and general public	In addition to customers, program targets public safety agencies, emergency responders and excavators.

Count on Columbia: The budgeted amount of \$300,000 is included in the Company's claim in this case and funding this program is contingent upon Commission approval in this case.

Public Awareness Program: The proposed program budget for 2013 and 2014 includes the incremental \$200,000 Columbia has proposed in its case, and funding at that incremental level is contingent upon Commission approval in this case.

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748
Data Requests

Bureau of Investigation and Enforcement – Set RE

Question No. I&E-RE-2-D:

For each of the years 2008 to 2014, provide the participation level, budgeted cost and actual cost, broken down by expense item, for each of the programs listed in I&E-RE-1-D.

Response:

Please see I&E-RE-2-D Attachment A.

Columbia Gas of Pennsylvania

Customer Service Programs
Participation Levels, Budgeted and Actual Costs
2008

		Participation Levels	Budgeted Costs	Itemization of Actual Costs	Actual Costs
A	Customer Assistance Program (CAP)	24,491 ¹			
	Labor and Benefits			63,395	
	Materials and Supplies			3,530	
	Outside Services			993,103	
	Other Expenses			<u>43,536</u>	
			\$700,000		⁴ 1,103,564
B	Customer Assistance, Referral and Evaluation Services (CARES)	357			
	Labor and Benefits			74,027	
	Materials and Supplies			5,412	
	Outside Services			132,237	
	Other Expenses			<u>29,947</u>	
			115,000		241,623
C	Dollar Energy Fund	1,552 ²			
	Administrative Costs				28,816 ³
D	Warm Wise: Low Income Usage Reduction Program	153			
	Weatherization			922,125	
	Labor and Benefits			189,192	
	Materials and Supplies			4,228	
	Evaluation and Inspection				
	Other Expenses and Legal Fees			<u>11,990</u>	
			1,416,841 ⁶		1,127,535
E	LIHEAP (Crisis - Emergency Energy Assistance)	45,021 ²			
	Labor and Benefits			42,952	
	Materials and Supplies			1,283	
	Outside Services			103,963	
	Other Expenses			3,818	
	Advertising				
			140,000		152,016
F	Emergency Repair Program	163	250,000		273,162
G	Energy Efficiency Program (EEP)	0			
	Weatherization				
	Labor and Benefits				
	Evaluation and Inspection				
	Other Expenses				
			0		0
H	Budget Payment Plan	¹⁴ 107,853			

¹ Participation at calendar year end.² Participation levels for Dollar Energy Fund and LIHEAP are reflective of heating season, rather than calendar year.³ Dollar Energy Fund administrative costs are not budgeted and are charged below the line.⁴ Costs associated with Budget Billing are not tracked separately from total Company billing expenses.⁵ Costs do not include shortfall or arrearage retirement

Columbia Gas of Pennsylvania

**Customer Service Programs
Participation Levels, Budgeted and Actual Costs
2009**

		<u>Participation Levels</u>	<u>Budgeted Costs</u>	<u>Itemization of Actual Costs</u>	<u>Actual Costs</u>
A	Customer Assistance Program (CAP)	24,539 ¹			
	Labor and Benefits			57,413	
	Materials and Supplies			2,362	
	Outside Services			1,150,810 ⁷	
	Other Expenses			<u>17,210</u>	
			\$742,000		1,227,795 ⁵
B	Customer Assistance, Referral and Evaluation Services (CARES)	455			
	Labor and Benefits			154,124	
	Materials and Supplies			1,558	
	Outside Services			14,814	
	Other Expenses			<u>13,793</u>	
			228,000		167,289
C	Dollar Energy Fund	654 ²		³	30,988
	Administrative Costs				
D	Warm Wise: Low Income Usage Reduction Program	488			
	Weatherization			2,861,899	
	Labor and Benefits			270,697	
	Materials and Supplies			1,869	
	Evaluation and Inspection			9,168	
	Other Expenses and Legal Fees			<u>10,794</u>	
			3,289,306 ⁶		3,154,426
E	LIHEAP (Crisis - Emergency Energy Assistance)	25,696 ²			
	Labor and Benefits			57,382	
	Materials and Supplies			6,636	
	Outside Services			49,955	
	Other Expenses			17,743	
	Advertising			<u>20,129</u>	
			146,000		131,845
F	Emergency Repair Program	185	250,000	273,959	273,959
	Outside Services				
G	Energy Efficiency Program (EEP)	489			
	Weatherization			171,417	
	Labor and Benefits			16,419	
	Evaluation and Inspection			9,168	
	Other Expenses			<u>14,280</u>	
			750,000 ⁶		211,283
H	Budget Payment Plan	^{1,4} 114,081			
I	Security Deposit Assistance Program				
	Outside Services	216	50,000.00	36,795.00	36,795.00

¹ Participation at calendar year end.² Participation levels for Dollar Energy Fund and LIHEAP are reflective of heating season, rather than calendar year.³ Dollar Energy Fund administrative costs are not budgeted and are charged below the line.⁴ Costs associated with Budget Billing are not tracked separately from total Company billing expenses.⁵ Costs do not include shortfall or arrearage retirement⁶ Recovered through Rider USP⁷ Includes application costs which are recovered through Rider USP

Columbia Gas of Pennsylvania

Customer Service Programs
Participation Levels, Budgeted and Actual Costs
2010

		Participation Levels	Budgeted Costs	Itemization of Actual Costs	Actual Costs
A	Customer Assistance Program (CAP)	22,498 ¹			
	Labor and Benefits			54,222	
	Materials and Supplies			167	
	Outside Services			1,135,973 ⁷	
	Other Expenses			<u>3,309</u>	
			\$742,000		1,193,671 ⁵
B	Customer Assistance, Referral and Evaluation Services (CARES)	762			
	Labor and Benefits			167,322	
	Materials and Supplies			5,627	
	Outside Services			34,815	
	Other Expenses			<u>32,282</u>	
			228,000		240,046
C	Dollar Energy Fund	2,781 ²			80,029 ³
	Administrative Costs				
D	Warm Wise: Low Income Usage Reduction Program	468			
	Weatherization			2,934,426	
	Labor and Benefits			295,344	
	Materials and Supplies			595	
	Evaluation and Inspection			0	
	Other Expenses and Legal Fees			<u>4,676</u>	
			3,140,972 ⁶		3,235,041
E	LIHEAP (Crisis - Emergency Energy Assistance)	23,761 ²			
	Labor and Benefits			62,415	
	Materials and Supplies			377	
	Outside Services			75,301	
	Other Expenses			1,971	
	Advertising			<u>0</u>	
			146,000		140,064
F	Emergency Repair Program	135	250,000	312,500	312,500
	Outside Services				
G	Energy Efficiency Program (EEP)	<u>21</u>			
	Weatherization			1,034	
	Labor and Benefits			44,295	
	Evaluation and Inspection			0	
	Other Expenses			<u>30,792</u>	
			750,000 ⁶		76,121
H	Budget Payment Plan	^{1,4} 109,533			
I	Security Deposit Assistance Program				
	Outside Services	104	50,000	16,961	16,961

¹ Participation at calendar year end.² Participation levels for Dollar Energy Fund and LIHEAP are reflective of heating season, rather than calendar year.³ Dollar Energy Fund administrative costs are not budgeted and are charged below the line.⁴ Costs associated with Budget Billing are not tracked separately from total Company billing expenses.⁵ Costs do not include shortfall or arrearage retirement⁶ Recovered through Rider USP⁷ Includes application costs which are recovered through Rider USP

Columbia Gas of Pennsylvania
 Customer Service Programs
 Participation Levels, Budgeted and Actual Costs
 2011

		Participation Levels	Budgeted Costs	Itemization of Actual Costs	Actual Costs
A	Customer Assistance Program (CAP)	21,910 ¹			
	Labor and Benefits			77,461	
	Materials and Supplies			3,112	
	Outside Services			1,033,641 ⁸	
	Other Expenses			<u>5,732</u>	
			\$742,000		1,120,146 ⁶
B	Customer Assistance, Referral and Evaluation Services (CARES)	954			
	Labor and Benefits			170,059	
	Materials and Supplies			3,269	
	Outside Services			34,703	
	Other Expenses			<u>33,759</u>	
			228,000		241,790
C	Dollar Energy Fund	2,979 ²			34,152 ³
	Administrative Costs				
D	Warm Wise: Low Income Usage Reduction Program	527			
	Weatherization			2,699,422	
	Labor and Benefits			317,554	
	Materials and Supplies			5,358	
	Evaluation and Inspection			0	
	Other Expenses and Legal Fees			<u>35,415</u>	
			3,000,000 ⁷		3,057,749
E	LIHEAP (Crisis - Emergency Energy Assistance)	26,489 ²			
	Labor and Benefits			68,223	
	Materials and Supplies			4,352	
	Outside Services			51,481	
	Other Expenses			2,667	
	Advertising			<u>0</u>	
			146,000		126,723
F	Emergency Repair Program		500,000	503,426	503,426
	Outside Services				
G	WarmWise Audits & Rebates	124			
	Weatherization			95,282	
	Labor and Benefits			56,317	
	Evaluation and Inspection			0	
	Other Expenses			<u>43,400</u>	
			750,000 ⁷		194,999
H	Budget Payment Plan	1,4	108,679		
I	Security Deposit Assistance Program				
	Outside Services	88	50,000	13,921	13,921

¹ Participation at calendar year end.

² Participation levels for Dollar Energy Fund and LIHEAP are reflective of heating season, rather than calendar year.

³ Dollar Energy Fund administrative costs are not budgeted and are charged below the line.

⁴ Costs associated with Budget Billing are not tracked separately from total Company billing expenses.

⁵ Cold Weather Minute broadcasts energy saving information to CPA's customers and its costs are included in CPA's communications budget.

⁶ Costs do not include shortfall or arrearage retirement

⁷ Recovered through Rider USP

⁸ Includes application costs which are recovered through Rider USP

Columbia Gas of Pennsylvania
 Customer Service Programs
 Participation Levels, Budgeted and Actual Costs
 2012

		Participation Levels	Budgeted Costs	Itemization of Actual Costs	Actual Costs
A	Customer Assistance Program (CAP)				
	Labor and Benefits				
	Materials and Supplies				
	Outside Services				
	Other Expenses				
			\$1,200,000	⁵	
B	Customer Assistance, Referral and Evaluation Services (CARES)				
	Labor and Benefits				
	Materials and Supplies				
	Outside Services				
	Other Expenses				
			260,000		
C	Dollar Energy Fund				
	Administrative Costs	²		³	
D	Warm Wise: Low Income Usage Reduction Program				
	Weatherization				
	Labor and Benefits				
	Materials and Supplies				
	Evaluation and Inspection				
	Other Expenses and Legal Fees				
			4,000,000	⁶	
E	LIHEAP (Crisis - Emergency Energy Assistance)				
	Labor and Benefits	²			
	Materials and Supplies				
	Outside Services				
	Other Expenses				
	Advertising				
			185,000		
F	Emergency Repair Program				
	Outside Services		500,000		
G	Energy Efficiency Program (EEP)				
	Weatherization				
	Labor and Benefits				
	Evaluation and Inspection				
	Other Expenses				
			750,000	⁶	
H	Budget Payment Plan	^{1,4}			
I	Security Deposit Assistance Program		50,000		

¹ Participation at calendar year end.

² Participation levels for Dollar Energy Fund and LIHEAP are reflective of heating season, rather than calendar year.

³ Dollar Energy Fund administrative costs are not budgeted and are charged below the line.

⁴ Costs associated with Budget Billing are not tracked separately from total Company billing expenses.

⁵ Costs do not include shortfall or arrearage retirement

⁶ Recovered through Rider USP

Columbia Gas of Pennsylvania
 Customer Service Programs
 Participation Levels, Budgeted and Actual Costs
 2014

		Participation Levels	Budgeted Costs	Itemization of Actual costs	Actual Costs
A	Customer Assistance Program (CAP)				
	Labor and Benefits				
	Materials and Supplies				
	Outside Services				
	Other Expenses				
			\$1,200,000		
B	Customer Assistance, Referral and Evaluation Services (CARES)				
	Labor and Benefits				
	Materials and Supplies				
	Outside Services				
	Other Expenses				
			260,000		
C	Dollar Energy Fund				
	Administrative Costs				
D	Warm Wise: Low Income Usage Reduction Program				
	Weatherization				
	Labor and Benefits				
	Materials and Supplies				
	Evaluation and Inspection				
	Other Expenses and Legal Fees				
			4,000,000		
E	LIHEAP (Crisis - Emergency Energy Assistance)				
	Labor and Benefits				
	Materials and Supplies				
	Outside Services				
	Other Expenses				
	Advertising				
			185,000		
F	Emergency Repair Program				
	Outside Services				
			500,000		
G	Energy Efficiency Program (EEP)				
	Weatherization				
	Labor and Benefits				
	Evaluation and Inspection				
	Other Expenses				
			750,000		
H	Budget Payment Plan	1,1			
I	Security Deposit Assistance Program				
			50,000		

¹ Participation at calendar year end.

² Participation levels for Dollar Energy Fund and LIHEAP are reflective of heating season, rather than calendar year.

³ Dollar Energy Fund administrative costs are not budgeted and are charged below the line.

⁴ Costs associated with Budget Billing are not tracked separately from total Company billing expenses.

⁵ Costs do not include shortfall or arrearage retirement

⁶ Recovered through Rider USP

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748
Data Requests

Bureau of Investigation and Enforcement – Set RE

Question No. I&E-RE-11-D:

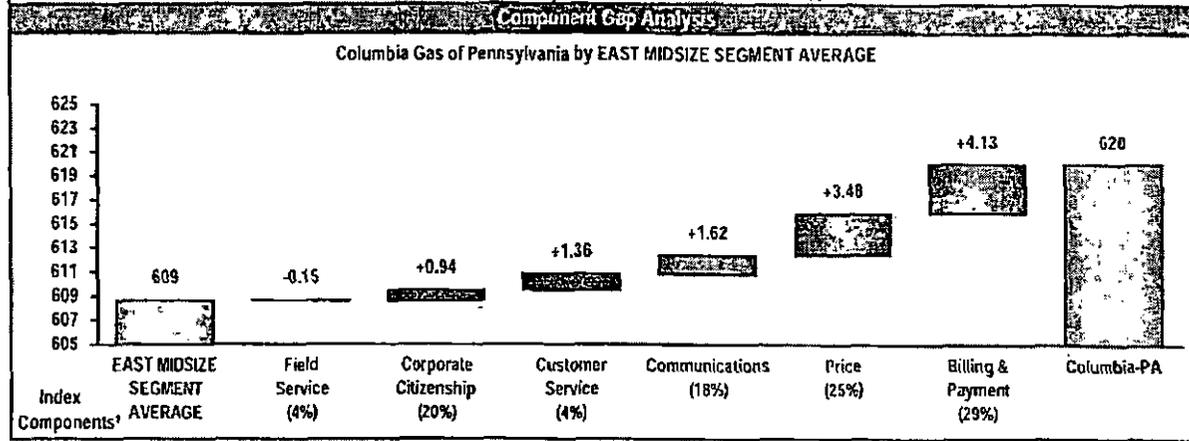
Reference Columbia Statement No. 18, page 5. Provide a copy of the referenced J.D. Power survey.

Response:

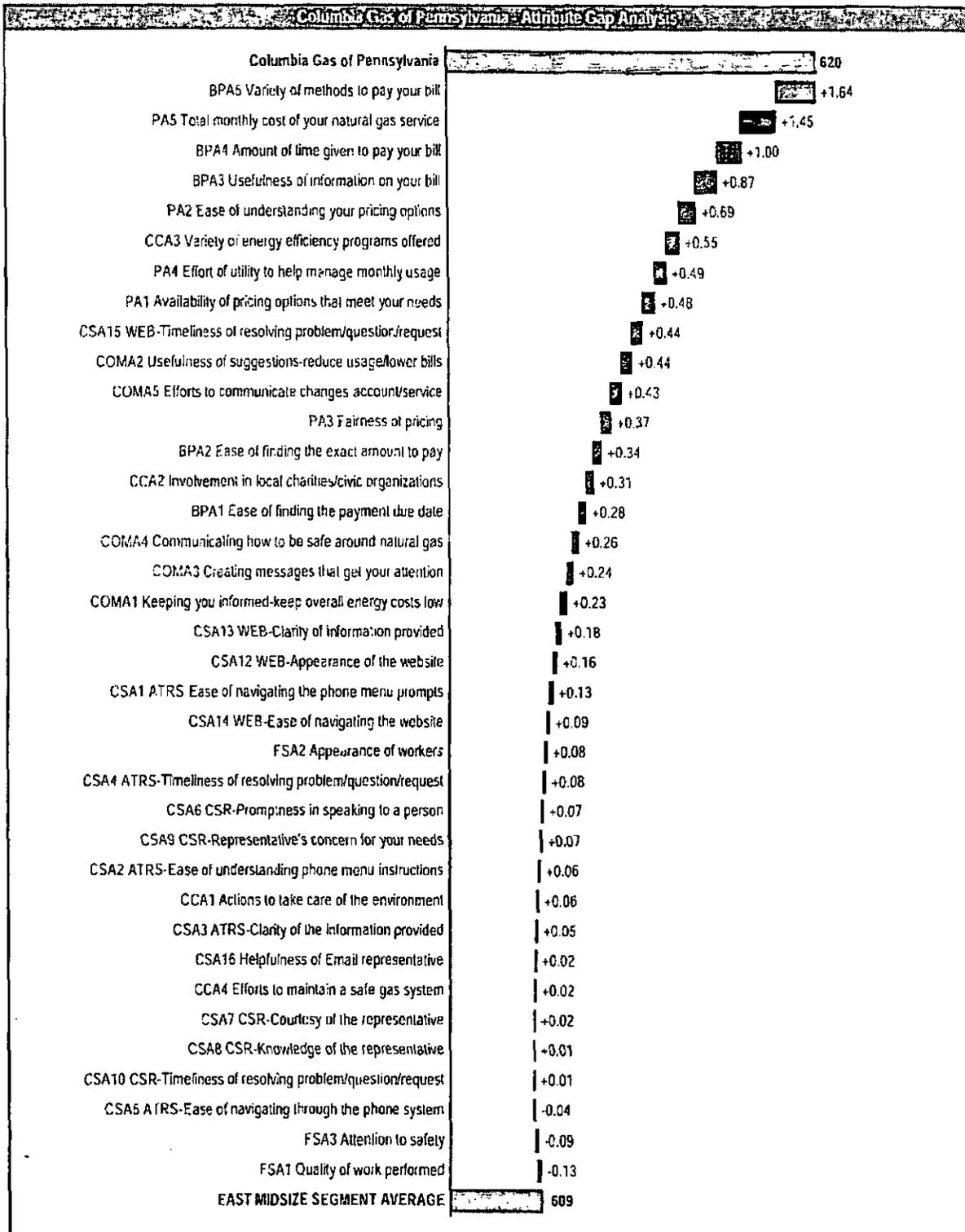
Please see I&E RE-11-D Attachment A.

Columbia Gas of Pennsylvania
East Midsize Segment

Overall Customer Satisfaction Index		2011 Performance				
East Midsize Segment		Columbia				
		Gas of Pennsylvania	East Midsize Segment	Rank within Segment	Rank within Industry	
NSTAR Gas	622					
Columbia Gas of Pennsylvania	620	Overall CSI	620	609	2 of 10	627
Yankee Gas	618	Billing & Payment	717	702	1 of 10	718
Elizabethtown Gas	614	Price	547	543	3 of 10	556
Columbia Gas of Massachusetts	613	Corporate Citizenship	575	570	4 of 10	590
EAST MIDSIZE SEGMENT AVERAGE	609	Communications	552	543	4 of 10	564
Equitable Gas	608	Customer Service	723	700	2 of 10	720
Rochester Gas & Electric	604	Field Service	741	743	6 of 10	756
South Jersey Gas	601	Historical Performance				
Peoples Natural Gas	598	Columbia Gas of Pennsylvania				
NYSEG	585		2011	2010	2009	
		Overall CSI	620	629	596	
		Billing & Payment		717	714	706
		Price		547	546	504
		Corporate Citizenship		575	614	574
		Communications		552	568	525
		Customer Service		723	699	674
		Field Service		741	753	761
		Customer Topics				
		Columbia				
		Gas of Pennsylvania	East Midsize Segment	Industry		
		% of customers calling		14%	10%	16%
		% of customers visiting the utility's Website		13%	14%	15%
		% familiar with education/rebate programs		21%	22%	28%
		% recall utility communication		31%	32%	35%
		% aware of environmental initiatives		11%	15%	20%
		% aware of local donations and support		9%	10%	14%
	Industry Average = 627					



Note: The component gap analysis may not equal the difference due to rounding
 (Brand Index - EAST MIDSIZE SEGMENT AVERAGE Index) * Component/Attribute's Importance Weight



Note: The attribute gap analysis may not equal the difference due to rounding
 (Brand Index - EAST MIDSIZE SEGMENT AVERAGE Index) * Component/Attribute's Importance Weight

Press Release

J.D. Power and Associates Reports: The Average Monthly Bill of Residential Customers of Natural Gas Utilities Declines for a Fourth Consecutive Year

Citizens Gas; Intermountain Gas Company; MidAmerican Energy; New Jersey Natural Gas; NSTAR Gas; Oklahoma Natural Gas; South Carolina Electric & Gas; and Southern California Gas Company Each Rank Highest in Residential Natural Gas Utility Customer Satisfaction in Their Respective Regions

WESTLAKE VILLAGE, Calif.: 19 September 2012 — Residential natural gas customer satisfaction increases by seven points year over year, as the average reported monthly bill in 2012, \$78, decreases by \$9 from 2011, according to the J.D. Power and Associates 2012 Gas Utility Residential Customer Satisfaction StudySM released today.

The study, now in its 11th year, measures residential customer satisfaction with gas utility companies across six factors (listed in order of importance): billing and payment; price; corporate citizenship; communications; customer service; and field service. Overall satisfaction with natural gas utility companies has increased slightly, averaging 634 (on a 1,000-point scale), compared with 627 in 2011.

Residential natural gas customer satisfaction with price is 570, an increase of 14 points from 2011. In addition to the decline in monthly bill amount, a lower proportion of customers recall hearing about natural gas price increases from their utility provider in 2012 (24%), compared with 2011 (29%). Further, when customers are aware of energy-efficiency programs offered by their utility, satisfaction with price is 87 points higher than when they are not aware of these programs.

“Each year, as natural gas prices continue to drop, satisfaction with price will continue to be positively affected,” said John Hazen, senior director of the energy practice at J.D. Power and Associates. “Additionally, both communication and customer service efforts by utility providers are also contributing to the overall satisfaction increases from last year.”

Communication and Customer Service

The study finds that the media is presenting a more positive portrayal of gas utilities, with the proportion of customers recalling positive media coverage increasing by 6 percent year over year to 27 percent in 2012. Adding to the positive trend in communications, the percentage of customers who recall having received a communication from their utility has increased to 44 percent in 2012 from 35 percent in 2011.

Gas utilities are also improving their ability to resolve customer problems the first time they contact the utility, as the rate of first-call resolution has improved to 76 percent in 2012, compared with 70 percent in 2011. This improvement, along with a 10-point increase in customer satisfaction with the online experience, has contributed to a 14-point improvement in customer service satisfaction from 2011.

“Areas such as customer service and communications are very personal to customers and provide an opportunity for utilities to make a significant impact on customer satisfaction,” said Hazen. “Utilities that make the most of these opportunities often perform well in overall satisfaction.”

The study ranks large and midsize utility companies in four geographic regions: East, Midwest, South and West.

Companies in the midsize utility segment serve between 165,000 and 399,999 residential customers, while companies in the large utility segment serve 400,000 or more residential customers.

East Region

Among large utilities in the East region, New Jersey Natural Gas ranks highest for a fourth consecutive year. Following in the segment rankings are UGI Utilities and PECO, respectively.

In the East region midsize utility segment, NSTAR Gas ranks highest, followed by Yankee Gas and South Jersey Gas, respectively.

Midwest Region

MidAmerican Energy ranks highest among large utilities in the Midwest region, followed by We Energies and DTE Energy, respectively.

Among midsize utilities in the region, Citizens Gas ranks highest, followed by Metropolitan Utilities District and Alliant Energy, respectively.

South Region

Oklahoma Natural Gas ranks highest in the large utility segment in the South region, followed by PSNC Energy and CenterPoint Energy-South, respectively.

Among midsize utilities in this region, South Carolina Electric & Gas ranks highest. Following in the segment rankings are TECO Peoples Gas and CPS Energy, respectively.

West Region

Southern California Gas Company ranks highest among large utilities in the West region for a second consecutive year. Following in the segment rankings are NW Natural and Questar Gas, respectively.

Among midsize utilities in this region, Intermountain Gas Company ranks highest for a third consecutive year, followed by Cascade Natural Gas and Avista, respectively.

The 2012 Gas Utility Residential Customer Satisfaction Study is based on more than 63,500 responses from residential customers of the 75 largest gas utilities across the continental United States. These utilities serve nearly 54 million households. The study was fielded between September 2011 and July 2012.

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company providing performance improvement, social media and customer satisfaction insights and solutions. The company's quality and satisfaction measurements are based on responses from millions of consumers annually. For more information on [car reviews and ratings](#), [car insurance](#), [health insurance](#), [cell phone ratings](#), and more, please visit JDPower.com. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

About The McGraw-Hill Companies

McGraw-Hill announced on September 12, 2011, its intention to separate into two public companies: McGraw-Hill Financial, a leading provider of content and analytics to global financial markets, and McGraw-Hill Education, a leading education company focused on digital learning and education services worldwide. McGraw-Hill Financial's leading brands include Standard & Poor's Ratings Services, S&P Capital IQ, S&P Indices, Platts energy information services and J.D. Power and Associates. With sales of \$6.2 billion in 2011, the Corporation has approximately 23,000 employees across more than 280 offices in 40 countries. Additional information is available at <http://www.mcgraw-hill.com/>.

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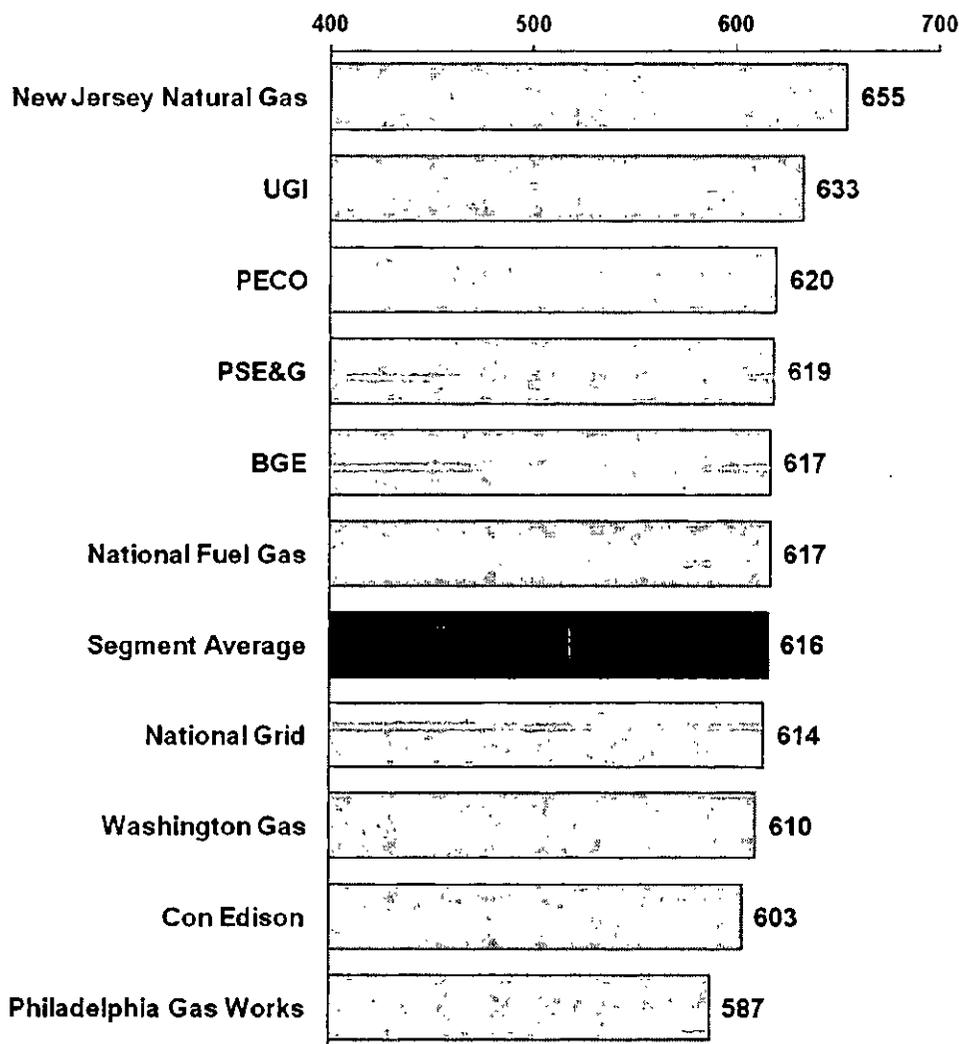
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(Page 2 of 2)

NOTE: Eight charts follow.

J.D. Power and Associates SM 2012 Gas Utility Residential Customer Satisfaction Study

East Large Segment Average (Based on a 1,000-point scale)

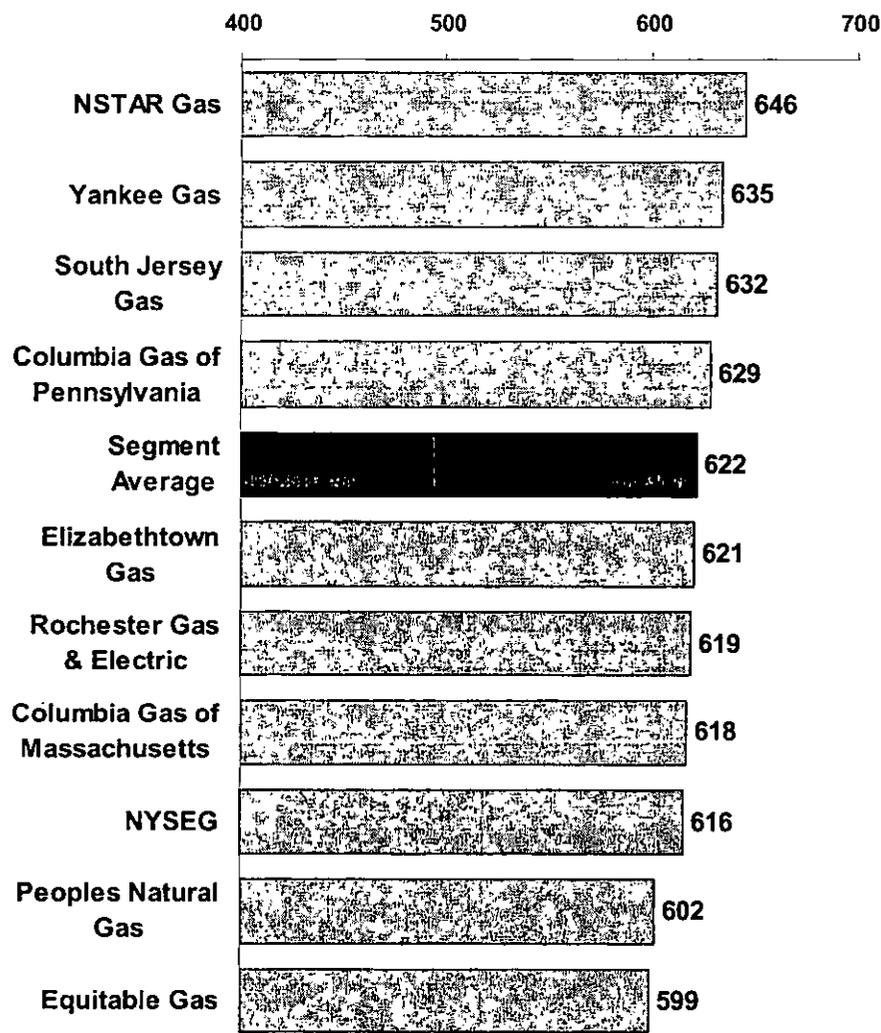


Source: J.D. Power and Associates 2012 Gas Utility Residential Customer Satisfaction StudySM

Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power and Associates as the publisher and the J.D. Power and Associates 2012 Gas Utility Residential Customer Satisfaction StudySM as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power and Associates survey results without the express prior written consent of J.D. Power and Associates.

J.D. Power and Associates SM 2012 Gas Utility Residential Customer Satisfaction Study

East Midsize Segment Average (Based on a 1,000-point scale)

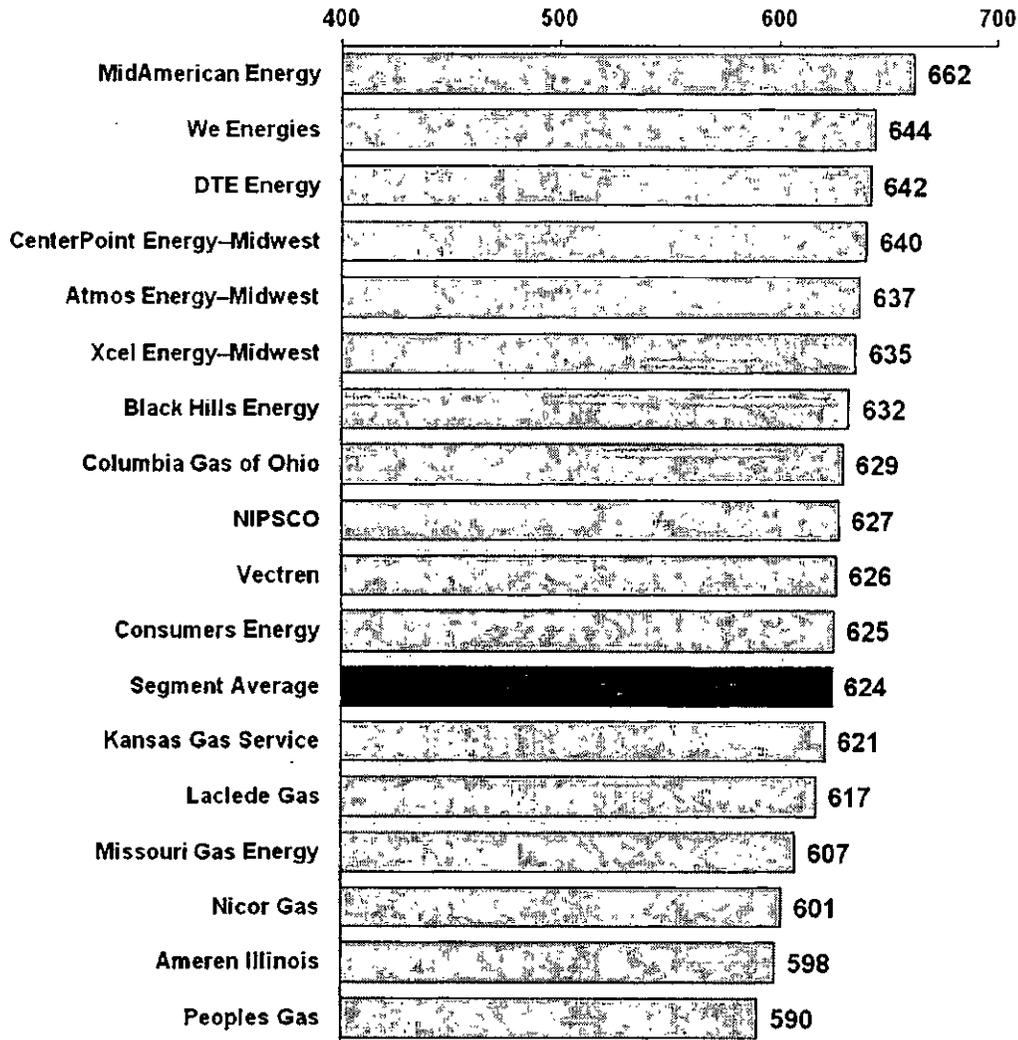


Source: J.D. Power and Associates 2012 Gas Utility Residential Customer Satisfaction StudySM

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J.D. Power and Associates SM 2012 Gas Utility Residential Customer Satisfaction Study

Midwest Large Segment Average (Based on a 1,000-point scale)

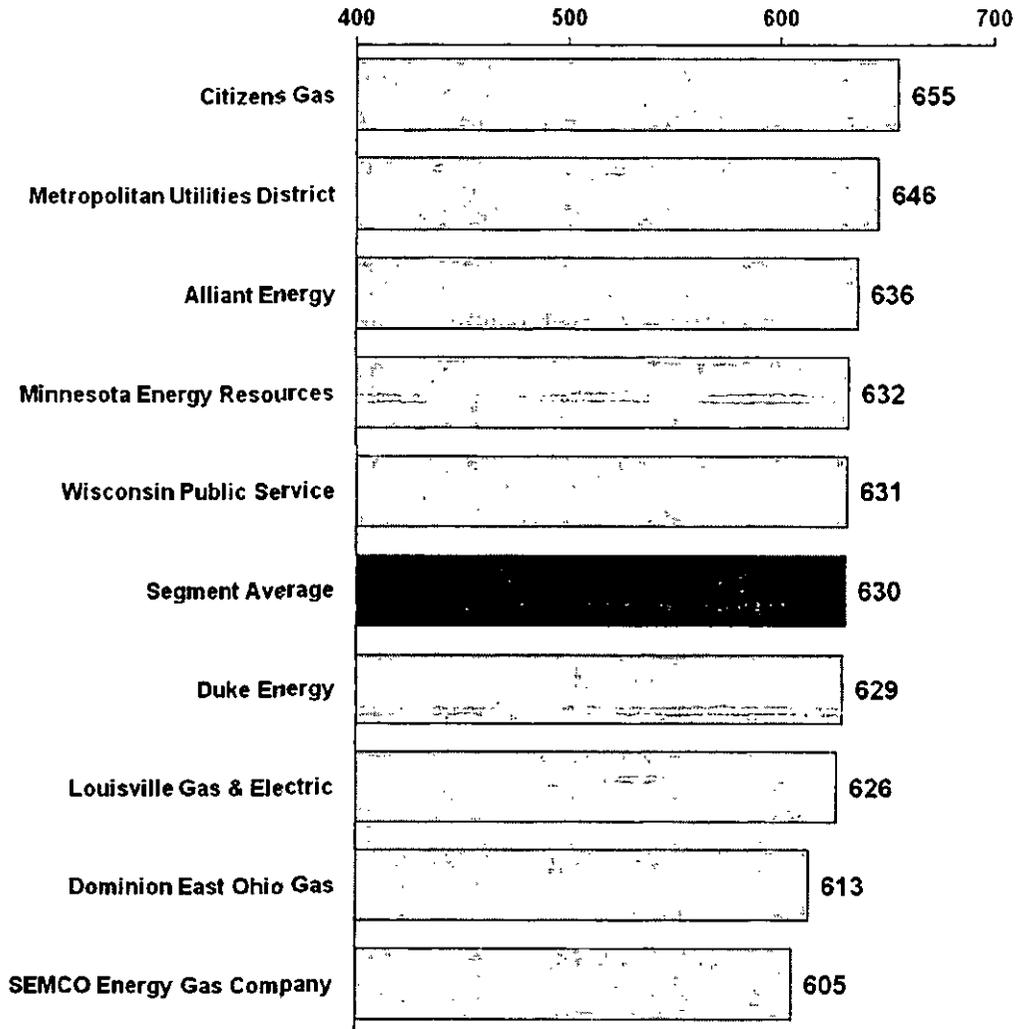


Source: J.D. Power and Associates 2012 Gas Utility Residential Customer Satisfaction StudySM

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J.D. Power and Associates SM 2012 Gas Utility Residential Customer Satisfaction Study

Midwest Midsize Segment Average (Based on a 1,000-point scale)

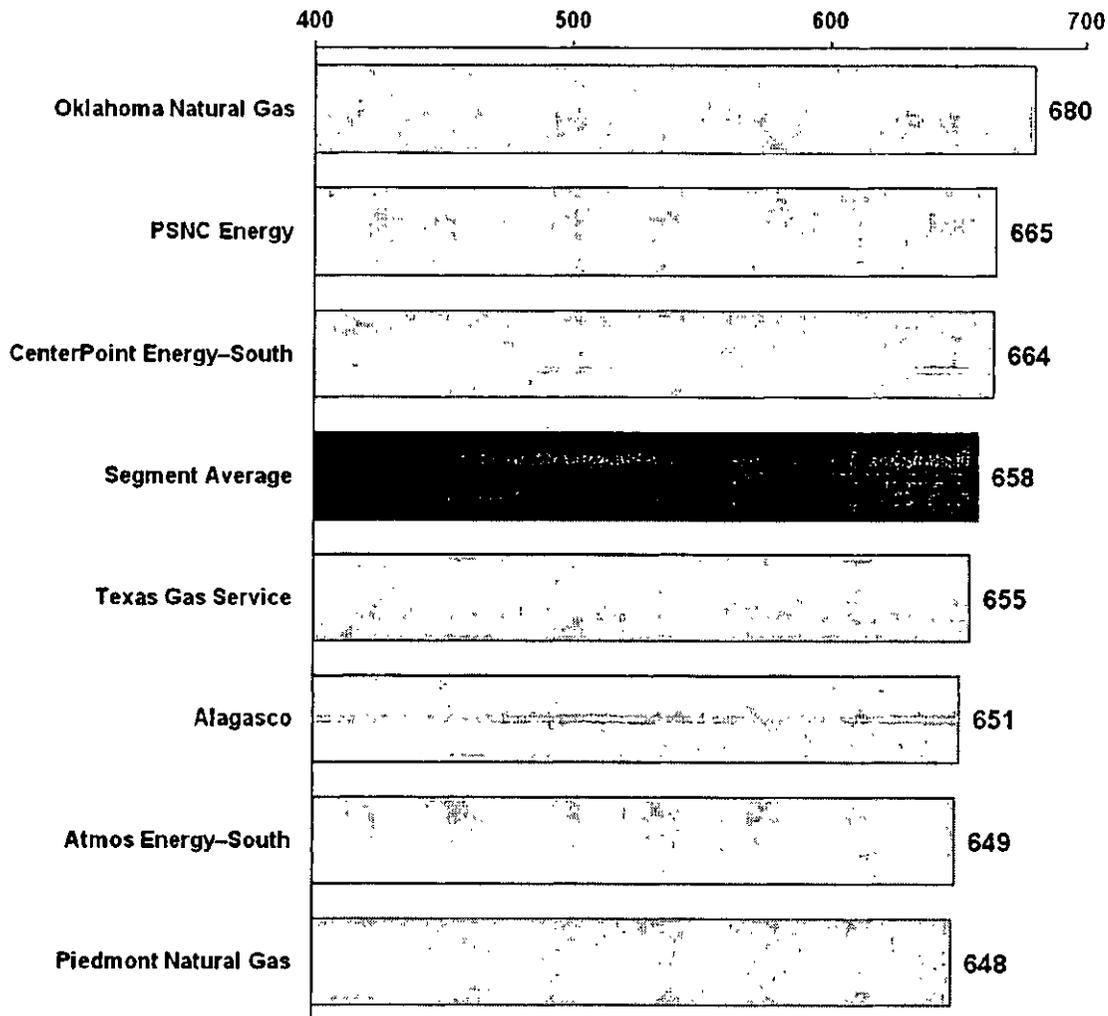


Source: J.D. Power and Associates 2012 Gas Utility Residential Customer Satisfaction StudySM

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J.D. Power and Associates SM 2012 Gas Utility Residential Customer Satisfaction Study

South Large Segment Average (Based on a 1,000-point scale)

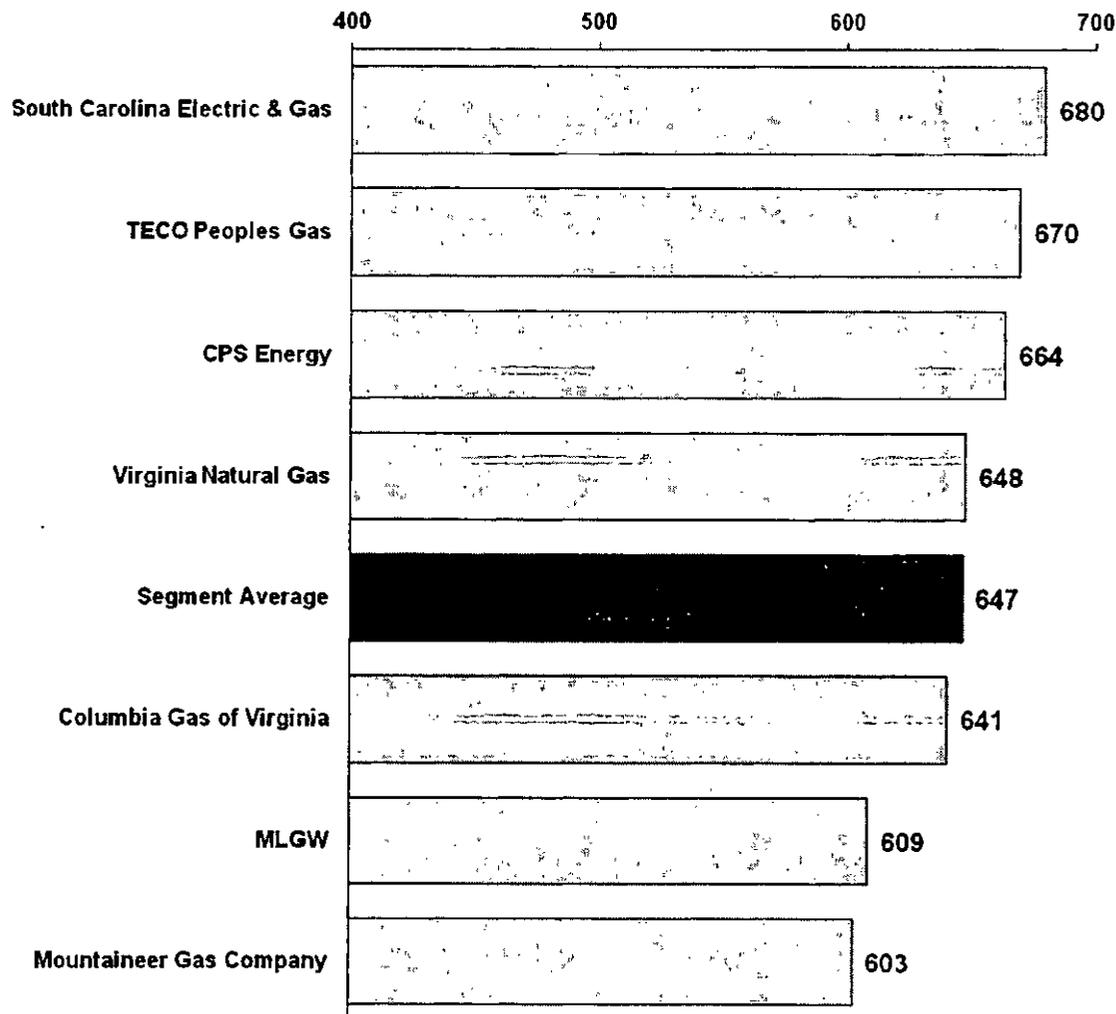


Source: J.D. Power and Associates 2012 Gas Utility Residential Customer Satisfaction StudySM

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J.D. Power and Associates SM 2012 Gas Utility Residential Customer Satisfaction Study

South Midsize Segment Average (Based on a 1,000-point scale)

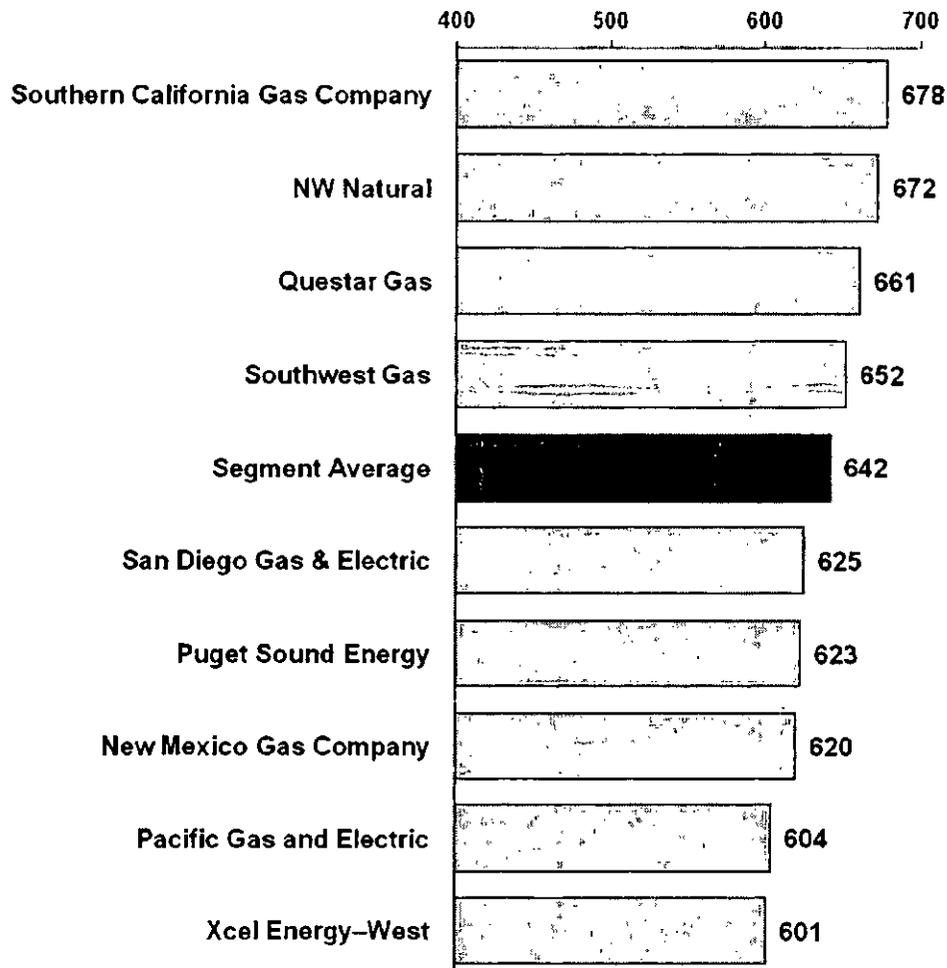


Source: J.D. Power and Associates 2012 Gas Utility Residential Customer Satisfaction StudySM

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J.D. Power and Associates SM 2012 Gas Utility Residential Customer Satisfaction Study

West Large Segment Average (Based on a 1,000-point scale)

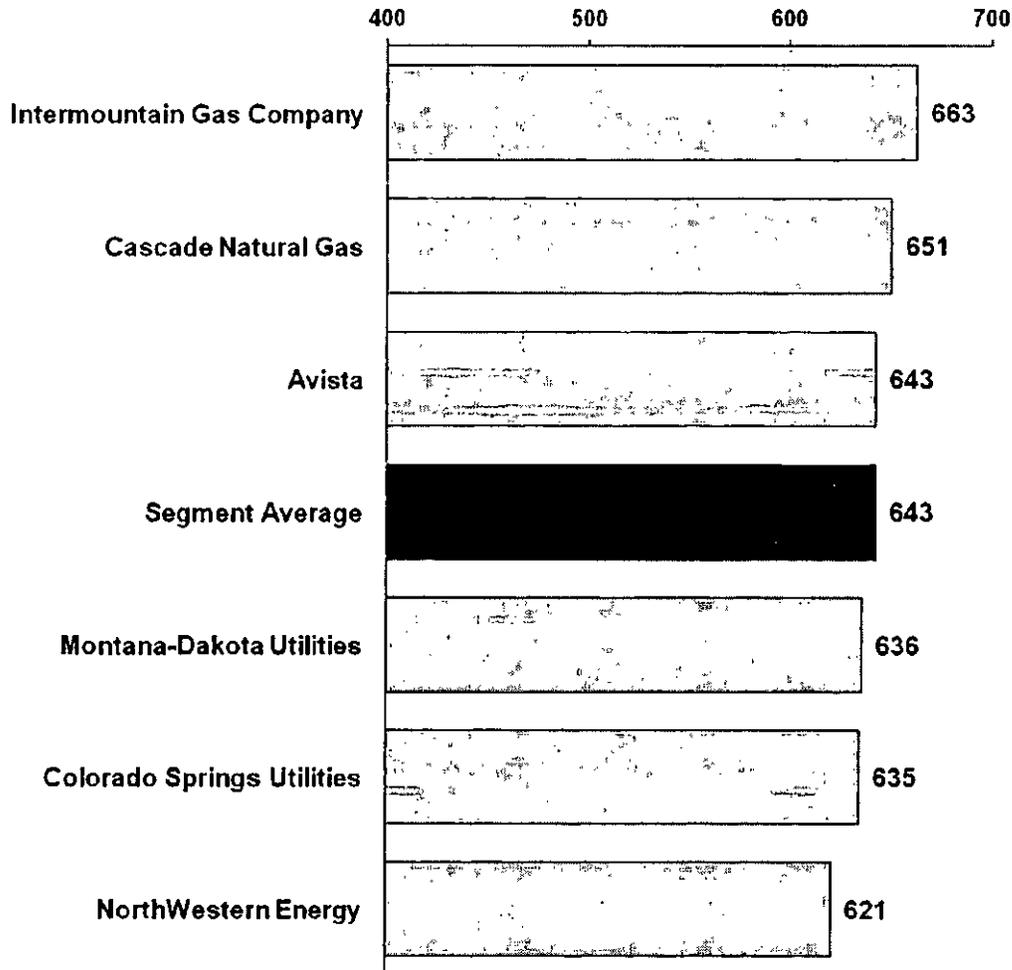


Source: J.D. Power and Associates 2012 Gas Utility Residential Customer Satisfaction StudySM

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J.D. Power and Associates SM 2012 Gas Utility Residential Customer Satisfaction Study

West Midsize Segment Average (Based on a 1,000-point scale)



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**I&E Statement No. 4-R
Witness: Rachel Maurer**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA, INC.

**Docket Nos. R-2012-2321748
M-2012-2323645**

Rebuttal Testimony

of

Rachel Maurer

Bureau of Investigation and Enforcement

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Concerning:

LOW INCOME USAGE REDUCTION PROGRAM

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1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Rachel Maurer. I am employed by the Pennsylvania Public
4 Utility Commission (Commission) in the Bureau of Investigation and
5 Enforcement (I&E) as a Fixed Utility Financial Analyst. My business
6 address is P.O. Box 3265, Harrisburg, PA 17105 3265.

7

8 **Q. ARE YOU THE SAME RACHEL MAURER THAT SUBMITTED**
9 **I&E STATEMENT NO. 4?**

10 A. Yes.

11

12 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

13 A. The purpose of my rebuttal testimony is to address the direct testimony of
14 Community Action Association of Pennsylvania's (CAAP) witness Susan
15 A. Moore-Wychulis, CAAP Statement No. 1, and The Coalition for
16 Affordable Utility Services and Energy Efficiency in Pennsylvania's
17 (CAUSE-PA) witness Eugene M. Brady, CAUSE-PA Statement No. 1,
18 regarding the Low Income Usage Reduction Program (LIURP) funding
19 levels.

1 **Q. WHAT IS LIURP?**

2 A. LIURP is a statewide, utility-sponsored, residential usage reduction
3 program with a primary goal of assisting low-income residential customers
4 in reducing their energy bills through usage reduction. The LIURP
5 program operated by Columbia has weatherized approximately 6,000
6 residences since its inception in 1988. Columbia's LIURP program is
7 designed to serve customers whose incomes are at or below 150% of the
8 Federal Poverty Level by performing a Home Energy Audit and
9 weatherizing the home in accordance with the audit's recommendations. In
10 2011 Columbia performed 527 residential weatherizations and spent an
11 average of \$5,077 per weatherization.¹

12

13 **Q. WHAT IS THE EXPENSE CLAIM ASSOCIATED WITH LIURP?**

14 A. As a result of a settlement condition in the Company's last base rate case,
15 in 2012, Columbia began to recover approximately \$4,000,000 per year
16 through its Universal Service Plan Rider, an increase of \$1,000,000 from
17 2011.

18

19 **Q. HAS I&E PROPOSED AN ADJUSTMENT TO THE COMPANY'S**
20 **LIURP EXPENSE CLAIM?**

¹ 2011 Report on Universal Service Programs & Collections Performance (2011 Universal Service Report), distributed by the Pennsylvania Public Utility Commission's Bureau of Consumer Services (BCS), Page 37.

1 A. No.

2

3 **Q. WHAT HAS CAAP WITNESS MS. MOORE-WYCHULIS**
4 **PROPOSED REGARDING COLUMBIA’S LIURP EXPENSE**
5 **LEVEL?**

6 A. Ms. Moore-Wychulis has proposed that Columbia’s LIURP expense be
7 increased by \$1 million for 2013, a 25% increase from 2012’s expense.
8 Ms. Moore-Wychulis also proposed additional increases in 2014 and 2015
9 to account for the following increases in funding levels:

	Columbia Filing	CAAP Proposed Increase	CAAP Proposal
2013	\$4,000,000	\$1,000,000	\$5,000,000
2014	\$4,000,000	\$1,500,000	\$5,500,000
2015	\$4,000,000	\$2,000,000	\$6,000,000

10

11 Ms. Moore-Wychulis suggests that any unspent amount be carried over into
12 the next year.

13

14 **Q. WHAT IS THE BASIS FOR CAAP’S PROPOSAL?**

15 A. CAAP claims that because the proposed rate increase will increase the
16 energy burden on residential customers, there should be an increase in
17 LIURP funding. Ms. Moore-Wychulis claims that there are 31,753
18 customers who meet LIURP eligibility whose homes have not been

1 weatherized.² Ms. Moore-Wychulis also claims that as funding for federal
2 efficiency and weatherization programs has been earmarked for decreases,
3 there is a greater need for LIURP funding.³
4

5 **Q. DO YOU AGREE WITH MS. MOORE-WYCHULIS' PROPOSAL**
6 **TO INCREASE LIURP FUNDING?**

7 A. No.

8
9 **Q. WHY NOT?**

10 A. In recommending an increase to Columbia's LIURP expense claim,
11 Ms. Moore-Wychulis fails to present a comprehensive analysis of all
12 relevant data and fails to consider the impact that her proposed increase will
13 have on ratepayers. Furthermore, Columbia's ratepayers should not be
14 required to compensate for the proposed federal budget cuts that may affect
15 other organizations.
16

17 **Q. HOW DOES MS. MOORE-WYCHULIS' PROPOSAL LACK**
18 **COMPREHENSIVE ANALYSIS?**

19 A. Ms. Moore-Wychulis claims that Columbia has 31,753 customers who
20 meet LIURP criteria and have not received weatherization treatment. In

² CAAP Statement No. 1, Page 4.

³ CAAP Statement No. 1, Page 5.

1 Columbia's 2009-2011 Universal Service and Energy Conservation Plan,⁴
2 the Company reported that 31,735 customers (as opposed to 31,753
3 reported by Ms. Moore-Wychulis) were eligible for LIURP and had not
4 received weatherization services. Taking into account the fact that
5 historically it is difficult to obtain approval from landlords to weatherize a
6 home, Columbia estimated that approximately 22,000 homes could receive
7 weatherization services. This estimate represents the total number of
8 homes that could be weatherized and should not be taken as representative
9 of an unmet need for weatherization. It is an overestimation of the unmet
10 need as the estimation does not account for other barriers to weatherization
11 not caused by the Company.

12 In its proposed 2012-2014 Universal Service and Energy
13 Conservation Plan,⁵ Columbia factored in a 50% success rate in obtaining
14 landlord approval, thus estimating that 16,904 homes could receive
15 weatherization services. If Columbia weatherizes the 480 homes a year it
16 proposes in the 2012-2014 plan, it will take approximately 34 years to
17 weatherize 16,904 homes. However, 480 is an estimate. As the year 2011
18 demonstrated, Columbia has weatherized more residences in other years.

19 Further, Columbia is not the only entity in its service territory that
20 provides low-income energy assistance. There is at least one organization

⁴ I&E Exhibit No. 4-R, Schedule 1.

⁵ I&E Exhibit No. 4-R, Schedule 2.

1 in every county of Columbia's service territory which offers weatherization
2 services.⁶ The number of homes eligible for weatherization decreased by
3 5,964 between Columbia's 2009-2011 plan and its 2012-2014 proposal,
4 with Columbia reporting that it weatherized a total of 1,514 homes in that
5 time period.⁷ Based on this information, I believe it is inaccurate to
6 conclude that it will take 34 years to weatherize 16,904 homes. If on
7 average all entities, including Columbia, are able to weatherize
8 approximately 6,000 homes over a 3-year period, Columbia's estimated
9 16,904 homes could be fully weatherized in less than 9 years.

10
11 **Q. HOW DOES MS. MOORE-WYCHULIS' PROPOSAL LACK**
12 **CONSIDERATION OF COLUMBIA'S OTHER RATEPAYERS?**

13 A. The fact that approximately 4,500 more homes were weatherized in
14 Columbia's service territory over a 3-year period than what Columbia
15 weatherized demonstrates that the burden of weatherization in Columbia's
16 service territory can and should be shared among all neighbors through the
17 funding and provision of services from all entities. It is inappropriate and
18 unnecessary to burden Columbia's captive ratepayers with an additional \$1
19 million in 2013 and \$2 million in 2015 in mandatory ratepayer funding as

⁶ I&E Exhibit No. 4-R, Schedule 3.

⁷ 2011 Universal Service Report, Page 37; 2010 Report on Universal Service Programs & Collections Performance (2010 Universal Service Report), distributed by BCS, Page 37; 2009 Report on Universal Service Programs & Collections Performance (2009 Universal Service Report), distributed by BCS, Page 37.

1 proposed by CAAP. When low-income funding is mandated through utility
2 rates, Columbia's ratepayers have no choice but to pay what is really a
3 societal cost. Because the impact of this societal funding can be significant,
4 the cost to other residential customers must be taken into account when
5 considering any proposed increase in funding societal programs through
6 utility rates.

7
8 **Q. SHOULD COLUMBIA'S RATEPAYERS BE COMPELLED TO**
9 **MAKE UP ANY DIFFERENCE IN FUNDING THAT MAY ARISE**
10 **AS A RESULT OF CUTS IN FEDERAL FUNDING?**

11 A. No. Columbia's ratepayers should not be required to make up another
12 organization's proposed decreased funding. As Ms. Moore Wychulis
13 states, residential customers are already facing a proposed increase of
14 23%.⁸ In light of this proposed increase, the Commission should not
15 require ratepayers to fund additional amounts that other fiscally-constrained
16 entities may eliminate.

17
18 **Q. WHAT HAS MR. BRADY PROPOSED REGARDING COLUMBIA'S**
19 **LIURP PROGRAM?**

20 A. CAUSE-PA Witness Brady is proposing that Columbia increase its LIURP
21 budget in order to enroll 1,000 customers per year in the program.

⁸ CAAP Statement No. 1, Page 4.

1 **Q. WHAT IS THE BASIS FOR MR. BRADY'S PROPOSAL?**

2 A. Mr. Brady claims that there is an extensive unmet need for weatherization
3 among low-income customers and that Columbia's current LIURP budget
4 is inadequate to address that need.⁹

5

6 **Q. DO YOU AGREE WITH MR BRADY'S PROPOSAL TO INCREASE**
7 **LIURP FUNDING?**

8 A. No.

9

10 **Q. WHY NOT?**

11 A. Like Ms. Moore-Wychulis, Mr. Brady's proposal lacks a complete analysis
12 and doesn't take into account that Columbia's LIURP program is not the
13 only weatherization program able to service Columbia customers.

14

15 **Q. HOW DOES MR. BRADY'S PROPOSAL LACK A COMPLETE**
16 **ANALYSIS?**

17 A. Mr. Brady assumes that Columbia's estimate of homes that could receive
18 weatherization services is equal to the unmet need for weatherization
19 services. The estimate of homes remaining to be weatherized does not take
20 into account barriers to weatherization other than landlord approval.

⁹ CAUSE-PA Statement No. 1, Page 11.

1 In addition, Mr. Brady estimates that it will take 44 years to
2 weatherize all of the eligible households within Columbia's service
3 territory.¹⁰ However, like Ms. Moore-Wychulis, Mr. Brady presents an
4 incomplete analysis by using data from Columbia's 2009-2011 Universal
5 Service and Energy Conservation plan without consideration of the fact that
6 along with Columbia, other organizations provide weatherization assistance
7 for low-income residents. Mr. Brady claims that low-income customers
8 merit particular attention.¹¹ While I do not disagree, I believe low-income
9 customers are already provided particular attention through existing
10 programs funded by Columbia's ratepayers. Any decision to increase
11 funding to LIURP must take into account the impact that it will have on
12 those other residential customers.

13
14 **Q. WHAT DO YOU RECOMMEND?**

15 A. I recommend that Columbia's LIURP funding remain at \$4,000,000, the
16 amount approved in Columbia's last base rate case.

17
18 **Q. WHAT IS THE BASIS OF YOUR RECOMMENDATION?**

19 A. Neither Ms. Moore-Wychulis nor Mr. Brady supported their claims that the
20 need for weatherization among low-income customers exceeds the burden

¹⁰ CAUSE-PA Statement No. 1, Page 11.

¹¹ CAUSE-PA Statement No. 1, Page 4.

1 that increased LIURP funding would cause on ratepayers. The data that
 2 Ms. Moore-Wychulis and Mr. Brady used to support their claim that there
 3 was a large unmet need for weatherization failed to include the substantial
 4 number of homes that have been weatherized by other organizations.
 5 Inclusion of this data reduces the amount of time it will take to weatherize
 6 all remaining eligible low-income homes from 44 years to 8.5 years.

7
 8 **Q. HOW HAS THE COST OF COLUMBIA’S LIURP PROGRAM**
 9 **CHANGED SINCE 2002?**

10 A. Since 2002, there has been substantial growth in the ratepayer expense
 11 associated with the LIURP program.

Year	Columbia Actual/Projected LIURP Spending ¹²	CAAP Proposal
2002	\$1,376,403	
2003	\$1,369,822	
2004	\$2,053,981	
2005	\$1,835,729	
2006	\$2,133,124	
2007	\$1,326,765	
2008	\$1,127,535	
2009	\$3,154,426	
2010	\$3,235,041	
2011	\$3,057,749	
Projected 2012	\$4,000,000	\$5,000,000
Projected 2013	\$4,000,000	\$5,500,000
Projected 2014	\$4,000,000	\$6,000,000

¹² I&E Exhibit 4-R, Schedule 4.

1 The increase from \$3 million to \$4 million approved in Columbia's
2 2011 base rate case already provided a 31% increase in the LIURP expense
3 from 2011 to 2012. At this current level of spending, Columbia will have
4 increased its LIURP expense by 191% since 2002. As demonstrated above,
5 if the additional increase proposed by Ms. Moore-Wychulis is approved,
6 since 2002 this expense, which is recovered from ratepayers, will have
7 increased by 263% in 2012, 300% in 2013, and 326% in 2014. The
8 Commission must consider the additional burden this increase proposed by
9 Mr. Brady and Ms. Moore-Wychulis will cause on Columbia's ratepayers,
10 who have been subjected to a steady stream of base rate increases recently.
11 Columbia's ratepayers have already seen increases of \$41.5 million in
12 2008, \$12 million in 2010, and \$17 million in 2011 as a result of base rate
13 cases.¹³ With its accelerated pipeline replacement plan, the Company
14 anticipates that this course of regularly filed base rate cases will continue.

15 Moreover, Columbia's low-income programs are funded almost
16 entirely by ratepayers. From 2008 to 2011, on average 99% of state
17 jurisdictional funding was provided through base rates and riders and less
18 than 1% through shareholder contributions.¹⁴ With residential customers
19 substantially bearing the cost of low-income programs, the Commission
20 should carefully consider the added burden an additional increase in LIURP

¹³ I&E Exhibit 4-R, Schedule 6.

¹⁴ I&E Exhibit 4-R, Schedule 5.

1 funding will have on other residential ratepayers who are compelled to pay
2 for this funding through their rates.

3 Given Ms. Moore-Wychulis and Mr. Brady's limited analyses and
4 the substantial increase in LIURP funding provided just last year, I
5 recommend the rejection of their proposals to increase LIURP funding
6 beyond the Company's \$4 million funding level.

7

8 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

9 **A. Yes.**

**I&E Exhibit No. 4-R
Witness: Rachel Maurer**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

Columbia Gas of Pennsylvania

**Docket Nos. R-2012-2321748
M-2012-2323645**

Exhibit to Accompany

the

Rebuttal Testimony

of

Rachel Maurer

Bureau of Investigation and Enforcement

Concerning:

**CONSUMER EDUCATION
WARMWISE: AUDITS & REBATES
MANAGEMENT PERFORMANCE**

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Columbia Gas of Pennsylvania Inc.
Docket No. R-2012-2321748

Docket Number (A)	Date of Filing (A)	Method of Resolution (A)	Requested Overall Revenue Increase (B)	Commission Approved Revenue Increase (C)	Effective Date of Rate Increase (D)	Requested Rate Case Expense (E)	Actual Rate Case Expense (F)
R-2010-2215623	1/28/2011	Settled	37,844,921	17,000,000	10/18/2011	\$1,254,772	\$1,105,441
R-2009-2149262	1/28/2010	Settled	32,300,000	12,000,000	10/1/2010	\$1,101,892	\$539,729
R-2008-2011261	1/28/2008	Settled	58,900,000	41,500,000	10/28/2008	\$1,340,000	\$1,219,102

Question No. I&E-RE-137
Respondent: N.J.D. Krajovic
Page 1 of 1

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748
Data Requests

Bureau of Investigation and Enforcement – Set RE

Question No. I&E-RE-137:

Provide a complete copy of Columbia's current CAP program guidelines.

Response:

Please see pages 15 through 22 of I&E-RE-137 – Attachment A which is Columbia's most recently approved Universal Service and Energy Conservation Plan.

Columbia Gas of Pennsylvania, Inc.

Universal Service

And

Energy Conservation Plan

Columbia Gas of Pennsylvania, Inc. Universal Service and Energy Conservation Plan

Plan Submission

Pursuant to "Regulation 52 PA Code 62.4 Universal Service and Energy Conservation Plans," Columbia Gas of Pennsylvania, Inc. ("Columbia") hereby submits for the approval of the Pennsylvania Public Utility Commission ("Commission") its proposed plan for years 2008 through 2011. Because Universal Service includes energy conservation programs such as LIURP, for simplification in this document, Universal Service and Energy Conservation will be referred to as "Universal Service", or the "Plan."

Historic Overview

Columbia submitted its first Universal Service plan in August 1999 as part of its Restructuring Filing as required by the Natural Gas CHOICE and Competition Act in Case No. R-00994781. The Commission approved the Plan as part of settlement agreements in October and December of 1999. Provisions within those settlements included an enrollment target for the Customer Assistance Program (CAP) and a funding level for the Low Income Usage Reduction Program (LIURP). Additionally, the approved settlements provided for a temporary funding source for Columbia's Universal Service Program with the expectation that a permanent funding mechanism would be developed later. The Commission approved modifications to the CAP funding mechanism in 2001 and 2002.

Columbia's second Universal Service and Energy Conservation Plan was submitted in November 2002 and approved by the Commission in January 2003. In October 2003 Columbia received Commission approval for a permanent funding mechanism, which allowed for recovery of projected shortfall and application costs, based upon the current and estimated customers in the program and the cost of gas. The mechanism is part of the customer distribution charge and is adjusted at the same time as the quarterly gas cost adjustment

In 2005, Columbia submitted the third Universal Services and Energy Conservation Plan which was later approved in January 2006. It included the establishment of a remedial conservation education program for high consumption CAP customers who were already weatherized along with an external evaluation on its LIURP program. Funding and enrollment remained consistent with the original funding settlement of 2003.

Differences to the PLAN

Columbia conducted an external evaluation performed by Michael Blasnik and Associates which reviewed the cost effectiveness of its LIURP program measures and weatherization contractors. The evaluation, with recommendations, was submitted to the Bureau of Consumer Services of the Public Utility Commission for review along with Columbia's intention to implement proposed changes. Recommendations from these studies formed the basis for changes within the Plan as it pertains to LIURP compared to the current plan that was approved by the Commission in January 2006.

These changes address the replacement of old and inefficient heating systems as a conservation measure beyond safety; the examination of contractor performance; the establishment of spending limits for larger homes and increased program funding.

Other changes to the plan include additional resources for the CARES program; the continuation of the remedial conservation education program for high usage CAP customers; default provision for excessive consumption and accelerating the arrearage forgiveness component for CAP customers.

A revised needs assessment was completed and included in this document. Overall the Plan continues to be implemented as approved by the Commission in January, 2006.

External Studies

March 2007 – LIURP Impact Cost Effectiveness Evaluation – Michael Blasnik and Associates. The objective of the study was to determine cost effectiveness of weatherization measures and contractors within the LIURP Program. Overall the evaluation supports that Columbia “produces impressive energy savings that rival the best residential retrofit programs in the nation.”

Key findings:

- **Brick Row houses:** The work in brick row houses by Contractor B produced much lower savings than Contractor A's work. Row houses provide particular challenges for insulation measures because walls can't be insulated and attic insulation is more difficult. Contractor B's attic insulation approach of cutting a long slot through the roof deck and then repairing it does not appear to be cost-effective and less expensive alternatives are needed. Contractor B should explore the applicability of the attic crawling approach taken in Philadelphia row houses that costs

less than half as much. In houses where alternatives are unworkable, the program should focus on other measures.

- **Blower Door Guided Air Sealing:** Air sealing with a blower door is a very cost-effective measure, especially in the leaky housing stock served by Warm Choice (LIURP). Contractor A uses the blower door in virtually every home while Contractor B does not do any blower door guided air sealing. All homes should receive blower-door guided air sealing unless they are deemed to not need any air sealing at the audit.
- **High Efficiency Furnaces:** Warm Choice (LIURP) replaces furnaces only as a safety measure. Higher gas prices coupled with high usage targeting should provide some opportunities for cost-effective furnace replacements in Warm Choice (LIURP). These replacements may be especially worthwhile for customers where post-treatment usage is expected to remain high – such as the high use brick row houses that may not receive any insulation. Program costs may not raise much if the expensive row house attic insulation treatments are discontinued since furnace replacements are expected to cost a little less than the attic insulation and should provide considerably more gas savings.

Integration

Columbia continues to utilize an integrated approach to outreach and solicitation for all Universal Service programs which focuses on two principle strategies: First, Columbia incorporates referrals into existing processes, and second Columbia coordinates services with dedicated staff.

Columbia uses existing customer services processes, such as the Cold Weather Survey, collection, compliance, energy assistance receipts and contact management to create opportunities to increase enrollment in Universal Service programs.

Columbia's Contact Center has a designated call group composed of specially trained employees dedicated to the promotion and enrollment of Universal Service programs. Through Universal Service Customer Service Representatives, the customer is referred to all available and appropriate programs to include CAP, LIURP, CARES and energy assistance, etc. In addition, Columbia's trained representatives refer eligible customers to non-utility assistance programs such as earned income credits, food banks and Salvation Army facilities.

This expedites the referral and intake process resulting in efficient enrollment. Once a customer self-declares that they are payment-troubled, or is identified to be payment troubled by a customer service representative, the customer is referred to the Universal Service line. The Universal Service representative will pre-screen a customer, and

where applicable, enroll a customer in one of Columbia's Universal Service programs immediately. This "one-stop-shop" approach is administratively efficient because it identifies which programs are appropriate for the customer at the single point of contact.

Payment assistance and conservation benefits are offered simultaneously to offset program costs which are absorbed by good paying customers through rates. Columbia prioritizes CAP customers for LIURP benefits to reduce future consumption and shortfall. This coordination occurs at the time of referral at the contact center. As a result, only one application is needed to apply for both CAP & LIURP.

LIHEAP grants assist in subsidizing Columbia's CAP by reducing shortfall costs while maintaining customer affordability. The federal LIHEAP dollars are a critical supplemental funding source for the CAP program. LIHEAP dollars assist Columbia in maximizing Universal Service benefits to low-income customers with minimum burden to the ratepayer.

Outreach

Columbia promotes its Universal Service programs and engages in external outreach opportunities throughout its service territory to include the following:

- Sponsorship and participation in senior fairs
- Representation on local community assistance boards and task forces
- Participation and coordination of Be Utility Wise events
- Information available on the Columbia Gas Website
- Bill Inserts once a year on Universal Service Programs
- Customer Contact referrals

Columbia also sponsors outreach activities to support individual Universal Service programs to include:

CAP

- Coordination with electric utility to solicit CAP customers for enrollment and re-verification.
- Coordination with Dollar Energy Fund Grant Program.
- Limited solicitation of targeted groups
 - Previous Dollar Energy Grant customers
 - Removed CAP customers
- Mail solicitation of targeted groups.
 - Previous and potential LIHEAP recipients
 - Dormant Survey packets
- Training.
 - Customer Service Representatives

- Administrating and screening agencies
- Credit and collections representatives

HARDSHIP FUNDS

- Bill inserts once a year requesting contributions and encouraging application.
- Solicitation included on monthly bills
- Participation in fundraising events.

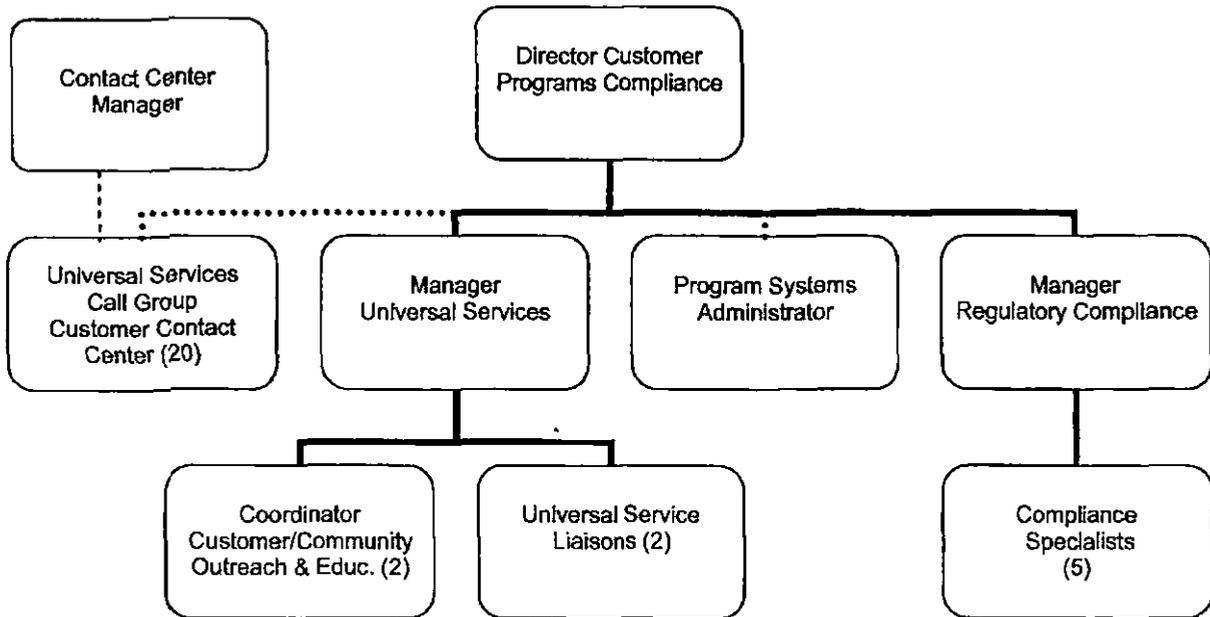
LIHEAP

- Partnership with other gas utilities to promote LIHEAP.
- Annual press conference on LIHEAP day.
- Press releases.
- TV commercials featuring Franco Harris.
- Bill inserts promoting LIHEAP.
- Inserts promoting CRISIS in eligible termination notices.
- Letters to previous recipients reminding them to apply.
- Letters to identified eligible customers.
- Operation of a toll-free hotline for inquiries and assistance with applications.
- Outbound calls to Crisis eligible customers as part of Direct Referral Process.
- Information about Energy Assistance while customers are on hold for customer service.
- Training on LIHEAP guidelines and benefits to all call center and field service personnel.
- Promotion on Columbia's Internet site.
- Participation and sponsorship of education/communications workshop for state LIHEAP office employees.

Staffing

Columbia utilizes the resources of staff employees with the experts of community partners to implement all of its Universal Service programs.

Columbia Gas Universal Services Organization



Program Responsibilities

Director Customer Program Compliance	Strategic direction all programs/policies
Manager Universal Service	Implementation/compliance all programs
Programs Systems Administrator	Program reporting all programs
Coordinator Customer/Community Outreach & Education (2)	Outreach coordination all programs
Universal Service Customer Contact Center	Information, referral and enrollment all programs
Universal Services Liaisons (2)	Supervise LIHEAP hotline, coordination with all LHEAP, Fuel Fund and CAP agencies for grants and applications; accounting support for all universal service programs

Community Partnerships

Columbia partners with community organizations for both the delivery of the program services and also feedback on program practices and policies.

CAP	
Columbia Gas of PA	Management
Customer Contact Center Universal Service Call Group	Information, Referral and Enrollment
Dollar Energy Fund, Inc.	Outreach and Intake Administration
Dollar Energy Screening Agencies	On-site applications
Essential Energy, Inc.	Conservation/Consumer Education

LIURP	
Columbia Gas of PA	Management and Pre-screening
Columbia Gas Universal Service Call Group	Information, Referral and Enrollment
Mincin Insulation Services	Weatherization, Customer Communication and Data Tracking
Columbia will be increasing the number of weatherization providers to better serve our customers throughout our territory	Weatherization, Customer Communication and Data Tracking
Conservation Consultants, Inc.	Conservation Education/Inspections
Pure Energy, Inc.	Conservation Education/Inspections

HARDSHIP FUNDS	
Columbia Gas of PA	Management, Enrollment and Referral
Customer Contact Center Universal	Information, Referral and Enrollment

Service Call Group	
Dollar Energy Fund, Inc.	Outreach and Intake Administration
Dollar Energy Fund Screening Agencies	Outreach and Intake Implementation
Citizen's Energy Corporation	Fuel Fund Administrator for Citizen's Energy Program

CARES	
Columbia Gas of PA	Management
Customer Contact Center Universal Service Call Group	Information, Referral and Enrollment
Community-Based Organizations	Resource Development

The following lists the positions held by Columbia's Universal Service team on various task forces, committees and boards within the community.

Social Services Advisory Committee	Member
<u>Task Force, Committee or Board</u>	<u>Position</u>
National Low Income Energy Consortium	Member/Board
PA Energy Association, Customer Service	Member/Committee
Gerontology Taskforce	Member/Task Force
South Side Housing Consortium	Member
Human Service Forum	Member/Association
Black Women's Leadership Conference	Member/Association
BPW Business/Professional Women's Club	Member/Association
NAACP	Member/Association
Council of Community Services	Member/Association
Joint Gas Company LIHEAP Outreach	Member/Committee
Aging Consortium - PA	Sponsor
Aging Consortium - PA	Member/Committee
Be Utility Wise (S W PA)	Member/Sponsor
Coordinated Child Care Advisory Council	Member/Council
Special Needs Christmas Projects	Coordinator
Tri-Region Be Utility Wise	Member/Sponsor
United Way Day of Caring	Volunteer
Health and Welfare Council	Member/Council
Universal Service Task Force	Member
CARES Network	Member
Head Start, Beaver County	Executive Board Member
Fayette County Energy Task Force	Member/Committee
Senior Expo Planning Committee, Washington County	Member/Committee
Heats on Community Service Project	Member/Committee
NASW	Member

Budgets

Universal Service expenses are monitored and tracked specific to each program with the exception of Hardship Funds. Because oversight of the Hardship Funds resides within the CARES program, all internal administrative expenses are included in the CARES budget.

PROJECTED BUDGET

	2009	2010	2011
LIURP	\$3,990,000	\$3,990,000	\$3,990,000
Energy Assistance Outreach and Processing	\$146,000	\$146,000	\$146,000
CARES Community Outreach	\$228,000	\$228,000	\$228,000
CAP Administration and Applications	\$742,000	\$742,000	\$742,000
Shortfall*	\$27,100,000	\$28,600,000	\$30,100,000
Arrearage Retirement	\$1,060,000	\$1,060,000	\$1,060,000
Hardship Funds**	\$150,000	\$150,000	\$150,000

*The shortfall is estimated based on Columbia's PGC rate as of Oct 1, 2007 and projected enrollment.

**\$375,000 also provided through partnership with Citizen's Energy Program

Program Descriptions

Pursuant to 52 Pa Code §62.4(b), the components of Columbia's universal service and energy conservation plan are described in detail. Following are program descriptions, including eligibility criteria, a needs assessment, and projected enrollment levels for the programs.

CARES (Customer Assistance Referral and Evaluation Services)

Scope

The CARES program has been offered to Columbia Gas customers since 1986. Since its inception, over 39,300 customers have received the assistance of staff social workers through resource referrals, consumer education, LIHEAP Outreach and affordable payment plans tailored to the customer's ability to pay. CARES is designed to be a short-term program for first time payment-troubled customers who require energy assistance and other necessary resources and referrals.

In addition, CARES assists vulnerable CAP customers who need extra protection and account monitoring. It is also the final step in the Cold Weather Survey intervention process. The Customer/Community Outreach Coordinator makes additional attempts to contact those without heat. This intervention is continuous throughout the heating season.

The CARES program is also the network that informs all customers of available programs and resources through an information and referral call group at the customer contact center. The Customer/Community Outreach Coordinator trains Columbia employees on available resources.

Key Objectives

- Safe sustained energy
- Customer self sufficiency
- Resource development
- Successful payment recovery
- Continuous payment frequency
- Reduced credit/collection costs
- Identification and cost avoidance associated with crisis/safety issues
- Customer satisfaction

- Reduced commission complaints
- Community networking
- Goodwill

Eligibility Criteria

- Payment-troubled, evidenced by missed payments or anticipated payment stoppage due to personal crisis resulting in financial hardship.
- Columbia Gas heat customer.
- Identified as vulnerable by community partners, Columbia employees, friends or family of ratepayer
- Financial difficulty must be short term.

Program Components

- Case management approach to solving individual payment problems.
- Home visit assessment when necessary.
- Protection from termination during program.
- Short-term, affordable payments based on "ability to pay".
- Budget counseling.
- Referrals and linkage to community, state and federal resources for direct and indirect monetary assistance.
- Information and referral dissemination.

Projected Enrollment

	2009	2010	2011
CARES	800	800	800

* Approximate number of customers assisted by CARES outreach services is 800. Actual customers in CARES caseload is approximately 69 reported in Annual Universal Services Report

LIURP (Low Income Usage Reduction Program)

Scope

Columbia Gas has provided its customers the Low Income Usage Reduction Program since 1988. Approximately 5,000 homes have been weatherized. Consumption savings average 21%-24%. Arrearages have been reduced significantly, eliminating bad debt in over 50% of the homes completed. Average spending per home is \$5,731. All measures used have a 7-12 year payback. Columbia proposes to increase funding from \$1.3 million to 3.4 million annually in 2009.

Key Objectives

- Safe, affordable energy for low-income customers.
- Reduced uncollectible arrearages and write-offs.
- Reduce wasted consumption.
- Create affordable budgets/bills for customers.
- Improved payment frequency.
- Reduced CAP shortfall deficit by bill reduction.
- Improved customer satisfaction.
- Environmental awareness/protection.

Eligibility Criteria

- Income at or below 150% of Federal Poverty Level. With up to 20% of annual budget eligible for special needs customers as defined in Section 58.2, (relating to definitions).
- Homeowner or renter; renter must have property owner permission.
- Average winter monthly consumption must be higher than 180 CCF's.
- Customer must be enrolled in the Company's CAP program and must not have been previously weatherized. Up to twenty percent of the annual budget will be reserved for non-CAP customers who otherwise meet the LIURP eligibility requirements

- Dwelling must be approved during audit to be in proper condition to weatherize.

Program Components

- Home Energy Audit. Each home is audited to determine if dwelling is in proper condition for weatherization. Weatherization measures are recommended at that time. Referrals to other housing development agencies for repair work are made if necessary.
- Energy Education component is completed at time of audit.
- Gas Furnace Safety Inspection. Heating system is inspected, cleaned and repaired as needed prior to weatherization treatment
- Gas Furnace may be upgraded to 90% efficiency if deemed to be extremely inefficient.
- Weatherization. Operational measures are performed specific to audit recommendations. Treatment is determined based on highest efficiency results. Measures include sidewall and attic insulation, blower door guided air sealing measures such as caulking, sealing and window stripping.
- Inspection. Twenty-five percent of homes are inspected for quality and safety
- Post-Weatherization Consumption Evaluation. Pre-treatment usage is compared to post treatment usage to determine savings.

Projected Enrollment

	2009	2010	2011
LIURP	700	700	700

HARDSHIP FUND

Scope

Columbia Gas of Pennsylvania contributes one dollar of shareholder money for every dollar contributed by its ratepayers. Annually, CPA raises \$100,000-125,000 in customer contributions. Combined with a shareholder match, this total of \$250,000 is contributed towards the accounts of payment-troubled, low-income customers.

Columbia also partners with the Citizen's Energy Corporation (CED), a non-profit organization that serves low-income housing and energy needs. Through a gas purchasing agreement, an additional \$375,000 is allocated from Columbia to CED who contracts with an administrating fuel fund agency to provide grants to payment-troubled, low-income customers.

Ten percent of awarded grant dollars are earmarked for administration. This money is paid to the Administrator for the outreach and intake application process in the community. Currently, 92 community-based organizations take applications within communities that Columbia serves.

Key Objectives

- Reduce outstanding balances.
- Prevent termination.
- Sustain gas service.
- Restoration of service

Eligibility Criteria

- Opening & closing dates established yearly based on funding
- Household income at or below 200% of Federal Poverty Level
- Received all other energy assistance programs if eligible
- Minimum arrearage balance
- Must have made a recent utility payment
- Special exceptions will be reviewed for consideration

Treatment of CAP Customers

Columbia only allows hardship funds to be applied to CAP accounts when a customer is off for non-pay during the month of October, November or December (cold weather procedure) or if the customer has been out of the program for more than one year. At that time, for the purpose of re-instatement into CAP, Columbia will allow the hardship fund grant to substitute a customer payment.

Program Components

- Screening and referrals at Columbia's Customer Contact Center
- Outreach and intake at local community-based organizations.
- Grant determination by Columbia employees for customers without service to expedite grant making and reconnections.

CAP (CUSTOMER ASSISTANCE PROGRAM)

Scope

Columbia's Customer Assistance Program (CAP) was established in 1992 and has since enrolled over 37,000 Columbia Gas customers, with a current active total of approximately 24,000.

The program was created as an alternative to traditional credit and collection measures to assist long-term, payment-troubled customers by offering affordable payment options.

Under provisions of the 1999 Natural Gas CHOICE and Competition Act, Columbia filed a settlement agreement under which it expanded the program to 22,000 customers. Through a subsequent settlement agreement which was approved by the Commission in Docket P-00032057, the upper enrollment limit of the CAP was modified to 27,100. Over the past three years Columbia's CAP has not reached the enrollment ceiling.

Key Objectives

- Provide affordable payment options.
- Reduce credit/collection costs.
- Reduce arrearage write-off.
- Efficient, cost-effective program.
- Customer understanding of program benefits.
- Increased "on time" payment frequency.
- Energy Efficiency
- Minimized shortfall through conservation and energy supplements.
- Targeted identification of low-income, payment-troubled customers.
- Reduced commission complaints.

Eligibility Criteria

- Columbia residential heat customers.
- Household income at or below 150% of Federal Poverty Level.

- Payment-troubled; having received a termination notice and or at least one failed payment agreement within past 12 months, or otherwise identified through cross utility referral and credit scoring.
- Must not reside in a multi unit dwelling served by one meter.

Program Components

Administration

- A Community Based Organization (“CBO”) performs clerical and administrative duties for portions of the CAP program. These functions include screening, enrollment, and re-verification.
- The Administrating Organization (the “Administrator”) networks with over 40 designated screening agencies/CBOs to complete on-site applications when necessary. The Administrating Organization (Administrator) also operates a phone enrollment process.

Columbia's CAP payment structure maximizes customer payments while maintaining affordability for the customer. This flexibility allows the Administrator to select the most affordable option not to be less than the average amount received over the previous 12 months. Columbia offers the lowest average CAP payment in the industry and believes that the percentages are fairly set and should remain as follows.

Option #1: Percentage of Income.
0 – 110% of Poverty = 7%
110 – 150% of Poverty = 9%

Option #2: Average of last 12 months of customer payments. (Available for customers with at least six months of un-interrupted service.)

Option #3: Flat rate of 50% of budget billing
(adjusted annually)

Senior CAP: Flat rate of 75% of budget billing for customers over 60 years of age with no arrears or payment plan default

A minimum payment amount of twenty-five dollars is required.

The CAP customer is also required to pay a five-dollar co-payment towards pre-program arrears.

The Administrator reviews the application and income verification, if required, confirms the payment amount, enters information into Columbia data systems and mails a confirmation letter to the customer.

Columbia's CAP plans are designed to be the most affordable (lowest) payment plan offered by Columbia. If at any time, a customer's CAP payment exceeds the tariff budget, the account is reviewed by the Universal Service Liaison to determine if the customer's payment should be lowered or if the customer should be removed from the CAP.

Intake and Enrollment

External studies support the use of telephonic applications as appropriate which is intended to increase customer ease, efficiency, and the number of applications completed while decreasing administrative costs.

The Columbia Gas Universal Services Call Group coordinates referrals to the agencies and the Administrator for on-site and telephonic applications, with an emphasis on telephonic applications when appropriate.

A customer without service having a balance from a prior account is required to pay no more than \$150, apply for all energy assistance programs available and complete a CAP application to restore service.

A customer who refuses to enroll in the CAP program is subject to the provisions of Columbia's traditional credit & collections practices governed by chapter 14. This includes paying a re-connect fee, if service is off and a security deposit.

Any customer found stealing gas will be charged separately from their CAP payment or billed separately for CAP prior to reconnection for the amount of the theft.

Customer Responsibilities

A CAP customer must agree to and uphold the following obligations:

- The initial application and subsequent re-application are subject to agreed-upon conditions, which serve as a contract between the customer and the company.
- Income verification as required.
- The monthly payment amount and the customer five-dollar co-pay must be paid by the due date.
- The customer must apply for all available energy assistance and agree that this amount will be credited to the shortfall balance on their Columbia account.
 - LIHEAP CRISIS applied to make up missed payments

- CAP customers are not eligible for hardship fund grants unless the following conditions exist:
 - A customer's service is off in October, November or December
 - A customer has been out of CAP for one year. In this instance, a hardship fund grant may be used to make up missed CAP payments.
- The customer must apply for any eligible free weatherization services offered through the Department of Community Affairs State Weatherization Agencies and Columbia LIURP.

- The customer must agree that Columbia can act as the customer's purchasing agent for CAP Choice aggregation.
- Any customer with non-essential gas appliances such as a pool heater will agree to not use the device in an effort to contain energy consumption.

Consumer Education

- Program evaluation studies showed that although there is some impact from conservation education, weatherization remains the primary catalyst to reduce consumption.
- Program information and customer responsibilities continue to be emphasized to the customer along with conservation materials provided at the time of intake.
- To minimize the shortfall of high consumption users, Columbia will continue to implement the remedial conservation education pilot for high usage CAP customers who already received weatherization from LIURP.

Remedial Conservation Pilot

Columbia will continue the High Usage Remedial Conservation Program for customers who have been weatherized and usage is still above the shortfall limits.

Columbia will contract with a third party educator to provide conservation education on an individual basis.

Contractor will also monitor usage and provide feedback on an on-going basis for one year.

If usage continues to be outside the allowable shortfall limits, contractor will recommend an increased payment option or removal from CAP.

Default Provisions

A CAP participant can default from the program for non-compliance of program guidelines and customer responsibilities.

Default Provisions for Nonpayment of CAP Budgets

During April 1 through October 31, a CAP customer is in default after two-missed CAP budget payments.

Columbia Gas of Pennsylvania will issue a termination notice no sooner than 10 days after a customer fails to pay two missed CAP budget payments by the due date.

If a CAP customer does not make up all missed CAP payments within 10 days of the date of the termination notice, Columbia Gas will attempt to terminate service for non-payment of the CAP budget bill. Columbia Gas, in its sole discretion, may delay termination in the event of extenuating circumstances.

To restore service, the customer must pay all missed CAP budget payments that were the subject of termination as well as any missed CAP budget payments that became past due during the termination notice period.

During November 1 through March 31, a CAP customer will not be removed from CAP for failing to make missed CAP payments.

Starting with the April 1st termination date, Columbia will issue a termination notice to CAP customers who failed to pay CAP budget payments during the November to March period. The amount on the termination notice shall be for all missed CAP payments.

To restore service, the customer must pay all missed CAP budget payments that were the subject of the termination as well as any missed CAP budget payments that became past due during the termination notice period.

Default Provisions for Customers Requesting Removal from CAP

A customer requesting removal from CAP will be sent a personalized letter explaining their benefits in CAP & a return envelope. They will be required to sign and return this letter. Once returned, they will be removed from CAP.

The letter will also stipulate they may not join CAP again for one year from the time of removal.

Default Provisions for Customers with High Consumption

A customer refusing weatherization through Columbia Gas without demonstration of a legitimate waiver will be reviewed by the Customer /Community Outreach coordinator

Waivers include but not limited to:

- Fear of personal safety
- Medical condition which may be affected by weatherization measures
- Extreme difficulty in accommodating weatherization crew schedules.

A customer may have their CAP budget payment raised to a higher payment option or removed pending the review.

Re-connect Procedures

Reconnection and subsequent re-instatement when the customer's **gas service was terminated** after removal from CAP:

- All CAP payments must be made, including the five-dollar co-pay for each of the months during which gas service was retained.
- All payments made by the customer after his removal from CAP will be deducted from the amount needed for program re-entry.
- Any charges incurred after the customer defaulted, which are not paid by the customer, are treated as current bill shortfall amounts.
- A customer will be required to re-apply including providing proof of income if the customer has been without service for 6 months or more.
- This process also applies to defaulted CAP customers who move to a new address after termination for non-payment.

Security Deposits

- CAP customers will not be charged security deposits.
- Any paid security deposits on accounts with an approved CAP application will be credited according to the provisions of 66 PA. C.S. § 1404 c to the arrears prior to CAP enrollment.
- Unpaid security deposits on customers entering into CAP will be waived after income verification is complete.

Re-connect fees

- All reconnect fees will be waived for CAP eligible customers with valid CAP applications.

Re-instatement

Re-instatement when the customer **retained gas service** after removal from CAP:

- The customer must pay the entire balance of missed CAP payments including the five-dollar co-pay to the pre-program arrears.
 - Any payments made by the customer after removal are deducted from the amount needed for program re-entry.
 - A customer must resolve any outstanding issues related to removal from CAP, such as verifying current income or accept free weatherization services.
 - The pre program arrearage will be the same at the time of reinstatement as at the time of default.
-
- Any charges incurred after default, which are not paid by the customer, are treated as current bill shortfall.
 - This process also applies to CAP customers who move to a new service address with no interruption of service due to termination.

Re-verification

Re-verification of income on a yearly basis is necessary to ensure that only low income customers are offered the subsidized payment plan under CAP. While Columbia supports the need for customers to take some responsibility for their participation in the CAP program, Columbia provides customer ease by offering flexibility with regard to income re-verification.

Customers who have received LIHEAP, Dollar Energy Fund or another Columbia Universal Services program are exempt from annual re-verification. However Columbia reserves the right to ask these customers to re-verify on an as-needed basis. CAP participants who did not receive LIHEAP are required to mail in verification of their household income to the administrator for processing. Their new payment amount will be mailed to the customer in a letter explaining their continuance in CAP. If the customer prefers to re-verify in person, an appointment can be made available to the customer with a screening agency.

Columbia recognizes the difficulty re-verification could be for seniors particularly considering the often-minimal income changes that occur with this population.

CAP customers 60 years and older who are also on Social Security or Disability Assistance are exempt from annual re-verification. They are required to either re-verify their income every other year or receive energy assistance.

Columbia will continue to issue a letter to the customer 30 days prior to the customer's anniversary date. Columbia will remove from CAP any customer failing to re-verify within 30 days after the anniversary date and 60 days after the initial notification that verified income is required.

Prior to removing a customer from CAP for lack of re-verification, Columbia proposes to partner with electric CAP programs to obtain proper verification and retain the customer in CAP.

Once removed a customer will be re-entered into CAP immediately after eligible proof of income is received.

Arrearage Retirement

CAP rules require that the customer exhibit regular monthly payment practices to receive arrearage retirement benefits, including the five-dollar monthly co-pay toward the customer's pre-program arrearage. Customer co-payments will be spread over a maximum of a three year time period, commencing when a customer is accepted into the program. The unpaid portion of the pre-program arrears is forgiven over the 3 years. The customer co-pay and retirement is clearly noted on the account summary portion of the monthly CAP bill.

Gas Transportation

As a result of the Natural Gas CHOICE and Competition Act, Columbia formulated a low-income aggregation for CAP customers concurrent with Columbia's Choice program.

As a condition of CAP, the customer is required to agree in writing to allow Columbia to act as an agent, on their behalf to contract for the purchase of gas supplies from a licensed natural gas supplier ("NGS"). The NGS is selected by Columbia based upon responses to a Request for Proposal (RFP), which is sent to license NGSs on the Columbia system. In order to make CAP more cost-effective, the RFP seeks to obtain a cost of gas that is lower than Columbia's sales service rate. Through this arrangement, CAP customers may benefit from the competitive market for gas supply, and from the economies of scale gained through the aggregation of their volumes into the larger CAP group.

In 2001, Columbia presented a feasibility study to the Public Utility Commission on its CAP aggregation. In summary, the aggregation model proved to be a successful alternative to traditional CHOICE. External studies offered additional support for the continuance of an aggregation.

Columbia has not received a competitive bid from NGSs for the last two years. CAP customers are currently on tariff sales gas. Columbia will continue the RFP process to obtain a qualified bid through subsequent RFPs, however request re-consideration of the portability requirement in light of the market changes since the inception of CHOICE.

Universal Service Projected Needs Assessment

Columbia wrote the projected needs assessment on the premise that Universal Service Programs should be offered as part of a menu of options to suit the circumstances of individual customers. Columbia looks at the potential participant and recommends what programs would best suit his payment-troubled situation. One size does not fit all, nor does one program suit all customers.

Columbia has implemented this philosophy through administrative processes within its customer services protocols to handle the low-income, payment-troubled customers at the first point of contact. This process was previously referred to as the One-Stop-Shop approach.

Columbia referenced several sources to complete this assessment. The first is the 2000 Federal Census Data and the second is Columbia's customer information system. In line with the Bureau of Consumer Services' document dated May 9, 2001, Columbia based the first step of the needs assessment on the following six criteria:

1) The Number of Identified Low-Income Customers

In recognition that the CAP is designed to address the needs of chronic low-income, payment-troubled customers, Columbia began its process of identifying potential CAP customers by reviewing customers who have continued to meet certain criteria for a twelve month period. The selection criteria used was: all level 1 and 2 customers who have had payment agreements; all accounts that have received LIURP, CAP, LIHEAP or other energy assistance programs including Hardship Funds; all accounts whose financial summaries show

incomes below 150% of Federal Poverty Guidelines; and those accounts that met the income criteria who were not on payment plans.

The following table identifies that using this criteria, 59,704 customers are identified as low-income on Columbia's records; those who have received energy assistance or another Universal Service program that have confirmed their income to be below 150% of federal poverty guidelines. Also included are customers who have declared their income to be such; however, have not confirmed it through income verification.

The Number of Identified Low-income Customers

59,704

	CAP	Level 1&2	Total
Jan-07	22,618	38,477	61,095
Feb-07	22,623	38,784	61,407
Mar-07	23,844	37,857	61,701
Apr-07	23,881	37,299	61,180
May-07	24,453	36,026	60,479
Jun-07	24,751	34,850	59,601
Jul-07	24,728	34,140	58,868
Aug-07	24,618	33,516	58,134
Sep-07	24,599	33,525	58,124
Oct-07	24,531	33,890	58,421
Nov-07	24,391	33,910	58,301
Dec-07	24,107	35,029	59,135

Average	24,095	35,609	59,704
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2) An Estimate of Low-income Customers

As another means of determining the number of low-income customers, Columbia estimated the number of low-income customers using updated federal census data. Columbia used the most recent census data available at the county level to obtain this number. The table below references the number of households that Columbia serves and equates that to a percentage (22.95%) compared to the total number of households within each county. The census data states that there are 315,812 low-income households within the counties Columbia serves. Using the same percentage (22.95%), 70,346 households are estimated to be Columbia low-income households.

70,346

County	Customer Count ^(A)	Census Household ^(B)	Percent Customers CPA ^(C)	Census Household Low Income ^(D)	Low Income CPA ^(E)
Adams	12,347	33,652	36.69%	5,001	1,835
Allegheny	96,225	537,150	17.91%	106,443	19,068
Armstrong	914	29,005	3.15%	6,922	218
Beaver	34,370	72,576	47.36%	13,626	6,453
Bedford	11	19,768	0.06%	4,409	2
Butler	7,971	65,862	12.10%	11,159	1,351
Centre	9,198	49,323	18.65%	13,068	2,437
Clarion	3,716	16,052	23.15%	4,247	983
Elk	34	14,124	0.24%	2,337	6
Fayette	22,111	59,969	36.87%	18,744	6,911
Franklin	4,107	50,633	8.11%	8,108	658
Fulton	5	5,660	0.09%	1,225	1
Greene	2,761	15,060	18.33%	4,128	757
Indiana	559	34,123	1.64%	9,815	161
Jefferson	383	18,375	2.08%	4,285	89
Lawrence	18,514	37,091	49.92%	8,630	4,308
McKean	3,269	18,024	18.14%	4,106	745
Mercer	28	46,712	0.06%	9,530	6
Somerset	4,409	76,529	5.76%	7,645	440
Venango	708	22,747	3.11%	5,600	174
Warren	2,439	17,696	13.78%	3,314	457
Washington	39,739	81,130	48.98%	15,860	7,769
Westmoreland	20,458	149,813	13.66%	27,704	3,783
York	87,378	148,219	58.95%	19,906	11,735

Totals	371,654	1,619,293	22.95%	315,812	70,346
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- 1) **CPA Customer Count** – Number of households per county identified by Columbia Gas as being served by Columbia Gas.
- 2) **Census Household** – Number of households per county identified by census data.
- 3) **Percent Customers CPA** – Percent of total county households served by Columbia Gas (#1 / #2).
- 4) **Census Household Low-Income** – Number of low-income households per county identified by census data.
- 5) **Low-Income CPA** – Estimated number of low-income households per county served by Columbia Gas (#3 X #4).

Definitions:

- **Low-Income** – At or below 150% of Federal Poverty level.
- **Payment-Troubled** – Customers who have payment agreements or who have failed at least one agreement within 12 months.

3) The Number of Identified Payment-troubled, Low-income Customers

Next, Columbia used data gained from its actual experiences with payment plans to identify the number of chronically payment-troubled customers. Columbia used a Payment Plan Status Report, BCS and Non-BCS Agreements, Level 1 - Defaulted Delinquency, Cancelled Plans and Terminated Plans from January through December 2007 and took the highest monthly average (2,493). Based upon the definitions at 52 Pa. Code §§ 54.72, 62.2 and 69.262, "Payment Troubled" is defined as a household that has failed to maintain one or more payment arrangements in a one-year period.

4) An Estimate of Potentially Payment-troubled, Low-income Customers

Next, Columbia compared the data obtained from its customer information system to census data. The number of customers identified as low-income customers based on Columbia's customer information system is 59,704. The number of customers estimated by census data to be low income is 70,346. The census figures suggest that Columbia's service territory has 10,642 more low income customers than Columbia's data indicate.

5) The Number of Customers Who Still Need LIURP Services and the Cost to Serve That Number

Pursuant to BCS's May 9, 2001 document, Columbia identified the number of customers that meet the LIURP eligibility criteria, excluding those customers who have already received weatherization services. According to data from Columbia's customer information system, 36,653 customers meet the LIURP eligibility criteria. Of these customers, 4,918 have already received weatherization services. Therefore, 31,735 customers could receive weatherization services. Of that number 14,000 are property owners while the remaining 17,735 are renters. Columbia historically has had difficulty obtaining landlord approvals to weatherize homes. Realizing a 50% success rate, Columbia anticipates that 1/2 of the 17,735 renters in addition to the 14,000 property owners, totaling approximately 22,000, could receive weatherization services.

Based on Columbia's weatherization experience, the average cost to weatherize each home is \$5,731. Therefore, it would cost \$126,082,000 to weatherize all the potentially eligible households in the Columbia service territory. Columbia annually funds LIURP at a spending level of \$1,369,000 and proposes to increase funding to approximately \$3,400,000 in 2009 and 2010.

6) The Enrollment Size of CAP to Serve All Eligible Customers

Finally, Columbia determined the appropriate size of the CAP to serve all eligible customers. Using the data discussed above and Columbia's enrollment history we believe the appropriate size of the CAP should remain at 27,135 customers – Columbia's previously established enrollment limit. Despite ongoing enrollment efforts, the active total number of customers enrolled in CAP has remained stable at approximately 23,500 customers. This strongly suggests that the program is properly sized; that every customer who has had a need for CAP has been permitted to participate in the program; and that no customer has been turned away due to the upper limit on enrollment. Based on Columbia's experience there is no evidence suggesting that the CAP enrollment limit is insufficient or that it should be increased.

Columbia therefore recommends that the Commission re-approve the existing 27,135 as the upper limit of CAP enrollment.

The Universal Services Programs, CARES, CAP, Hardship Funds and LIURP respond to the identified needs in different ways. Over 23,000 customers are currently receiving benefits from CAP, while 800 additional customers have received assistance through CARES services. Hardship Fund recipients average 2,500 annually along with an additional 200 households weatherized each year. Columbia identified that there are 27,135 customers who are potential participants for CAP. Columbia looks to serve these customers through the menu of options available under Universal Services.

Projected Enrollment *

	2009	2010	2011
LIURP	700	700	700
CARES**	800	800	8000
CAP	25,000	26,000	27,000
Hardship Funds	2800	2800	2800

*. These projected enrollments stated in this table are rough estimates. Actual enrollments may vary from these projections.

** Customers assisted by CARES outreach services. Actual customers in CARES caseload is approximately 69.

Conclusion

Columbia's Universal Service Program is designed to address the multifaceted needs of Columbia's diverse customer base. The present array of Universal Service Programs is an appropriate mix of services that meets the requirements of 66 Pa. C.S.A. §2203(8) and 52 Pa Code Chapter 62. Columbia respectfully requests that the Commission approve the previously described changes. Columbia also respectfully requests that the Commission approve this updated Universal Service and Energy Conservation Plan in its entirety

A NiSource Company

Southpointe Industrial Park
121 Champion Way, Ste. 100
Canonsburg, PA, 15317

June 01, 2011

VIA e-filing

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17210-3265

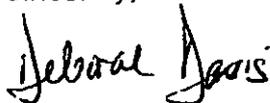
**Re: Columbia Gas of Pennsylvania, Inc. Universal Service
and Energy Conservation Plan**

Secretary Chiavetta:

Enclosed for filing on behalf of Columbia Gas of Pennsylvania, Inc. is the Universal Service and Energy Conservation Plan pursuant to 52 Pa. Code § 62.4.

Please direct any inquiry with regard to this filing to either the undersigned, or call directly 724 (416-6316).

Sincerely,



Deborah A. Davis

Enclosures

cc: Office of Consumer Advocate
Office of Small Business Advocate
Office of Trial Staff
Bureau of Consumer Services

PA P.U.C.
SECRETARY'S BUREAU

2011 JUN -6 AM 10:39

RECEIVED

Columbia Gas of Pennsylvania, Inc.

Universal Service

And

Energy Conservation Plan

2012 - 2014

RECEIVED

2011 JUN -6 AM 10:39

**PA PUBLIC
SECRETARY'S BUREAU**

RECEIVED

2011 JUN -6 AM 10:40

PA. P.U.C.
SECRETARY'S OFFICE**Columbia Gas of Pennsylvania, Inc.
Universal Service and Energy Conservation Plan****Plan Submission**

Pursuant to 52 Pa. Code § 62.4 "Universal service and energy conservation plans," Columbia Gas of Pennsylvania, Inc. ("Columbia") hereby submits for the approval of the Pennsylvania Public Utility Commission ("Commission") its proposed plan for years 2012 through 2014. Because Universal Service includes energy efficiency programs such as LIURP, individual universal service and energy conservation programs referenced in their entirety will be referred to as "Universal Service," and the Universal Service and Energy Conservation Plan will be referenced as the "Plan" or the "Universal Service and Energy Conservation Plan."

Historic Overview

Columbia submitted its first Universal Service and Energy Conservation Plan in August 1999 as part of its Restructuring Filing as required by the Natural Gas CHOICE and Competition Act in Case No. R-00994781. The Commission approved the Plan as part of settlement agreements in October and December of 1999. Provisions within those settlements included an enrollment target for the Customer Assistance Program ("CAP") and a funding level for the Low Income Usage Reduction Program ("LIURP"). Additionally, the approved settlements provided for a temporary funding source for Columbia's Universal Service Program with the expectation that a permanent funding mechanism would be developed later. The Commission approved modifications to the CAP funding mechanism in 2001 and 2002.

Columbia submitted its second Universal Service and Energy Conservation Plan in November 2002, which was approved by the Commission in January 2003. In October 2003 Columbia received Commission approval for a permanent funding mechanism, which allowed for recovery of projected shortfall and application costs, based upon the current and estimated customers in the program and the cost of gas. The mechanism is part of the customer distribution charge and is adjusted at the same time as the quarterly gas cost adjustment.

In 2005, Columbia submitted its third Universal Service and Energy Conservation Plan which was approved in January 2006. It included the establishment of a remedial conservation education program for high consumption CAP customers who were already weatherized along with an external evaluation on its LIURP program. Funding and enrollment remained consistent with the Plan approved in 2003.

In 2008, Columbia filed its Universal Service Plan for 2009-2011 as part of its base rate case at R-2008-2011621. The Plan was approved as part of its settlement. It included increasing the LIURP spend from \$1,300,000 to \$3,000,000.

In September 2010, Columbia filed a Petition to Modify its Plan at Docket No. P-2010-2195759 to implement the "CAP Plus" program. The Commission approved Columbia's Petition in October 2010 and Columbia implemented CAP Plus in November 2010. This Plan includes the CAP Plus program.

In the third quarter of 2010, Columbia secured the services of an independent third party consultant to perform a comprehensive impact evaluation of Columbia's Universal Service Programs. In November, 2010, Columbia filed its independent evaluation of the Universal Service programs. The evaluator, Melanie Popovich, noted "throughout this document, the evaluator makes note of the proactive approach taken by the Company's management team in order to address the barriers to program effectiveness. The Company is to be commended on its willingness to engage third party experts to undergo external studies for further program improvement. ... In my opinion as an evaluator, Columbia strives for continuous improvement and has one of the most efficient and effectively managed Universal Service Programs in the state."

The third party evaluator recommended some changes to further enhance the effectiveness of Columbia's programs. The changes to this Plan are based on recommendations found within the evaluation. Further explanation of these recommendations can be found under the "External Studies" section of the Plan.

Changes to the Plan

The following are major changes to the 2012-2014 Plan:

I. **CAP Eligibility Change**

A customer who owns a home that is valued at over \$300,000 will be removed from CAP after one year of identification. If a customer moves from the property within one year of identification, the customer will not be removed from CAP or will not be refused CAP participation at a later date.

Columbia does not believe CAP should be an avenue to sustain an existence that can no longer be afforded. Also, a household with low income would not be able to afford the taxes and utilities on such a house which calls into question the validity of the proof of income provided. Columbia does recognize crises which may occur and therefore provides a one year participation limit.

II. **Re-verification Process**

a. A step will be added to coordinate with cooperating electric utilities to scan for more current proof of income.

b. A phone call will be made reminding to re-verify.

Columbia supports additional measures in an effort to reduce the failure to re-verify removal rate.

III. High Usage Remedial Program

The name of Columbia's High Usage Remedial Program has been changed to the Remedial Energy Efficiency Program ("REEP").

- a. Increase the participation size of the program.
- b. Focus on those customers who have increased their consumption 125% over prior years and who also have a shortfall over \$1,200.
- c. Partner with LIURP to replace old, inefficient systems (as defined by LIURP) with high efficiency heating systems when necessary
- d. Enforce the policy of raised CAP payments or removal from CAP when consumption remains within the control of the CAP customer and over existing control limits.

Columbia recognizes the need for additional intervention on high usage CAP customers. Columbia acknowledges that more severe consequences for failure to reduce usage at the conclusion of participation in this program are necessary.

IV. Continue CAP Plus Program

This component has been implemented to help control the costs of the CAP program to non-CAP customers.

V. Eliminate CAP Aggregation

Columbia has maintained an aggregation since 2000. Since 2002, Columbia has not received a proposal that would provide a gas cost less than Columbia's sales service. Therefore, no alternate supplier has been procured. Columbia sends a request for proposal to licensed CHOICE marketers on a quarterly basis. Columbia's recent evaluation concluded that this Customer Assistance Program component is a waste of administrative resources, and further recommended its elimination. Columbia would continue to incur a great deal of administrative cost to implement this process. Columbia is aware that, historically, CHOICE customers in its service territory have not realized any savings from alternate gas suppliers. Furthermore, the CAP program offers the best payment solution for low income payment troubled customers. Columbia is also aware that no other gas utility CAP customer within Pennsylvania can choose an alternate supplier and remain on the CAP program. Therefore, Columbia is not proposing an option that would allow customers to choose CAP and CHOICE simultaneously.

VI. Change LIURP Eligibility

Eligibility guidelines will require that property value must be less than \$300,000. Similar to the logic in implementing new CAP eligibility guidelines, it is presumed that a low income household cannot sustain a lifestyle in a house valued over \$300,000, and, therefore, will either find additional income or move. If the family chooses to move, the chance of another low income family moving into this same property is low, further reducing the long term benefit of LIURP as it was intended.

VII. Staffing Changes

Two full time employees focusing on LIURP referral process and quality assurance have been added to the Universal Services organization.

External Studies

October, 2010 USECP Evaluation conducted by Melanie Popovich

Key Recommendations affecting this plan:

CAP-1	Although CAP aggregation proved to be a successful alternative to CHOICE, the Company has not been successful in enrolling any marketers interested in CAP aggregation since 2002. Marketers find it difficult to bid below the Company's Price to Compare.	Eliminate CAP aggregation from the 2012 Universal Service Plan filing.
LIURP-1	The Company currently determines which homes are weatherized based solely on customer income and condition of the home. This can result in excessive dollars spent to weatherize extremely large square footage homes in expensive neighborhoods. Circumstances may warrant the Company to place these customers on a "wait list" depending on available funds.	The Company to modify LIURP eligibility criteria to permit it to deem customers ineligible for LIURP for "just cause".
LIURP-2	There is no Company quality assurance in effect to provide checks and balances with respect to LIURP contractor performance. This includes oversight and quality assurance of contractor field work performed and contractor invoice reconciliation.	Implement contractor invoice reconciliation and provide quality assurance oversight to all LIURP contractors. Fill the Quality Performance job vacancy which currently exists within the Company's organization.

CAP-15	Over the most current four year period the largest percentage and reasons for CAP customer removal were as follows: 49% of CAP customers moved or had finaled accounts. 24% of CAP customers failed to recertify.	<ol style="list-style-type: none"> 1. Include in the CAP Customer Acceptance Letter a highly visible due date field for recertification of income. 2. Include on the CAP bill, a date field and message which notifies the customer 60 days prior of their recertification due date. 3. Include a self addressed stamped envelope with the new recertification application attached to the customer recertification reminder letter. 4. Provide Dollar Energy Fund CAP Administrators with a list of customers with "recertification due" in order to make telephone reminder calls 30 days prior to due date.
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Integration

Columbia continues to use an integrated approach for outreach and solicitation for all Universal Service programs, which focuses on two principle strategies: first, Columbia incorporates referrals into existing processes, and second, Columbia coordinates services with dedicated staff.

Columbia uses existing customer services processes, such as the Cold Weather Survey, collection, compliance, energy assistance receipts and contact management to create opportunities to increase enrollment in Universal Service programs.

Columbia's Contact Center has a designated call group comprised of specially trained employees dedicated to the promotion and enrollment of Universal Service programs. Through Universal Service Customer Service Representatives, the customer is referred to all available and appropriate programs including CAP, LIURP, CARES, energy assistance, etc. In addition, Columbia's trained representatives refer eligible customers to non-utility assistance programs such as earned income credits, food banks and community based agencies.

This expedites the referral and intake process resulting in efficient enrollment. Once a customer is identified as payment troubled or low income, the customer is transferred to the Universal Service line. The Universal Service representative will pre-screen a customer, and where applicable, enroll a customer in one of Columbia's Universal Service programs immediately. This "one-stop-shop" approach is administratively efficient because it identifies which programs are appropriate for the customer at the single point of contact.

Payment assistance and low income energy efficiency programs are offered simultaneously to offset program costs which are absorbed by good paying customers through rates. Columbia prioritizes CAP customers for LIURP benefits to reduce future consumption and shortfall. This coordination occurs at the time of referral at the contact center. As a result, only one application is needed to apply for both CAP and LIURP.

Outreach

Columbia promotes its Universal Service programs and engages in external outreach opportunities throughout its service territory. Such outreach opportunities include:

- Sponsorship and participation in senior fairs
- Representation on local community assistance boards and task forces
- Participation and coordination of Be Utility Wise events
- Information available on Columbia Website
- Bill Inserts targeted to specific Universal Service programs
- Customer Contact Center referrals

Columbia also sponsors outreach opportunities to support Universal Service programs on an individual program basis:

CAP

- Coordination with electric utilities to solicit CAP customers for enrollment and re-verification
- Coordination with the Dollar Energy Fund Grant Program
- Limited solicitation of targeted groups
 - Previous Dollar Energy grant customers
 - CRISIS recipients
- Mail solicitation of targeted groups.
 - Previous and potential LIHEAP recipients
 - Cold Weather Survey packets
- Training
 - Customer Contact Center Customer Service Representatives
 - Administrating and screening agencies
 - Credit and collections representatives
 - Service department personnel

HARDSHIP FUNDS

- Bill inserts once a year requesting contributions and encouraging application
- Solicitation included on monthly bills
- Participation in multiple fundraising events

LIHEAP

- Partnership with other gas utilities to promote LIHEAP
- Annual press conference on LIHEAP Day
- Press releases
- TV commercials featuring Franco Harris
- Bill inserts promoting LIHEAP
- Inserts promoting CRISIS in eligible termination notices
- Letters to previous recipients reminding them to apply
- Letters to identified eligible customers
- Operation of a toll-free hotline for inquiries and assistance with applications

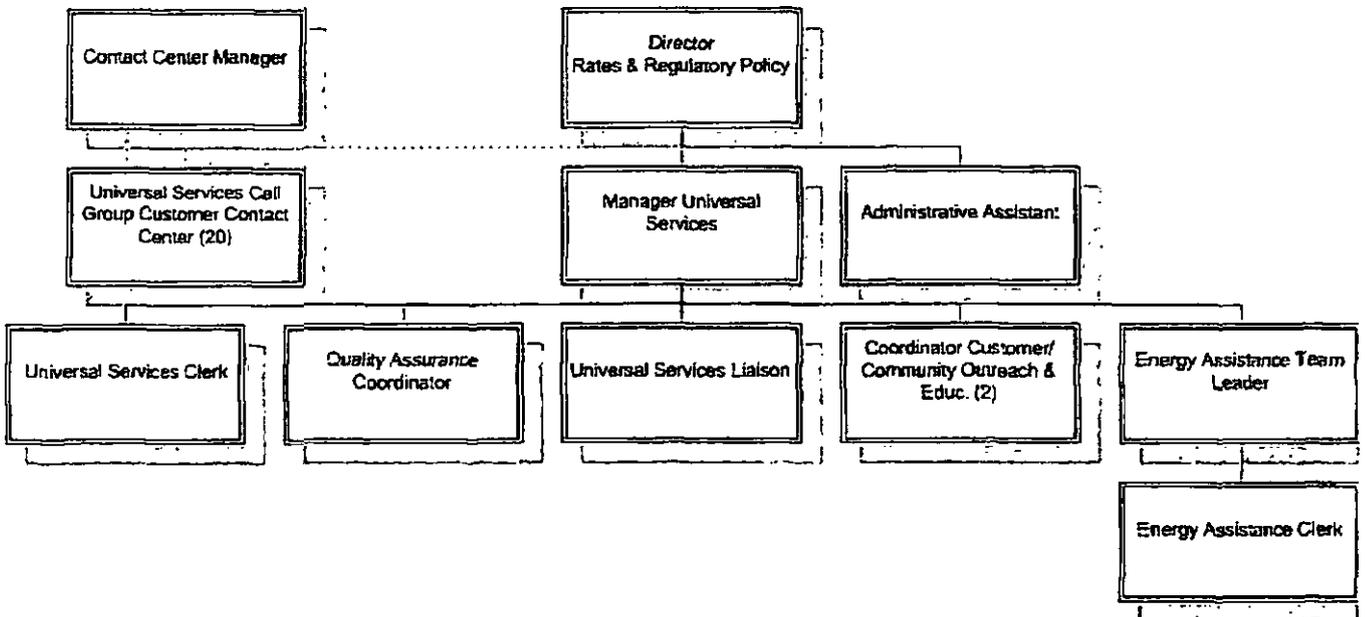
- Outbound calls to Crisis-eligible customers as part of Direct Referral Process
- Information about Energy Assistance while customers are on hold for customer service
- Training on LIHEAP guidelines and benefits to all call center and field service personnel

Staffing

Columbia utilizes the resources of staff employees along with the experts of community partners to implement all of its Universal Service programs.

5/10/2011

Columbia Gas Universal Services Org.



Universal Service Program Responsibilities

Director Rates, Regulatory Policy	Strategic direction of all programs / policies
Manager Universal Service	Implementation/compliance of all programs
Administrative Assistant	Program reporting for all programs
Coordinator Customer/Community Outreach and Education (2)	Outreach coordination of all programs
Columbia Customer Contact Center Universal Service Call Group	Information, referral and enrollment of all programs
Universal Services Liaison	Oversees Fuel Fund and CAP processes and agencies for grants and applications
Energy Assistance Team Leader	Responsible for day to day compliance of LIHEAP vendor agreements, reconciliation of LIHEAP receipts
Energy Assistance Clerk	Answers LIHEAP hotline, posts payments and responds to customer inquiries
Quality Assurance Coordinator	Implements LIURP quality assurance program
Universal Service Clerk	Coordinates the LIURP process flow from referral through completion to post inspection

Community Partnerships

Columbia partners with community organizations for both the delivery of the universal service programs and also feedback on program practices and policies.

CAP	
Columbia	Management
Columbia Customer Contact Center Universal Service Call Group	Information, Referral and Enrollment
Dollar Energy Fund, Inc.	Outreach and Intake Administration
Dollar Energy Screening Agencies	On-site applications
Essential Energy, Inc.	Energy Efficiency/Consumer Education and Quality Assurance Control

LIURP	
Columbia	Management and Pre-screening
Columbia Customer Contact Center Universal Service Call Group	Information, Referral and Enrollment
10 Weatherization providers throughout Columbia's service territory	Weatherization, Customer Communication and Data Tracking
Conservation Consultants, Inc.	Energy Efficiency Education/Inspections
Pure Energy, Inc.	Energy Efficiency Education/Inspections

HARDSHIP FUNDS	
Columbia Gas of PA	Management, Enrollment and Referral
Customer Contact Center Universal Service Call Group	Information, Referral and Enrollment
Dollar Energy Fund, Inc.	Outreach and Intake Administration
Dollar Energy Fund Screening Agencies	Outreach and Intake Implementation
Citizen's Energy Corporation	Fuel Fund Administrator for Citizen's Energy Program

CARES	
Columbia	Management
Columbia Customer Contact Center Universal Service Call Group	Information, Referral and Enrollment
Community-Based Organizations	Resource Development

The list below reflects the positions held by Columbia's Universal Service team on various task forces, committees and boards within the communities Columbia serves.

<u>Task Force, Committee or Board</u>	<u>Position</u>
Gerontology Taskforce, Beaver County	Member/Taskforce
South Side Housing Consortium	Member
Human Service Forum	Member/Association
Council of Community Services	Member/Association
Partners for Warmth	Member/Committee
Aging Consortium - PA	Sponsor
Aging Consortium - PA	Member/Committee
Be Utility Wise (S W PA)	Member/Sponsor
CARES Network	Member
Head Start, Beaver County	Executive Board Member
Fayette County Energy Task Force	Member/Committee
Senior Expo Planning Committee, Washington County	Member/Committee
Heats on Community Service Project	Member/Committee
NASW	Member
Beaver County HPRP Taskforce	Member
Beaver County Homeless/Housing Coalition	Member
Beaver County Social Services Advisory Committee	Member
Butler County Energy Summit	Member
National Low income Energy Consortium	Board Member
York County Hispanic Coalition	Member
Community Progress Council, Inc.	Board Member
Children's Aid Society/Lehman Center	Advisory Council Member
Affordable Comfort	Planning Member

Budgets

Universal Service expenses are monitored and tracked specifically by each program with the exception of Hardship Funds. Because oversight of the Hardship Funds resides within the CARES program, all internal administrative expenses are included in the CARES budget.

PROJECTED BUDGET

	2012	2013	2014
LIURP	\$3,000,000	\$3,000,000	\$3,000,000
Energy Assistance Outreach and Processing	\$185,000	\$185,000	\$185,000
CARES Community Outreach	\$260,000	\$260,000	\$260,000
CAP Administration and Applications	\$1,200,000	\$1,200,000	\$1,200,000
Shortfall	\$11,340,230	\$11,798,880	\$12,062,600
Arrearage Retirement	\$3,680,076	\$3,680,076	\$3,680,076
Hardship Funds*	\$150,000	\$150,000	\$150,000

* In 2012, \$324,388 will supplement the Hardship Fund pursuant to a Commission Order entered July 21, 2010 in Docket No. P-2010-2157040, where Columbia petitioned the Commission for permission to use the proceeds from a pipeline settlement to provide additional funding to Columbia's existing residential Hardship Fund. In addition, Columbia is also able to secure an additional \$375,000 through Citizen's Energy towards the hardship fund each year.

Program Descriptions

Pursuant to 52 Pa Code §62.4(b), the components of Columbia's Universal Service and Energy Conservation Plan are described in detail. The following are program descriptions, including eligibility criteria, a needs assessment, and projected enrollment levels for the programs.

CARES (Customer Assistance Referral and Evaluation Services)

Scope

The CARES program has been offered to Columbia customers since 1986. Since its inception, over 40,000 customers have received the assistance of staff social workers through resource referrals, consumer education, LIHEAP Outreach and affordable payment plans tailored to the customer's ability to pay. CARES is designed to be a short-term program for first time payment-troubled customers who require energy assistance and other necessary resources and referrals.

In addition, CARES assists vulnerable CAP customers who need extra protection and account monitoring. It is also the final step in the Cold Weather Survey intervention process. The Customer/Community Outreach Coordinators make additional attempts to contact customers aged sixty and over without heat. This intervention is continuous throughout the heating season.

The CARES program is the network that informs all customers of available programs and resources through an information and referral call group at the customer contact center. The Customer/Community Outreach Coordinator trains call center and service employees on available resources.

Key Objectives

- Safe, sustained energy
- Customer self sufficiency
- Resource development
- Successful payment recovery
- Continuous payment frequency
- *Reduced credit/collection costs*
- Identification and cost avoidance associated with crisis/safety issues
- Customer satisfaction
- Crisis intervention
- Reduced commission complaints
- Community networking
- Goodwill

Eligibility Criteria

- Payment-troubled, evidenced by missed payments or anticipated payment stoppage due to personal crisis resulting in financial hardship
- Columbia heat customer
- Identified as vulnerable by community partners, Columbia employees, friends or family of ratepayer
- *Financial difficulty should be short term*

Program Components

- Case management approach to solving individual payment problems
- Home visit assessment when necessary
- Protection from termination during program
- Short-term, affordable payments based on "ability to pay"
- Budget counseling
- Referrals and linkage to community, state and federal resources for direct and indirect monetary assistance
- Information and referral dissemination
- Crisis intervention
- *Oversight of accounts with active Protection from Abuse orders*

Projected Enrollment

	2009	2010	2011
CARES	500	500	500

Approximate number of customers assisted by CARES outreach services is 500. Actual customers in CARES caseload is approximately 97 as reported in the 2010 Annual Universal Services Report.

LIURP (Low Income Usage Reduction Program)

Scope

Columbia has provided the Low Income Usage Reduction Program to its customers since 1988. Approximately 6,000 homes have been weatherized since that time. Consumption savings average between 21%-24%. Average spending per home is \$5,811. In accordance with existing requirements, each measure installed is projected to have a 7-12 year payback. Columbia proposes to maintain funding at \$3,000,000 annually.

Key Objectives

- Safe, affordable energy for low-income customers
- Reduced uncollectible arrearages and write-offs
- Reduce wasted consumption
- Create affordable budgets/bills for customers
- Improved payment frequency
- Reduced CAP shortfall deficit by bill reduction
- Improved customer satisfaction
- Environmental awareness/protection
- Responsible energy use

Eligibility Criteria

- Income at or below 150% of Federal Poverty Level. With up to 20% of annual budget eligible for special needs customers as defined in Section 58.2, (relating to definitions)
- Homeowner or renter; renter must have property owner permission
- Average winter monthly consumption must be higher than 170 CCFs
- Customer must be enrolled in Columbia's CAP program and must not have been previously weatherized. Up to 20% of the annual budget can be used for non-CAP customers who otherwise meet the LIURP eligibility requirements
- *Dwelling must be approved during audit to be in proper condition to weatherize*
- Property value of the house, must be less than \$300,000

Program Components

- Home Energy Audit. Each home is audited to determine if the dwelling is in proper condition for weatherization. Weatherization measures are recommended at the time of the audit. Referrals to other housing development agencies for repair work are made if necessary. Referrals to other utility weatherization programs are made as necessary.
- Energy Education component is completed at time of audit
- *Coordination with other utilities and weatherization programs to leverage funds and increase customer satisfaction.*
- Heating system is inspected, cleaned and repaired as needed prior to weatherization treatment.
- Gas Furnace may be upgraded to 92% efficiency or higher if deemed to be inefficient.
- Gas Boiler systems may be upgraded to 80% or higher if deemed to be inefficient.
- Weatherization measures are performed specific to audit recommendations. Treatment is determined based on highest efficiency results. Measures include sidewall and attic insulation, blower door guided air sealing measures such as caulking, sealing and window stripping.
- Twenty-five percent of homes are inspected for quality and safety.

- Program is evaluated by comparing weather normalized pre-treatment usage to weather normalized post treatment usage to determine savings.

Projected Enrollment

	2012	2013	2014
LIURP	480	480	480

HARDSHIP FUND

Scope

Columbia contributes one dollar of shareholder money for every dollar contributed by its ratepayers. Annually, Columbia raises \$75,000 to \$80,000 in customer contributions through bill solicitation. In addition, Columbia sponsors fundraising activities to increase customer contributions up to \$150,000. Combined with a shareholder match, this total of \$300,000 is donated to payment-troubled, low-income customers for assistance with their Columbia bill.

Columbia also partners with the Citizen's Energy Corporation, a non-profit organization that serves low-income housing and energy needs. Through a gas purchasing agreement, an additional \$375,000 is allocated from Columbia to Citizen's Energy Corporation who contracts with an administering fuel fund agency to provide grants to payment-troubled, low-income customers.

In 2010, Columbia was granted permission from the Public Utility Commission to direct the residential portion of Tennessee Pipeline Refunds towards its Hardship Fund. In total, this amounted to \$1,443,130 in additional Hardship Fund dollars spread out over 2010-2012. The final refund payments totaling \$324,388 will be made in 2012.

Ten percent of awarded grant dollars are earmarked for administration. This money is paid to the administrator for the outreach and intake application process in the community. Currently, 92 community-based organizations take applications within communities that Columbia serves.

Key Objectives

- Reduce outstanding balances
- Prevent termination
- Sustain gas service
- Restoration of service

Eligibility Criteria

- Opening and closing dates are established yearly
- Household income at or below 200% of Federal Poverty Level
- Received all other energy assistance programs if eligible
- Minimum arrearage balance
- *Must have shown sincere effort of payment*
- Special exceptions will be reviewed for consideration

Treatment of CAP Customers

Columbia only allows Hardship Funds to be applied to CAP accounts when a customer is off for non-pay during the month of October, November or December (cold weather procedure) or if the customer has been out of the program for more than one year. At that time, for the purpose of re-instatement into CAP, Columbia will allow the hardship fund grant to substitute for a customer payment.

Program Components

- Screening and referrals at Columbia's Customer Contact Center
- Outreach and intake at local community-based organizations
- Grant determination by Columbia employees for customers without service to expedite grant making and reconnections

CAP (CUSTOMER ASSISTANCE PROGRAM)

Scope

Columbia's Customer Assistance Program ("CAP") was established in 1992 and has since enrolled over 37,000 Columbia customers, with a current active total of approximately 23,100.

The program was created as an alternative to traditional credit and collection measures to assist long-term, payment-troubled customers by offering affordable payment options.

Under provisions of the 1999 Natural Gas CHOICE and Competition Act, Columbia filed a settlement agreement under which it expanded the program to 22,000 customers. Through a subsequent settlement agreement which was approved by the Commission in Docket No. P-00032057, the upper enrollment limit of the CAP was modified to 27,135. Columbia's CAP has not reached the enrollment ceiling up to this point.

Key Objectives

- Provide affordable payment options
- Reduce credit/collection costs
- Reduce arrearage write-off
- Efficient, cost-effective program
- Customer understanding of program benefits
- Increased "on time" payment frequency
- Energy efficiency
- Minimized shortfall through energy efficiency programs
- Targeted identification of low-income, payment-troubled customers
- Reduced commission complaints

Eligibility Criteria

- Columbia residential heat customers
- Household income at or below 150% of Federal Poverty Level
- Allowed to remain in CAP for three months if customer claims to have no income.
- Payment-troubled; having received a termination notice and or at least one failed payment agreement within past 12 months, or otherwise identified through cross utility referral and credit scoring
- Must not reside in a multi unit dwelling served by one meter
- Must provide Social Security numbers for all household members over the age of six months
- Allowed to remain in CAP for one year if house is valued over \$300,000.

Program Components**Administration**

- A Community Based Organization ("CBO") performs clerical and administrative duties for portions of the CAP program. These functions include screening, enrollment, and re-verification.
- The Administrating Organization (the "Administrator") networks with over 40 designated screening agencies/CBOs to complete on-site applications when necessary. The Administrating Organization (Administrator) also operates a phone enrollment process.

Columbia's CAP payment structure maximizes customer payments while maintaining affordability for the customer. This flexibility allows the Administrator to select the most affordable option not to be less than the average amount received over the previous 12 months. Columbia offers the lowest average CAP payment in the industry and believes that the percentages are fairly set and should remain as follows:

- Option #1: Percentage of Income.
 0 – 110% of Poverty = 7%
 110 – 150% of Poverty = 9%
- Option #2: Average of last 12 months of customer payments. (Available for customers with at least six months of un-interrupted service.)
- Option #3: Flat rate of 50% of budget billing (adjusted annually)
- Senior CAP: Flat rate of 75% of budget billing for customers over 60 years of age with no arrears or payment plan default

A minimum payment amount of twenty-five dollars is required.

Each CAP customer will be charged the additional "CAP plus" amount on a monthly basis.

The CAP customer will be required to pay a five-dollar co-payment towards pre-program arrears until the arrears are diminished.

The Administrator reviews the application and income verification, if required, confirms the payment amount, enters information into Columbia data systems and mails a confirmation letter to the customer.

Columbia's CAP plans are designed to be the most affordable (lowest) payment plan offered by Columbia. If at any time, a customer's CAP payment exceeds the tariff budget, the account is reviewed by the Universal Service Liaison to determine if the customer's payment should be lowered or if the customer should be removed from the CAP.

CAP Plus Program

Every CAP customer will be assessed a flat monthly fee in addition to the payment plan options identified above. The CAP Plus was established in response to a change in the way the Department of Public Welfare requires utilities to post LIHEAP cash grants.

The "plus" amount is determined by dividing the total cash dollars received on CAP accounts in the prior heating season by the number of current CAP customers. The monthly plus amount will be 1/12 of the final total. This amount will be calculated yearly beginning with October billing cycle.

Intake and Enrollment

External studies support the use of telephonic applications as appropriate. Such use is intended to increase customer ease, efficiency, and the number of applications completed while also decreasing administrative costs.

The Columbia Gas Universal Services Call Group coordinates referrals to the agencies and the Administrator for on-site and telephonic applications, with an emphasis on telephonic applications when appropriate.

On-site applications are generally required for reconnection of service, when a hardship fund application is also needed or when a customer is considered vulnerable and needs assistance completing the application and providing documentation. At any time a customer can request an on-site intake appointment.

A non-CAP customer or applicant without service having a balance from a prior account is required to pay no more than \$150, apply for all energy assistance programs available and complete a CAP application to restore service.

A removed CAP customer without service may be required to pay no more than \$300, apply for all energy assistance programs available and complete a CAP application to restore service.

A customer who refuses to enroll in the CAP program is subject to the provisions of Columbia's traditional credit and collections practices governed by Chapter 14. This includes paying a re-connect fee (if service is off) in addition to a security deposit.

Any customer found stealing gas will be charged separately from their CAP payment or billed separately for CAP prior to reconnection for the amount of the theft.

Customer Responsibilities

A CAP customer must agree to and uphold the following obligations:

- The initial application and subsequent re-application are subject to agreed-upon conditions, which serve as a contract between the customer and Columbia.
- Income verification as required.
- The monthly payment amount and the customer five-dollar co-pay must be paid by the due date.
- The customer must apply for all available energy assistance for their Columbia account.
- CAP customers are not eligible for hardship fund grants unless either of the following conditions exist:
 - A customer's service is off in October, November or December

- A customer has been out of CAP for one year. In this instance, a hardship fund grant may be used to make up missed CAP payments.
- The customer must apply for any eligible free weatherization services offered through the Department of Community Development State Weatherization Agencies and Columbia LIURP.
- Any customer with non-essential gas appliances such as a pool heater will agree to not use the device in an effort to control energy consumption.

Consumer Education

- Program evaluation studies showed that although there is some impact from energy efficiency education, weatherization remains the primary catalyst to reduce consumption.
- CAP customers will be prioritized for LIURP if consumption is over 170 Ccfs.
- Program information and customer responsibilities continue to be emphasized to the customer along with energy efficiency materials provided at the time of intake.
- To minimize the shortfall of high consumption users, Columbia will continue to implement the Remedial Energy Efficiency Program for high usage CAP customers who already received weatherization from LIURP.

Remedial Energy Efficiency Program (REEP)

Columbia will continue the Remedial Energy Efficiency Program for customers who have been weatherized, and whose usage still exceeds a \$1,200 shortfall limit, or the customer's consumption has increased 125% from the prior year at the same residence.

Columbia will contract with a third party to provide energy efficiency education on an individual basis to 200 customers per year.

The contractor will also monitor usage and provide feedback on an on-going basis for one year.

If usage continues to be outside the allowable shortfall limits, the contractor will recommend an increased payment option or removal from CAP.

Default Provisions

A CAP participant can default from the program for non-compliance of program guidelines and customer responsibilities.

Default Provisions for Nonpayment of CAP Budgets

April 1 through October 31: a CAP customer is in default after two-missed CAP budget payments.

Columbia will issue a termination notice no sooner than 10 days after a customer fails to pay two missed CAP budget payments by the due date.

If a CAP customer does not make up all missed CAP payments within 10 days of the date of the termination notice, Columbia will attempt to terminate service for non-payment of the CAP budget bill. Columbia, in its sole discretion, may delay termination in the event of extenuating circumstances.

To restore service, the customer must pay all missed CAP budget payments that were the subject of termination as well as any missed CAP budget payments that became past due during the termination notice period.

November 1 through March 31: a CAP customer will not be removed from CAP for failing to make missed CAP payments.

Starting with the April 1st termination date: Columbia will issue a termination notice to CAP customers who failed to pay CAP budget payments during the November to March period. The amount on the termination notice shall be for all missed CAP payments.

To restore service, the customer must pay all missed CAP budget payments that were the subject of the termination as well as any missed CAP budget payments that became past due during the termination notice period.

Default Provisions for Customers Requesting Removal from CAP

A customer requesting removal from CAP will be sent a letter explaining their benefits in CAP and a return envelope. The customer will be required to sign and return the letter, and upon Columbia's receipt of the executed letter, the customer will be removed from CAP.

The letter will confirm that the customer may not join CAP for one year from the time of the customer's removal.

Default Provisions for Customers with High Consumption

A customer refusing weatherization through Columbia without demonstration of a legitimate waiver will be reviewed by Customer/Community Outreach coordinator.

A customer may have their CAP budget payment raised to a higher payment option or removed pending the review.

A customer who does not respond to multiple attempts for weatherization will be removed from the program.

Re-connect Procedures

Reconnection and subsequent re-instatement when the applicant's **gas service was terminated** after removal from CAP:

- All missed CAP payments must be made, including the five-dollar co-pay for each of the months during which gas service was retained.
- All payments made by the customer after his removal from CAP will be deducted from the amount needed for program re-entry.
- Any charges incurred after the customer defaulted, which are not paid by the customer, are treated as current bill shortfall amounts.
- An applicant will be required to re-apply including providing proof of income if the applicant has been without service for 6 months or more.
- This process also applies to defaulted CAP customers who move to a new address after termination for non-payment.

Security Deposits

- CAP customers are not charged security deposits.
- Any paid security deposits on accounts with an approved CAP application will be credited to the arrears prior to CAP enrollment according to the provisions of 66 Pa. C.S. § 1404(c).
- Unpaid security deposits on customers entering into CAP will be waived after income verification is complete.

Re-connect fees

- All reconnect fees will be waived for CAP eligible customers with valid CAP applications.

Re-instatement

Re-instatement when the customer **retained gas service** after removal from CAP:

- The customer must pay the entire balance of missed CAP payments including the five-dollar co-pay to the pre-program arrears.
- Any payments made by the customer after removal are deducted from the amount needed for program re-entry.
- A customer must resolve any outstanding issues related to removal from CAP, such as verifying current income or accept free weatherization services.
- The pre program arrearage will be the same at the time of reinstatement as at the time of default.

- Any charges incurred after default, which are not paid by the customer, are treated as current bill shortfall.
- This process also applies to CAP customers who move to a new service address with no interruption of service due to termination.

Re-verification

Re-verification of income on a yearly basis is necessary to ensure that only low income customers are offered the subsidized payment plan under CAP. While Columbia supports the need for customers to take some responsibility for their participation in the CAP program, Columbia provides customer ease by offering flexibility with regard to income re-verification.

Customers who have received LIHEAP, Dollar Energy Fund or another Columbia Universal Services program are exempt from annual re-verification. However Columbia reserves the right to ask these customers to re-verify on an as-needed basis. CAP participants who did not receive LIHEAP are required to mail in verification of their household income to the administrator for processing. Their new payment amount will be mailed to the customer in a letter explaining their continuance in CAP. If the customer prefers to re-verify in person, an appointment can be made available to the customer with a screening agency.

Columbia recognizes the difficulty re-verification could be for seniors, particularly considering the often-minimal income changes that occur with this population. CAP customers 60 years and older who are also on Social Security or Disability Assistance are exempt from annual re-verification. They are required to either re-verify their income every other year or receive energy assistance.

Columbia will continue to issue a letter to the customer 30 days prior to the customer's anniversary date. Columbia will remove from CAP any customer failing to re-verify within 30 days after the anniversary date and 60 days after the initial notification that verified income is required.

Prior to removing a customer from CAP for lack of re-verification, Columbia will partner with electric utility CAP programs to obtain proper verification and retain the customer in CAP.

In addition, one final attempt will be made by the administrator to obtain income verification.

Once removed, a customer will be re-entered into CAP immediately after eligible proof of income is received.

Arrearage Retirement

CAP rules require that the customer exhibit regular monthly payment practices to receive arrearage retirement benefits, including the five-dollar monthly co-pay toward the customer's pre-program arrearage. Customer co-payments will be spread over a three year time period, commencing when a customer is accepted into the program. A portion of the unpaid pre-program arrears is forgiven on a monthly basis provided that the CAP customer is in good standing. The total pre program arrears will be forgiven after thirty-six months of successful participation. The customer co-pay and retirement is clearly noted on the account summary portion of the monthly CAP bill.

CHOICE

As discussed earlier in this Plan, because Columbia's CAP aggregation failed to provide CAP customers with a lower-cost alternative to system supply gas from natural gas suppliers, Columbia is adopting the evaluator's recommendation to discontinue the process of seeking bids from natural gas suppliers. As a result, a customer who chooses to be in the CAP program relinquishes their option to purchase natural gas from an alternative natural gas supplier.

Universal Service Projected Needs Assessment

Columbia wrote the projected needs assessment on the premise that *Universal Service Programs should be offered as part of a menu of options to suit the circumstances of individual customers.* Columbia looks at the potential participant and recommends what programs would best suit his payment-troubled situation. *One size does not fit all, nor does one program suit all customers.*

Columbia has implemented this philosophy through administrative processes within its *customer services protocols to handle the low-income, payment-troubled customers at the first point of contact.* This process was previously referred to as the One-Stop-Shop approach.

Columbia referenced several sources to complete this assessment. The first is the 2008 Federal Census Data, the most current census data available and the second is Columbia's customer information system.

In line with the Bureau of Consumer Services' document dated May 9, 2001, Columbia based the first step of the needs assessment on the following six criteria:

1) The Number of Identified Low-Income Customers

In recognition that the CAP is designed to address the needs of chronic low-income, payment-troubled customers, Columbia began its process of identifying potential CAP customers by reviewing customers who have continued to meet certain criteria for a twelve month period. The selection criteria used was: all level 1 and 2 customers who have had payment agreements; all accounts that have received LIURP, CAP, LIHEAP or other energy assistance programs including Hardship Funds; all accounts whose financial summaries show incomes below 150% of Federal Poverty Guidelines; and those accounts that met the income criteria who were not on payment plans.

The following table identifies that using this criteria, **66,307** customers are identified as low-income on Columbia's records; those who have received energy assistance or another Universal Service program that have confirmed their income to be below 150% of federal poverty guidelines. Also included are customers who have declared their income to be such; however, have not confirmed it through income verification.

The Number of Identified Low-income Customers

	CAP	Level 1&2	Total
10-Jan	25,053	43,430	68,483
10-Feb	25,074	43,168	68,242
10-Mar	24,773	43,517	68,290
10-Apr	24,848	42,204	67,052
10-May	23,923	42,761	66,684
10-Jun	23,694	42,297	65,991
10-Jul	23,432	41,649	65,081
10-Aug	23,165	41,313	64,478
10-Sep	22,999	41,199	64,198
10-Oct	24,140	40,492	64,632
10-Nov	22,653	42,949	65,602
10-Dec	22,606	44,339	66,945
Average	23,863	23,863	66,307

2) An Estimate of Low-income Customers

As another means of determining the number of low-income customers, Columbia estimated the number of low-income customers using updated federal

census data. The table below references the number of households that Columbia serves and equates that to a percentage (average of 18.38%) compared to the total number of households within each county. The census data states that there are 398,684 low-income households within the counties Columbia serves. Using the same percentage (18.38%), **89,445** households are estimated to be Columbia low-income households.

County	Customer Count	Census Household	Percent Customers Columbia	Census Household Low-Income	Low-Income Columbia
Adams	12,648	37,532	33.70%	7,183	2,421
Allegheny	95,349	520,035	18.34%	131,203	24,056
Armstrong	875	29,200	3.00%	7,367	221
Beaver	33,874	70,778	47.86%	17,636	8,441
Bedford	11	19,916	0.06%	6,851	4
Butler	8,241	71,389	11.54%	13,515	1,560
Centre	9,925	51,172	19.40%	15,794	3,063
Clarion	3,600	15,731	22.88%	4,846	1,109
Elk	34	14,084	0.24%	3,296	8
Fayette	21,364	58,263	36.67%	21,945	8,047
Franklin	4,233	57,100	7.41%	11,391	844
Fulton	5	5,659	0.09%	1,225	1
Greene	2,645	14,173	18.66%	4,696	876
Indiana	541	34,625	1.56%	12,398	194
Jefferson	381	18,475	2.06%	5,567	115
Lawrence	17,826	35,826	49.76%	10,196	5,073
McKean	3,196	17,514	18.25%	5,946	1,085
Mercer	28	46,073	0.06%	13,520	8
Somerset	4,402	30,504	14.43%	9,623	1,389
Venango	675	22,382	3.02%	6,872	207
Warren	2,359	17,677	13.35%	5,068	676
Washington	39,684	82,702	47.98%	17,684	8,486
Westmoreland	20,058	151,287	13.26%	33,520	4,444
York	89,885	164,587	54.61%	31,342	17,117

- 1) **Columbia Customer Count** – Number of households per county identified by Columbia as being served by Columbia.
- 2) **Census Household** – Number of households per county identified by census data.
- 3) **Percent Customers Columbia** – Percent of total county households served by Columbia (#1 / #2).
- 4) **Census Household Low-Income** – Number of low-income households per county identified by census data.

- 5) ***Low-Income Columbia*** – Estimated number of low-income households per county served by Columbia (#3 X #4).

3) The Number of Identified Payment-troubled, Low-income Customers

Next, Columbia used data gained from its actual experiences to identify the number of payment-troubled customers. Columbia reviewed confirmed low income accounts that are in arrears on payment agreements and not on payment agreements and took the average monthly of both to arrive at the identified, payment troubled Low Income total of **7,385**. Based upon the definitions at 52 Pa. Code §§ 54.72, 62.2 and 69.262, "Payment Troubled" is defined as a household that has failed to maintain one or more payment arrangements in a one-year period.

Next, Columbia compared the data obtained from its customer information system to census data. The number of customers identified as low-income customers based on Columbia's customer information system is 66,307. The number of customers estimated by census data to be low income is 89,445. The census figures suggest that Columbia's service territory has 23,138 more low income customers than Columbia's data indicate.

5) The Number of Customers Who Still Need LIURP Services and the Cost to Serve that Number

Pursuant to BCS's May 9, 2001 document, Columbia identified the number of customers that meet the LIURP eligibility criteria, excluding those customers who have already received weatherization services. According to data from Columbia's customer information system, 21,290 customers meet the LIURP eligibility criteria 12,519 are property owners while the remaining 8,771 are renters. Columbia historically has had difficulty obtaining landlord approvals to weatherize homes. Realizing a 50% success rate, Columbia anticipates that 1/2 of the 8,771 renters in addition to the 12,519 property owners, totaling approximately 16,904 could receive weatherization services.

6) The Enrollment Size of CAP to Serve All Eligible Customers

Finally, Columbia determined the appropriate size of the CAP to serve all eligible customers. Using the data discussed above and Columbia's enrollment history we believe the appropriate size of the CAP should remain at 27,135 customers – Columbia's previously established enrollment limit. Despite ongoing enrollment efforts, the active total number of customers enrolled in CAP had remained stable at 25,000 customers up until 2010. In 2010, enrollment declined. This suggests that the upper limit of the program at 27,135 is adequate and that every customer who has had a need for CAP has been permitted to participate in the

program; and that no customer has been turned away due to the upper limit on enrollment. Based on Columbia's experience there is no evidence suggesting that the CAP enrollment limit is insufficient or that it should be increased.

Columbia therefore recommends that the Commission re-approve the existing 27,135 as the upper limit of CAP enrollment.

The Universal Service Programs, CARES, CAP, Hardship Funds and LIURP respond to the identified needs in different ways. Approximately 23,000 customers are currently receiving benefits from CAP, while 500 additional customers have received assistance through CARES services. Hardship Fund recipients average 2,800 annually along with an additional 480 households weatherized each year. Columbia identified that there are 27,135 customers who are potential participants for CAP. Columbia looks to serve these customers through the menu of options available under Universal Services.

Projected Enrollment *

	2012	2013	2014
LIURP	480	480	480
CARES**	500	500	500
CAP	24,000	25,000	26,000
Hardship Funds	2,800	2,800	2,800

* The projected enrollments stated in this table are estimates. Actual enrollments may vary from these projections.

** Customers assisted by CARES outreach services. Actual customers in CARES caseload is approximately 97.

Conclusion

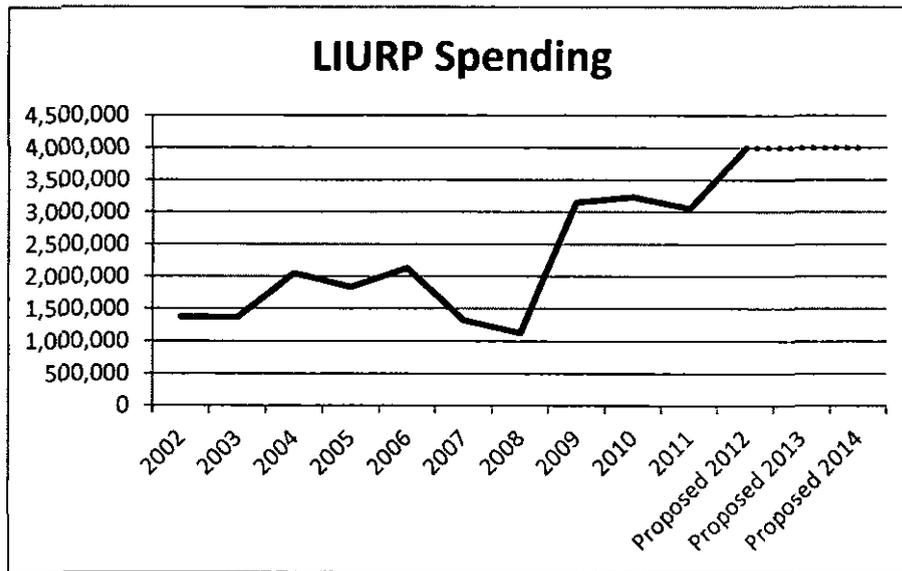
Columbia's Universal Service Program is designed to address the multifaceted needs of Columbia's diverse customer base. The present array of Universal Service Programs is an appropriate mix of services that meets the requirements of 66 Pa. C.S.A. §2203(8) and 52 Pa. Code Chapter 62. Columbia respectfully requests that the Commission approve the previously described changes. Columbia also respectfully requests that the Commission approve this updated Universal Service Program and Energy Conservation Plan in its entirety.

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County	Agency Name	Street Address	City	Zip Code	Phone Number	Alternative Number
Adams	South Central Community Action Program, Inc	153 North Stratton Street	Gettysburg	17325	(717) 334-7634	
Allegheny	Action-Housing, Inc.	425 Sixth Avenue, Suite 950	Pittsburgh	15219	(412) 281-2102	1-800-841-6899
Allegheny	Steel Valley Opportunities Industrialization Center	515 Walnut Street	McKeesport	15132	(412) 678-8622	
Armstrong	Armstrong County Community Action Agency	705 Butler Road	Kittanning	16201	(724) 548-3405 Ext 422	
Beaver	Housing Authority of the County of Beaver	300 State Street	Beaver	15009	(724) 775-1220	
Bedford	Center for Community Action	195 Drive In Lane	Everett	15537	(814) 623-9129	
Berks	Berks Community Action Program	247 North Fifth Street, 2nd Floor	Reading	19601	(610) 375-9770	
Blair	Blair County Community Action Program	2100 Sixth Avenue, Suite 102	Altoona	16603	(814) 946-3651	
Bradford	TREHAB	10 Public Avenue	Montrose	18801	(570) 278-3818 Ext 247	
Bucks	Bucks County Opportunity Council, Inc	100 Doyle Street	Doylestown	18901	(215) 345-8175	
Butler	Community Action Partnership of Mercer County	75 South Dock Street	Sharon	16146	(724) 342-6222	
Cambria	Community Action Partnership of Cambria County	516 Main Street	Johnstown	15901	(814) 539-5813	
Cameron	Northern Tier Community Action Corporation	135 West Fourth Street	Emporium	15834	(814) 486-1161	
Carbon	Carbon County Action Committee for Human Svcs	267 South Second Street	Lehighton	18235	(610) 377-6400	
Centre	Central Pennsylvania Community Action, Inc	207 East Cherry Street	Clearfield	16830	(814) 765-1551	1-800-822-2610
Chester	Community Action Agency of Delaware County	98 Jenson Avenue	Essington	19029	(610) 891-5101	
Clarion	Community Action, Inc	105 Grace Way	Punxsutawney	15767	(814) 938-3302	
Clearfield	Central Pennsylvania Community Action, Inc	207 East Cherry Street	Clearfield	16830	(814) 765-1551	1-800-822-2610
Clinton	Lycoming/Clinton Counties Commission for Community Action, Inc (STEP)	2138 Lincoln Street	Williamsport	17701	(570) 326-0587	
Columbia	SEDA-COUNCIL OF GOVERNMENTS	201 Furnace Road	Lewisburg	17837	(570) 524-4491 Ext 7247	
Crawford	Northwest Pennsylvania Weatherization, Inc	7940 Franklin Pike	Meadville	16335	(814) 425-1872	
Cumberland	South Central Community Action Program, Inc	153 North Stratton Street	Gettysburg	17325	(717) 334-7634	
Dauphin	Dauphin County Weatherization	200 First Street	Millersburg	17061	(717) 692-2637	
Delaware	Community Action Agency of Delaware County	98 Jenson Avenue	Essington	19029	(610) 891-5101	
Elk	Northern Tier Community Action Corporation	135 West Fourth Street	Emporium	15834	(814) 486-1161	1-800-950-7447
Erie	Erie County Housing Authority	120 South Center Street	Corry	16407	(814) 665-5161	
Erie	Greater Erie Community Action Committee	18 West Ninth Street	Erie	16501	(814) 459-4581 Ext 221	
Fayette	Redevelopment Authority of the County of Fayette	86 West Main Street	Uniontown	15401	(724) 437-1547 Ext 12	
Forest	Warren/Forest Economic Opportunity Council	1209 Pennsylvania Avenue, West	Warren	16365	(814) 726-2400	1-800-231-1797
Franklin	South Central Community Action Program, Inc	153 North Stratton Street	Gettysburg	17325	(717) 334-7634	
Fulton	Center for Community Action	195 Drive In Lane	Everett	15537	(814) 623-9129	
Greene	Action-Housing Weatherization Program	434 Fallowfield Avenue, 2nd Floor	Charleroi	15022	(724) 483-2399	
Huntingdon	Weatherization, Inc	917 Mifflin Street	Huntingdon	16652	(814) 643-2343	
Indiana	Indiana County Community Action Program, Inc	827 Water Street	Indiana	15701	(724) 465-2657	
Jefferson	Community Action, Inc	105 Grace Way	Punxsutawney	15767	(814) 938-3302	
Juniata	SEDA-COUNCIL OF GOVERNMENTS	201 Furnace Road	Lewisburg	17837	(570) 524-4491 Ext 7247	
Lackawanna	Scranton/Lackawanna Human Development Agency	321 Spruce Street, 1st Floor	Scranton	18503	(570) 963-6836	
Lancaster	Community Action Agency of Delaware County	98 Jenson Avenue	Essington	19029	(610) 891-5101	
Lawrence	Lawrence County Community Action Partnership	241 West Grant Street	New Castle	16101	(724) 658-7258	
Lebanon	Community Action Agency of Delaware County	98 Jenson Avenue	Essington	19029	(610) 891-5101	
Lehigh	Community Action Committee of the Lehigh Valley	1337 East Fifth Street	Bethlehem	18015	(610) 691-5620	
Luzerne	Commission on Economic Opportunity of Luzerne	P.O. Box 1127	Wilkes-Barre	18703	(570) 826-0510	

Lycoming	Lycoming/Clinton Counties Commission for Community Action, Inc (STEP)	2138 Lincoln Street	Williamsport	17701	(570) 326-0587	
McKean	Northern Tier Community Action Corporation	135 West Fourth Street	Emporium	15834	(814) 486-1161	
Mercer	Community Action Partnership of Mercer County	75 South Dock Street	Sharon	16146	(724) 342-6222	
Mifflin	SEDA-COUNCIL OF GOVERNMENTS	201 Furnace Road	Lewisburg	17837	(570) 524-4491 Ext 7247	
Monroe	Monroe County Weatherization Program	154 Washington Street	Tannersville	18372	(570) 421-4436	
Montgomery	Montgomery County Community Action Development Commission (CADCOM)	113 East Main Street	Norristown	19401	(610) 277-6363	
Montour	SEDA-COUNCIL OF GOVERNMENTS	201 Furnace Road	Lewisburg	17837	(570) 524-4491 Ext 7247	
Northampton	Community Action Committee of the Lehigh Valley	1337 East Fifth Street	Bethlehem	18015	(610) 691-5620	
Northumberland	Northumberland County Weatherization	2087 Trevorton Road	Coal Township	17866	(570) 644-4471	
Perry	SEDA-COUNCIL OF GOVERNMENTS	201 Furnace Road	Lewisburg	17837	(570) 524-4491 Ext 7247	
Philadelphia	Energy Coordinating Agency	1924 Arch Street	Philadelphia	19103	(215) 988-0929	
Philadelphia	Philadelphia Housing Development Corporation	1234 Market Street	Philadelphia	19107	(215) 448-2160	
Pike	Wayne County Redevelopment Authority	99B Beach Lake Highway	Honesdale	18431	(570) 253-4882	
Potter	Northern Tier Community Action Corporation	135 West Fourth Street	Emporium	15834	(814) 486-1161	
Schuylkill	Schuylkill Community Action	225 North Centre Street	Pottsville	17901	(570) 622-1995	
Snyder	SEDA-COUNCIL OF GOVERNMENTS	201 Furnace Road	Lewisburg	17837	(570) 524-4491 Ext 7247	
Somerset	Tableland Services, Inc	535 East Main Street	Somerset	15501	(814) 445-9628	
Sullivan	TREHAB	10 Public Avenue	Montrose	18801	(570) 278-3818 Ext 247	
Susquehanna	TREHAB	10 Public Avenue	Montrose	18801	(570) 278-3818 Ext 247	
Tioga	TREHAB	10 Public Avenue	Montrose	18801	(570) 278-3818 Ext 247	
Union	SEDA-COUNCIL OF GOVERNMENTS	201 Furnace Road	Lewisburg	17837	(570) 524-4491 Ext 7247	
Venango	Warren/Forest Economic Opportunity Council	1209 Pennsylvania Avenue, West	Warren	16365	(814) 726-2400	1-800-231-1797
Warren	Warren/Forest Economic Opportunity Council	1209 Pennsylvania Avenue, West	Warren	16365	(814) 726-2400	1-800-231-1797
Washington	Action-Housing Weatherization Program	434 Fallowfield Avenue, 2nd Floor	Charleroi	15022	(724) 483-2399	
Wayne	Wayne County Redevelopment Authority	99B Beach Lake Highway	Honesdale	18431	(570) 253-4882	
Westmoreland	Westmoreland Housing Authority	154 South Greengate Road	Greensburg	15601	(724) 832-9460	(724) 832-9569
Wyoming	TREHAB	10 Public Avenue	Montrose	18801	(570) 278-3818 Ext 247	
York	York County Planning	28 East Market Street	York	17401	(717) 771-9870	



<u>Year</u>	<u>LIURP Spending</u>
2002	1,376,403
2003	1,369,822
2004	2,053,981
2005	1,835,729
2006	2,133,124
2007	1,326,765
2008	1,127,535
2009	3,154,426
2010	3,235,041
2011	3,057,749
Proposed 2012	4,000,000
Proposed 2013	4,000,000
Proposed 2014	4,000,000

Amounts for 2002-2007 are from each respective year's Universal Service Report, compiled by the Public Utility Commission's Bureau of Consumer Services. Amounts for 2008-2012 are from the attached response to I&E-RE-2-D.

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748
Data Requests

Bureau of Investigation and Enforcement – Set RE

Question No. I&E-RE-2-D:

For each of the years 2008 to 2014, provide the participation level, budgeted cost and actual cost, broken down by expense item, for each of the programs listed in I&E-RE-1-D.

Response:

Please see I&E-RE-2-D Attachment A.

Columbia Gas of Pennsylvania
 Customer Service Programs
 Participation Levels, Budgeted and Actual Costs
 2008

		Participation Levels	Budgeted Costs	Itemization of Actual Costs	Actual Costs
A	Customer Assistance Program (CAP)	24,491 ¹			
	Labor and Benefits			63,395	
	Materials and Supplies			3,530	
	Outside Services			993,103	
	Other Expenses			<u>43,536</u>	
			\$700,000		⁵ 1,103,564
B	Customer Assistance, Referral and Evaluation Services (CARES)	357			
	Labor and Benefits			74,027	
	Materials and Supplies			5,412	
	Outside Services			132,237	
	Other Expenses			<u>29,947</u>	
			115,000		241,623
C	Dollar Energy Fund	1,552 ²			28,816
	Administrative Costs				
D	Warm Wise: Low Income Usage Reduction Program	153			
	Weatherization			922,125	
	Labor and Benefits			189,192	
	Materials and Supplies			4,228	
	Evaluation and Inspection				
	Other Expenses and Legal Fees			<u>11,990</u>	
			1,416,841 ⁶		1,127,535
E	LIHEAP (Crisis - Emergency Energy Assistance)	45,021 ²			
	Labor and Benefits			42,952	
	Materials and Supplies			1,283	
	Outside Services			103,963	
	Other Expenses			3,818	
	Advertising				
			140,000		152,016
F	Emergency Repair Program	163	250,000		273,162
G	Energy Efficiency Program (EEP)	0			
	Weatherization				
	Labor and Benefits				
	Evaluation and Inspection				
	Other Expenses				
			0		0
H	Budget Payment Plan	^{1,4} 107,853			

¹ Participation at calendar year end.

² Participation levels for Dollar Energy Fund and LIHEAP are reflective of heating season, rather than calendar year.

³ Dollar Energy Fund administrative costs are not budgeted and are charged below the line.

⁴ Costs associated with Budget Billing are not tracked separately from total Company billing expenses.

⁵ Costs do not include shortfall or arrearage retirement

Columbia Gas of Pennsylvania

Customer Service Programs
 Participation Levels, Budgeted and Actual Costs
 2009

	Participation Levels	Budgeted Costs	Itemization of Actual Costs	Actual Costs
A Customer Assistance Program (CAP)	24,539 ¹			
Labor and Benefits			57,413	
Materials and Supplies			2,362	
Outside Services			1,150,810 ⁷	
Other Expenses			<u>17,210</u>	
		\$742,000		1,227,795 ⁵
B Customer Assistance, Referral and Evaluation Services (CARES)	455			
Labor and Benefits			154,124	
Materials and Supplies			1,558	
Outside Services			14,814	
Other Expenses			<u>13,793</u>	
		228,000		187,289
C Dollar Energy Fund	654 ²			30,988 ³
Administrative Costs				
D Warm Wise: Low Income Usage Reduction Program	488			
Weatherization			2,861,898	
Labor and Benefits			270,697	
Materials and Supplies			1,869	
Evaluation and Inspection			9,168	
Other Expenses and Legal Fees			<u>10,794</u>	
		3,289,306 ⁶		3,154,426
E LIHEAP (Crisis - Emergency Energy Assistance)	25,696 ²			
Labor and Benefits			37,382	
Materials and Supplies			6,636	
Outside Services			49,955	
Other Expenses			17,743	
Advertising			<u>20,129</u>	
		146,000		131,845
F Emergency Repair Program	185	250,000	273,959	273,959
Outside Services				
G Energy Efficiency Program (EEP)	489			
Weatherization			171,417	
Labor and Benefits			16,419	
Evaluation and Inspection			9,168	
Other Expenses			<u>14,280</u>	
		750,000 ⁶		211,283
H Budget Payment Plan	¹⁴ 114,081			
I Security Deposit Assistance Program				
Outside Services	216	50,000.00	36,795.00	36,795.00

¹ Participation at calendar year end.

² Participation levels for Dollar Energy Fund and LIHEAP are reflective of heating season, rather than calendar year.

³ Dollar Energy Fund administrative costs are not budgeted and are charged below the line.

⁴ Costs associated with Budget Billing are not tracked separately from total Company billing expenses.

⁵ Costs do not include shortfall or arrearage retirement

⁶ Recovered through Rider USP

⁷ Includes application costs which are recovered through Rider USP

Columbia Gas of Pennsylvania

Customer Service Programs
 Participation Levels, Budgeted and Actual Costs
 2010

		Participation Levels	Budgeted Costs	Itemization of Actual Costs	Actual Costs
A	Customer Assistance Program (CAP)	22,498 ¹			
	Labor and Benefits			54,222	
	Materials and Supplies			167	
	Outside Services			1,135,973 ⁷	
	Other Expenses			<u>3,309</u>	
			\$742,000		1,193,671 ⁵
B	Customer Assistance, Referral and Evaluation Services (CARES)	762			
	Labor and Benefits			167,322	
	Materials and Supplies			5,627	
	Outside Services			34,815	
	Other Expenses			<u>32,282</u>	
			228,000		240,046
C	Dollar Energy Fund	2,781 ²		³	80,029
	Administrative Costs				
D	Warm Wise: Low Income Usage Reduction Program	468			
	Weatherization			2,934,426	
	Labor and Benefits			295,344	
	Materials and Supplies			595	
	Evaluation and Inspection			0	
	Other Expenses and Legal Fees			<u>4,676</u>	
			3,140,972 ⁶		3,235,041
E	LIHEAP (Crisis - Emergency Energy Assistance)	23,761 ²			
	Labor and Benefits			62,415	
	Materials and Supplies			377	
	Outside Services			75,301	
	Other Expenses			1,971	
	Advertising			<u>0</u>	
			146,000		140,064
F	Emergency Repair Program	135	250,000	312,500	312,500
	Outside Services				
G	Energy Efficiency Program (EEP)	<u>21</u>			
	Weatherization			1,034	
	Labor and Benefits			44,295	
	Evaluation and Inspection			0	
	Other Expenses			<u>30,792</u>	
			750,000 ⁶		76,121
H	Budget Payment Plan	^{1,4} 109,533			
I	Security Deposit Assistance Program	104	50,000	16,961	16,961
	Outside Services				

¹ Participation at calendar year end.

² Participation levels for Dollar Energy Fund and LIHEAP are reflective of heating season, rather than calendar year.

³ Dollar Energy Fund administrative costs are not budgeted and are charged below the line.

⁴ Costs associated with Budget Billing are not tracked separately from total Company billing expenses.

⁵ Costs do not include shortfall or arrearage retirement

⁶ Recovered through Rider USP

⁷ Includes application costs which are recovered through Rider USP

Columbia Gas of Pennsylvania
 Customer Service Programs
 Participation Levels, Budgeted and Actual Costs
 2011

	Participation Levels	Budgeted Costs	Itemization of Actual Costs	Actual Costs
A Customer Assistance Program (CAP)	21,910 ¹			
Labor and Benefits			77,461	
Materials and Supplies			3,112	
Outside Services			1,033,841 ⁶	
Other Expenses			<u>5,732</u>	
		\$742,000		1,120,146 ⁶
B Customer Assistance, Referral and Evaluation Services (CARES)	954			
Labor and Benefits			170,059	
Materials and Supplies			3,269	
Outside Services			34,703	
Other Expenses			<u>33,759</u>	
		228,000		241,780
C Dollar Energy Fund	2,979 ²			34,152 ³
Administrative Costs				
D Warm Wise: Low Income Usage Reduction Program	527			
Weatherization			2,699,422	
Labor and Benefits			317,554	
Materials and Supplies			5,358	
Evaluation and Inspection			0	
Other Expenses and Legal Fees			<u>35,415</u>	
		3,000,000 ⁷		3,057,749
E LIHEAP (Crisis - Emergency Energy Assistance)	26,489 ²			
Labor and Benefits			68,223	
Materials and Supplies			4,352	
Outside Services			51,481	
Other Expenses			2,667	
Advertising			<u>0</u>	
		146,000		126,723
F Emergency Repair Program		500,000	503,426	503,426
Outside Services				
G WarmWise Audits & Rebates	124			
Weatherization			95,282	
Labor and Benefits			56,317	
Evaluation and Inspection			0	
Other Expenses			<u>43,400</u>	
		750,000 ⁷		194,999
H Budget Payment Plan	¹⁶ 108,679			
I Security Deposit Assistance Program				
Outside Services	88	50,000	13,921	13,921

¹ Participation at calendar year end.

² Participation levels for Dollar Energy Fund and LIHEAP are reflective of heating season, rather than calendar year.

³ Dollar Energy Fund administrative costs are not budgeted and are charged below the line.

⁴ Costs associated with Budget Billing are not tracked separately from total Company billing expenses.

⁵ Cold Weather Minute broadcasts energy saving information to CPA's customers and its costs are included in CPA's communications budget.

⁶ Costs do not include shortfall or arrearage retirement

⁷ Recovered through Rider USP

⁸ Includes application costs which are recovered through Rider USP

I&E Exhibit 4-R
Schedule 4
Page 7 of 9

Columbia Gas of Pennsylvania
Customer Service Programs
Participation Levels, Budgeted and Actual Costs
2012

		<u>Participation Levels</u>	<u>Budgeted Costs</u>	<u>Itemization of Actual Costs</u>	<u>Actual Costs</u>
A	Customer Assistance Program (CAP)				
	Labor and Benefits	1			
	Materials and Supplies				
	Outside Services				
	Other Expenses				
			\$1,200,000	5	
B	Customer Assistance, Referral and Evaluation Services (CARES)				
	Labor and Benefits				
	Materials and Supplies				
	Outside Services				
	Other Expenses				
			260,000		
C	Dollar Energy Fund				
	Administrative Costs	2		3	
D	Warm Wise; Low Income Usage Reduction Program				
	Weatherization				
	Labor and Benefits				
	Materials and Supplies				
	Evaluation and Inspection				
	Other Expenses and Legal Fees				
			4,000,000	6	
E	LIHEAP (Crisis - Emergency Energy Assistance)				
	Labor and Benefits	2			
	Materials and Supplies				
	Outside Services				
	Other Expenses				
	Advertising				
			185,000		
F	Emergency Repair Program				
	Outside Services		500,000		
G	Energy Efficiency Program (EEP)				
	Weatherization				
	Labor and Benefits				
	Evaluation and Inspection				
	Other Expenses				
			750,000	6	
H	Budget Payment Plan	1,4			
I	Security Deposit Assistance Program		50,000		

¹ Participation at calendar year end.

² Participation levels for Dollar Energy Fund and LIHEAP are reflective of heating season, rather than calendar year.

³ Dollar Energy Fund administrative costs are not budgeted and are charged below the line.

⁴ Costs associated with Budget Billing are not tracked separately from total Company billing expenses.

⁵ Costs do not include shortfall or arrearage retirement

⁶ Recovered through Rider USP

Columbia Gas of Pennsylvania
Customer Service Programs
Participation Levels, Budgeted and Actual Costs
2013

	Participation Levels	Budgeted Costs	Itemization of Actual Costs	Actual Costs
A Customer Assistance Program (CAP)				
		\$1,200,000		
B Customer Assistance, Referral and Evaluation Services (CARES)				
		260,000		
C Dollar Energy Fund				
D Warm Wise: Low Income Usage Reduction Program				
		4,000,000		
E LIHEAP (Crisis - Emergency Energy Assistance)				
		185,000		
F Emergency Repair Program				
		500,000		
G Energy Efficiency Program (EEP)				
		750,000		
H Budget Payment Plan				
I Security Deposit Assistance Program				
		50,000		

¹ Participation at calendar year end.

² Participation levels for Dollar Energy Fund and LIHEAP are reflective of heating season, rather than calendar year.

³ Dollar Energy Fund administrative costs are not budgeted and are charged below the line.

⁴ Costs associated with Budget Billing are not tracked separately from total Company billing expenses.

⁵ Costs do not include shortfall or arrearage retirement

⁶ Recovered through Rider USP

Columbia Gas of Pennsylvania
 Customer Service Programs
 Participation Levels, Budgeted and Actual Costs
 2014

	Participation Levels	Budgeted Costs	Itemization of Actual costs	Actual Costs
A Customer Assistance Program (CAP)	1			
Labor and Benefits				
Materials and Supplies				
Outside Services				
Other Expenses				
		\$1,200,000	5	
B Customer Assistance, Referral and Evaluation Services (CARES)				
Labor and Benefits				
Materials and Supplies				
Outside Services				
Other Expenses				
		260,000		
C Dollar Energy Fund				
Administrative Costs	2		3	
D Warm Wise: Low Income Usage Reduction Program				
Weatherization				
Labor and Benefits				
Materials and Supplies				
Evaluation and Inspection				
Other Expenses and Legal Fees				
		4,000,000	6	
E LIHEAP (Crisis - Emergency Energy Assistance)	2			
Labor and Benefits				
Materials and Supplies				
Outside Services				
Other Expenses				
Advertising				
		185,000		
F Emergency Repair Program				
Outside Services		500,000		
G Energy Efficiency Program (EEP)				
Weatherization				
Labor and Benefits				
Evaluation and Inspection				
Other Expenses				
		750,000	6	
H Budget Payment Plan	1,4			
I Security Deposit Assistance Program		50,000		

¹ Participation at calendar year end.

² Participation levels for Dollar Energy Fund and LIHEAP are reflective of heating season, rather than calendar year.

³ Dollar Energy Fund administrative costs are not budgeted and are charged below the line.

⁴ Costs associated with Budget Billing are not tracked separately from total Company billing expenses.

⁵ Costs do not include shortfall or arrearage retirement

⁶ Recovered through Rider USP

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748
Data Requests

Bureau of Investigation and Enforcement – Set RE

Question No. I&E-RE-1-D:

Reference Columbia Statement No. 1, pages. 34-38. For each of the years 2008 to 2014, for each of the Company's low income and payment troubled programs, including the Low Income Home Energy Assistance Plan (LIHEAP), Customer Assistance Program (CAP), Customer Assistance, Referral & Evaluation Services (CARES), Dollar Energy Fund, WarmWise-Low Income Usage Reductions Program, Crisis – Emergency Energy Assistance, Emergency Repair Program, Budget Payment Plan, WarmWise Audits & Rebates, and any other available program, provide the following by year:

- A. Actual and projected funding levels;
- B. The source of funding for each program, including specific reference to applicable cost recovery mechanisms, tariff provisions, shareholders, etc.;
- C. If funded through more than one source, the level of funding provided by each different source;
- D. Whether the funding is mandatory or voluntary.

Response:

Please see I&E RE-1-D Attachment A.

	Actual Funding Level	Projected Funding Level	Source of Funding	Mandatory or Voluntary*
LIHEAP	\$ 4,915,573.00		Federal Government	
CRISIS	\$ 1,496,529.00		Federal Government	
Customer Assistance Program (CAP)				
Administration	\$ 1,103,564.00	\$ 700,000.00	Base Rates	Mandatory
Applications	not separated out			
Shortfall	\$ 22,058,911.00	\$ 29,103,000.00	Rider CAP	Mandatory
Arrearage Forgiveness	\$ 1,195,952.00	\$ 4,300,000.00	Rider CAP	Mandatory
CARES	\$ 241,623.00	\$ 115,000.00	Base Rates	Mandatory
Dollar Energy Fund				
Administration	\$ 32,900.00		Base Rates	Mandatory
	\$ 28,816.00		Shareholder	Mandatory
Shareholders	\$ 150,000.00	\$ 150,000.00	Shareholder Customer	Mandatory
Ratepayers/Customer Contributions	\$ 113,405.00		Contributions	Mandatory
Ratepayers/Citizens Energy Fund	\$ 375,000.00	\$ 375,000.00	PGC	Mandatory
WarmWise:LIURP	\$ 1,127,535.00	\$ 1,416,841.00	Base Rates	Mandatory
Emergency Repair Program	\$ 273,162.00	\$ 250,000.00	Base Rates	Mandatory
Budget Payment Plan	unknown	unknown	Base Rates	Mandatory

*"Mandatory" funding indicates that the Company is required to provide funding pursuant to statute, regulation, or a Commission Order.

2009

I&E Exhibit 4-R
Schedule 5
Page 3 of 8

	Actual Funding Level	Projected Funding Level	Source of Funding	Mandatory or Voluntary*
LIHEAP	\$ 11,481,648.00		Federal Government Federal	
CRISIS	\$ 4,003,377.00		Government	
Customer Assistance Program (CAP)				
Administration	\$ 1,088,840.00	\$ 742,000.00	Base Rates	Mandatory
Applications	\$ 138,955.00		Rider USP	Mandatory
Shortfall	\$ 21,358,217.00	\$ 27,100,000.00	Rider USP	Mandatory
Arrearage Forgiveness	\$ 5,498,367.00	\$ 1,060,000.00	Rider USP	Mandatory
CARES	\$ 187,289.00	\$ 228,000.00	Base Rates	Mandatory
Dollar Energy Fund				
Administration	\$ 101,862.00		Base Rates	Mandatory
	\$ 25,575.00		Shareholder	Mandatory
Shareholder Funds	\$ 165,000.00	\$ 150,000.00	Shareholder Customer	Mandatory
Ratepayers/Customer Contributions	\$ 110,100.00		Contributions	Mandatory
Ratepayers/Citizen's Energy Fund	\$ 375,000.00	\$ 375,000.00	PGC	Mandatory
Other (Settlements, fines, supplier refunds)	\$ 518,000.00		Base Rates	Mandatory
WarmWise:LIURP	\$ 3,154,426.00	\$ 3,289,306.00	Rider USP	Mandatory
Emergency Repair Program	\$ 273,959.00	\$ 250,000.00	Base Rates	Mandatory
Budget Payment Plan	unknown	unknown	Base Rates	Mandatory
WarmWise: Audits & Rebates	\$ 211,283.00	\$ 750,000.00	Rider USP	Mandatory
Security Deposit Assistance Fund	\$ 50,000.00	\$ 50,000.00	Shareholder	Voluntary

*"Mandatory" funding indicates that the Company is required to provide funding pursuant to statute, regulation, or a Commission Order.

2010

	Actual Funding Level	Projected Funding Level	Source of Funding	Mandatory or Voluntary*
LIHEAP	\$ 10,940,679.00		Federal Government	
CRISIS	\$ 912,138.00		Federal Government	
Customer Assistance Program (CAP)				
Administration	\$ 1,054,716.00	\$ 742,000.00	Base Rates	Mandatory
Applications	\$ 138,955.00		Rider USP	Mandatory
Shortfall	\$ 15,103,801.00	\$ 28,600,000.00	Rider USP	Mandatory
Arrearage Forgiveness	\$ 1,962,871.00	\$ 1,060,000.00	Rider USP	Mandatory
CARES	\$ 240,046.00	\$ 228,000.00	Base Rates	Mandatory
Dollar Energy Fund				
Administration	\$ 80,029.00		Base Rates	Mandatory
Shareholder Funds	\$ 193,000.00	\$ 150,000.00	Shareholder	Mandatory
Customer Contributions	\$ 193,000.00		Customer Contributions	Mandatory
Ratepayers/Citizen's Energy Fund	\$ 375,000.00	\$ 375,000.00	PGC	Mandatory
Other (Settlements, fines, supplier refunds)	\$ 469,966.00		Base Rates	Mandatory
WarmWise:LIURP	\$ 3,235,041.00	\$ 3,140,972.00	Rider USP	Mandatory
Emergency Repair Program	\$ 312,500.00	\$ 250,000.00	Base Rates	Mandatory
Budget Payment Plan	unknown	unknown	Base Rates	Mandatory
WarmWise: Audits & Rebates	\$ 76,121.36	\$ 750,000.00	Rider USP	Mandatory
Security Deposit Assistance Fund	\$ 50,000.00	\$ 50,000.00	Shareholder	Voluntary

*"Mandatory" funding indicates that the Company is required to provide funding pursuant to statute, regulation, or a Commission Order.

2011

	Actual Funding Level	Projected Funding Level	Source of Funding	Mandatory or Voluntary*
LIHEAP	\$ 12,740,034.00		Federal Government	
CRISIS	\$ 871,538.00		Federal Government	
Customer Assistance Program (CAP)				
Administration	\$ 987,866.00	\$ 742,000.00	Base Rates	Mandatory
Applications	\$ 132,280.00		Rider USP	Mandatory
Shortfall	\$ 13,937,342.00	\$ 30,100,000.00	Rider USP	Mandatory
Arrearage Forgiveness	\$ 3,083,515.00	\$ 1,060,000.00	Rider USP	Mandatory
CARES	\$ 241,790.00	\$ 228,000.00	Base Rates	Mandatory
Dollar Energy Fund				
Administration	\$ 34,152.00		Base Rates	Mandatory
Shareholder Funds	\$ 150,000.00	\$ 150,000.00	Shareholders	Mandatory
Ratepayers/Customer Contributions	\$ 150,000.00		Customer Contributions	Mandatory
Ratepayers/Citizen's Energy Fund	\$ 375,000.00	\$ 375,000.00	PGC	Mandatory
Other (Settlements, fines, Supplier Refunds)	\$ 507,783.00		Base Rates	Mandatory
WarmWise:LIURP	\$ 3,057,749.00	\$ 3,000,000.00	Rider USP	Mandatory
Emergency Repair Program	\$ 503,426.00	\$ 500,000.00	Base Rates	Mandatory
Budget Payment Plan	unknown	unknown	Base Rates	Mandatory
WarmWise: Audits & Rebates	\$ 194,999.09	\$ 750,000.00	Rider USP	Mandatory
Security Deposit Assistance Fund	\$ 50,000.00	\$ 50,000.00	Shareholders	Voluntary

*"Mandatory" funding indicates that the Company is required to provide funding pursuant to statute, regulation, or a Commission Order.

2012

	Actual Funding Level	Projected Funding Level	Source of Funding	Mandatory or Voluntary*
LIHEAP	\$ 7,264,208.00		Federal Government	
CRISIS	\$ 676,262.00		Government	
Customer Assistance Program (CAP)				
Central Administration		\$ 1,200,000.00	Base Rates	Mandatory
Applications			Rider USP	Mandatory
Shortfall		\$ 11,340,230.00	Rider USP	Mandatory
Arrearage Forgiveness		\$ 3,680,076.00	Rider USP	Mandatory
CARES		\$ 260,000.00	Base Rates	Mandatory
Dollar Energy Fund				
Administration			Base Rates	Mandatory
Shareholder Funds		\$ 150,000.00	Shareholder Customer	Mandatory
Ratepayers/Customer Contributions			Contributions	Mandatory
Ratepayers/Citizen's Energy Fund		\$ 375,000.00	PGC	Mandatory
Other (Settlements, fines supplier refunds)				
WarmWise:LIURP		\$ 4,192,251.00	Rider USP	Mandatory
Emergency Repair Program		\$ 500,000.00	Base Rates	Mandatory
Budget Payment Plan		unknown	Base Rates	Mandatory
WarmWise: Audits & Rebates		\$ 750,000.00	Rider USP	Mandatory
Security Deposit Assistance Fund		\$ 50,000.00	Shareholder	Voluntary

*"Mandatory" funding indicates that the Company is required to provide funding pursuant to statute, regulation, or a Commission Order.

2013

	Actual Funding Level	Projected Funding Level	Source of Funding	Mandatory or Voluntary*
LIHEAP			Federal Government regerar	
CRISIS			Government	
Customer Assistance Program (CAP)				
Administration		\$ 1,200,000.00	Base Rates	Mandatory
Application Costs			Rider USP	Mandatory
Shortfall		\$ 11,798,880.00	Rider USP	Mandatory
Arrearage Forgiveness		\$ 3,680,076.00	Rider USP	Mandatory
CARES		\$ 260,000.00	Base Rates	Mandatory
Dollar Energy Fund				
Administration			Base Rates	Mandatory
Shareholder Funds		\$ 150,000.00	Shareholder Customer	Mandatory
RateBase/Customer Contributions			Contributions	Mandatory
Ratepayer		\$ 361,875.00	Rider USP	Mandatory
WarmWise:LIURP		\$ 4,000,000.00	Rider USP	Mandatory
Emergency Repair Program		\$ 500,000.00	Base Rates	Mandatory
Budget Payment Plan		unknown	Base Rates	Mandatory
WarmWise: Audits & Rebates		\$ 750,000.00	Rider USP	Mandatory
Security Deposit Assistance Fund		\$ 50,000.00	Shareholder	Voluntary
PA 211 Southwest		\$ 50,000.00	Rider USP	Voluntary

*"Mandatory" funding indicates that the Company is required to provide funding pursuant to statute, regulation, or a Commission Order.

2014

	Actual Funding Level	Projected Funding Level	Source of Funding	Mandatory or Voluntary*
LIHEAP			Federal Government revenue	
CRISIS			Government	
Customer Assistance Program (CAP)				
Administration		\$ 1,200,000.00	Base Rates	Mandatory
Application Costs			Rider USP	Mandatory
Shortfall		\$ 12,062,600.00	Rider USP	Mandatory
Arrearage Forgiveness		\$ 3,680,076.00	Rider USP	Mandatory
CARES		\$ 260,000.00	Base Rates	Mandatory
Dollar Energy Fund				
Administration			Base Rates	Mandatory
Shareholder Funds		\$ 150,000.00	Shareholder Customer	Mandatory
RateBase/Customer Contributions			Contributions	Mandatory
Ratepayers		\$ 361,875.00	Rider USP	Mandatory
WarmWise:LIURP		\$ 4,000,000.00	Rider USP	Mandatory
Emergency Repair Program		\$ 500,000.00	Base Rates	Mandatory
Budget Payment Plan		unknown	Base Rates	Mandatory
WarmWise: Audits & Rebates		\$ 750,000.00	Rider USP	Mandatory
Security Deposit Assistance Fund		\$ 50,000.00	Shareholder	Voluntary
PA 211 Southwest		\$ 50,000.00	Rider USP	Voluntary

*"Mandatory" funding indicates that the Company is required to provide funding pursuant to statute, regulation, or a Commission Order.

Question No. I&E-RE-28-D
Respondent: N.J.D.Krajovic
Page 1 of 1

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748
Data Requests

Bureau of Investigation and Enforcement - Set RE

Question No. I&E-RE-28-D:

For each of the Company's most recent prior three base rate case filings provide the following:

- A. The case docket numbers and their respective filing dates;
- B. The requested overall revenue amount;
- C. The Commission approved overall amount of revenue increase (or decrease);
- D. The actual effective date(s) of resulting rate changes;
- E. The total rate case expense claimed; and
- F. The actual total rate case expense incurred.

Response:

See I&E-RE-28-D Attachment A.

**I&E Statement No. 4-SR
Witness: Rachel Maurer**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA INC.

**Docket Nos. R-2012-2321748
M-2012-2323645**

Surrebuttal Testimony

of

Rachel Maurer

Bureau of Investigation and Enforcement

Concerning:

**CONSUMER EDUCATION
WARMWISE: AUDITS & REBATES
MANAGEMENT PERFORMANCE**

RECEIVED
2013 FEB 19 AM 11:47
PA PUC
SECRETARY'S BUREAU

*9-13-13
H59*

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Rachel Maurer. I am employed by the Pennsylvania Public Utility
4 Commission in the Bureau of Investigation and Enforcement (“I&E”) as a Fixed
5 Utility Financial Analyst. My business address is P.O. Box 3265, Harrisburg, PA
6 17105-3265.

7
8 **Q. ARE YOU THE SAME RACHEL MAURER WHO SUBMITTED I&E**
9 **STATEMENT NO. 4, I&E EXHIBIT NO. 4, I&E STATEMENT NO. 4-R,**
10 **AND I&E EXHIBIT NO. 4-R?**

11 A. Yes.

12
13 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

14 A. The purpose of my surrebuttal testimony is to address rebuttal testimony provided
15 by the Columbia Gas of Pennsylvania’s (“Columbia” or “the Company”) witnesses Rachel Ford, Deborah A. Davis, and Mark R. Kempic (Company
16 Statements No. 118-R, 121-R, 101-R, respectively) and the rebuttal testimony
17 provided by the Pennsylvania Office of Consumer Advocate (“OCA”) witness
18 Roger D. Colton (OCA Statement No. 4-R) concerning the I&E recommendations
19 on the “Count on Columbia” program, the WarmWise: Audits & Rebates program,
20 and management performance.
21

1 **CONSUMER EDUCATION**

2 **Q. SUMMARIZE YOUR RECOMMENDATION FOR THE COMPANY'S**
3 **COUNT ON COLUMBIA PROGRAM.**

4 A. I recommended that the Company not be permitted to recover an additional
5 \$300,000 from ratepayers to fund the proposed Count on Columbia program.¹

6
7 **Q. DID THE COMPANY REBUT YOUR RECOMMENDATION?**

8 A. Yes. Company witness Rachel Ford submitted rebuttal on this issue.²

9
10 **Q. SUMMARIZE THE COMPANY'S REBUTTAL.**

11 A. Ms. Ford asserts that Count on Columbia is not purely advertising because it is
12 meant to "distinguish the differences between distribution services and natural gas
13 supply." Ms. Ford also claims the Count on Columbia program is necessary
14 because Columbia's customers do not understand the reason behind Columbia's
15 frequent filing of base rate cases, and through this program the Company might
16 explain that. Ms. Ford also repeats her citation of the Commission's Policy
17 Statement Regarding Utility Service Outage Public Notification Guidelines to
18 claim that the Commission supports increased customer communication and
19 outreach.³

¹ I&E Statement No. 4, Page 4.

² Columbia Statement No. 118-R.

³ Columbia Statement No. 118-R, Page 7.

1 **Q. DOES THE COMPANY'S REBUTTAL TESTIMONY CHANGE YOUR**
2 **RECOMMENDATION?**

3 A. No. As I stated in my direct testimony on page 3, Ms. Ford has not demonstrated
4 that the information proposed to be communicated through Count on Columbia is
5 more "educational" than "self-promotional," or additional Company advertising.
6 For this reason, I recommend that this expense should not be paid for by
7 ratepayers.

8
9 **Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?**

10 A. The basis for my recommendation is three-fold. First, Columbia has mislabeled
11 advertising as education. The distinction lies in whether the program impacts
12 customer actions. Second, Ms. Ford's argument regarding multiple rate cases is
13 without merit and is disproved by her own testimony. Third, the Commission's
14 policy statement was specific to the type of communication and should not be
15 taken as an indication that the Company should be able to charge ratepayers for
16 any type of communication. If the Company believes that its ratepayers are
17 misinformed about the reasons underlying its multiple rate cases, it should better
18 inform customers through existing means it already has in place. For example,
19 customer notices are required for every base rate case that is filed. The Company
20 can and should make better use of those specific notices to inform ratepayers of
21 the reasons underlying the filing rather than seek to spend additional ratepayer
22 funds to do so in yet another communication.

1 **Q. HOW IS COUNT ON COLUMBIA MISLABELED AS EDUCATION**
2 **RATHER THAN ADVERTISING?**

3 A. The distinction between advertising and education lies in the impact the program
4 has on the customer's actions. While all of Columbia's customers may not fully
5 understand the reason for the Company filing four rate cases in the past five years,
6 a lack of understanding should not mean that the customers should fund an
7 additional \$300,000 for education.

8 Education should provide a benefit to the customer more than that of
9 "driv[ing] awareness and education among Columbia's customers on the positive
10 benefits that the Company's infrastructure replacement program will have on
11 natural gas safety, affected communities and the economy."⁴ Although it will
12 allow a customer to better understand how a natural gas utility works, education
13 should have more benefit to a customer than better understanding the reasons
14 behind the Company's filing. For example, the education associated with
15 Columbia's CHOICE program promoted a better understanding of Columbia's
16 role but that education also had an impact on the Customer's actions. Because
17 customers received education on Columbia's CHOICE program, they were able to
18 choose their supplier and possibly reduce their bills. The education Columbia
19 provided had a financial impact on the customer. The education provided through
20 the Company's Public Awareness Program also has a positive impact on customer
21 behavior more than that of just providing a "better understanding." The Public

⁴ Columbia Statement No. 118-R, Page 2.

1 Awareness Program helps customers and excavators to understand the importance
2 of calling before you dig, knowledge which will impact not only their behavior but
3 also their safety. The proposed Count on Columbia program does not impact the
4 customer's finances or safety. Although the program would provide information
5 which would allow a customer to better understand Columbia's reasons for filing a
6 base rate case, it does not provide a benefit to the customer beyond alleviating an
7 alleged misunderstanding that can be addressed by other existing means.

8
9 **Q. HOW IS MS. FORD'S ARGUMENT REGARDING MULTIPLE RATE**
10 **CASES WITHOUT MERIT AND DISPROVED BY HER OWN**
11 **TESTIMONY?**

12 A. The fact that Columbia has chosen to file four base rate cases in the past five
13 years, causing an increase in customer's bills every time, should not also mean
14 that ratepayers should be required to fund an additional \$300,000. In direct
15 testimony, Ms. Ford cited the Company's prior history of a lack of cases as a
16 driver of customer confusion.⁵ My direct testimony addressed the flaws in this
17 logic because Ms. Ford's own testimony shows the reverse not to be true.⁶ In her
18 rebuttal testimony, Ms. Ford has misunderstood my critique of the Company's
19 support for its Count on Columbia Program by claiming that it is "I&E's

⁵ Columbia Statement No. 18, Page 2.

⁶ I&E Statement No. 4, Pages 4 to 5.

1 contention that frequency of utility base proceedings equals customer education
2 solely on its own accord.”⁷

3 It is not my contention that Columbia’s frequent base rate cases alone
4 should be enough to cause customers to fully understand any increases in the cost
5 of service they are provided. In direct testimony, Ms. Ford states that the time
6 period between 1995 and 2007, when no base rate cases were filed, may have
7 caused customers to develop and inaccurate idea of the actual cost of service.⁸ My
8 comment was meant to address the flaws in this logic because Ms. Ford’s own
9 testimony shows the reverse not to be true. Despite more frequent rate cases,
10 customers are still confused. As a result, one can see that the frequency of rate
11 cases has not shown to have in impact on customer awareness.

12
13 **Q. MS. FORD RELIES ON A POLICY STATEMENT TO ASSERT THAT**
14 **THE COMMISSION HAS SUPPORTED INCREASING CUSTOMER**
15 **COMMUNICATION. IS THIS RELIANCE APPROPRIATE?**

16 **A.** No. Ms. Ford uses the Commission’s Policy Statement Regarding Utility Service
17 Outage Public Notification Guidelines⁹ to claim that “the Commission does
18 support increased customer communication and outreach.”¹⁰ While I would agree
19 with Ms. Ford that “customers appreciate being informed of outages, rate

⁷ Columbia Statement No. 118, Page 3.

⁸ Columbia Statement No. 18, Page 2.

⁹ Policy Statement Regarding Utility Service Outage Public Notification Guidelines, Docket No. M-2008-2065532, entered December 15, 2011.

¹⁰ Columbia Statement No. 118, Page 7.

1 increases, and issues that affect their service,”¹¹ the program that Columbia
2 proposed does not address outages, notification of rate increases, or an issue that
3 would disrupt service.

4 It is understood, clearly beneficial, and in some circumstances mandated,
5 that utilities inform its customers of outages, rate increases, and issues that affect
6 their service in a timely and effective manner. When circumstances such as these
7 arise, Columbia should already have a process in place to communicate with its
8 customers and if communication through the use of social media and other new
9 technology increases the effectiveness of these communications then it should
10 certainly be considered. Although it is clear that the Commission has provided
11 guidelines to “ensure that actual, timely notice to customers is provided by utilities
12 whenever any event disrupts service or potentially endangers public safety,”¹² the
13 Policy Statement cited by Ms. Ford does not indicate that the Commission
14 supports the type of communication that would be provided through Count on
15 Columbia which is “intended to help strengthen Columbia’s customers’
16 understanding of the Company’s positive impact on both their personal lives and
17 their communities.”¹³ Therefore, the request for an additional \$300,000 in funding
18 should be rejected.

¹¹ Columbia Statement No. 118, Page 7.

¹² Policy Statement Regarding Utility Service Outage Public Notification Guidelines, Docket No. M-2008-2065532, entered December 15, 2011.

¹³ Columbia Statement No. 18, Page 4.

1 **WARMWISE: AUDITS & REBATES**

2 **Q. SUMMARIZE YOUR RECOMMENDATION FOR WARMWISE: AUDITS**
3 **& REBATES.**

4 A. I recommended that the budget be reduced to \$200,000 to more accurately
5 represent the historical expense incurred. The WarmWise A&R program currently
6 has a funding level of \$750,000 and for the years 2009-2011, with the Company
7 having spent an average of \$160,800 annually.

8

9 **Q. DID THE ANY PARTIES REBUT YOUR RECOMMENDATION?**

10 A. Yes. Company witness Deborah A. Davis and OCA witness Roger D. Colton
11 submitted rebuttal testimony on this issue.

12

13 **Q. SUMMARIZE THE OTHER PARTIES' REBUTTAL.**

14 A. Both Mr. Colton and Ms. Davis cite the newness of the program and the end of
15 Pennsylvania's Home Heating Equipment Rebate Program, funded through the
16 American Recovery and Reinvestment Act (ARRA), as reasons for keeping the
17 WarmWise A&R budget at \$750,000. Ms. Davis claims that "niche programs like
18 this in general require a considerable amount of time for start-up before full
19 implementation and a full run rate is realized."¹⁴ Both Ms. Davis and Mr. Colton
20 claim that the end of ARRA funding has caused a shortage of funding in the
21 weatherization community. Mr. Colton states that "in light of the ARRA funding,

¹⁴ Columbia Statement No. 121-R, Page 7.

1 however, it should not be surprising that the production under the Company's
2 WarmWise-A&R program lagged. However, ARRA funding has now lapsed...
3 [and] the institutional capacity developed through ARRA is now at risk."¹⁵

4
5 **Q. DOES YOUR RECOMMENDATION CHANGE AS A RESULT OF**
6 **REBUTTAL TESTIMONY?**

7 A. Yes. Based on the updated 2012 amount spent of \$435,000, I recommend that the
8 budget for the WarmWise A&R program be reduced to \$450,000 from \$750,000.

9
10 **Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?**

11 A. Although the amount spent in 2012 for the WarmWise A&R program does
12 represent an increase, Columbia has not demonstrated a need for a budget of
13 \$750,000 for the past three years. The average amount spent for 2009 to 2012 is
14 only \$229,351. In recognition of the fact that the WarmWise A&R program is
15 relatively new, the budget should not be set on only a historical average but should
16 take into account the fact that Columbia spent significantly more in 2012 than it
17 did from 2009 to 2011. A budget level of \$450,000 also recognizes the newness
18 of the program and the historic spending levels. For the first three years of the
19 program, Columbia spent \$211,284, \$76,121 and \$194,999 respectively.

20 Although there was a significant increase to this expense in 2012, one year does
21 not demonstrate a trend that in the future Columbia's ratepayers will require a

¹⁵ OCA Statement No. 4-R, Page 7.

1 budget of \$750,000 for the WarmWise A&R program. It is understood that the
2 WarmWise A&R program falls under the Universal Service Rider which is fully
3 reconcilable, but as stated in my direct testimony, it is unreasonable to repeatedly
4 artificially inflate the budget in view of the historical expense.¹⁶ In view of the
5 fact that Columbia has filed four base rate cases in the last five years, it should be
6 recognized that this is a budget level that is not permanent and can be reevaluated
7 in the future.

8
9 **MANAGEMENT PERFORMANCE**

10 **Q. SUMMARIZE YOUR CONCLUSION REGARDING COLUMBIA'S**
11 **CLAIM OF SUPERIOR PERFORMANCE.**

12 A. After reviewing the reports cited by Mr. Kempic in his direct testimony,¹⁷ I
13 concluded that while some individual statistics may appear attractive, when
14 viewed as a whole, the J.D. Power report along with the Bureau of Consumer
15 Service's (BCS) Quality of Service report and the Utility Consumer Activities
16 Report and Evaluation (UCARE) demonstrate that Columbia's performance is
17 average.

¹⁶ I&E Statement No. 4, Page 9.

¹⁷ Columbia Statement No. 1, Page 27

1 **Q. DID THE COMPANY REBUT YOUR CONCLUSION?**

2 A. Yes. Company witness Mark R. Kempic submitted rebuttal testimony on this
3 issue.¹⁸

4
5 **Q. SUMMARIZE THE COMPANY'S REBUTTAL.**

6 A. Mr. Kempic claims that when the three year data from the BCS reports, the data
7 from Thoroughbred Research Survey, Metrix/Matrix, and Columbia's call center's
8 reports are all viewed together "the Company consistently provides superior
9 customer service over the long term."¹⁹

10
11 **Q. DOES YOUR CONCLUSION CHANGE AS A RESULT OF THE THREE**
12 **YEAR AVERAGE MR. KEMPIC PRESENTED IN HIS REBUTTAL**
13 **TESTIMONY?**

14 A. No. As I stated in my direct testimony, Columbia's management performance is
15 average when compared to that of the industry.

16
17 **Q. WHAT IS THE BASIS FOR YOUR CONCLUSION?**

18 A. As Mr. Kempic demonstrated, if one compares Columbia with the industry
19 average on a three year basis, Columbia exceeded the industry average in 11 of the
20 27 categories (or 41%) of the 2011 Quality of Service Benchmarking Report.²⁰ As

¹⁸ Columbia Statement No. 101-R, Pages 1 to 9.

¹⁹ Company Statement No. 101-R, Page 1 to 2.

²⁰ Company Statement No. 101-R, Page 2.

1 stated in my direct testimony, in 2011 Columbia was above average in 26% of the
2 BCS metrics, average in 33% of the metrics, and below average in 41% of the
3 metrics.²¹ The reason that Columbia can be above average for a three year period
4 and average for 2011 is that customer satisfaction with customer service
5 performance has decreased for Columbia over the past three years while the
6 industry average has increased. From 2009 to 2011, the industry has stayed about
7 the same in 8 of 27 categories, increased in 18 categories, and decreased in 1.
8 From 2009 to 2011, Columbia has stayed about the same in 10 categories,
9 increased in 4 categories, and has received a lower score in 13 categories. The
10 decrease in Columbia's scores and the increase in the industry average have
11 resulted in the most recent data showing that Columbia is average by the standards
12 of the BCS Quality of Service Benchmarking Report.

13
14 **Q. DOES YOUR CONCLUSION CHANGE AS A RESULT OF THE**
15 **THOROUGHbred RESEARCH SURVEY PRESENTED BY MR.**
16 **KEMPIC?**

17 **A.** No. The Thoroughbred Research Group is an organization that provides customer
18 satisfaction studies and other types of surveys to organizations nationwide as a
19 paid service to those organizations. Also, unlike the BCS report which is
20 conducted independent of the Company's initiation and payment, the
21 Thoroughbred Research Survey does not present a standard for comparison,

²¹ I&E Statement No. 4, Page 16.

1 therefore, there are a limited amount of conclusions that can be drawn from it. My
2 conclusion remains, as stated in my direct testimony, that Columbia's performance
3 is average.

4
5 **Q. WHAT IS THE BASIS FOR YOUR STATEMENT THAT LIMITED**
6 **CONCLUSIONS CAN BE DRAWN FROM THE THOROUGHBRED**
7 **RESEARCH SURVEY PRESENTED BY MR. KEMPIC?**

8 A. Although Columbia's scores in the Thoroughbred Survey as presented by Mr.
9 Kempic²² are all in the nineties for 2011 and 2012, there is no comparison
10 available with which to evaluate Columbia's performance. Though the survey
11 results show that Columbia has improved over the last five years in all categories
12 the only conclusion that can be drawn is that for each category reviewed,
13 Columbia has improved. The conclusion that Columbia's performance is above
14 average cannot be drawn from these results as no data for the industry has been
15 shown. Without comparing Columbia's results to the industry, there is no way of
16 knowing if Columbia is at, below, or above average in the performance of their
17 customer service representatives. As a result, Mr. Kempic's assertion that
18 Columbia consistently provides superior customer service over the long term
19 cannot be supported by the Thoroughbred Survey he cites to.

²² Columbia Statement No. 101-R, Page 5.

1 **Q. DOES YOUR CONCLUSION CHANGE AS A RESULT OF MR.**
2 **KEMPIC'S REBUTTAL TESTIMONY REGARDING THE UCARE**
3 **REPORT?**

4 A. No. While Mr. Kempic's statement that Columbia's UCARE report scores are
5 32.97%, 40%, 1.35%, and 62.50% are mathematically correct, his evaluation that
6 the UCARE report shows Columbia to be "significantly above average"²³ does not
7 accurately represent the position of Columbia in the industry. My conclusion
8 remains that the UCARE report shows Columbia to be only marginally above
9 average.²⁴

10

11 **Q. WHAT IS THE BASIS FOR YOUR CONCLUSION?**

12 A. Mr. Kempic is correct that the percentage difference between Columbia and the
13 industry appears to be significant for the metrics I selected in my direct
14 testimony²⁵ but fails to recognize that a small change in a small number will result
15 in an apparently large percentage difference even if the change is less than one
16 percent as in the case of Columbia. Mr. Kempic takes the use of statistics in his
17 rebuttal testimony to an extreme in order to prove his case, as proven by his
18 reference to a five hundredths of a percent difference (the difference between
19 0.03% and 0.08%)²⁶ as a 62.50% difference between Columbia's performance and

²³ Columbia Statement No. 101-R, Page 8.

²⁴ I&E Statement No. 4, Page 17.

²⁵ I&E Statement No. 4, Page 17.

²⁶ Columbia Statement No. 101-R, Page 9, Figure 4.

1 the industry average. The following table more accurately demonstrates the
2 difference between Columbia and the industry.

	Columbia	Industry Average	Difference in units
Consumer Complaint Rate	0.61%	0.91%	0.31%
Justified Consumer Complaint Rate	0.06%	0.10%	0.04%
Response Time to BCS Residential Consumer Complaints (in days)	7.3	7.4	0.1
Commission Infraction Rate	0.03%	0.08%	0.05%

3
4 In every category shown, Columbia is less than one percent different than the
5 industry (less than one day in the case of Response Time to BCS Residential
6 Consumer Complaints). Columbia is marginally above average in the UCARE
7 report.

8

9 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

10 A. Yes.

**I&E Statement No. 5
Witness: Lisa A. Boyd**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA, INC.

**Docket Nos. R-2012-2321748
M-2012-2323645**

Direct Testimony

of

Lisa A. Boyd

Bureau of Investigation & Enforcement

Concerning:

Pilot Rider NAS – New Area Service

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

2 A. My name is Lisa A. Boyd. My business address is Pennsylvania Public Utility
3 Commission, P.O. Box 3265, Harrisburg, PA 17105-3265.

4
5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by the Pennsylvania Public Utility Commission in the Bureau of
7 Investigation & Enforcement (“I&E”) as a Fixed Utility Financial Analyst.

8
9 **Q. WHAT IS YOUR EDUCATIONAL AND EMPLOYMENT EXPERIENCE?**

10 A. An outline of my education and employment experience is attached as
11 Appendix A.

12
13 **Q. PLEASE DESCRIBE THE ROLE OF I&E IN RATE PROCEEDINGS.**

14 A. I&E is responsible for protecting the public interest in rate proceedings. The I&E
15 analysis in this proceeding is based on its responsibility to represent the public
16 interest. This responsibility requires the balancing of the interests of ratepayers
17 and the Company.

18
19 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

20 A. The purpose of my direct testimony is to address Columbia Gas Company of
21 Pennsylvania, Inc.’s (“Columbia” or “Company”) Pilot Rider NAS – New Area
22 Service (“Pilot Rider NAS” or “Rider NAS”) included as part of proposed tariff

1 changes in Supplement No. 190 to Tariff Gas Pa. P.U.C. No. 9, effective
2 November 27, 2012.

3
4 **Q. WHERE ARE THE COMPANY'S CURRENT MAIN EXTENSION RULES**
5 **DESCRIBED?**

6 A. The current extension rules are located in Columbia's Tariff Gas – Pa. P.U.C.
7 No. 9, Section 8, Extensions.

8
9 **Q. WHAT EFFECT DOES PILOT RIDER NAS HAVE ON THE COMPANY'S**
10 **CURRENT MAIN EXTENSION RULES?**

11 A. The Company is not proposing to eliminate or modify the current extension rules
12 with the proposed Pilot Rider NAS. Rider NAS is proposed to be in addition to
13 the existing tariff provision.

14
15 **Q. SUMMARIZE THE COMPANY'S PILOT RIDER NAS PROPOSAL.**

16 A. Columbia is proposing to establish a rider as a four-year pilot that would allow
17 persons interested in connecting to natural gas service in areas not currently
18 serviced by Columbia an extended payment method as an alternative to the
19 existing tariffed customer contribution. The payment term proposed is 20 years,
20 and the interest rate is equal to the Company's approved cost of capital. The
21 Company proposes to limit the monthly charge to a maximum of \$25. The pilot

1 program would receive an annual allocation of \$1 million for the four years of the
2 pilot.

3
4 **Q. WHAT IS YOUR RECOMMENDATION REGARDING COLUMBIA'S**
5 **PROPOSED PILOT RIDER NAS?**

6 A. I recommend that the Commission deny the proposal at this time. Columbia's
7 proposed Pilot Rider NAS is inadequately developed and is inconsistent with
8 natural gas utility line extension financing programs that have secured approval in
9 other public service jurisdictions. Any project established under Pilot Rider NAS
10 will continue for the full payment term, which Columbia proposes to be 20 years.
11 Given the cost incurred by customers and the proposed length of the term, Pilot
12 Rider NAS must be well designed. However, for the reasons discussed below, I
13 do not believe that Columbia's Pilot Rider NAS is well designed, and it should not
14 be approved at this time. I will address specific concerns with Pilot Rider NAS in
15 my ensuing testimony.

16
17 **Q. IN WHAT AREAS WOULD YOU RECOMMEND CHANGES TO PILOT**
18 **RIDER - NAS?**

19 A. The areas for which I have recommendations include:

- 20 • Financing Term
- 21 • Monthly Surcharge Cap
- 22 • Program Cap

- 1 • Eligible Customers
- 2 • Extension Evaluation and Documentation
- 3 • Reconciliation Period
- 4 • Interest Income and Project Accounting
- 5 • Payment Default and Service Termination
- 6 • Pipeline Refunds
- 7 • Incentive Offer

8

9 **Q. CAN YOU PROVIDE EXAMPLES OF OTHER LINE EXTENSION**
10 **FINANCING PROGRAMS YOU EVALUATED WHEN REACHING THE**
11 **CONCLUSION THAT COLUMBIA'S PROPOSAL IS INCONSISTENT**
12 **WITH EXISTING APPROVED PROGRAMS?**

13 A. Yes. I have included the tariff sections for several other natural gas distribution
14 companies that offer line extension financing programs and a summary table for
15 these programs as part of my accompanying exhibit (I&E Exhibit No. 5, Sch. 1).

16

17 **FINANCING TERM**

18 **Q. WHAT IS YOUR POSITION WITH RESPECT TO AN APPROPRIATE**
19 **FINANCING TERM?**

20 A. I recommend that the Company reduce the financing term from the proposed 20
21 years to a maximum of 10 years.

1 **Q. WHY DO YOU PROPOSE A TEN-YEAR TERM?**

2 A. My research of other extension financing plans indicates that financing periods
3 range from 50 months to 10 years. I recommend a ten-year term as that term
4 significantly reduces interest costs while minimizing the increase in the monthly
5 charge that would result from the shorter term. The interest costs with a twenty-
6 year financing term at 8.5%, as proposed, are excessive. I do not believe the
7 program would readily attract customers at the proposed term and rate. I have
8 included amortization tables for five, ten, and twenty years for the \$2,880
9 maximum principle covered by Columbia's current proposal in my accompanying
10 exhibit (I&E Exhibit No. 5, Sch. 2).

11

12 **MONTHLY SURCHARGE CAP**

13 **Q. YOUR RECOMMENDATION FOR A 10-YEAR FINANCING TERM**
14 **INCREASES THE MONTHLY PAYMENT BEYOND THE \$25 MAXIMUM**
15 **IN COLUMBIA'S PROPOSAL. WHAT DO YOU PROPOSE WITH**
16 **RESPECT TO THE PROPOSED MONTHLY MAXIMUM?**

17 A. I propose that the \$25 maximum monthly payment amount be eliminated.

18

19 **Q. WHY DO YOU PROPOSE THAT THE MONTHLY SURCHARGE CAP BE**
20 **ELIMINATED?**

21 A. None of the programs I reviewed imposes any limitation on the amount to be
22 financed or the monthly payment amount. Ability to finance all or part of an

1 extension provides the customer with more options in evaluating the economic
2 advantages of converting to natural gas service relative to their own financial
3 circumstances.

4
5 **PROGRAM CAP**

6 **Q. WOULD THE RECOMMENDATION TO REMOVE THE MONTHLY**
7 **SURCHARGE CAP AFFECT COLUMBIA'S PROPOSED ALLOCATION**
8 **OF \$1 MILLION MAXIMUM ANNUALLY?**

9 A. No. If Columbia wishes to impose an annual maximum program allocation of \$1
10 million, the program could be offered on a first come, first served basis until the
11 \$1 million limit was reached with remaining extension requests placed on a
12 waiting list for first option in the ensuing year.

13
14 **ELIGIBLE CUSTOMERS**

15 **Q. WHO IS ELIGIBLE FOR RIDER NAS UNDER COLUMBIA'S**
16 **PROPOSAL?**

17 A. Columbia states that the pilot has been primarily designed to assist residential
18 customers, but contends that commercial and industrial customers could utilize the
19 pilot as long as the project is primarily for residential service (Columbia St. No.
20 19, p. 4).

1 **Q. DO YOU BELIEVE THAT COMMERCIAL AND INDUSTRIAL**
2 **CUSTOMERS SHOULD BE ELIGIBLE FOR RIDER NAS?**

3 A. No. I recommend that the line extension program be restricted to individual
4 residential customers.

5
6 **Q. WHY SHOULD ONLY RESIDENTIAL CUSTOMERS BE ELIGIBLE TO**
7 **PARTICIPATE IN RIDER NAS?**

8 A. As discussed above, I recommend that the \$25 monthly cap be eliminated, which
9 could allow developers, commercial customers, and industrial customers to take
10 unfair advantage of the funds available at the expense of residential customers.
11 Removal of the \$25 monthly cap would allow larger amounts to be financed,
12 which could skew the allocation of funds to applicants with potentially greater
13 extension costs. For this reason, I recommend that Rider NAS be restricted to
14 individual residential customers so that Columbia is able to provide this service to
15 a larger number of residential customers who are interested in financing a line
16 extension. Developers and businesses typically have other financing alternatives
17 available and could recover their investment through lot prices or fees for their
18 services. Restricting extended payment options for line extensions to the
19 residential class is a common feature included in other distribution company
20 offerings. For example, see I&E Exhibit No. 5, Sch. 1, p. 8, Chesapeake Utilities
21 Corporation, Delaware Division, Section 6.4, Experimental Area Extension
22 Program.

1 **EXTENSION EVALUATION AND DOCUMENTATION**

2 **Q. HOW DOES COLUMBIA DETERMINE THE NEED FOR A CUSTOMER**
3 **CONTRIBUTION WHEN AN EXTENSION REQUEST IS RECEIVED?**

4 A. Under its existing tariff language, Columbia first determines the cost to extend the
5 facilities. Next, Columbia projects the future revenue from the new customer(s).
6 Columbia then subtracts the net present value of the future revenue from the cost
7 to extend the lines. If the result is positive, no deposit is required. If the result is
8 negative, the amount necessary to bring the result to zero is the amount of deposit
9 assessed to the customer (Columbia Statement No. 19, pp. 4-5).

10

11 **Q. DO CUSTOMERS WHO AGREE TO CONTRACT FOR A LINE**
12 **EXTENSION WITH A DEPOSIT REQUIREMENT RECEIVE A**
13 **DETAILED QUOTATION INCLUDING ANTICIPATED REVENUES?**

14 A. No. Columbia's response to I&E-RE-162 states that the Company provides the
15 customer only the main footage and total estimated cost of main installation (I&E
16 Exhibit No. 5, Sch. 3).

17

18 **Q. DO YOU AGREE WITH THE LEVEL OF DOCUMENTATION THE**
19 **COMPANY CURRENTLY PROVIDES UNDER ITS TARIFFED MAIN**
20 **EXTENSION PROVISION AND PROPOSES TO PROVIDE UNDER**
21 **RIDER NAS?**

1 A. No. For either extended payment plan (Rider NAS) customers or lump sum
2 deposit (existing tariff language) customers, the customer should know the basis
3 for the Company's recovery of investment in order to afford the customer the
4 opportunity to better gauge his repayment status or deposit refund position. If the
5 customer knows the projected usage assigned to his project, he could evaluate his
6 own performance with respect to underpayment or overpayment, which would
7 mitigate potential complaint scenarios when the extension plan was reconciled.

8 Additionally, the Company's usage and revenue forecast is valuable
9 information for potential new gas customers to exercise informed judgment when
10 making decisions as to the economic viability of converting to natural gas.

11

12 **RECONCILIATION PERIOD**

13 **Q. WHAT RECONCILIATION PERIOD DOES THE COMPANY PROPOSE?**

14 A. The Company proposes a final reconciliation at the conclusion of the twenty-year
15 financing period with periodic adjustments if meters are added or removed from
16 the extension. Additionally, Columbia proposes that it be permitted to extend
17 payments beyond the twenty-year period if the investment has not been fully
18 recovered.

19

20 **Q. DO YOU AGREE WITH THE PROPOSED RECONCILIATION**

21 **METHODS?**

1 A. No. Waiting potentially twenty years to evaluate the repayment status for an
2 extension is unreasonable. Inaccuracies in the initial revenue projections could
3 have significant consequences for overpayment or underpayment if actual
4 customer revenue is not evaluated before the end of the twenty-year term.

5
6 **Q. WHAT RECONCILIATION PERIOD DO YOU RECOMMEND?**

7 A. I recommend biennial reconciliations supplemented by interim reconciliations if
8 meters are added or removed or if the customer serviced by the Rider NAS meter
9 changes. As discussed above, I have recommended that the twenty-year financing
10 period be reduced to ten years, but waiting until the end of the ten-year period to
11 reconcile is still too long. Biennial reconciliations are appropriate in this
12 circumstance due to the four-year time limit placed on the pilot program. Biennial
13 reconciliation would provide for more data as to program performance when Pilot
14 Rider NAS would be next reviewed for permanent implementation or cancellation.
15 Florida Division of Chesapeake Utilities Corporation uses a five-year true-up for
16 its Area Extension Program customers (I&E Exhibit No. 5, Sch. 1, p. 12). A
17 longer reconciliation period of this type may be appropriate for a permanent rider
18 proposed subsequent to the expiration of Pilot Rider NAS. The Pilot Rider NAS
19 customer should receive a copy of the reconciliation information and notification
20 of any impact to their existing monthly charge or change in term.

1 **Q. DO YOU AGREE WITH COLUMBIA’S PLAN TO EXTEND THE**
2 **PAYMENT PERIOD BEYOND THE INITIAL TERM TO COLLECT ANY**
3 **OUTSTANDING AMOUNT?**

4 A. No. With my proposed biennial reconciliations, any outstanding amount should
5 be minimal at the final reconciliation. In lieu of an extension, I propose that any
6 overpayments at final reconciliation be refunded to the customer and any
7 underpayments be absorbed into rate base by Columbia. In light of the Company
8 concern that one of the reasons for a possible under recovery would be due to an
9 inactive meter (Columbia Statement No. 19, p. 8), I would propose that the
10 original term be specified as an “absolute” term such that periods of meter
11 inactivity would not be counted as part of the repayment period.

12
13 **Q. WHY DO YOU PROPOSE THE UNDERPAYMENTS BE ABSORBED BY**
14 **COLUMBIA?**

15 A. I propose underpayments be absorbed by Columbia in order to ensure the
16 Company accurately and diligently conducts the reconciliations. All the
17 information regarding the economic evaluation and progress of a project is within
18 the exclusive knowledge and control of the Company. Consequently the Company
19 is best positioned to control the program’s costs and risks. Therefore it is
20 appropriate to place upon the Company the burden of not just implementing but
21 also effectively tracking the proposal.

1 **INTEREST INCOME AND PROJECT ACCOUNTING**

2 **Q. WHAT IS COLUMBIA’S PROPOSAL FOR THE INTEREST PORTION**
3 **OF THE MONTHLY SURCHARGE?**

4 A. Columbia proposes an interest charge equal to the fixed cost of capital as approved
5 in the most recent rate case (Columbia Exhibit EAE-1, Page 2), which as claimed
6 by Columbia in this case is 8.52% (Columbia Statement No. 1, p. 27). The
7 Company proposes applying the interest as a credit to the cost of service in order
8 to compensate all other customers for the carrying costs of the deposit financing
9 (Columbia Statement No. 19, p. 5).

10
11 **Q. WHAT IS COLUMBIA’S PROPOSED ACCOUNTING TREATMENT OF**
12 **FINANCED CAPITAL PROJECTS?**

13 A. Columbia would add the full cost of the line extension subject to Rider NAS to
14 rate base and then transfer principle amounts to customer advances as payments
15 were made.

16
17 **Q. WHAT OBJECTIONS DO YOU HAVE TO THE INTEREST AND**
18 **ACCOUNTING METHODS PROPOSED BY THE COMPANY FOR**
19 **RIDER NAS CUSTOMERS?**

20 A. Under Columbia’s proposal, the Company is recovering a cost of capital return on
21 added rate base items outside of a base rate case. When an extension customer
22 finances his share of an extension project through Pilot Rider NAS, the Company

1 proposes to collect an interest charge equal to the approved cost of capital from
2 that customer. The interest income flows to the Company for the period of time
3 while the extension project costs are in rate base but have not been included in
4 calculating the revenue requirement at the last base rate case. The problem with
5 this approach is apparent when the next base rate case is filed. At the next base
6 rate case, the extension project balance will be included in rate base and, therefore,
7 will be included in revenue calculations. At the same time, the exact same capital
8 balance is still in the Rider NAS loan earning interest equal to the cost of capital
9 established at the time of the project financing. The Company's proposed
10 approach essentially results in double recovery of a capital investment for which
11 funds were advanced by the customer.

12
13 **Q. IF, AS YOU STATED, THE COMPANY PROPOSES TO CREDIT ALL**
14 **CUSTOMERS WITH THE INTEREST PAID ON THE EXTENSION**
15 **PROJECTS, HOW DO YOU CONCLUDE THAT THE COMPANY REAPS**
16 **A DOUBLE RECOVERY?**

17 **A.** Columbia appears to attempt to mitigate the problem of double recovery by
18 proposing to return previously paid interest income to all customers via a credit to
19 the cost of service study in the new base rate case (Columbia Statement No. 19,
20 Page 5). Including a credit item in the next cost of service study is not the same
21 thing as crediting the interest to all customers. Even if the full amount of \$1
22 million dollars allocated to the program were utilized each year for the four-year

1 pilot, the interest income would impact the calculated total company monthly cost
2 of service by only pennies (I&E Exhibit 5, Sch. 4). A credit of this magnitude in
3 the cost of service study would have little, if any, impact on the monthly charge
4 ultimately determined by the rate case. Additionally, the Company, not the
5 customers, received the benefit of that interest income in the intervening years.

6
7 **Q. WHAT IS YOUR RECOMMENDATION FOR INTEREST AND**
8 **ACCOUNTING METHODS FOR FINANCED LINE EXTENSION**
9 **PROJECTS?**

10 A. I recommend that the line extension capital investments made under Rider NAS be
11 included in rate base with a corresponding amount placed into customer advances,
12 so that there is no increase in rate base. Earnings on these amounts would be
13 limited to interest income derived from the loans. Under Rider NAS, the
14 Company is serving the function of a loan source and should treat the deposits
15 realized from these loans no differently than it would had the customer secured the
16 loan in the commercial loan market and provided a cash deposit to the Company.

17
18 **PAYMENT DEFAULT AND SERVICE TERMINATION**

19 **Q. WHAT IS COLUMBIA'S PROPOSAL FOR CUSTOMER NON-PAYMENT**
20 **OF SURCHARGE AMOUNTS?**

21 A. Columbia proposes that the customer should be subject to service termination for
22 failing to pay the monthly surcharge amount (Columbia St, No. 19, p. 6).

1 **Q. DO YOU AGREE WITH COLUMBIA’S PROPOSAL FOR SERVICE**
2 **TERMINATION IN THE EVENT OF NON-PAYMENT?**

3 A. No. Columbia is essentially offering Rider NAS customers an unsecured loan. In
4 extending this offer to customers, Columbia should exercise due diligence in
5 evaluating the creditworthiness of the applicant and should expect to have
6 available no further recourse for non-payment than what is available to any other
7 commercial lender offering an unsecured loan. Additionally, line extension costs
8 are specifically identified in the Commission’s regulations as charges other than
9 basic service for which service termination is not permitted (52 Pa. Code §§ 56.13,
10 58.83).

11 **§ 56.13. Billings for merchandise, appliances and**
12 **nonrecurring and recurring services.**

13 Charges for other than basic service—that is, merchandise,
14 appliances and special services, including merchandise and
15 appliance installation, sales, rental and repair costs; meter testing
16 fees; line extension costs; special construction charges and other
17 nonrecurring charges, except as provided in this chapter—must
18 appear after charges for basic services and appear distinctly separate.
19 This includes charges for optional recurring services which are
20 distinctly separate and clearly not required for the physical delivery
21 of service. Examples include line repair programs and appliance
22 warranty programs. See § 56.83(3) (relating to unauthorized
23 termination of service).

24 **§ 56.83. Unauthorized termination of service.**

25 Unless expressly and specifically authorized by the Commission,
26 service may not be terminated nor will a termination notice be sent
27 for any of the following reasons:

1 (3) Nonpayment, in whole or in part, of nonbasic charges for leased
2 or purchased merchandise, appliances or special services including,
3 but not limited to, merchandise and appliance installation fees, rental
4 and repair costs; meter testing fees; special construction charges; and
5 other nonrecurring or recurring charges that are not essential to
6 delivery or metering of service, except as provided in this chapter.

7
8 **Q. WHAT DO YOU PROPOSE WITH RESPECT TO CAPITAL**
9 **INVESTMENT AMOUNTS HELD IN CUSTOMER ADVANCES IN THE**
10 **EVENT OF CUSTOMER NON-PAYMENT?**

11 A. In the event of default, residual amounts remaining in customer advances should
12 be removed to allow the remaining plant to become part of the Company rate base
13 for inclusion in revenue requirement calculations in subsequent rate cases.
14 Columbia should establish an approved procedure for determining that a loan has
15 reached a default stage such that residual amounts are removed from customer
16 advances.

17
18 **PIPELINE REFUNDS**

19 **Q. WHAT IS COLUMBIA'S PROPOSAL FOR PIPELINE REFUNDS?**

20 A. Columbia proposes to use additional funds, such as pipeline refunds, to create an
21 internal fund that would be used to reduce deposit costs for Pilot Rider NAS
22 customers (Columbia Statement No. 19, p. 11). Columbia would use the funds to
23 buy down no more than 25% of any new deposit (Columbia Statement No. 19,
24 p. 11).

1 **Q. WHAT IS THE COMPANY'S RATIONALE BEHIND THIS PROPOSAL?**

2 A. In response to I&E-RE-23-D, Columbia takes the position that applying the
3 refunds in this manner benefits all customers by increasing the Company's
4 customer base, thereby providing a larger number of customers over which costs
5 may be recovered (I&E Exhibit 5, Sch. 5).

6
7 **Q. WHAT IS YOUR RESPONSE TO THE COMPANY'S PROPOSED**
8 **ALLOCATION OF PIPELINE REFUNDS?**

9 A. I disagree with the Company's proposal. Allocation of pipeline refunds in this
10 manner would benefit new customers who in no way contributed to the gas cost
11 purchases to which the refunds applied. While the Company claims all customers
12 will benefit, the Company does not quantify this benefit. In reality, the cost
13 spreading benefit of adding individual customers in a system reported to serve
14 412,781 customers as of May 31, 2012 (Columbia Exhibit No. 3, p. 1) would be
15 infinitesimally small. For example: The Company's Income Statement for
16 Twelve Months ended May 31, 2012 indicates total Operating and Maintenance
17 (O&M) Expenses of \$307,404,090 (Columbia Exhibit No. 2, Sch. 4). If the
18 Company added 100 new customers through the offering of Pilot Rider NAS, the
19 per customer share of O&M expenses would decrease by \$0.18 per customer
20 ($\$307,404,090/412,881 - \$307,404,090/412,781$). Accordingly, pipeline refunds
21 should continue to be used to benefit existing customers either via direct refund or
22 another Commission-approved alternate disposition.

1 **INCENTIVE OFFER**

2 **Q. WHAT IS AN INCENTIVE OFFER?**

3 A. In review of the extension rules of other natural gas distribution company, I found
4 that four of the six companies reviewed offered either a cash credit or free main
5 extension distance to potential new customers requesting extension of gas service.
6 The details of these offers are included in my accompanying exhibit (I&E Exhibit
7 No. 5, Sch. 1).

8
9 **Q. DOES COLUMBIA OFFER ANY TYPE OF INCENTIVE TO
10 ENCOURAGE CONVERSION TO NATURAL GAS SERVICE?**

11 A. No. Columbia does not offer any incentives in either the existing rule, Tariff Gas
12 – Pa. P.U.C. No. 9, Section 8, Extensions, or in the proposed Pilot Rider NAS.

13
14 **Q. WHAT IS YOUR RECOMMENDATION REGARDING AN INCENTIVE
15 OFFER TO A POTENTIAL EXTENSION CUSTOMER?**

16 A. I believe that an incentive offer would be appropriate, either a specified free
17 extension distance or a starting cash credit towards the cost of the extension
18 project.

19
20 **Q. WHY DO YOU BELIEVE AN INCENTIVE OFFER IS APPROPRIATE?**

21 A. Columbia Witness Evans states that the purpose in proposing Pilot Rider NAS is
22 to make natural gas service more accessible to Pennsylvanians. Mr. Evans further

1 states, "Given the abundance of low-cost gas that is being produced in
2 Pennsylvania as a result of Marcellus Shale supplies, Columbia is committed to
3 making it as easy as possible for Pennsylvanians to obtain natural gas service"
4 (Columbia Statement No. 19, p. 3). If Columbia's purpose is, in fact,
5 enhancement of accessibility to natural gas service for Pennsylvanians currently
6 not served and promotion of Pennsylvania gas usage, it is appropriate for
7 Columbia to bear a share of the extension project costs for either Pilot Rider NAS
8 customers or customers developed through the existing extension rule.

9
10 **CONCLUSION**

11 **Q. WHAT IS YOUR CONCLUSION WITH RESPECT TO COLUMBIA'S**
12 **PROPOSAL TO OFFER FINANCING TO LINE EXTENSION**
13 **CUSTOMERS?**

14 **A.** As a program with potentially long-term effects, this program needs to be well
15 thought out, appropriately designed and properly managed. I do not believe the
16 Rider NAS, as proposed, satisfies those concerns.

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

19 **A.** Yes.

LISA A. BOYD

PROFESSIONAL EXPERIENCE AND EDUCATION

EDUCATION:

Harrisburg Area Community College, Harrisburg, Pennsylvania
Accounting & Finance Course Work, 20 credits, 2008-2011

Pennsylvania State University, Harrisburg, Pennsylvania
Bachelor of Science; Major in Electrical Engineering Technology, 1984

EXPERIENCE:

12/2011 - Present
Fixed Utility Financial Analyst
Pennsylvania Public Utility Commission, Bureau of Investigation & Enforcement

01/2010 – 12/2011
Accountant 1
Pennsylvania Department of Revenue, Gaming Division

03/2006 – 01/2010
Unemployment Compensation Tax Technician
Pennsylvania Department of Labor & Industry, UC Tax Services

TESTIMONY SUBMITTED:

I have testified and/or submitted testimony in the following proceedings:

- Equitable Gas Company LLC, Docket Nos. R-2012-2304727, R-2012-2304731, R-2012-2304735

**I&E Exhibit No. 5
Witness: Lisa Boyd**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

Columbia Gas of Pennsylvania

**Docket Nos. R-2012-2321748
M-2012-2323645**

Exhibit to Accompany

the

Direct Testimony

of

Lisa Boyd

Bureau of Investigation and Enforcement

Concerning:

Pilot Rider NAS – New Area Service

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SUMMARY OF LINE EXTENSION PROGRAMS OFFERED BY NATURAL GAS DISTRIBUTION COMPANIES

COMPANY NAME	LOCATION	TARIFF REFERENCE	TARIFF PARA TITLE	FREE MAIN EXT?	FREE MAIN EXT LENGTH (FT)	FINANCING OF DEPOSIT AVAILABLE?	FINANCING TERM	FINANCING RATE (%)	COMMENTS
Northern Indiana Public Service Co.	Indiana	Rule 6	Service Extensions and Modifications	No*	N/A	No	N/A	N/A	*Automatic Residential Credit of \$1800 for Extension
Chesapeake Utilities Corporation	Delaware	Section VI	Service Installations and Main Extensions	Yes	100	Yes	10 years	Cost of Capital	Free 500 ft for New Residential Developments
Central Florida Gas	Florida	Section O	Distribution Facilities Extension Policy	No	N/A	Yes	10 years	Cost of Capital	
The East Ohio Gas Company	Ohio	Sch. K, Section III	Service Lines & Mainline Extensions	Yes	100	Yes	7 years	Not specified	
Montana-Dakota Utilities Co.	North Dakota	Rate 120	Firm Gas Service Extension Policy	No	N/A	Yes	5 years	Cost of Capital	
Wisconsin Electric - Gas Operations	Wisconsin	Schedule X-310	Extension Rules - All Customers	No	N/A	Yes	5 years	Cost of Capital	Min Credit of \$750 for Heating, \$300 for Non-Heating

GENERAL RULES AND REGULATIONS
Applicable to Gas Service

6. SERVICE EXTENSIONS AND MODIFICATIONS

6.1 Extension of Services Beyond Standard Installations

Upon request by a Residential Customer or Non-Residential Customer for service, the Company will provide necessary facilities for rendering a Standard Installation under Rule 3.1 at no charge.

6.1.1 The following definitions shall be applicable to this Rule:

6.1.1.1 "Margin Credits" for Residential Customers shall be equal to \$1,800 for each residential meter. "Margin Credits" for Non-Residential Customers shall be equal to the present value of gross margin (revenue minus gas cost) associated with each Non-Residential meter as estimated by the Company for a 6 year period.

6.1.1.2 "Margin Costs" shall be equal to 0.52 multiplied by the total amount of actual costs for the extension of gas facilities, as estimated by the Company using the information provided to the Commission in the Company's annual filings pursuant to 170 IAC 5-1-27(D).

6.1.1.3 The values identified in 6.1.1.1 and 6.1.1.2 shall be subject to change in any proceeding proposing adjustment to NIPSCO's basic rates and charges or in a separate proceeding filed in conformance with the Commission's rules and regulations.

6.1.2 For extension of lines and services beyond a Standard Installation for Residential Customers, a contribution must be provided when the Margin Costs exceed the Margin Credits.

6.1.3 For extension of lines and services beyond a Standard Installation for Non-Residential Customers, the Non-Residential Customer must provide a contribution, a letter of credit in a form satisfactory to the Company, or minimum guarantee prior to facilities installation when the Margin Costs exceed the Margin Credits; provided, however, if in the opinion of Company (i) the estimated cost of such extension and the prospective margin to be received from it is so meager or speculative as to make it doubtful whether the Margin Credits from the extension would ever pay a fair return on the investment involved in such extension, or (ii) with slight or no immediate demand for service, or (iii) in the case of an installation requiring extensive equipment with slight or irregular service, or (iv) the estimated cost of the extension otherwise places Company and/or other customers at risk of recovering the costs associated with the investment; then in any of the above cases, Company may require, in advance of materials procurement or construction, a deposit or adequate provision of payment from the initial applicant(s) in the amount of the total estimated cost of construction and other improvements.

6.1.4 Deposits held may be returned to initial applicant(s) based on the amount of Margin Credits received by Company, for a period of six (6) years and up to the amount of the original deposit, in at least annual installments.

Effective 3/28/2012



GENERAL RULES AND REGULATIONS

Applicable to Gas Service

- 6.1.5 In the event that the initial applicant(s) is (are) required to make any deposit, Company shall upon request make available to the initial applicant(s) the information used to establish the basis for the applicable deposit amount.
- 6.1.6 For each Customer, exclusive of the initial applicants considered in the making of an extension, connected to such an extension within the period of six years from the completion of such extension, the gas utility shall refund to such initial applicants, in proportion to their respective contributions toward the cost of such extension, an amount equal to the present value of gross margin over a 6 year period of each meter when each meter comes on line, less the cost to service such new customer, but the total of all refunds to any such applicants shall in no event exceed the aforesaid contribution of such applicants.

6.2 New Residential Development Procedures

Before the Company will undertake facility investment and extensions of service to residential developments or phase thereof:

6.2.1 The following definitions shall be applicable to this Rule:

- 6.2.1.1 As used in this Rule, "extensions" shall refer to extension of Company facilities required in order to provide gas service as requested by Customer(s) or prospective Customer(s).
- 6.2.1.2 As used in this Rule, "Margin Credit" shall be equal to the total product of the planned number of residential meters multiplied by \$1,800. This amount shall be subject to change in any proceeding proposing adjustment to NIPSCO's basic rates and charges initiated after 2010, or in a separate proceeding filed in conformance with the Commission's rules and regulations.
- 6.2.1.3 As used in this Rule, "Margin Costs" shall be equal to 0.52 multiplied by the total amount of actual costs for the extension of gas facilities to a specific Development, as estimated by the Company using the information provided to the Commission in the Company's annual filings pursuant to 170 IAC 5-1-27(D).

6.2.2 Upon request for gas service by initial applicants (a developer or a group of prospective Customers located in the same area), Company will extend, without charge, its facilities including distribution mains, underground service pipes, meters and other equipment necessary to provide the service, provided:

- 6.2.2.1 the Margin Credits for the specific Development are equal to or greater than the Margin Costs for that Development; and
- 6.2.2.2 the prospective patronage or demand is of such permanency as to warrant the capital expenditure involved.

Effective 3/28/2012



GENERAL RULES AND REGULATIONS
Applicable to Gas Service

- 6.2.3 If the Margin Costs of the facilities necessary to provide the gas service requested by initial applicant(s) exceeds the Margin Credit from such extension as provided in 6.2.2, Company shall make such extension if the initial applicant(s) meets one of the following conditions:
- 6.2.3.1 Upon adequate provision for payment to Company by initial applicant(s) of that part of the Margin Costs in excess of the Margin Credits as provided in 6.2.2; or
- 6.2.3.2 If in the opinion of Company (a) the estimated cost of such extension and the prospective margin to be received from it is so meager or speculative as to make it doubtful whether the Margin Credits from the extension would ever pay a fair return on the investment involved in such extension, or (b) with slight or no immediate demand for service, or (c) in the case of an installation requiring extensive equipment with slight or irregular service, or (d) the estimated cost of the extension otherwise places Company and/or other customers at risk of recovering the costs associated with the investment; then in any of the above cases Company may require, in advance of materials procurement or construction, a deposit or adequate provision of payment from the initial applicant(s) in the amount of the total estimated cost of construction and other improvements.
- 6.2.3.2.1 Deposits held may be returned to initial applicant(s) based on the amount of Margin Credits received by Company, for a period of six (6) years and up to the amount of the original deposit, in at least annual installments.
- 6.2.3.2.2 In the event that the initial applicant(s) is (are) required to make any deposit, Company shall upon request make available to the initial applicant(s) the information used to establish the basis for the applicable deposit amount.
- 6.2.4 Initial applicant(s) may, at its (their) option, submit, or require Company to submit, or the Company, on its own may submit, to the Commission the terms of service and deposit or Contribution determined by Company under 6.2.3.1 or 6.2.3.2 for review and determination as to the reasonableness of said terms.
- 6.2.5 For each new Customer, exclusive of the initial applicant(s) considered in the making of an extension, connected to such an extension within the period of six (6) years from the completion of such extension, Company shall refund to such initial applicant(s), in proportion to their respective contribution(s) toward the cost of such extension, an amount equal to the Margin Credits from such new Customer(s), less the Margin Cost to serve such new Customer(s), but the total of all refunds to any such initial applicant(s) shall in no event exceed the individual contribution of such applicant. Where a deposit is required under 6.2.3.2, the total of all refunds to all initial applicant(s) in aggregate shall in no event exceed the total aggregate deposit of all initial applicant(s). Such estimated Margin Credits from new Customer(s) shall also be subject to the provisions of 6.2.3.2.

Effective 3/28/2012

NIPSCO

GENERAL RULES AND REGULATIONS
Applicable to Gas Service

6.2.6 Company shall not be required to make extension as provided in this Rule unless Customer(s) to be initially served by such extension upon its installation has (have) entered into an agreement with Company setting forth the obligations and commitments of the parties consistent with the provisions of this tariff.

6.2.7 Company reserves the right, with respect to Customers whose establishments are remote from Company's existing suitable facilities, whose potential load qualifies for any economic development rider as may be applicable in Company's tariff, or whose load characteristics or load dispersal require unusual investments by Company in service facilities, to make special agreements as to duration of contract, reasonable guarantee of revenues, or other service conditions, provided that such special agreements are made on a non-discriminatory basis.

6.3 Temporary Service

The charge for temporary service, where existing facilities can be utilized to supply gas is consistent with the cost filings submitted annually to the IURC pursuant to the IURC Rules (170 IAC 5-1-27). The applicable Rate Schedule shall apply for service furnished. The charge for temporary service other than those stated above shall be determined by estimating the cost of construction and removal of facilities, including labor, material, stores freight and handling, and job order overhead, less any estimated salvage value of material recovered. Temporary installation may continue for a period of more than twelve (12) months, if such installation conforms to the requirements of a permanent installation.

6.4 Excess Facilities

In the event service facilities in excess of a standard service under Rule 3.1 are requested by the Customer or are required to serve the Customer's load, the Company will extend such facilities therefore, subject to the following conditions:

6.4.1 The type, extent, and location of such service facilities shall be determined by agreement between the Company and the Customer;

6.4.2 Such service facilities shall be the property of the Company;

6.4.3 The Customer shall agree to pay to the Company a monthly rental equal to two and two tenths percent (2.20%) of the estimated installed cost of the excess facilities;

6.4.4 The monthly rental shall be appropriately adjusted if a change is made in the excess facilities provided by the Company;

6.4.5 The Customer shall provide power as specified by the Company, if so required, to operate such service facilities; and

6.4.6 Such other conditions as are reasonably necessary due to special conditions of service.

Effective 3/28/2012



RULES AND REGULATIONS

SECTION VI – SERVICE INSTALLATIONS AND MAIN EXTENSIONS

6.1 SERVICE INSTALLATIONS

The Company will install the service line from its existing distribution main to the Customer's meter location at its expense. However, if the service line exceeds seventy-five (75) feet in length, the Company's initial investment in the entire service installation shall be limited to six (6) times the related estimated annual base tariff revenue excluding all fuel costs ("net revenue") from the Customer. The amount of the investment that exceeds the six (6) times net revenue test for the service installation shall be paid by the Customer in accordance with the terms of Section 6.3.

Service Installations, as used in this section for purposes of the six (6) times net revenue test, refers to the costs associated with the service line piping, meter installation and associated materials from the tap on the Company's gas distribution main system up to and including the Customer's meter.

6.2 MAIN EXTENSIONS

Main extensions to the Company's gas system shall be provided, owned and maintained under the terms and conditions stated herein. Main extensions, as used in this section for purposes of the economic evaluation criteria, refers to the cost of gas distribution mains and associated materials that must be constructed along public streets, roads and highways, or on private property from the Company's existing gas distribution main system to the initiation of the service line. The Company will make extensions to existing mains of one hundred (100) feet per Customer without charge. Main extensions beyond one hundred (100) feet per Customer from existing mains are limited to the extent of new investment warranted by the anticipated revenues as stated in this Section VI.

New Residential Development - Main Extensions Less Than 500 Feet

If a main extension to serve a new residential development is less than 500 feet in length, the Company will construct the facilities at no charge if the Company's estimated investment in both the main extension and service installation is equal to, or less than six (6) times the annual base tariff revenue, excluding all fuel costs ("net revenue") from Customers to be initially served from the main extension during the first year of the development. If the estimated investment exceeds the six (6) times net revenue test, the Customer(s) shall provide a financial guarantee in accordance with the terms of Section 6.3.

Issue Date: April 17, 2002

Effective Date: For Service Rendered on and after May 1, 2002

Authorization: Order No. 5932 dated April 16, 2002 in PSC Docket No. 01-307

RULES AND REGULATIONS

SECTION VI – SERVICE INSTALLATIONS AND MAIN EXTENSIONS (Continued)

6.2 MAIN EXTENSIONS (Continued)

New Residential Development - Main Extensions Over 500 Feet

If a main extension to serve a new residential development is greater than 500 feet in length, the economic evaluation criteria for installing natural gas service to the new residential development will be based on an Internal Rate of Return Model (“IRRM”) with certain predetermined conditions and guidelines. The applicable procedures and guidelines in the implementation of the IRRM are on file with and have been approved by the Delaware Public Service Commission. The procedure used to determine whether a financial guarantee will be required from a Customer(s) is part of the IRRM methodology on file with the Commission.

Existing Residential Developments

If the estimated investment in the facilities necessary to provide gas service to existing residential developments exceeds six (6) times the related annual net revenue from the respective Customer(s), the Customer(s) shall provide a financial guarantee in accordance with the terms of Section 6.3.

For purposes of existing residential developments, the number of customers to be used in the evaluation criteria will be based on the actual number of customers intending to convert to natural gas service within ninety (90) days and who have signed an application for natural gas service with the Company.

Commercial and Industrial Main Extensions

The economic evaluation criteria for installing natural gas service to commercial and industrial customers, including transportation and non-firm customers, will be the six (6) times net revenue test based on the commercial and industrial customers’ estimated level of annual non-fuel revenue. The estimated annual non-fuel revenue is defined as the estimated annual base tariff revenue or delivery service revenue excluding all fuel related costs for the respective customer. If the estimated investment in the facilities necessary to provide gas service exceeds six (6) times the related annual non-fuel revenue from the respective Customer(s), the Customer(s) shall provide a financial guarantee in accordance with the terms of Section 6.3.

Issue Date: April 17, 2002

Effective Date: For Service Rendered on and after May 1, 2002

Authorization: Order No. 5932 dated April 16, 2002 in PSC Docket No. 01-307

RULES AND REGULATIONS

**SECTION VI – SERVICE INSTALLATIONS AND MAIN EXTENSIONS
(Continued)**

6.3 FINANCIAL GUARANTEES

Financial Guarantees may be made by a Contribution in Aid of Construction ("CIAC"), a Customer Advance, a Letter of Credit, or other financial guarantee at the Company's discretion.

Should the Customer provide a Customer Advance, the Company will provide, in a written agreement with the Customer, for refunds (without interest) of all, or part, of the monies advanced by the Customer in connection with the extension and the applicable economic evaluation criteria. Refunds to the Customer shall extend over a term of years, not to exceed six years, upon such basis or conditions as may be mutually agreeable to the Company and the Customer, and specified in the written agreement. In no case shall the total refund be greater than the Customer's deposit. Any portion of the deposit remaining after the expiration of the term as specified in the written agreement shall be retained by the Company and credited as a Contribution In Aid of Construction.

Should the Customer provide a Letter of Credit or other financial guarantee, the estimated revenue attributable to the extension shall be examined prior to the expiration of the Letter of Credit or other financial guarantee. The Company may either draw on the Letter of Credit or other financial guarantee or require that it be renewed, where a continued financial guarantee is still required.

6.4 EXPERIMENTAL AREA EXTENSION PROGRAM

For residential facilities that are to be extended to one discrete geographic area and require a CIAC, the Company may establish an Area Extension Program ("AEP") on an experimental basis to recover these costs plus interest at a rate equal to the Company's cost of capital. The AEP amount will be billed to customers served by the extension providing that the CIAC can reasonably be expected to be collected over an amortization period not to exceed ten years.

The AEP, which shall be stated on a per Ccf basis, shall apply with respect to all natural gas sold or transported to Company customers located within the applicable discrete geographic area during the amortization period.

Issue Date:

Effective Date:

Authorization:

RULES AND REGULATIONS**SECTION VI – SERVICE INSTALLATIONS AND MAIN EXTENSIONS
(Continued)****6.4 EXPERIMENTAL AREA EXTENSION PROGRAM (Continued)**

The AEP rate will be calculated by dividing (1) the amount of additional revenue required in excess of the Company's applicable tariff rates, including any taxes calculated on gross revenue, by (2) the volume of gas reasonably forecast to be sold or transported to customers within the applicable discrete geographic area during the amortization period. The additional revenue required is the amount determined necessary to recover the excess cost of the facilities, including the Company's allowed cost of capital as determined in accordance with the Company's internal rate of return model on file with the Public Service Commission.

AEP amounts collected shall be used specifically to amortize the cost of the project facilities within the applicable discrete geographic area requiring a CIAC. If the AEP collected is sufficient before the expiration of the amortization period to fully amortize the excess costs, including the provision for the accumulated cost of capital, the AEP for said discrete geographic area shall terminate immediately, and the Company shall promptly credit the affected customers for amounts over collected, if any. The Company will absorb any under recovery in existence at the end of the amortization period.

The Company shall have the right to reassess the amount of revenue available to recover the unamortized excess cost of the facilities on an ongoing basis and recalculate the AEP rate as needed, provided however, to the extent that any change in the AEP rate is required, the Company shall only have the right to change the rate once during the amortization period, subject to the maximum rate limitations set forth above.

The initial AEP rate computation and any further change to the established rate will be submitted to the Public Service Commission for review and approval prior to the effective date of the surcharge. The AEP rate will then appear on Rate Schedule "AEP" in the Company's tariff. The Experimental Area Extension Program will be evaluated by the Commission at the expiration of 18 months after the filing of the one trial AEP application.

6.5 RIGHT TO DETERMINATION

In each and every situation where the Company and the prospective Customer cannot agree as to the necessity for a financial guarantee to be borne by the prospective Customer, the prospective Customer will be advised by the Company of the right to have the matter determined by the Public Service Commission under 26 Del Code, Section 203.

Issue Date: November 25, 2002**Effective Date: For Bills Rendered on and after December 1, 2002****Authorization: Order No. 6053 dated November 19, 2002 in PSC Docket No. 01-307**

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accordance with Commission Rule 25-7.065 FAC.

- c. If the meter is found to be more than two percent (2%) fast, the deposit shall be refunded, but if below this accuracy limit, the deposit shall be retained by the Company as a service charge for conducting the test.

6. Meter Test - Referee

- a. In the event of a dispute, upon written application to the Commission by any Consumer, a test of the Company's meter at Consumer's premise shall be made or supervised as soon as practicable by a representative of the Commission.
- b. The meter shall in no way be disturbed after the Company has received notice that application has been made for such referee test unless a representative of the Commission is present or unless authority to do so is first given in writing by the Commission or by the Consumer.
- c. A written report of the results of the test shall be made by the Commission to the Consumer.

O. DISTRIBUTION FACILITIES EXTENSION POLICY

1. Feasibility Assessment

Prior to any extension of distribution facilities for the purpose of providing Transportation Service to one or more Consumer premises, the Company shall assess the economic feasibility of its capital investments for each proposed extension of facilities. For the purposes of this policy, distribution facilities shall mean: mains, services, land rights, city gate stations, district regulator stations, meters, regulators, other materials and appurtenances, including the installation of such facilities.

2. Maximum Allowable Construction Cost

The maximum capital cost to be incurred by the company for an extension of facilities shall be defined as the Maximum Allowable Construction Cost (MACC). The MACC shall equal the estimated annual Transportation Service revenues to be derived from the distribution facilities multiplied by six (6).

Issued by: John R. Schimkaitis, President
Chesapeake Utilities Corporation

Effective:

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3. Distribution Facilities Extension Options

a. Free Extensions

The Company shall extend its distribution facilities to serve prospective Consumer premises at no cost where the capital investment for such extension does not exceed the MACC.

b. Advance in Aid of Construction

Where the estimated capital investment for an extension of facilities exceeds the MACC, the Company may require that a prospective Consumer(s) or other person, such as a real estate developer, governmental entity, Shipper, or other authority ("Depositor") deposit an Advance in Aid of Construction (Advance). The amount of the Advance required from the Depositor shall equal the difference between the estimated capital investment and the MACC. The Advance made by the Depositor shall be non-interest bearing. The Company may refund a portion, or all, of the Advance to the Depositor in accordance the following provisions:

- i. At the end of the first year following the in-service date of an extension of facilities, the Company shall recalculate the MACC using its actual capital investment costs and the actual transportation revenues derived from the extension. If the recalculated MACC using actual costs and revenues exceeds the original estimated MACC, the Company shall refund to the Depositor the difference between the Original Advance and the Advance required, if any, resulting from the recalculation of the MACC.
- ii. For each additional Consumer taking service at any point on a main installed as part of a distribution facilities extension within a period of five (5) years from the in-service date of the extension, the Company shall refund to the Depositor an amount by which the MACC of each additional Consumer exceeds the capital investment costs of connecting such Consumer, provided that an additional main extension shall not have been necessary to serve such additional Consumer.
- iii. The aggregate refund to any Depositor made through the above provisions shall not exceed the original Advance of such Depositor.

Issued by: John R. Schimkaitis, President
Chesapeake Utilities Corporation

Effective:

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iv. The distribution facilities extension shall at all times be the property of the Company and any unrefunded portion of the Advance at the end of five (5) years shall be credited to the Company's distribution main plant account.

c. Area Extension Program

Where the estimated capital investment for an extension of distribution facilities exceeds the MACC, the Company may, at its reasonable discretion, proceed with the extension and establish an Area Extension Program (AEP) charge to recover the capital investment costs in excess of the MACC, as provided below.

i. Initial AEP Charge

The Company shall calculate the cost difference between the MACC and the estimated capital investment costs (such cost difference to include the Company's allowed cost of capital) required to extend the distribution facilities to serve the prospective Consumer(s) (the "AEP Recovery Amount"). The AEP Recovery Amount shall be divided by the number of Consumer premises projected to be served at the end of year five (5) following the in-service date of the extension. The Company shall determine a reasonable Amortization Period over which the AEP Recovery Amount shall be collected from each premise. The Amortization Period shall apply individually to each premise and shall not exceed 120 Billing Months. For the purposes of AEP cost recovery, a Billing Month shall mean a month in which Company renders a billing statement to an active Consumer account for a premise served by an AEP extension of facilities. In the event a premise becomes inactive, the Amortization Period shall be suspended until the premise is reactivated. The AEP Recovery Amount shall be divided by the number of months in the Amortization Period to establish a monthly AEP Charge. The AEP Charge shall be billed to each Consumer premise activating service within the initial five (5) year period following the in-service date of the extension.

ii. Recalculated AEP Charge and True-Up

At the end of year five (5) following the in-service date of an extension of facilities for which an AEP Charge has been established, the Company shall calculate the cost difference between the original MACC, based on

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estimated costs and revenues, and a recalculated MACC using the Company's actual capital investment costs (such costs to include the Company's allowed cost of capital) and the actual transportation revenues derived from the extension through the end of year five (5), (the "Recalculated AEP Recovery Amount"). In recalculating the MACC, the Company shall include any actual revenue received from Consumers or other entities, other than AEP Charge revenues, for the specific purpose of contributing to the recovery of the Company's capital investment cost for the extension. In recalculating the MACC, the Company shall assume that any additional capital investment required for the extension subsequent to year five (5) will be supported by the Company's base rates and charges. The actual transportation revenues derived from the extension in year five (5) shall be assumed to be the annual revenues for the remaining life of the extension, for the purpose of recalculating the MACC. A Recalculated AEP Charge for the remaining Amortization Period shall be determined as follows:

- (1) The Recalculated AEP Recovery Amount shall be divided by the actual number of Consumer premises for which gas service has been activated at the end of year five (5) following the in-service date of the extension. The Recalculated AEP Recovery Amount shall be divided by the number of months in the original Amortization Period for the AEP extension to establish a monthly Recalculated AEP Charge for each Consumer premise. The Recalculated AEP Charge shall be billed to each Consumer premise that received gas service during the five (5) year period following the in-service date of an AEP extension of facilities over the remaining months of the Amortization Period applicable to the premise.
- (2) For each Consumer premise that received gas service during the five (5) year period following the in-service date of an AEP extension of facilities, the Company shall determine the total AEP Recovery Amount collected from the initial AEP Charge during the Billing Months. Such amount shall be compared to the AEP Recovery Amount that would have been recovered for each premise if the Recalculated AEP Charge had been in effect over the respective Billing Months for each premise (the "True-up Amount".) A charge or credit for the True-up Amount shall be rendered by the Company

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to each premise within sixty (60) days of the end of the five (5) year period following the in-service date of an AEP extension of facilities, Where a True-up Amount results in a charge to Consumers, the Company may extend the payment period to recover the True-up Amount.

(3) Neither the initial AEP Charge or the Recalculated AEP Charge shall be billed to any Consumer premise that activates gas service from an AEP extension of facilities subsequent to the end of the five (5) year period following the in-service date of an AEP extension of facilities.

(4) Revenues from the AEP Charge shall be credited against the Company's distribution main plant account, except that the Company shall retain, as a return on its capital investment, a portion of such revenues equal to its allowed cost of capital.

4. Service Extensions From Existing Mains

The Company shall extend service facilities connecting a Consumer premise to an existing main, where the Company's capital investment to install the service does not exceed the MACC. Where the service extension capital investment exceeds the MACC, the Consumer shall pay to the Company a non-refundable amount equal to the difference between the MACC and the estimated capital cost of the service extension.

5. Temporary Service

In the case of temporary service for short-term use, Company may require Consumer to pay all costs of making the service connection and removing the material after service has been discontinued, or to pay a fixed amount in advance to cover such expense; provided, however, that Consumer shall be credited with reasonable salvage realized by Company when service is terminated.

6. Relocation of Distribution Facilities

When alterations or additions to structures or improvements on premises to which Company provides transportation service necessitate the relocation of Company's distribution facilities, or when such relocation is requested by Consumer for any reason, Consumer may be required to reimburse Company for all or any part of the costs incurred by Company in the performance of such relocation.

Issued by: John R. Schimkaitis, President
Chesapeake Utilities Corporation

Effective:

THE EAST OHIO GAS COMPANY

Second Revised Sheet No. K7
Superseding First Revised Sheet No. K7**SECTION III- SERVICE LINES & MAINLINE EXTENSIONS**

23. **Service Line Installation.** In the installation of a service line, East Ohio will be responsible for all necessary connections with its distribution system and the extension of the service line from the distribution main to the meter without cost to the property owner or customer.
24. **Service Line Responsibilities.** Unless and until East Ohio repairs or replaces an existing service line, the service line from the curb valve to the meter, or where there is no curb valve then from and including the tie-in coupling to the meter, shall be the property of the owner of the premises and shall be under the property owner's exclusive control, and East Ohio shall not be liable for any imperfections therein or for any damage, injury or loss resulting, directly or indirectly, from the escape of gas therefrom. East Ohio shall be responsible for these facilities in accordance with the applicable provisions of the Pipeline Safety Act, 49 U.S.C. 60101 et seq., 49 C.F.R. part 192 and all applicable federal regulations, and Chapter 4901:1-16 of the Ohio Administrative Code. Such responsibilities shall include, but not be limited to, East Ohio's responsibilities for cathodic protection and leak detection of the service line up to and including the meter. East Ohio shall bear the cost of repairs or replacements to the service line and shall assume ownership of and responsibility for the service line whenever it is separated from the distribution main and a pressure test is required before the line can be returned to service. In the event a service line must be repaired or replaced as the result of damage to the service line caused by the property owner, customer or another party, East Ohio will repair or replace the service line at the expense of the property owner, customer or other party. Damages caused by a contractor working on behalf of a party shall be deemed to be the responsibility of that party. All gas lines on the outlet side of the meter and all associated fittings and connections shall at all times be the property of the owner of the premises and shall be under the property owner's exclusive control, and East Ohio shall not be liable for any imperfections therein or for any damage, injury or loss resulting, directly or indirectly, from the escape of gas therefrom.
25. **Installation and Inspection.** Before applying to East Ohio to turn on gas, it shall be the duty of the applicant to see that the gas lines on the outlet side of the meter and all associated fittings and connections and all gas appliances and equipment connected thereto have been installed and tested and are maintained in accordance with applicable governmental codes and regulations including, but not limited to, the International Fuel Gas Code and with the reasonable requirements of East Ohio and are free of leaks. East Ohio shall comply with Rule 4901:1-13-05 of the Ohio Administrative Code with respect to testing gas piping downstream of the meter.
26. **Service Line Extensions Prohibited.** No service line supplying gas to any building shall be extended by the owner or customer so as to furnish gas to any other building.
27. **House Piping.** The customer shall install and maintain, at the customer's expense, the house piping from the outlet of the meter to gas burning appliances.

THE EAST OHIO GAS COMPANY

Third Revised Sheet No. K8
Superseding Second Revised Sheet No. K8

28. **Appliances.** The customer shall install and maintain all appliances, at the customer's expense.
29. **Inspections of Altered Piping.** It shall be the duty of the customer to notify the Company promptly of any additions, changes, alterations, remodeling or reconstruction affecting gas piping on the customer's premises.
30. **Extension of Distribution Mains.** East Ohio will extend its distribution mains for the furnishing of natural gas on any dedicated street or highway without cost to the residential customer whenever at least one such customer on an average of each 100 additional feet of pipe in the street or highway in which the extension is to be run shall first agree to take a supply of gas at the applicable rate, measurement to be taken from the end of the nearest distribution main that has the capacity to serve the customer(s). Upon application for a service extension of main in excess of an average of 100 feet for each applicant for such service, East Ohio may enter into an extension agreement with the applicant or applicants providing for a deposit with East Ohio of a sum deemed adequate by East Ohio to cover the cost to be incurred by it for the excess of the extension over the average of 100 feet for each applicant to be served. Each applicant shall have the option of making such payment in the form of a one-time deposit or a monthly payment to be billed to the applicant and/or subsequent customer(s) at the same premises for a period of seven years or until the cost of the mainline extension is included in East Ohio's rates and charges for service, whichever comes first. If the applicant chooses to make the payment in the form of a one-time deposit, such deposit shall be refunded within a period of 10 years from the date of the agreement at a rate per each additional residential customer thereafter connected with said extension, equivalent to the rate per 100 feet deposited, the total amount refunded not to exceed the amount deposited. No refund shall be made after 10 years from the date of the extension agreement and such deposit shall, after such period, become the property of East Ohio. Extension deposits shall bear no interest. East Ohio shall apply the preceding terms for extension of distribution mains to home builders and residential developers on the basis of anticipated residential customers, and, as a result, the deposit installment payment and refund provisions are not applicable in such instances. Extensions of street and highway mains shall at all times be the property of East Ohio. Mainline extensions that are not installed in road right of way, or adjacent thereto, will be made only if the following guidelines are met:
- a) A minimum 20 foot legally described easement or blanket right of way is made and granted, provided, however, that all gas mainlines with a maximum allowable operating pressure at or above 100 psi must have a minimum 30 foot easement.
 - b) Free and clear access to the gas mainline is maintained with no structures permitted on the easement.

East Ohio shall not be required to lay any service lines across paved streets or highways. East Ohio shall not be required to make any extensions of its mains or to lay any service lines during the months of December, January, February and March of any year.

Issued: December 15, 2010

Effective: With bills rendered on or after December 16, 2010

Filed under authority of The Public Utilities Commission of Ohio in Case No. 10-2477-GA-ATA

Anne E. Bomar, Senior Vice President

THE EAST OHIO GAS COMPANY

Second Revised Sheet No. K9
Superseding First Revised Sheet No. K9

Nothing contained herein shall be construed to prohibit East Ohio from making longer free extensions than herein prescribed provided like free extensions are made to other applicants under similar conditions.

31. **Right of Removal.** No person or entity shall erect any structure within a Company easement or change the existing grade over a Company gas line without the express permission of East Ohio. East Ohio shall have the right to remove any such structure or grade change at the expense of the customer or responsible party.
32. **Discontinuance of Supply on Notice of Defect in Customer's Property.** If, at any time, in the opinion of East Ohio the property owner's service line, other gas lines, fittings, connections, gas appliances or equipment on a customer's premises are defective or in such condition as to constitute a hazard, East Ohio, upon notice to it of such defect or condition, may discontinue the supply of gas to such appliances or equipment or to such service line or such other gas lines until such defect or condition has been rectified by the property owner or customer in a manner satisfactory to East Ohio.

SECTION IV – MISCELLANEOUS

33. **Tariff Disclosure.** A full and complete copy of East Ohio's current tariff covering rates and charges for service and terms and conditions of service will be available on www.dom.com or will be provided upon request within five business days. East Ohio shall comply with the tariff disclosure requirements established by The Public Utilities Commission of Ohio and set forth in Section 4901:1-1-03 of the Ohio Administrative Code, as amended from time to time.
34. **PUCO Orders.** These Rules and Regulations are subject to and include as part thereof all orders, rules and regulations applicable to East Ohio from time to time issued or established by the Public Utilities Commission of Ohio under its emergency powers.
35. **Right to Modify.** East Ohio reserves the right to modify, alter or amend the foregoing Rules and Regulations and to make such further and other rules and regulations as experience may suggest and as East Ohio may deem necessary or convenient in the conduct of its business.



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

State of North Dakota Gas Rate Schedule

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FIRM GAS SERVICE EXTENSION POLICY Rate 120

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The policy of Montana-Dakota Utilities Co. for gas extensions necessary to provide firm sales service to customers is as follows:

(A) General Rules and Regulations Applicable to all Firm Service Extensions

1. An extension will be constructed without a contribution if the estimated capital expenditure is cost justified as defined in ¶A.3.
2. The Company may require customer or developer cost participation if the estimated capital expenditure is not cost justified.
3. The extension will be considered cost justified if the calculated maximum allowable investment equals or exceeds the estimated capital expenditure using the following formula:

Maximum Allowable Investment =

Annual Basic Service Charge + (Project Estimated 3rd Year Annual Dk x
Distribution Delivery Charge)/LARR

where: LARR = Levelized Annual Revenue Requirement Factor of 19.954%

4. Cost of the extension shall include the gas main extension(s), valves, service line(s), any required payments made by the Company to the transmission pipeline company to accommodate the extension(s), and other costs excluding the distribution meter and regulator.

The service line is that portion of the gas service extending from the gas main to the connection at the house regulator and/or meter.

5. Where cost participation is required, such extension is subject to execution of the Company's standard agreement for extensions by the customer or the developer and Company.

Date Filed:	December 13, 2002	Effective Date:	Service rendered on and after December 12, 2002
Issued By:	Donald R. Ball Director of Regulatory Affairs	Case No.:	PU-399-02-183



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6. A refund will be made only when there is a reduction in the amount of contribution required within a five-year period from the extension(s) in service date. Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.

No refund shall be made by Company after the five-year refund period and in no case shall the refund excluding interest, exceed the amount of the contribution.

7. The Company reserves the right to charge customer the cost associated with providing service to customer if service is not initiated within 12 months of such installation.

(B) Customer Extensions

Cost participation for extensions where customers will be immediately available for service is as follows:

1. Contribution

- (a) When a contribution is required, the customer(s) shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with ¶ A.3.

(b) The contribution shall be made by:

- i. A one-time payment prior to construction, or
- ii. Payment of 25% of the contribution prior to construction and the balance in no more than twenty-four equal monthly installments. If customer discontinues service within the twenty-four month period, the balance will be due and payable upon discontinuance of service, or
- iii. Customer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized

Date Filed:	December 13, 2002	Effective Date:	Service rendered on and after December 12, 2002
Issued By:	Donald R. Ball Director of Regulatory Affairs	Case No.:	PU-399-02-183



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to do business in the state, letter of credit, or written guarantee commitment, shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety or guarantor shall reimburse the Company for such recalculated contribution requirement, or

- iv. Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.

- (c) Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.
- (d) If within the five-year period from the extension(s) in service date, the number of active customers and related volumes exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculating the maximum allowable investment.
- (e) The recalculated contribution requirement shall be collected from the new applicant(s).

2. Refund

- (a) The Company will refund to the original contributor(s) the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25. Customers who have posted a bond, letter of credit, or written guarantee commitment will be notified of any reduction in surety or guarantee requirements.
- (b) No refunds will be made until the new applicants begin taking service from the Company.

Date Filed:	December 13, 2002	Effective Date:	Service rendered on and after December 12, 2002
Issued By:	Donald R. Ball Director of Regulatory Affairs	Case No.:	PU-399-02-183



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(c) If the addition of new customers will increase the contribution required from existing customer(s), the extension will be considered a new extension and treated separately.

3. Incremental Expansion Surcharge

(a) The Company, in its sole discretion, may offer an Incremental Expansion Surcharge (Surcharge) to a project consisting of 10 or more customers requesting service when the total estimated cost would otherwise have been prohibitive under the Company's present rates and gas service extension policy. If the Company and customers mutually agree that the project will be funded through a Surcharge, the project will be designated an expansion area and the Surcharge will be applicable to all connections within the expansion area. The contribution requirement to be collected under the Surcharge shall be the amount of the capital expenditure in excess of the Maximum Allowable Investment determined in accordance with ¶A.3.

- i. A minimum up-front payment of \$100.00 will be collected from each customer who signs an agreement to participate in the expansion.
- ii. For projects that are expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge of \$5.00 per month plus \$1.50 per dk.
- iii. For projects that are not expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge of \$5.00 per month plus a commodity charge designed to provide recovery of the contribution requirement in a five-year period.

(b) The Surcharge shall remain in effect until the net present value of the contribution requirement, calculated using a discount rate equal to the overall rate of return authorized in the last rate case, is collected.

(c) The Surcharge shall apply to all customers connecting to natural gas service within the expansion area until the contribution requirement is satisfied.

Date Filed:	December 13, 2002	Effective Date:	Service rendered on and after December 12, 2002
Issued By:	Donald R. Ball Director of Regulatory Affairs	Case No.:	PU-399-02-183



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- (d) The net present value of the Surcharge will be treated as a contribution-in-aid of construction for accounting purposes.

(C) Developer Extensions

Cost participation may be required for extensions such as a subdivision or a mobile home court, in which a developer is installing roads, utilizes, etc., before housing is built.

1. Contribution

- (a) When a contribution is required, the developer shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with ¶A.3.
- (b) The contribution shall be made by:
- i. A one-time payment prior to construction, or
 - ii. Developer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state, letter of credit, or a written guarantee commitment, shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety shall reimburse the Company for such recalculated contribution requirement, or
 - iii. Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.

Date Filed:	December 13, 2002	Effective Date:	Service rendered on and after December 12, 2002
Issued By:	Donald R. Ball Director of Regulatory Affairs	Case No.:	PU-399-02-183



Montana-Dakota Utilities Co.

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- (c) Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.

2. Refund

- (a) If within the five-year period from the extension(s) in service date, the number of active customers and related volumes exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculating the maximum allowable investment. Such recalculation shall be done annually based upon the anniversary of the extension(s) in service date.
- (b) The Company will refund to the developer the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25. Developers who have posted a bond, letter of credit, or written guarantee commitment will be notified of any reduction in surety or guaranty requirements.
- (c) If the addition of new customer(s) will increase the contribution required from the developer, the extension will be considered a new extension and treated separately.

Date Filed:	December 13, 2002	Effective Date:	Service rendered on and after December 12, 2002
Issued By:	Donald R. Ball Director of Regulatory Affairs	Case No.:	PU-399-02-183

Extensions Rules: All CustomersGeneral

1. Upon written application, the company will extend its mains to serve new residential, commercial, and industrial customers provided that the customer(s) to be served, in advance of construction, deposit with the company a contribution or agree to an extended payment plan under which the customer shall have added to a monthly bill for a period of no more than five years, an amount equal to the difference between the estimated cost of the main extension and the calculated cost allowance. Customers granted an extended payment plan, at the company's sole discretion will be responsible for the time value of money calculated at the company's weighted cost of capital in effect at the time the payment agreement is executed, on the unpaid balance, and billed accordingly. Extended payment plans shall only be available to customers with good credit which is determined at the sole discretion of the company.
2. The estimated cost for the installation of the main extension shall be calculated individually and based on either estimated current year installed costs for similar projects or an engineering estimate which uses estimated current year installation costs. The company will honor price quotes from written main extension engineering estimates for up to 90 calendar days from the date the quote is provided to the customer. The price quote, including allowances, required contributions and unit prices, is valid provided that the customer accepts the company written price quote and has its site ready for installation within the 90 day period. At its sole discretion, the company may extend the effective date of the price quote beyond 90 days.
3. Cost allowance(s) for main extension to residential, commercial, or industrial customers shall be calculated using the following formula:

Main Extension Cost Allowance = Facility Credit – Standard service line cost

$$\text{Facility Credit} = \frac{\$(MR - O\&M - GR)}{CC}$$

MR = (Daily Facilities Charge x 365) plus (Administrative Fee x 365, if applicable) plus (Maximum Demand Quantity x Customer Demand Charge rate x 365 days) plus (Annual terms x PSCW approved distribution rate) for the respective customer class(es).

O&M = Annual O&M cost per customer calculated using the FERC accounts and methods prescribed in previous Order(s) of the PSCW.

GR = Gross Receipts tax on the Annual Distribution Margin (MR)

CC = Carrying Costs = Economic Cost of Capital (Company's most recently, PSCW approved weighted average cost of capital, grossed up for taxes).

In the case where the above formula calculates a cost allowance for a stand alone single family, residential space heating customer to be less than \$750.00, the company shall issue a minimum \$750.00 cost allowance.

Extension Rules – All Customers (continued)

In the case where the above formula calculates a cost allowance, on a per unit basis, for a multi-family structure with individual unit space heating equipment, or any residential non-spaceheating customer, in an amount less than \$300.00, the company, shall issue a minimum \$300.00 cost allowance per unit.

4. When a larger-than-normal size main is installed to ensure adequate service to an area, the customer's contribution will be based on the size main required for its load but no less than 2-inch nominal size.
5. All main extension projects of \$6,000 or more will be reviewed for economic consideration, and service may be refused by the company provided that the reasons and supporting analysis for such refusal are furnished to the customer(s) in writing. The customer(s) shall be informed of its right to ask for Public Service Commission of Wisconsin staff review of said refusal.
6. If a customer or group of customers requires the installation of a main from December 1 through March 31, seasonal installation costs will be added to normally calculated cost of the main. The charge may be waived if the company does not incur such costs to install the main.
7. Length of main extensions shall be measured as the shortest path from the source of natural gas (existing natural gas main) along public right of ways to a point adjacent the customer's metering location. In subdivisions and other platted areas, the main extension shall be measured from the source of natural gas to the customer's furthest property line adjacent the proposed main unless there is no probable use of natural gas beyond the customer's property line.
8. Where extensions to the company's distribution system are made under these rules, title and control of such extensions shall at all times remain with the company. The company may connect existing customers to an extension without obligation to the customer(s) from whom a main contribution was required.

Extensions to More Than One Customer

1. The company may consider requests for gas service requiring main extensions which are received concurrently from a number of prospective customers as a series of individual requests or as one joint request. If considered individually, any required contribution will be determined for each customer in accordance with Schedule X-310, Extensions Rules: All Customers, and based on the allowance and main required by that customer. If considered as a joint request, any required contribution will be determined by comparing the total extension cost to the combined allowances of the customers and prorated among the customers. However, if in the company's sole judgment such apportionment would be discriminatory, the company will consider customer class, usage, location, and other factors in allocating the required contribution among the customers. The method to be used will be determined by the company and applied in a manner to minimize confusion over contribution and/or refund policies.

Extensions to Developments

1. Upon request of a developer for gas service to a residential development for which a main extension is required, the company will make such installation subject to the availability of gas supply at that location and in accordance with the general provisions of Schedule X-310, Extensions Rules: All Customers, and the following provisions:
 - a) The developer will furnish a recorded plat, map, or print showing the location and nature of the area for which gas service is requested. The characteristics, nature, and amount of initial gas load to be served shall be indicated.
 - b) The developer shall pay in advance to the company, or make payment arrangements that are satisfactory to the company, the total cost of the required main installation. For a period of five years from the date of installation, as customers take service within the development, refunds or credits against the payment arrangement will be made to the developer annually, or sooner at the company's sole discretion, equal to the allowance for mains determined by the formula contained in Schedule X-310, Extensions Rules: All Customers. The total of refunds or credits shall not exceed the original contribution requirement.
 - c) The development to be served includes five or more residential building lots.
2. If a development is other than residential stand alone single family, full payment in advance is required to the company.

Refunds – Excluding Extensions to Developments

The following refund policy applies to all main extensions except for those made within developments:

1. If within five years after installation of a main extension for which a contribution is required, one or more additional customers are connected to the extension by a service lateral, the company will make a refund annually, or sooner at the company's sole discretion or credit the monthly bill to the current record owner of the premises for which the extension was installed. The amount of the refund will equal the allowance for additional customers as determined in accordance with Schedule X-310, Extensions Rules: All Customers. If the extension was made as a result of a joint request under Schedule X-310, Extensions to More Than One Customer, the company will allocate the refund in the same manner used to allocate the contribution.

(See Schedule X-310, Extensions to Developments, Paragraph 1, Item (b), for refund policy for developments.)

2. Unless otherwise provided by written agreement at the time a contribution is made, the right to receive refund of any contribution held hereunder shall attach to the ownership of the premises at each service location, and any refund shall be made to the person who owns such premises at the time the refund becomes due.
3. The refund of any payment made in advance of construction shall not include interest and shall not exceed the original payment.

Loan Amortization Schedule

Enter values	
Loan amount	\$ 2,880.77
Annual interest rate	8.50%
Loan period in years	5
Number of payments per year	12
Start date of loan	11/14/2012
Optional extra payments	

Loan summary	
Scheduled payment	\$ 59.10
Scheduled number of payments	60
Actual number of payments	60
Total early payments	\$
Total interest	\$ 665.43

Lender name: Columbia Gas of Pennsylvania, Inc.

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	12/14/2012	\$ 2,880.77	\$ 59.10	\$	\$ 59.10	\$ 38.70	\$ 20.41	\$ 2,842.07	\$ 20.41
2	1/14/2013	\$ 2,842.07	\$ 59.10	\$	\$ 59.10	\$ 38.97	\$ 20.13	\$ 2,803.10	\$ 40.54
3	2/14/2013	\$ 2,803.10	\$ 59.10	\$	\$ 59.10	\$ 39.25	\$ 19.86	\$ 2,763.85	\$ 60.39
4	3/14/2013	\$ 2,763.85	\$ 59.10	\$	\$ 59.10	\$ 39.53	\$ 19.58	\$ 2,724.33	\$ 79.97
5	4/14/2013	\$ 2,724.33	\$ 59.10	\$	\$ 59.10	\$ 39.81	\$ 19.30	\$ 2,684.52	\$ 99.27
6	5/14/2013	\$ 2,684.52	\$ 59.10	\$	\$ 59.10	\$ 40.09	\$ 19.02	\$ 2,644.43	\$ 118.28
7	6/14/2013	\$ 2,644.43	\$ 59.10	\$	\$ 59.10	\$ 40.37	\$ 18.73	\$ 2,604.06	\$ 137.01
8	7/14/2013	\$ 2,604.06	\$ 59.10	\$	\$ 59.10	\$ 40.66	\$ 18.45	\$ 2,563.40	\$ 155.46
9	8/14/2013	\$ 2,563.40	\$ 59.10	\$	\$ 59.10	\$ 40.95	\$ 18.16	\$ 2,522.46	\$ 173.62
10	9/14/2013	\$ 2,522.46	\$ 59.10	\$	\$ 59.10	\$ 41.24	\$ 17.87	\$ 2,481.22	\$ 191.48
11	10/14/2013	\$ 2,481.22	\$ 59.10	\$	\$ 59.10	\$ 41.53	\$ 17.58	\$ 2,439.69	\$ 209.06
12	11/14/2013	\$ 2,439.69	\$ 59.10	\$	\$ 59.10	\$ 41.82	\$ 17.28	\$ 2,397.87	\$ 226.34
13	12/14/2013	\$ 2,397.87	\$ 59.10	\$	\$ 59.10	\$ 42.12	\$ 16.98	\$ 2,355.75	\$ 243.33
14	1/14/2014	\$ 2,355.75	\$ 59.10	\$	\$ 59.10	\$ 42.42	\$ 16.69	\$ 2,313.33	\$ 260.01
15	2/14/2014	\$ 2,313.33	\$ 59.10	\$	\$ 59.10	\$ 42.72	\$ 16.39	\$ 2,270.62	\$ 276.40
16	3/14/2014	\$ 2,270.62	\$ 59.10	\$	\$ 59.10	\$ 43.02	\$ 16.08	\$ 2,227.60	\$ 292.48
17	4/14/2014	\$ 2,227.60	\$ 59.10	\$	\$ 59.10	\$ 43.32	\$ 15.78	\$ 2,184.27	\$ 308.26
18	5/14/2014	\$ 2,184.27	\$ 59.10	\$	\$ 59.10	\$ 43.63	\$ 15.47	\$ 2,140.64	\$ 323.73
19	6/14/2014	\$ 2,140.64	\$ 59.10	\$	\$ 59.10	\$ 43.94	\$ 15.16	\$ 2,096.70	\$ 338.89
20	7/14/2014	\$ 2,096.70	\$ 59.10	\$	\$ 59.10	\$ 44.25	\$ 14.85	\$ 2,052.45	\$ 353.75
21	8/14/2014	\$ 2,052.45	\$ 59.10	\$	\$ 59.10	\$ 44.57	\$ 14.54	\$ 2,007.88	\$ 368.28
22	9/14/2014	\$ 2,007.88	\$ 59.10	\$	\$ 59.10	\$ 44.88	\$ 14.22	\$ 1,963.00	\$ 382.51
23	10/14/2014	\$ 1,963.00	\$ 59.10	\$	\$ 59.10	\$ 45.20	\$ 13.90	\$ 1,917.80	\$ 396.41
24	11/14/2014	\$ 1,917.80	\$ 59.10	\$	\$ 59.10	\$ 45.52	\$ 13.58	\$ 1,872.28	\$ 410.00
25	12/14/2014	\$ 1,872.28	\$ 59.10	\$	\$ 59.10	\$ 45.84	\$ 13.26	\$ 1,826.44	\$ 423.26
26	1/14/2015	\$ 1,826.44	\$ 59.10	\$	\$ 59.10	\$ 46.17	\$ 12.94	\$ 1,780.28	\$ 436.20
27	2/14/2015	\$ 1,780.28	\$ 59.10	\$	\$ 59.10	\$ 46.49	\$ 12.61	\$ 1,733.78	\$ 448.81
28	3/14/2015	\$ 1,733.78	\$ 59.10	\$	\$ 59.10	\$ 46.82	\$ 12.28	\$ 1,686.96	\$ 461.09
29	4/14/2015	\$ 1,686.96	\$ 59.10	\$	\$ 59.10	\$ 47.15	\$ 11.95	\$ 1,639.81	\$ 473.04
30	5/14/2015	\$ 1,639.81	\$ 59.10	\$	\$ 59.10	\$ 47.49	\$ 11.62	\$ 1,592.32	\$ 484.65
31	6/14/2015	\$ 1,592.32	\$ 59.10	\$	\$ 59.10	\$ 47.82	\$ 11.28	\$ 1,544.49	\$ 495.93
32	7/14/2015	\$ 1,544.49	\$ 59.10	\$	\$ 59.10	\$ 48.16	\$ 10.94	\$ 1,496.33	\$ 506.87
33	8/14/2015	\$ 1,496.33	\$ 59.10	\$	\$ 59.10	\$ 48.50	\$ 10.60	\$ 1,447.83	\$ 517.47
34	9/14/2015	\$ 1,447.83	\$ 59.10	\$	\$ 59.10	\$ 48.85	\$ 10.26	\$ 1,398.98	\$ 527.72

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
35	10/14/2015	\$ 1,398.98	\$ 59.10	\$ -	\$ 59.10	\$ 49.19	\$ 9.91	\$ 1,349.79	\$ 537.63
36	11/14/2015	\$ 1,349.79	\$ 59.10	\$ -	\$ 59.10	\$ 49.54	\$ 9.56	\$ 1,300.24	\$ 547.20
37	12/14/2015	\$ 1,300.24	\$ 59.10	\$ -	\$ 59.10	\$ 49.89	\$ 9.21	\$ 1,250.35	\$ 556.41
38	1/14/2016	\$ 1,250.35	\$ 59.10	\$ -	\$ 59.10	\$ 50.25	\$ 8.86	\$ 1,200.10	\$ 565.26
39	2/14/2016	\$ 1,200.10	\$ 59.10	\$ -	\$ 59.10	\$ 50.60	\$ 8.50	\$ 1,149.50	\$ 573.76
40	3/14/2016	\$ 1,149.50	\$ 59.10	\$ -	\$ 59.10	\$ 50.96	\$ 8.14	\$ 1,098.54	\$ 581.91
41	4/14/2016	\$ 1,098.54	\$ 59.10	\$ -	\$ 59.10	\$ 51.32	\$ 7.78	\$ 1,047.22	\$ 589.69
42	5/14/2016	\$ 1,047.22	\$ 59.10	\$ -	\$ 59.10	\$ 51.69	\$ 7.42	\$ 995.53	\$ 597.10
43	6/14/2016	\$ 995.53	\$ 59.10	\$ -	\$ 59.10	\$ 52.05	\$ 7.05	\$ 943.48	\$ 604.16
44	7/14/2016	\$ 943.48	\$ 59.10	\$ -	\$ 59.10	\$ 52.42	\$ 6.68	\$ 891.06	\$ 610.84
45	8/14/2016	\$ 891.06	\$ 59.10	\$ -	\$ 59.10	\$ 52.79	\$ 6.31	\$ 838.27	\$ 617.15
46	9/14/2016	\$ 838.27	\$ 59.10	\$ -	\$ 59.10	\$ 53.17	\$ 5.94	\$ 785.10	\$ 623.09
47	10/14/2016	\$ 785.10	\$ 59.10	\$ -	\$ 59.10	\$ 53.54	\$ 5.56	\$ 731.56	\$ 628.65
48	11/14/2016	\$ 731.56	\$ 59.10	\$ -	\$ 59.10	\$ 53.92	\$ 5.18	\$ 677.64	\$ 633.83
49	12/14/2016	\$ 677.64	\$ 59.10	\$ -	\$ 59.10	\$ 54.30	\$ 4.80	\$ 623.33	\$ 638.63
50	1/14/2017	\$ 623.33	\$ 59.10	\$ -	\$ 59.10	\$ 54.69	\$ 4.42	\$ 568.65	\$ 643.05
51	2/14/2017	\$ 568.65	\$ 59.10	\$ -	\$ 59.10	\$ 55.08	\$ 4.03	\$ 513.57	\$ 647.07
52	3/14/2017	\$ 513.57	\$ 59.10	\$ -	\$ 59.10	\$ 55.47	\$ 3.64	\$ 458.10	\$ 650.71
53	4/14/2017	\$ 458.10	\$ 59.10	\$ -	\$ 59.10	\$ 55.86	\$ 3.24	\$ 402.25	\$ 653.96
54	5/14/2017	\$ 402.25	\$ 59.10	\$ -	\$ 59.10	\$ 56.25	\$ 2.85	\$ 345.99	\$ 656.81
55	6/14/2017	\$ 345.99	\$ 59.10	\$ -	\$ 59.10	\$ 56.65	\$ 2.45	\$ 289.34	\$ 659.26
56	7/14/2017	\$ 289.34	\$ 59.10	\$ -	\$ 59.10	\$ 57.05	\$ 2.05	\$ 232.29	\$ 661.31
57	8/14/2017	\$ 232.29	\$ 59.10	\$ -	\$ 59.10	\$ 57.46	\$ 1.65	\$ 174.83	\$ 662.95
58	9/14/2017	\$ 174.83	\$ 59.10	\$ -	\$ 59.10	\$ 57.87	\$ 1.24	\$ 116.96	\$ 664.19
59	10/14/2017	\$ 116.96	\$ 59.10	\$ -	\$ 59.10	\$ 58.27	\$ 0.83	\$ 58.69	\$ 665.02
60	11/14/2017	\$ 58.69	\$ 59.10	\$ -	\$ 58.69	\$ 58.27	\$ 0.42	\$ -	\$ 665.43

Loan Amortization Schedule

Enter values	
Loan amount	\$ 2,880.77
Annual interest rate	8.50%
Loan period in years	10
Number of payments per year	12
Start date of loan	11/14/2012
Optional extra payments	

Loan summary	
Scheduled payment	\$ 35.72
Scheduled number of payments	120
Actual number of payments	120
Total early payments	\$
Total interest	\$ 1,405.32

Lender name: Columbia Gas of Pennsylvania, Inc.

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	12/14/2012	\$ 2,880.77	\$ 35.72	\$ -	\$ 35.72	\$ 15.31	\$ 20.41	\$ 2,865.46	\$ 20.41
2	1/14/2013	\$ 2,865.46	\$ 35.72	\$ -	\$ 35.72	\$ 15.42	\$ 20.30	\$ 2,850.04	\$ 40.70
3	2/14/2013	\$ 2,850.04	\$ 35.72	\$ -	\$ 35.72	\$ 15.53	\$ 20.19	\$ 2,834.51	\$ 60.89
4	3/14/2013	\$ 2,834.51	\$ 35.72	\$ -	\$ 35.72	\$ 15.64	\$ 20.08	\$ 2,818.87	\$ 80.97
5	4/14/2013	\$ 2,818.87	\$ 35.72	\$ -	\$ 35.72	\$ 15.75	\$ 19.97	\$ 2,803.12	\$ 100.93
6	5/14/2013	\$ 2,803.12	\$ 35.72	\$ -	\$ 35.72	\$ 15.86	\$ 19.86	\$ 2,787.26	\$ 120.79
7	6/14/2013	\$ 2,787.26	\$ 35.72	\$ -	\$ 35.72	\$ 15.97	\$ 19.74	\$ 2,771.28	\$ 140.53
8	7/14/2013	\$ 2,771.28	\$ 35.72	\$ -	\$ 35.72	\$ 16.09	\$ 19.63	\$ 2,755.19	\$ 160.16
9	8/14/2013	\$ 2,755.19	\$ 35.72	\$ -	\$ 35.72	\$ 16.20	\$ 19.52	\$ 2,738.99	\$ 179.68
10	9/14/2013	\$ 2,738.99	\$ 35.72	\$ -	\$ 35.72	\$ 16.32	\$ 19.40	\$ 2,722.68	\$ 199.08
11	10/14/2013	\$ 2,722.68	\$ 35.72	\$ -	\$ 35.72	\$ 16.43	\$ 19.29	\$ 2,706.24	\$ 218.37
12	11/14/2013	\$ 2,706.24	\$ 35.72	\$ -	\$ 35.72	\$ 16.55	\$ 19.17	\$ 2,689.70	\$ 237.54
13	12/14/2013	\$ 2,689.70	\$ 35.72	\$ -	\$ 35.72	\$ 16.67	\$ 19.05	\$ 2,673.03	\$ 256.59
14	1/14/2014	\$ 2,673.03	\$ 35.72	\$ -	\$ 35.72	\$ 16.78	\$ 18.93	\$ 2,656.25	\$ 275.52
15	2/14/2014	\$ 2,656.25	\$ 35.72	\$ -	\$ 35.72	\$ 16.90	\$ 18.82	\$ 2,639.35	\$ 294.34
16	3/14/2014	\$ 2,639.35	\$ 35.72	\$ -	\$ 35.72	\$ 17.02	\$ 18.70	\$ 2,622.32	\$ 313.03
17	4/14/2014	\$ 2,622.32	\$ 35.72	\$ -	\$ 35.72	\$ 17.14	\$ 18.57	\$ 2,605.18	\$ 331.61
18	5/14/2014	\$ 2,605.18	\$ 35.72	\$ -	\$ 35.72	\$ 17.26	\$ 18.45	\$ 2,587.92	\$ 350.06
19	6/14/2014	\$ 2,587.92	\$ 35.72	\$ -	\$ 35.72	\$ 17.39	\$ 18.33	\$ 2,570.53	\$ 368.39
20	7/14/2014	\$ 2,570.53	\$ 35.72	\$ -	\$ 35.72	\$ 17.51	\$ 18.21	\$ 2,553.02	\$ 386.60
21	8/14/2014	\$ 2,553.02	\$ 35.72	\$ -	\$ 35.72	\$ 17.63	\$ 18.08	\$ 2,535.39	\$ 404.68
22	9/14/2014	\$ 2,535.39	\$ 35.72	\$ -	\$ 35.72	\$ 17.76	\$ 17.96	\$ 2,517.63	\$ 422.64
23	10/14/2014	\$ 2,517.63	\$ 35.72	\$ -	\$ 35.72	\$ 17.88	\$ 17.83	\$ 2,499.74	\$ 440.48
24	11/14/2014	\$ 2,499.74	\$ 35.72	\$ -	\$ 35.72	\$ 18.01	\$ 17.71	\$ 2,481.73	\$ 458.18
25	12/14/2014	\$ 2,481.73	\$ 35.72	\$ -	\$ 35.72	\$ 18.14	\$ 17.58	\$ 2,463.59	\$ 475.76
26	1/14/2015	\$ 2,463.59	\$ 35.72	\$ -	\$ 35.72	\$ 18.27	\$ 17.45	\$ 2,445.33	\$ 493.21
27	2/14/2015	\$ 2,445.33	\$ 35.72	\$ -	\$ 35.72	\$ 18.40	\$ 17.32	\$ 2,426.93	\$ 510.53
28	3/14/2015	\$ 2,426.93	\$ 35.72	\$ -	\$ 35.72	\$ 18.53	\$ 17.19	\$ 2,408.40	\$ 527.72
29	4/14/2015	\$ 2,408.40	\$ 35.72	\$ -	\$ 35.72	\$ 18.66	\$ 17.06	\$ 2,389.75	\$ 544.78
30	5/14/2015	\$ 2,389.75	\$ 35.72	\$ -	\$ 35.72	\$ 18.79	\$ 16.93	\$ 2,370.96	\$ 561.71
31	6/14/2015	\$ 2,370.96	\$ 35.72	\$ -	\$ 35.72	\$ 18.92	\$ 16.79	\$ 2,352.03	\$ 578.50
32	7/14/2015	\$ 2,352.03	\$ 35.72	\$ -	\$ 35.72	\$ 19.06	\$ 16.66	\$ 2,332.98	\$ 595.16
33	8/14/2015	\$ 2,332.98	\$ 35.72	\$ -	\$ 35.72	\$ 19.19	\$ 16.53	\$ 2,313.78	\$ 611.69
34	9/14/2015	\$ 2,313.78	\$ 35.72	\$ -	\$ 35.72	\$ 19.33	\$ 16.39	\$ 2,294.46	\$ 628.08

Ten Year Loan Amortization Table

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
35	10/14/2015	\$ 2,294.46	\$ 35.72	\$ -	\$ 35.72	\$ 19.47	\$ 16.25	\$ 2,274.99	\$ 644.33
36	11/14/2015	\$ 2,274.99	\$ 35.72	\$ -	\$ 35.72	\$ 19.60	\$ 16.11	\$ 2,255.39	\$ 660.45
37	12/14/2015	\$ 2,255.39	\$ 35.72	\$ -	\$ 35.72	\$ 19.74	\$ 15.98	\$ 2,235.65	\$ 676.42
38	1/14/2016	\$ 2,235.65	\$ 35.72	\$ -	\$ 35.72	\$ 19.88	\$ 15.84	\$ 2,215.77	\$ 692.26
39	2/14/2016	\$ 2,215.77	\$ 35.72	\$ -	\$ 35.72	\$ 20.02	\$ 15.70	\$ 2,195.74	\$ 707.95
40	3/14/2016	\$ 2,195.74	\$ 35.72	\$ -	\$ 35.72	\$ 20.16	\$ 15.55	\$ 2,175.58	\$ 723.51
41	4/14/2016	\$ 2,175.58	\$ 35.72	\$ -	\$ 35.72	\$ 20.31	\$ 15.41	\$ 2,155.27	\$ 738.92
42	5/14/2016	\$ 2,155.27	\$ 35.72	\$ -	\$ 35.72	\$ 20.45	\$ 15.27	\$ 2,134.82	\$ 754.18
43	6/14/2016	\$ 2,134.82	\$ 35.72	\$ -	\$ 35.72	\$ 20.60	\$ 15.12	\$ 2,114.22	\$ 769.30
44	7/14/2016	\$ 2,114.22	\$ 35.72	\$ -	\$ 35.72	\$ 20.74	\$ 14.98	\$ 2,093.48	\$ 784.28
45	8/14/2016	\$ 2,093.48	\$ 35.72	\$ -	\$ 35.72	\$ 20.89	\$ 14.83	\$ 2,072.59	\$ 799.11
46	9/14/2016	\$ 2,072.59	\$ 35.72	\$ -	\$ 35.72	\$ 21.04	\$ 14.68	\$ 2,051.56	\$ 813.79
47	10/14/2016	\$ 2,051.56	\$ 35.72	\$ -	\$ 35.72	\$ 21.19	\$ 14.53	\$ 2,030.37	\$ 828.32
48	11/14/2016	\$ 2,030.37	\$ 35.72	\$ -	\$ 35.72	\$ 21.34	\$ 14.38	\$ 2,009.04	\$ 842.70
49	12/14/2016	\$ 2,009.04	\$ 35.72	\$ -	\$ 35.72	\$ 21.49	\$ 14.23	\$ 1,987.55	\$ 856.93
50	1/14/2017	\$ 1,987.55	\$ 35.72	\$ -	\$ 35.72	\$ 21.64	\$ 14.08	\$ 1,965.91	\$ 871.01
51	2/14/2017	\$ 1,965.91	\$ 35.72	\$ -	\$ 35.72	\$ 21.79	\$ 13.93	\$ 1,944.12	\$ 884.94
52	3/14/2017	\$ 1,944.12	\$ 35.72	\$ -	\$ 35.72	\$ 21.95	\$ 13.77	\$ 1,922.17	\$ 898.71
53	4/14/2017	\$ 1,922.17	\$ 35.72	\$ -	\$ 35.72	\$ 22.10	\$ 13.62	\$ 1,900.07	\$ 912.32
54	5/14/2017	\$ 1,900.07	\$ 35.72	\$ -	\$ 35.72	\$ 22.26	\$ 13.46	\$ 1,877.81	\$ 925.78
55	6/14/2017	\$ 1,877.81	\$ 35.72	\$ -	\$ 35.72	\$ 22.42	\$ 13.30	\$ 1,855.40	\$ 939.08
56	7/14/2017	\$ 1,855.40	\$ 35.72	\$ -	\$ 35.72	\$ 22.58	\$ 13.14	\$ 1,832.82	\$ 952.23
57	8/14/2017	\$ 1,832.82	\$ 35.72	\$ -	\$ 35.72	\$ 22.73	\$ 12.98	\$ 1,810.09	\$ 965.21
58	9/14/2017	\$ 1,810.09	\$ 35.72	\$ -	\$ 35.72	\$ 22.90	\$ 12.82	\$ 1,787.19	\$ 978.03
59	10/14/2017	\$ 1,787.19	\$ 35.72	\$ -	\$ 35.72	\$ 23.06	\$ 12.66	\$ 1,764.13	\$ 990.69
60	11/14/2017	\$ 1,764.13	\$ 35.72	\$ -	\$ 35.72	\$ 23.22	\$ 12.50	\$ 1,740.91	\$ 1,003.19
61	12/14/2017	\$ 1,740.91	\$ 35.72	\$ -	\$ 35.72	\$ 23.39	\$ 12.33	\$ 1,717.52	\$ 1,015.52
62	1/14/2018	\$ 1,717.52	\$ 35.72	\$ -	\$ 35.72	\$ 23.55	\$ 12.17	\$ 1,693.97	\$ 1,027.68
63	2/14/2018	\$ 1,693.97	\$ 35.72	\$ -	\$ 35.72	\$ 23.72	\$ 12.00	\$ 1,670.25	\$ 1,039.68
64	3/14/2018	\$ 1,670.25	\$ 35.72	\$ -	\$ 35.72	\$ 23.89	\$ 11.83	\$ 1,646.37	\$ 1,051.51
65	4/14/2018	\$ 1,646.37	\$ 35.72	\$ -	\$ 35.72	\$ 24.06	\$ 11.66	\$ 1,622.31	\$ 1,063.17
66	5/14/2018	\$ 1,622.31	\$ 35.72	\$ -	\$ 35.72	\$ 24.23	\$ 11.49	\$ 1,598.09	\$ 1,074.67
67	6/14/2018	\$ 1,598.09	\$ 35.72	\$ -	\$ 35.72	\$ 24.40	\$ 11.32	\$ 1,573.69	\$ 1,085.99
68	7/14/2018	\$ 1,573.69	\$ 35.72	\$ -	\$ 35.72	\$ 24.57	\$ 11.15	\$ 1,549.12	\$ 1,097.13
69	8/14/2018	\$ 1,549.12	\$ 35.72	\$ -	\$ 35.72	\$ 24.74	\$ 10.97	\$ 1,524.37	\$ 1,108.11
70	9/14/2018	\$ 1,524.37	\$ 35.72	\$ -	\$ 35.72	\$ 24.92	\$ 10.80	\$ 1,499.45	\$ 1,118.90
71	10/14/2018	\$ 1,499.45	\$ 35.72	\$ -	\$ 35.72	\$ 25.10	\$ 10.62	\$ 1,474.36	\$ 1,129.52
72	11/14/2018	\$ 1,474.36	\$ 35.72	\$ -	\$ 35.72	\$ 25.27	\$ 10.44	\$ 1,449.08	\$ 1,139.97
73	12/14/2018	\$ 1,449.08	\$ 35.72	\$ -	\$ 35.72	\$ 25.45	\$ 10.26	\$ 1,423.63	\$ 1,150.23
74	1/14/2019	\$ 1,423.63	\$ 35.72	\$ -	\$ 35.72	\$ 25.63	\$ 10.08	\$ 1,398.00	\$ 1,160.32
75	2/14/2019	\$ 1,398.00	\$ 35.72	\$ -	\$ 35.72	\$ 25.81	\$ 9.90	\$ 1,372.18	\$ 1,170.22
76	3/14/2019	\$ 1,372.18	\$ 35.72	\$ -	\$ 35.72	\$ 26.00	\$ 9.72	\$ 1,346.18	\$ 1,179.94
77	4/14/2019	\$ 1,346.18	\$ 35.72	\$ -	\$ 35.72	\$ 26.18	\$ 9.54	\$ 1,320.00	\$ 1,189.47
78	5/14/2019	\$ 1,320.00	\$ 35.72	\$ -	\$ 35.72	\$ 26.37	\$ 9.35	\$ 1,293.63	\$ 1,198.82
79	6/14/2019	\$ 1,293.63	\$ 35.72	\$ -	\$ 35.72	\$ 26.55	\$ 9.16	\$ 1,267.08	\$ 1,207.99
80	7/14/2019	\$ 1,267.08	\$ 35.72	\$ -	\$ 35.72	\$ 26.74	\$ 8.98	\$ 1,240.34	\$ 1,216.96
81	8/14/2019	\$ 1,240.34	\$ 35.72	\$ -	\$ 35.72	\$ 26.93	\$ 8.79	\$ 1,213.41	\$ 1,225.75

Pmt No	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
82	9/14/2019	\$ 1,213.41	\$ 35.72	\$ -	\$ 35.72	\$ 27.12	\$ 8.59	\$ 1,186.28	\$ 1,234.34
83	10/14/2019	\$ 1,186.28	\$ 35.72	\$ -	\$ 35.72	\$ 27.31	\$ 8.40	\$ 1,158.97	\$ 1,242.74
84	11/14/2019	\$ 1,158.97	\$ 35.72	\$ -	\$ 35.72	\$ 27.51	\$ 8.21	\$ 1,131.46	\$ 1,250.95
85	12/14/2019	\$ 1,131.46	\$ 35.72	\$ -	\$ 35.72	\$ 27.70	\$ 8.01	\$ 1,103.76	\$ 1,258.97
86	1/14/2020	\$ 1,103.76	\$ 35.72	\$ -	\$ 35.72	\$ 27.90	\$ 7.82	\$ 1,075.86	\$ 1,266.79
87	2/14/2020	\$ 1,075.86	\$ 35.72	\$ -	\$ 35.72	\$ 28.10	\$ 7.62	\$ 1,047.76	\$ 1,274.41
88	3/14/2020	\$ 1,047.76	\$ 35.72	\$ -	\$ 35.72	\$ 28.30	\$ 7.42	\$ 1,019.47	\$ 1,281.83
89	4/14/2020	\$ 1,019.47	\$ 35.72	\$ -	\$ 35.72	\$ 28.50	\$ 7.22	\$ 990.97	\$ 1,289.05
90	5/14/2020	\$ 990.97	\$ 35.72	\$ -	\$ 35.72	\$ 28.70	\$ 7.02	\$ 962.27	\$ 1,296.07
91	6/14/2020	\$ 962.27	\$ 35.72	\$ -	\$ 35.72	\$ 28.90	\$ 6.82	\$ 933.37	\$ 1,302.89
92	7/14/2020	\$ 933.37	\$ 35.72	\$ -	\$ 35.72	\$ 29.11	\$ 6.61	\$ 904.26	\$ 1,309.50
93	8/14/2020	\$ 904.26	\$ 35.72	\$ -	\$ 35.72	\$ 29.31	\$ 6.41	\$ 874.95	\$ 1,315.90
94	9/14/2020	\$ 874.95	\$ 35.72	\$ -	\$ 35.72	\$ 29.52	\$ 6.20	\$ 845.43	\$ 1,322.10
95	10/14/2020	\$ 845.43	\$ 35.72	\$ -	\$ 35.72	\$ 29.73	\$ 5.99	\$ 815.70	\$ 1,328.09
96	11/14/2020	\$ 815.70	\$ 35.72	\$ -	\$ 35.72	\$ 29.94	\$ 5.78	\$ 785.76	\$ 1,333.87
97	12/14/2020	\$ 785.76	\$ 35.72	\$ -	\$ 35.72	\$ 30.15	\$ 5.57	\$ 755.61	\$ 1,339.43
98	1/14/2021	\$ 755.61	\$ 35.72	\$ -	\$ 35.72	\$ 30.37	\$ 5.35	\$ 725.25	\$ 1,344.78
99	2/14/2021	\$ 725.25	\$ 35.72	\$ -	\$ 35.72	\$ 30.58	\$ 5.14	\$ 694.67	\$ 1,349.92
100	3/14/2021	\$ 694.67	\$ 35.72	\$ -	\$ 35.72	\$ 30.80	\$ 4.92	\$ 663.87	\$ 1,354.84
101	4/14/2021	\$ 663.87	\$ 35.72	\$ -	\$ 35.72	\$ 31.02	\$ 4.70	\$ 632.85	\$ 1,359.54
102	5/14/2021	\$ 632.85	\$ 35.72	\$ -	\$ 35.72	\$ 31.23	\$ 4.48	\$ 601.62	\$ 1,364.03
103	6/14/2021	\$ 601.62	\$ 35.72	\$ -	\$ 35.72	\$ 31.46	\$ 4.26	\$ 570.16	\$ 1,368.29
104	7/14/2021	\$ 570.16	\$ 35.72	\$ -	\$ 35.72	\$ 31.68	\$ 4.04	\$ 538.49	\$ 1,372.33
105	8/14/2021	\$ 538.49	\$ 35.72	\$ -	\$ 35.72	\$ 31.90	\$ 3.81	\$ 506.58	\$ 1,376.14
106	9/14/2021	\$ 506.58	\$ 35.72	\$ -	\$ 35.72	\$ 32.13	\$ 3.59	\$ 474.45	\$ 1,379.73
107	10/14/2021	\$ 474.45	\$ 35.72	\$ -	\$ 35.72	\$ 32.36	\$ 3.36	\$ 442.10	\$ 1,383.09
108	11/14/2021	\$ 442.10	\$ 35.72	\$ -	\$ 35.72	\$ 32.59	\$ 3.13	\$ 409.51	\$ 1,386.22
109	12/14/2021	\$ 409.51	\$ 35.72	\$ -	\$ 35.72	\$ 32.82	\$ 2.90	\$ 376.69	\$ 1,389.12
110	1/14/2022	\$ 376.69	\$ 35.72	\$ -	\$ 35.72	\$ 33.05	\$ 2.67	\$ 343.64	\$ 1,391.79
111	2/14/2022	\$ 343.64	\$ 35.72	\$ -	\$ 35.72	\$ 33.28	\$ 2.43	\$ 310.36	\$ 1,394.23
112	3/14/2022	\$ 310.36	\$ 35.72	\$ -	\$ 35.72	\$ 33.52	\$ 2.20	\$ 276.84	\$ 1,396.42
113	4/14/2022	\$ 276.84	\$ 35.72	\$ -	\$ 35.72	\$ 33.76	\$ 1.96	\$ 243.09	\$ 1,398.38
114	5/14/2022	\$ 243.09	\$ 35.72	\$ -	\$ 35.72	\$ 34.00	\$ 1.72	\$ 209.09	\$ 1,400.11
115	6/14/2022	\$ 209.09	\$ 35.72	\$ -	\$ 35.72	\$ 34.24	\$ 1.48	\$ 174.85	\$ 1,401.59
116	7/14/2022	\$ 174.85	\$ 35.72	\$ -	\$ 35.72	\$ 34.48	\$ 1.24	\$ 140.38	\$ 1,402.83
117	8/14/2022	\$ 140.38	\$ 35.72	\$ -	\$ 35.72	\$ 34.72	\$ 0.99	\$ 105.65	\$ 1,403.82
118	9/14/2022	\$ 105.65	\$ 35.72	\$ -	\$ 35.72	\$ 34.97	\$ 0.75	\$ 70.68	\$ 1,404.57
119	10/14/2022	\$ 70.68	\$ 35.72	\$ -	\$ 35.72	\$ 35.22	\$ 0.50	\$ 35.47	\$ 1,405.07
120	11/14/2022	\$ 35.47	\$ 35.72	\$ -	\$ 35.47	\$ 35.21	\$ 0.25	\$ -	\$ 1,405.32

Loan Amortization Schedule

Enter values	
Loan amount	2,880.77
Annual interest rate	8.50%
Loan period in years	20
Number of payments per year	12
Start date of loan	11/14/2012
Optional extra payments	

Loan summary	
Scheduled payment	\$ 25.00
Scheduled number of payments	240
Actual number of payments	240
Total early payments	\$
Total interest	\$ 3,119.23

Lender name: Columbia Gas of Pennsylvania, Inc.

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	12/14/2012	\$ 2,880.77	\$ 25.00	\$ -	\$ 25.00	\$ 4.59	\$ 20.41	\$ 2,876.18	\$ 20.41
2	1/14/2013	\$ 2,876.18	\$ 25.00	\$ -	\$ 25.00	\$ 4.63	\$ 20.37	\$ 2,871.55	\$ 40.78
3	2/14/2013	\$ 2,871.55	\$ 25.00	\$ -	\$ 25.00	\$ 4.66	\$ 20.34	\$ 2,866.89	\$ 61.12
4	3/14/2013	\$ 2,866.89	\$ 25.00	\$ -	\$ 25.00	\$ 4.69	\$ 20.31	\$ 2,862.20	\$ 81.43
5	4/14/2013	\$ 2,862.20	\$ 25.00	\$ -	\$ 25.00	\$ 4.73	\$ 20.27	\$ 2,857.47	\$ 101.70
6	5/14/2013	\$ 2,857.47	\$ 25.00	\$ -	\$ 25.00	\$ 4.76	\$ 20.24	\$ 2,852.71	\$ 121.94
7	6/14/2013	\$ 2,852.71	\$ 25.00	\$ -	\$ 25.00	\$ 4.79	\$ 20.21	\$ 2,847.92	\$ 142.15
8	7/14/2013	\$ 2,847.92	\$ 25.00	\$ -	\$ 25.00	\$ 4.83	\$ 20.17	\$ 2,843.09	\$ 162.32
9	8/14/2013	\$ 2,843.09	\$ 25.00	\$ -	\$ 25.00	\$ 4.86	\$ 20.14	\$ 2,838.23	\$ 182.46
10	9/14/2013	\$ 2,838.23	\$ 25.00	\$ -	\$ 25.00	\$ 4.90	\$ 20.10	\$ 2,833.33	\$ 202.56
11	10/14/2013	\$ 2,833.33	\$ 25.00	\$ -	\$ 25.00	\$ 4.93	\$ 20.07	\$ 2,828.40	\$ 222.63
12	11/14/2013	\$ 2,828.40	\$ 25.00	\$ -	\$ 25.00	\$ 4.97	\$ 20.03	\$ 2,823.44	\$ 242.67
13	12/14/2013	\$ 2,823.44	\$ 25.00	\$ -	\$ 25.00	\$ 5.00	\$ 20.00	\$ 2,818.44	\$ 262.67
14	1/14/2014	\$ 2,818.44	\$ 25.00	\$ -	\$ 25.00	\$ 5.04	\$ 19.96	\$ 2,813.40	\$ 282.63
15	2/14/2014	\$ 2,813.40	\$ 25.00	\$ -	\$ 25.00	\$ 5.07	\$ 19.93	\$ 2,808.33	\$ 302.56
16	3/14/2014	\$ 2,808.33	\$ 25.00	\$ -	\$ 25.00	\$ 5.11	\$ 19.89	\$ 2,803.22	\$ 322.45
17	4/14/2014	\$ 2,803.22	\$ 25.00	\$ -	\$ 25.00	\$ 5.14	\$ 19.86	\$ 2,798.08	\$ 342.31
18	5/14/2014	\$ 2,798.08	\$ 25.00	\$ -	\$ 25.00	\$ 5.18	\$ 19.82	\$ 2,792.90	\$ 362.13
19	6/14/2014	\$ 2,792.90	\$ 25.00	\$ -	\$ 25.00	\$ 5.22	\$ 19.78	\$ 2,787.68	\$ 381.91
20	7/14/2014	\$ 2,787.68	\$ 25.00	\$ -	\$ 25.00	\$ 5.25	\$ 19.75	\$ 2,782.42	\$ 401.65
21	8/14/2014	\$ 2,782.42	\$ 25.00	\$ -	\$ 25.00	\$ 5.29	\$ 19.71	\$ 2,777.13	\$ 421.36
22	9/14/2014	\$ 2,777.13	\$ 25.00	\$ -	\$ 25.00	\$ 5.33	\$ 19.67	\$ 2,771.81	\$ 441.03
23	10/14/2014	\$ 2,771.81	\$ 25.00	\$ -	\$ 25.00	\$ 5.37	\$ 19.63	\$ 2,766.44	\$ 460.67
24	11/14/2014	\$ 2,766.44	\$ 25.00	\$ -	\$ 25.00	\$ 5.40	\$ 19.60	\$ 2,761.03	\$ 480.26
25	12/14/2014	\$ 2,761.03	\$ 25.00	\$ -	\$ 25.00	\$ 5.44	\$ 19.56	\$ 2,755.59	\$ 499.82
26	1/14/2015	\$ 2,755.59	\$ 25.00	\$ -	\$ 25.00	\$ 5.48	\$ 19.52	\$ 2,750.11	\$ 519.34
27	2/14/2015	\$ 2,750.11	\$ 25.00	\$ -	\$ 25.00	\$ 5.52	\$ 19.48	\$ 2,744.59	\$ 538.82
28	3/14/2015	\$ 2,744.59	\$ 25.00	\$ -	\$ 25.00	\$ 5.56	\$ 19.44	\$ 2,739.03	\$ 558.26
29	4/14/2015	\$ 2,739.03	\$ 25.00	\$ -	\$ 25.00	\$ 5.60	\$ 19.40	\$ 2,733.43	\$ 577.66
30	5/14/2015	\$ 2,733.43	\$ 25.00	\$ -	\$ 25.00	\$ 5.64	\$ 19.36	\$ 2,727.79	\$ 597.02
31	6/14/2015	\$ 2,727.79	\$ 25.00	\$ -	\$ 25.00	\$ 5.68	\$ 19.32	\$ 2,722.12	\$ 616.35
32	7/14/2015	\$ 2,722.12	\$ 25.00	\$ -	\$ 25.00	\$ 5.72	\$ 19.28	\$ 2,716.40	\$ 635.63
33	8/14/2015	\$ 2,716.40	\$ 25.00	\$ -	\$ 25.00	\$ 5.76	\$ 19.24	\$ 2,710.64	\$ 654.87
34	9/14/2015	\$ 2,710.64	\$ 25.00	\$ -	\$ 25.00	\$ 5.80	\$ 19.20	\$ 2,704.84	\$ 674.07

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
35	10/14/2015	\$ 2,704.84	\$ 25.00	\$ -	\$ 25.00	\$ 5.84	\$ 19.16	\$ 2,699.00	\$ 693.23
36	11/14/2015	\$ 2,699.00	\$ 25.00	\$ -	\$ 25.00	\$ 5.88	\$ 19.12	\$ 2,693.12	\$ 712.35
37	12/14/2015	\$ 2,693.12	\$ 25.00	\$ -	\$ 25.00	\$ 5.92	\$ 19.08	\$ 2,687.19	\$ 731.42
38	1/14/2016	\$ 2,687.19	\$ 25.00	\$ -	\$ 25.00	\$ 5.97	\$ 19.03	\$ 2,681.23	\$ 750.46
39	2/14/2016	\$ 2,681.23	\$ 25.00	\$ -	\$ 25.00	\$ 6.01	\$ 18.99	\$ 2,675.22	\$ 769.45
40	3/14/2016	\$ 2,675.22	\$ 25.00	\$ -	\$ 25.00	\$ 6.05	\$ 18.95	\$ 2,669.17	\$ 788.40
41	4/14/2016	\$ 2,669.17	\$ 25.00	\$ -	\$ 25.00	\$ 6.09	\$ 18.91	\$ 2,663.08	\$ 807.31
42	5/14/2016	\$ 2,663.08	\$ 25.00	\$ -	\$ 25.00	\$ 6.14	\$ 18.86	\$ 2,656.94	\$ 826.17
43	6/14/2016	\$ 2,656.94	\$ 25.00	\$ -	\$ 25.00	\$ 6.18	\$ 18.82	\$ 2,650.76	\$ 844.99
44	7/14/2016	\$ 2,650.76	\$ 25.00	\$ -	\$ 25.00	\$ 6.22	\$ 18.78	\$ 2,644.54	\$ 863.76
45	8/14/2016	\$ 2,644.54	\$ 25.00	\$ -	\$ 25.00	\$ 6.27	\$ 18.73	\$ 2,638.27	\$ 882.50
46	9/14/2016	\$ 2,638.27	\$ 25.00	\$ -	\$ 25.00	\$ 6.31	\$ 18.69	\$ 2,631.96	\$ 901.18
47	10/14/2016	\$ 2,631.96	\$ 25.00	\$ -	\$ 25.00	\$ 6.36	\$ 18.64	\$ 2,625.60	\$ 919.83
48	11/14/2016	\$ 2,625.60	\$ 25.00	\$ -	\$ 25.00	\$ 6.40	\$ 18.60	\$ 2,619.20	\$ 938.43
49	12/14/2016	\$ 2,619.20	\$ 25.00	\$ -	\$ 25.00	\$ 6.45	\$ 18.55	\$ 2,612.75	\$ 956.98
50	1/14/2017	\$ 2,612.75	\$ 25.00	\$ -	\$ 25.00	\$ 6.49	\$ 18.51	\$ 2,606.26	\$ 975.49
51	2/14/2017	\$ 2,606.26	\$ 25.00	\$ -	\$ 25.00	\$ 6.54	\$ 18.46	\$ 2,599.72	\$ 993.95
52	3/14/2017	\$ 2,599.72	\$ 25.00	\$ -	\$ 25.00	\$ 6.59	\$ 18.41	\$ 2,593.13	\$ 1,012.36
53	4/14/2017	\$ 2,593.13	\$ 25.00	\$ -	\$ 25.00	\$ 6.63	\$ 18.37	\$ 2,586.50	\$ 1,030.73
54	5/14/2017	\$ 2,586.50	\$ 25.00	\$ -	\$ 25.00	\$ 6.68	\$ 18.32	\$ 2,579.82	\$ 1,049.05
55	6/14/2017	\$ 2,579.82	\$ 25.00	\$ -	\$ 25.00	\$ 6.73	\$ 18.27	\$ 2,573.09	\$ 1,067.32
56	7/14/2017	\$ 2,573.09	\$ 25.00	\$ -	\$ 25.00	\$ 6.77	\$ 18.23	\$ 2,566.32	\$ 1,085.55
57	8/14/2017	\$ 2,566.32	\$ 25.00	\$ -	\$ 25.00	\$ 6.82	\$ 18.18	\$ 2,559.50	\$ 1,103.73
58	9/14/2017	\$ 2,559.50	\$ 25.00	\$ -	\$ 25.00	\$ 6.87	\$ 18.13	\$ 2,552.63	\$ 1,121.86
59	10/14/2017	\$ 2,552.63	\$ 25.00	\$ -	\$ 25.00	\$ 6.92	\$ 18.08	\$ 2,545.71	\$ 1,139.94
60	11/14/2017	\$ 2,545.71	\$ 25.00	\$ -	\$ 25.00	\$ 6.97	\$ 18.03	\$ 2,538.74	\$ 1,157.97
61	12/14/2017	\$ 2,538.74	\$ 25.00	\$ -	\$ 25.00	\$ 7.02	\$ 17.98	\$ 2,531.72	\$ 1,175.95
62	1/14/2018	\$ 2,531.72	\$ 25.00	\$ -	\$ 25.00	\$ 7.07	\$ 17.93	\$ 2,524.66	\$ 1,193.89
63	2/14/2018	\$ 2,524.66	\$ 25.00	\$ -	\$ 25.00	\$ 7.12	\$ 17.88	\$ 2,517.54	\$ 1,211.77
64	3/14/2018	\$ 2,517.54	\$ 25.00	\$ -	\$ 25.00	\$ 7.17	\$ 17.83	\$ 2,510.37	\$ 1,229.60
65	4/14/2018	\$ 2,510.37	\$ 25.00	\$ -	\$ 25.00	\$ 7.22	\$ 17.78	\$ 2,503.15	\$ 1,247.38
66	5/14/2018	\$ 2,503.15	\$ 25.00	\$ -	\$ 25.00	\$ 7.27	\$ 17.73	\$ 2,495.89	\$ 1,265.11
67	6/14/2018	\$ 2,495.89	\$ 25.00	\$ -	\$ 25.00	\$ 7.32	\$ 17.68	\$ 2,488.56	\$ 1,282.79
68	7/14/2018	\$ 2,488.56	\$ 25.00	\$ -	\$ 25.00	\$ 7.37	\$ 17.63	\$ 2,481.19	\$ 1,300.42
69	8/14/2018	\$ 2,481.19	\$ 25.00	\$ -	\$ 25.00	\$ 7.42	\$ 17.58	\$ 2,473.77	\$ 1,318.00
70	9/14/2018	\$ 2,473.77	\$ 25.00	\$ -	\$ 25.00	\$ 7.48	\$ 17.52	\$ 2,466.29	\$ 1,335.52
71	10/14/2018	\$ 2,466.29	\$ 25.00	\$ -	\$ 25.00	\$ 7.53	\$ 17.47	\$ 2,458.76	\$ 1,352.99
72	11/14/2018	\$ 2,458.76	\$ 25.00	\$ -	\$ 25.00	\$ 7.58	\$ 17.42	\$ 2,451.18	\$ 1,370.40
73	12/14/2018	\$ 2,451.18	\$ 25.00	\$ -	\$ 25.00	\$ 7.64	\$ 17.36	\$ 2,443.54	\$ 1,387.77
74	1/14/2019	\$ 2,443.54	\$ 25.00	\$ -	\$ 25.00	\$ 7.69	\$ 17.31	\$ 2,435.85	\$ 1,405.08
75	2/14/2019	\$ 2,435.85	\$ 25.00	\$ -	\$ 25.00	\$ 7.75	\$ 17.25	\$ 2,428.10	\$ 1,422.33
76	3/14/2019	\$ 2,428.10	\$ 25.00	\$ -	\$ 25.00	\$ 7.80	\$ 17.20	\$ 2,420.30	\$ 1,439.53
77	4/14/2019	\$ 2,420.30	\$ 25.00	\$ -	\$ 25.00	\$ 7.86	\$ 17.14	\$ 2,412.44	\$ 1,456.67
78	5/14/2019	\$ 2,412.44	\$ 25.00	\$ -	\$ 25.00	\$ 7.91	\$ 17.09	\$ 2,404.53	\$ 1,473.76
79	6/14/2019	\$ 2,404.53	\$ 25.00	\$ -	\$ 25.00	\$ 7.97	\$ 17.03	\$ 2,396.56	\$ 1,490.79
80	7/14/2019	\$ 2,396.56	\$ 25.00	\$ -	\$ 25.00	\$ 8.02	\$ 16.98	\$ 2,388.54	\$ 1,507.77
81	8/14/2019	\$ 2,388.54	\$ 25.00	\$ -	\$ 25.00	\$ 8.08	\$ 16.92	\$ 2,380.46	\$ 1,524.69

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
82	9/14/2019	\$ 2,380.46	\$ 25.00	\$ -	\$ 25.00	\$ 8.14	\$ 16.86	\$ 2,372.32	\$ 1,541.55
83	10/14/2019	\$ 2,372.32	\$ 25.00	\$ -	\$ 25.00	\$ 8.20	\$ 16.80	\$ 2,364.12	\$ 1,558.35
84	11/14/2019	\$ 2,364.12	\$ 25.00	\$ -	\$ 25.00	\$ 8.25	\$ 16.75	\$ 2,355.87	\$ 1,575.10
85	12/14/2019	\$ 2,355.87	\$ 25.00	\$ -	\$ 25.00	\$ 8.31	\$ 16.69	\$ 2,347.56	\$ 1,591.79
86	1/14/2020	\$ 2,347.56	\$ 25.00	\$ -	\$ 25.00	\$ 8.37	\$ 16.63	\$ 2,339.19	\$ 1,608.41
87	2/14/2020	\$ 2,339.19	\$ 25.00	\$ -	\$ 25.00	\$ 8.43	\$ 16.57	\$ 2,330.75	\$ 1,624.98
88	3/14/2020	\$ 2,330.75	\$ 25.00	\$ -	\$ 25.00	\$ 8.49	\$ 16.51	\$ 2,322.26	\$ 1,641.49
89	4/14/2020	\$ 2,322.26	\$ 25.00	\$ -	\$ 25.00	\$ 8.55	\$ 16.45	\$ 2,313.71	\$ 1,657.94
90	5/14/2020	\$ 2,313.71	\$ 25.00	\$ -	\$ 25.00	\$ 8.61	\$ 16.39	\$ 2,305.10	\$ 1,674.33
91	6/14/2020	\$ 2,305.10	\$ 25.00	\$ -	\$ 25.00	\$ 8.67	\$ 16.33	\$ 2,296.43	\$ 1,690.66
92	7/14/2020	\$ 2,296.43	\$ 25.00	\$ -	\$ 25.00	\$ 8.73	\$ 16.27	\$ 2,287.70	\$ 1,706.93
93	8/14/2020	\$ 2,287.70	\$ 25.00	\$ -	\$ 25.00	\$ 8.80	\$ 16.20	\$ 2,278.90	\$ 1,723.13
94	9/14/2020	\$ 2,278.90	\$ 25.00	\$ -	\$ 25.00	\$ 8.86	\$ 16.14	\$ 2,270.04	\$ 1,739.27
95	10/14/2020	\$ 2,270.04	\$ 25.00	\$ -	\$ 25.00	\$ 8.92	\$ 16.08	\$ 2,261.12	\$ 1,755.35
96	11/14/2020	\$ 2,261.12	\$ 25.00	\$ -	\$ 25.00	\$ 8.98	\$ 16.02	\$ 2,252.14	\$ 1,771.37
97	12/14/2020	\$ 2,252.14	\$ 25.00	\$ -	\$ 25.00	\$ 9.05	\$ 15.95	\$ 2,243.09	\$ 1,787.32
98	1/14/2021	\$ 2,243.09	\$ 25.00	\$ -	\$ 25.00	\$ 9.11	\$ 15.89	\$ 2,233.98	\$ 1,803.21
99	2/14/2021	\$ 2,233.98	\$ 25.00	\$ -	\$ 25.00	\$ 9.18	\$ 15.82	\$ 2,224.80	\$ 1,819.03
100	3/14/2021	\$ 2,224.80	\$ 25.00	\$ -	\$ 25.00	\$ 9.24	\$ 15.76	\$ 2,215.56	\$ 1,834.79
101	4/14/2021	\$ 2,215.56	\$ 25.00	\$ -	\$ 25.00	\$ 9.31	\$ 15.69	\$ 2,206.26	\$ 1,850.49
102	5/14/2021	\$ 2,206.26	\$ 25.00	\$ -	\$ 25.00	\$ 9.37	\$ 15.63	\$ 2,196.88	\$ 1,866.11
103	6/14/2021	\$ 2,196.88	\$ 25.00	\$ -	\$ 25.00	\$ 9.44	\$ 15.56	\$ 2,187.45	\$ 1,881.67
104	7/14/2021	\$ 2,187.45	\$ 25.00	\$ -	\$ 25.00	\$ 9.51	\$ 15.49	\$ 2,177.94	\$ 1,897.17
105	8/14/2021	\$ 2,177.94	\$ 25.00	\$ -	\$ 25.00	\$ 9.57	\$ 15.43	\$ 2,168.37	\$ 1,912.60
106	9/14/2021	\$ 2,168.37	\$ 25.00	\$ -	\$ 25.00	\$ 9.64	\$ 15.36	\$ 2,158.73	\$ 1,927.96
107	10/14/2021	\$ 2,158.73	\$ 25.00	\$ -	\$ 25.00	\$ 9.71	\$ 15.29	\$ 2,149.02	\$ 1,943.25
108	11/14/2021	\$ 2,149.02	\$ 25.00	\$ -	\$ 25.00	\$ 9.78	\$ 15.22	\$ 2,139.24	\$ 1,958.47
109	12/14/2021	\$ 2,139.24	\$ 25.00	\$ -	\$ 25.00	\$ 9.85	\$ 15.15	\$ 2,129.39	\$ 1,973.62
110	1/14/2022	\$ 2,129.39	\$ 25.00	\$ -	\$ 25.00	\$ 9.92	\$ 15.08	\$ 2,119.48	\$ 1,988.70
111	2/14/2022	\$ 2,119.48	\$ 25.00	\$ -	\$ 25.00	\$ 9.99	\$ 15.01	\$ 2,109.49	\$ 2,003.72
112	3/14/2022	\$ 2,109.49	\$ 25.00	\$ -	\$ 25.00	\$ 10.06	\$ 14.94	\$ 2,099.43	\$ 2,018.66
113	4/14/2022	\$ 2,099.43	\$ 25.00	\$ -	\$ 25.00	\$ 10.13	\$ 14.87	\$ 2,089.30	\$ 2,033.53
114	5/14/2022	\$ 2,089.30	\$ 25.00	\$ -	\$ 25.00	\$ 10.20	\$ 14.80	\$ 2,079.10	\$ 2,048.33
115	6/14/2022	\$ 2,079.10	\$ 25.00	\$ -	\$ 25.00	\$ 10.27	\$ 14.73	\$ 2,068.83	\$ 2,063.06
116	7/14/2022	\$ 2,068.83	\$ 25.00	\$ -	\$ 25.00	\$ 10.35	\$ 14.65	\$ 2,058.48	\$ 2,077.71
117	8/14/2022	\$ 2,058.48	\$ 25.00	\$ -	\$ 25.00	\$ 10.42	\$ 14.58	\$ 2,048.06	\$ 2,092.29
118	9/14/2022	\$ 2,048.06	\$ 25.00	\$ -	\$ 25.00	\$ 10.49	\$ 14.51	\$ 2,037.57	\$ 2,106.80
119	10/14/2022	\$ 2,037.57	\$ 25.00	\$ -	\$ 25.00	\$ 10.57	\$ 14.43	\$ 2,027.00	\$ 2,121.23
120	11/14/2022	\$ 2,027.00	\$ 25.00	\$ -	\$ 25.00	\$ 10.64	\$ 14.36	\$ 2,016.36	\$ 2,135.59
121	12/14/2022	\$ 2,016.36	\$ 25.00	\$ -	\$ 25.00	\$ 10.72	\$ 14.28	\$ 2,005.64	\$ 2,149.87
122	1/14/2023	\$ 2,005.64	\$ 25.00	\$ -	\$ 25.00	\$ 10.79	\$ 14.21	\$ 1,994.85	\$ 2,164.08
123	2/14/2023	\$ 1,994.85	\$ 25.00	\$ -	\$ 25.00	\$ 10.87	\$ 14.13	\$ 1,983.98	\$ 2,178.21
124	3/14/2023	\$ 1,983.98	\$ 25.00	\$ -	\$ 25.00	\$ 10.95	\$ 14.05	\$ 1,973.03	\$ 2,192.26
125	4/14/2023	\$ 1,973.03	\$ 25.00	\$ -	\$ 25.00	\$ 11.02	\$ 13.98	\$ 1,962.01	\$ 2,206.24
126	5/14/2023	\$ 1,962.01	\$ 25.00	\$ -	\$ 25.00	\$ 11.10	\$ 13.90	\$ 1,950.91	\$ 2,220.14
127	6/14/2023	\$ 1,950.91	\$ 25.00	\$ -	\$ 25.00	\$ 11.18	\$ 13.82	\$ 1,939.73	\$ 2,233.95
128	7/14/2023	\$ 1,939.73	\$ 25.00	\$ -	\$ 25.00	\$ 11.26	\$ 13.74	\$ 1,928.47	\$ 2,247.69

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
129	8/14/2023	\$ 1,928.47	\$ 25.00	\$ -	\$ 25.00	\$ 11.34	\$ 13.66	\$ 1,917.13	\$ 2,261.35
130	9/14/2023	\$ 1,917.13	\$ 25.00	\$ -	\$ 25.00	\$ 11.42	\$ 13.58	\$ 1,905.71	\$ 2,274.93
131	10/14/2023	\$ 1,905.71	\$ 25.00	\$ -	\$ 25.00	\$ 11.50	\$ 13.50	\$ 1,894.20	\$ 2,288.43
132	11/14/2023	\$ 1,894.20	\$ 25.00	\$ -	\$ 25.00	\$ 11.58	\$ 13.42	\$ 1,882.62	\$ 2,301.85
133	12/14/2023	\$ 1,882.62	\$ 25.00	\$ -	\$ 25.00	\$ 11.66	\$ 13.34	\$ 1,870.96	\$ 2,315.19
134	1/14/2024	\$ 1,870.96	\$ 25.00	\$ -	\$ 25.00	\$ 11.75	\$ 13.25	\$ 1,859.21	\$ 2,328.44
135	2/14/2024	\$ 1,859.21	\$ 25.00	\$ -	\$ 25.00	\$ 11.83	\$ 13.17	\$ 1,847.38	\$ 2,341.61
136	3/14/2024	\$ 1,847.38	\$ 25.00	\$ -	\$ 25.00	\$ 11.91	\$ 13.09	\$ 1,835.46	\$ 2,354.69
137	4/14/2024	\$ 1,835.46	\$ 25.00	\$ -	\$ 25.00	\$ 12.00	\$ 13.00	\$ 1,823.47	\$ 2,367.69
138	5/14/2024	\$ 1,823.47	\$ 25.00	\$ -	\$ 25.00	\$ 12.08	\$ 12.92	\$ 1,811.38	\$ 2,380.61
139	6/14/2024	\$ 1,811.38	\$ 25.00	\$ -	\$ 25.00	\$ 12.17	\$ 12.83	\$ 1,799.21	\$ 2,393.44
140	7/14/2024	\$ 1,799.21	\$ 25.00	\$ -	\$ 25.00	\$ 12.26	\$ 12.74	\$ 1,786.96	\$ 2,406.19
141	8/14/2024	\$ 1,786.96	\$ 25.00	\$ -	\$ 25.00	\$ 12.34	\$ 12.66	\$ 1,774.61	\$ 2,418.84
142	9/14/2024	\$ 1,774.61	\$ 25.00	\$ -	\$ 25.00	\$ 12.43	\$ 12.57	\$ 1,762.18	\$ 2,431.41
143	10/14/2024	\$ 1,762.18	\$ 25.00	\$ -	\$ 25.00	\$ 12.52	\$ 12.48	\$ 1,749.67	\$ 2,443.90
144	11/14/2024	\$ 1,749.67	\$ 25.00	\$ -	\$ 25.00	\$ 12.61	\$ 12.39	\$ 1,737.06	\$ 2,456.29
145	12/14/2024	\$ 1,737.06	\$ 25.00	\$ -	\$ 25.00	\$ 12.70	\$ 12.30	\$ 1,724.36	\$ 2,468.59
146	1/14/2025	\$ 1,724.36	\$ 25.00	\$ -	\$ 25.00	\$ 12.79	\$ 12.21	\$ 1,711.58	\$ 2,480.81
147	2/14/2025	\$ 1,711.58	\$ 25.00	\$ -	\$ 25.00	\$ 12.88	\$ 12.12	\$ 1,698.70	\$ 2,492.93
148	3/14/2025	\$ 1,698.70	\$ 25.00	\$ -	\$ 25.00	\$ 12.97	\$ 12.03	\$ 1,685.73	\$ 2,504.96
149	4/14/2025	\$ 1,685.73	\$ 25.00	\$ -	\$ 25.00	\$ 13.06	\$ 11.94	\$ 1,672.68	\$ 2,516.90
150	5/14/2025	\$ 1,672.68	\$ 25.00	\$ -	\$ 25.00	\$ 13.15	\$ 11.85	\$ 1,659.52	\$ 2,528.75
151	6/14/2025	\$ 1,659.52	\$ 25.00	\$ -	\$ 25.00	\$ 13.25	\$ 11.75	\$ 1,646.28	\$ 2,540.51
152	7/14/2025	\$ 1,646.28	\$ 25.00	\$ -	\$ 25.00	\$ 13.34	\$ 11.66	\$ 1,632.94	\$ 2,552.17
153	8/14/2025	\$ 1,632.94	\$ 25.00	\$ -	\$ 25.00	\$ 13.43	\$ 11.57	\$ 1,619.51	\$ 2,563.73
154	9/14/2025	\$ 1,619.51	\$ 25.00	\$ -	\$ 25.00	\$ 13.53	\$ 11.47	\$ 1,605.98	\$ 2,575.21
155	10/14/2025	\$ 1,605.98	\$ 25.00	\$ -	\$ 25.00	\$ 13.62	\$ 11.38	\$ 1,592.35	\$ 2,586.58
156	11/14/2025	\$ 1,592.35	\$ 25.00	\$ -	\$ 25.00	\$ 13.72	\$ 11.28	\$ 1,578.63	\$ 2,597.86
157	12/14/2025	\$ 1,578.63	\$ 25.00	\$ -	\$ 25.00	\$ 13.82	\$ 11.18	\$ 1,564.81	\$ 2,609.04
158	1/14/2026	\$ 1,564.81	\$ 25.00	\$ -	\$ 25.00	\$ 13.92	\$ 11.08	\$ 1,550.90	\$ 2,620.13
159	2/14/2026	\$ 1,550.90	\$ 25.00	\$ -	\$ 25.00	\$ 14.01	\$ 10.99	\$ 1,536.88	\$ 2,631.11
160	3/14/2026	\$ 1,536.88	\$ 25.00	\$ -	\$ 25.00	\$ 14.11	\$ 10.89	\$ 1,522.77	\$ 2,642.00
161	4/14/2026	\$ 1,522.77	\$ 25.00	\$ -	\$ 25.00	\$ 14.21	\$ 10.79	\$ 1,508.56	\$ 2,652.79
162	5/14/2026	\$ 1,508.56	\$ 25.00	\$ -	\$ 25.00	\$ 14.31	\$ 10.69	\$ 1,494.24	\$ 2,663.47
163	6/14/2026	\$ 1,494.24	\$ 25.00	\$ -	\$ 25.00	\$ 14.42	\$ 10.58	\$ 1,479.83	\$ 2,674.06
164	7/14/2026	\$ 1,479.83	\$ 25.00	\$ -	\$ 25.00	\$ 14.52	\$ 10.48	\$ 1,465.31	\$ 2,684.54
165	8/14/2026	\$ 1,465.31	\$ 25.00	\$ -	\$ 25.00	\$ 14.62	\$ 10.38	\$ 1,450.69	\$ 2,694.92
166	9/14/2026	\$ 1,450.69	\$ 25.00	\$ -	\$ 25.00	\$ 14.72	\$ 10.28	\$ 1,435.96	\$ 2,705.19
167	10/14/2026	\$ 1,435.96	\$ 25.00	\$ -	\$ 25.00	\$ 14.83	\$ 10.17	\$ 1,421.14	\$ 2,715.36
168	11/14/2026	\$ 1,421.14	\$ 25.00	\$ -	\$ 25.00	\$ 14.93	\$ 10.07	\$ 1,406.20	\$ 2,725.43
169	12/14/2026	\$ 1,406.20	\$ 25.00	\$ -	\$ 25.00	\$ 15.04	\$ 9.96	\$ 1,391.16	\$ 2,735.39
170	1/14/2027	\$ 1,391.16	\$ 25.00	\$ -	\$ 25.00	\$ 15.15	\$ 9.85	\$ 1,376.02	\$ 2,745.24
171	2/14/2027	\$ 1,376.02	\$ 25.00	\$ -	\$ 25.00	\$ 15.25	\$ 9.75	\$ 1,360.76	\$ 2,754.99
172	3/14/2027	\$ 1,360.76	\$ 25.00	\$ -	\$ 25.00	\$ 15.36	\$ 9.64	\$ 1,345.40	\$ 2,764.63
173	4/14/2027	\$ 1,345.40	\$ 25.00	\$ -	\$ 25.00	\$ 15.47	\$ 9.53	\$ 1,329.93	\$ 2,774.16
174	5/14/2027	\$ 1,329.93	\$ 25.00	\$ -	\$ 25.00	\$ 15.58	\$ 9.42	\$ 1,314.35	\$ 2,783.58
175	6/14/2027	\$ 1,314.35	\$ 25.00	\$ -	\$ 25.00	\$ 15.69	\$ 9.31	\$ 1,298.66	\$ 2,792.89

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
176	7/14/2027	\$ 1,298.66	\$ 25.00	\$ -	\$ 25.00	\$ 15.80	\$ 9.20	\$ 1,282.86	\$ 2,802.09
177	8/14/2027	\$ 1,282.86	\$ 25.00	\$ -	\$ 25.00	\$ 15.91	\$ 9.09	\$ 1,266.95	\$ 2,811.18
178	9/14/2027	\$ 1,266.95	\$ 25.00	\$ -	\$ 25.00	\$ 16.03	\$ 8.97	\$ 1,250.92	\$ 2,820.15
179	10/14/2027	\$ 1,250.92	\$ 25.00	\$ -	\$ 25.00	\$ 16.14	\$ 8.86	\$ 1,234.78	\$ 2,829.01
180	11/14/2027	\$ 1,234.78	\$ 25.00	\$ -	\$ 25.00	\$ 16.25	\$ 8.75	\$ 1,218.53	\$ 2,837.76
181	12/14/2027	\$ 1,218.53	\$ 25.00	\$ -	\$ 25.00	\$ 16.37	\$ 8.63	\$ 1,202.16	\$ 2,846.39
182	1/14/2028	\$ 1,202.16	\$ 25.00	\$ -	\$ 25.00	\$ 16.48	\$ 8.52	\$ 1,185.68	\$ 2,854.90
183	2/14/2028	\$ 1,185.68	\$ 25.00	\$ -	\$ 25.00	\$ 16.60	\$ 8.40	\$ 1,169.07	\$ 2,863.30
184	3/14/2028	\$ 1,169.07	\$ 25.00	\$ -	\$ 25.00	\$ 16.72	\$ 8.28	\$ 1,152.36	\$ 2,871.58
185	4/14/2028	\$ 1,152.36	\$ 25.00	\$ -	\$ 25.00	\$ 16.84	\$ 8.16	\$ 1,135.52	\$ 2,879.75
186	5/14/2028	\$ 1,135.52	\$ 25.00	\$ -	\$ 25.00	\$ 16.96	\$ 8.04	\$ 1,118.56	\$ 2,887.79
187	6/14/2028	\$ 1,118.56	\$ 25.00	\$ -	\$ 25.00	\$ 17.08	\$ 7.92	\$ 1,101.48	\$ 2,895.71
188	7/14/2028	\$ 1,101.48	\$ 25.00	\$ -	\$ 25.00	\$ 17.20	\$ 7.80	\$ 1,084.29	\$ 2,903.51
189	8/14/2028	\$ 1,084.29	\$ 25.00	\$ -	\$ 25.00	\$ 17.32	\$ 7.68	\$ 1,066.97	\$ 2,911.20
190	9/14/2028	\$ 1,066.97	\$ 25.00	\$ -	\$ 25.00	\$ 17.44	\$ 7.56	\$ 1,049.52	\$ 2,918.75
191	10/14/2028	\$ 1,049.52	\$ 25.00	\$ -	\$ 25.00	\$ 17.57	\$ 7.43	\$ 1,031.96	\$ 2,926.19
192	11/14/2028	\$ 1,031.96	\$ 25.00	\$ -	\$ 25.00	\$ 17.69	\$ 7.31	\$ 1,014.27	\$ 2,933.50
193	12/14/2028	\$ 1,014.27	\$ 25.00	\$ -	\$ 25.00	\$ 17.82	\$ 7.18	\$ 996.45	\$ 2,940.68
194	1/14/2029	\$ 996.45	\$ 25.00	\$ -	\$ 25.00	\$ 17.94	\$ 7.06	\$ 978.51	\$ 2,947.74
195	2/14/2029	\$ 978.51	\$ 25.00	\$ -	\$ 25.00	\$ 18.07	\$ 6.93	\$ 960.44	\$ 2,954.67
196	3/14/2029	\$ 960.44	\$ 25.00	\$ -	\$ 25.00	\$ 18.20	\$ 6.80	\$ 942.25	\$ 2,961.47
197	4/14/2029	\$ 942.25	\$ 25.00	\$ -	\$ 25.00	\$ 18.33	\$ 6.67	\$ 923.92	\$ 2,968.15
198	5/14/2029	\$ 923.92	\$ 25.00	\$ -	\$ 25.00	\$ 18.46	\$ 6.54	\$ 905.46	\$ 2,974.69
199	6/14/2029	\$ 905.46	\$ 25.00	\$ -	\$ 25.00	\$ 18.59	\$ 6.41	\$ 886.88	\$ 2,981.11
200	7/14/2029	\$ 886.88	\$ 25.00	\$ -	\$ 25.00	\$ 18.72	\$ 6.28	\$ 868.16	\$ 2,987.39
201	8/14/2029	\$ 868.16	\$ 25.00	\$ -	\$ 25.00	\$ 18.85	\$ 6.15	\$ 849.31	\$ 2,993.54
202	9/14/2029	\$ 849.31	\$ 25.00	\$ -	\$ 25.00	\$ 18.98	\$ 6.02	\$ 830.33	\$ 2,999.55
203	10/14/2029	\$ 830.33	\$ 25.00	\$ -	\$ 25.00	\$ 19.12	\$ 5.88	\$ 811.21	\$ 3,005.43
204	11/14/2029	\$ 811.21	\$ 25.00	\$ -	\$ 25.00	\$ 19.25	\$ 5.75	\$ 791.95	\$ 3,011.18
205	12/14/2029	\$ 791.95	\$ 25.00	\$ -	\$ 25.00	\$ 19.39	\$ 5.61	\$ 772.56	\$ 3,016.79
206	1/14/2030	\$ 772.56	\$ 25.00	\$ -	\$ 25.00	\$ 19.53	\$ 5.47	\$ 753.03	\$ 3,022.26
207	2/14/2030	\$ 753.03	\$ 25.00	\$ -	\$ 25.00	\$ 19.67	\$ 5.33	\$ 733.37	\$ 3,027.60
208	3/14/2030	\$ 733.37	\$ 25.00	\$ -	\$ 25.00	\$ 19.81	\$ 5.19	\$ 713.56	\$ 3,032.79
209	4/14/2030	\$ 713.56	\$ 25.00	\$ -	\$ 25.00	\$ 19.95	\$ 5.05	\$ 693.62	\$ 3,037.85
210	5/14/2030	\$ 693.62	\$ 25.00	\$ -	\$ 25.00	\$ 20.09	\$ 4.91	\$ 673.53	\$ 3,042.76
211	6/14/2030	\$ 673.53	\$ 25.00	\$ -	\$ 25.00	\$ 20.23	\$ 4.77	\$ 653.30	\$ 3,047.53
212	7/14/2030	\$ 653.30	\$ 25.00	\$ -	\$ 25.00	\$ 20.37	\$ 4.63	\$ 632.93	\$ 3,052.16
213	8/14/2030	\$ 632.93	\$ 25.00	\$ -	\$ 25.00	\$ 20.52	\$ 4.48	\$ 612.41	\$ 3,056.64
214	9/14/2030	\$ 612.41	\$ 25.00	\$ -	\$ 25.00	\$ 20.66	\$ 4.34	\$ 591.75	\$ 3,060.98
215	10/14/2030	\$ 591.75	\$ 25.00	\$ -	\$ 25.00	\$ 20.81	\$ 4.19	\$ 570.94	\$ 3,065.17
216	11/14/2030	\$ 570.94	\$ 25.00	\$ -	\$ 25.00	\$ 20.96	\$ 4.04	\$ 549.99	\$ 3,069.21
217	12/14/2030	\$ 549.99	\$ 25.00	\$ -	\$ 25.00	\$ 21.10	\$ 3.90	\$ 528.88	\$ 3,073.11
218	1/14/2031	\$ 528.88	\$ 25.00	\$ -	\$ 25.00	\$ 21.25	\$ 3.75	\$ 507.63	\$ 3,076.86
219	2/14/2031	\$ 507.63	\$ 25.00	\$ -	\$ 25.00	\$ 21.40	\$ 3.60	\$ 486.22	\$ 3,080.45
220	3/14/2031	\$ 486.22	\$ 25.00	\$ -	\$ 25.00	\$ 21.56	\$ 3.44	\$ 464.67	\$ 3,083.90
221	4/14/2031	\$ 464.67	\$ 25.00	\$ -	\$ 25.00	\$ 21.71	\$ 3.29	\$ 442.96	\$ 3,087.19
222	5/14/2031	\$ 442.96	\$ 25.00	\$ -	\$ 25.00	\$ 21.86	\$ 3.14	\$ 421.10	\$ 3,090.33

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
223	6/14/2031	\$ 421.10	\$ 25.00	\$ -	\$ 25.00	\$ 22.02	\$ 2.98	\$ 399.08	\$ 3,093.31
224	7/14/2031	\$ 399.08	\$ 25.00	\$ -	\$ 25.00	\$ 22.17	\$ 2.83	\$ 376.91	\$ 3,096.13
225	8/14/2031	\$ 376.91	\$ 25.00	\$ -	\$ 25.00	\$ 22.33	\$ 2.67	\$ 354.58	\$ 3,098.80
226	9/14/2031	\$ 354.58	\$ 25.00	\$ -	\$ 25.00	\$ 22.49	\$ 2.51	\$ 332.09	\$ 3,101.32
227	10/14/2031	\$ 332.09	\$ 25.00	\$ -	\$ 25.00	\$ 22.65	\$ 2.35	\$ 309.44	\$ 3,103.67
228	11/14/2031	\$ 309.44	\$ 25.00	\$ -	\$ 25.00	\$ 22.81	\$ 2.19	\$ 286.63	\$ 3,105.86
229	12/14/2031	\$ 286.63	\$ 25.00	\$ -	\$ 25.00	\$ 22.97	\$ 2.03	\$ 263.66	\$ 3,107.89
230	1/14/2032	\$ 263.66	\$ 25.00	\$ -	\$ 25.00	\$ 23.13	\$ 1.87	\$ 240.53	\$ 3,109.76
231	2/14/2032	\$ 240.53	\$ 25.00	\$ -	\$ 25.00	\$ 23.30	\$ 1.70	\$ 217.23	\$ 3,111.46
232	3/14/2032	\$ 217.23	\$ 25.00	\$ -	\$ 25.00	\$ 23.46	\$ 1.54	\$ 193.77	\$ 3,113.00
233	4/14/2032	\$ 193.77	\$ 25.00	\$ -	\$ 25.00	\$ 23.63	\$ 1.37	\$ 170.15	\$ 3,114.37
234	5/14/2032	\$ 170.15	\$ 25.00	\$ -	\$ 25.00	\$ 23.79	\$ 1.21	\$ 146.35	\$ 3,115.58
235	6/14/2032	\$ 146.35	\$ 25.00	\$ -	\$ 25.00	\$ 23.96	\$ 1.04	\$ 122.39	\$ 3,116.61
236	7/14/2032	\$ 122.39	\$ 25.00	\$ -	\$ 25.00	\$ 24.13	\$ 0.87	\$ 98.25	\$ 3,117.48
237	8/14/2032	\$ 98.25	\$ 25.00	\$ -	\$ 25.00	\$ 24.30	\$ 0.70	\$ 73.95	\$ 3,118.18
238	9/14/2032	\$ 73.95	\$ 25.00	\$ -	\$ 25.00	\$ 24.48	\$ 0.52	\$ 49.47	\$ 3,118.70
239	10/14/2032	\$ 49.47	\$ 25.00	\$ -	\$ 25.00	\$ 24.65	\$ 0.35	\$ 24.82	\$ 3,119.05
240	11/14/2032	\$ 24.82	\$ 25.00	\$ -	\$ 24.82	\$ 24.65	\$ 0.18	\$ -	\$ 3,119.23

Question No. I&E-RE-162

Respondent: E. Evans

Page 1 of 1

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748

Data Requests

Bureau of Investigation and Enforcement – Set RE

Question No. I&E-RE-162:

For line extension requests that require a customer deposit, are customers provided with a detailed construction estimate? If yes, provide a sample of a construction estimate provided for a single residential customer for a 100 foot main extension to an existing property on a paved road.

Response:

No. Columbia provides the customer footage of main and total estimated cost of the main installation.

CALCULATION OF YEAR 5 INTEREST INCOME COST OF SERVICE IMPACT

Assumptions:

- 1. Full \$1 million dollar cap utilized for each year in four year pilot.**
- 2. All payments on \$1 million dollar loaned amount start simultaneously after end of program year.**
- 3. Amortization schedule attached is for a single \$1 million dollar loan with a period of 20 years.**
- 4. Total interest collected in Year 5 is equal to the cumulative total from amortization schedule (four \$1 million dollar loans each generating interest relative to the loan origination date), therefore, total interest income in Year 5 is \$325,755.17.**
- 5. Per Columbia Statement No. 19, Page 5, Lines 13-17, interest is passed back to all customers as a credit to cost of service.**
- 6. Average annual customer bills, total company, are 5,050,351 (Columbia Exhibit 111, Schedule 1).**

Credit to All Customers' Cost of Service in Year 5:

$$\text{Total Year 5 Interest/Total Company Average Annual Bills} = \\ \$325,755.17 / 5,050,351 = \underline{\underline{\$0.065}}$$

Loan Amortization Schedule

Enter values	
Loan amount	\$ 1,000,000.00
Annual interest rate	8.50%
Loan period in years	20
Number of payments per year	12
Start date of loan	1/1/2013
Optional extra payments	

Loan summary	
Scheduled payment	\$ 8,678.23
Scheduled number of payments	240
Actual number of payments	240
Total early payments	\$ -
Total interest	\$ 1,082,775.76

Lender name: Columbia Gas of Pennsylvania, Inc.

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	2/1/2013	\$ 1,000,000.00	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,594.90	\$ 7,083.33	\$ 998,405.10	\$ 7,083.33
2	3/1/2013	\$ 998,405.10	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,606.20	\$ 7,072.04	\$ 996,798.90	\$ 14,155.37
3	4/1/2013	\$ 996,798.90	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,617.57	\$ 7,060.66	\$ 995,181.33	\$ 21,216.03
4	5/1/2013	\$ 995,181.33	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,629.03	\$ 7,049.20	\$ 993,552.30	\$ 28,265.23
5	6/1/2013	\$ 993,552.30	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,640.57	\$ 7,037.66	\$ 991,911.73	\$ 35,302.89
6	7/1/2013	\$ 991,911.73	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,652.19	\$ 7,026.04	\$ 990,259.54	\$ 42,328.93
7	8/1/2013	\$ 990,259.54	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,663.89	\$ 7,014.34	\$ 988,595.65	\$ 49,343.27
8	9/1/2013	\$ 988,595.65	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,675.68	\$ 7,002.55	\$ 986,919.97	\$ 56,345.82
9	10/1/2013	\$ 986,919.97	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,687.55	\$ 6,990.68	\$ 985,232.42	\$ 63,336.51
10	11/1/2013	\$ 985,232.42	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,699.50	\$ 6,978.73	\$ 983,532.91	\$ 70,315.24
11	12/1/2013	\$ 983,532.91	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,711.54	\$ 6,966.69	\$ 981,821.37	\$ 77,281.93
12	1/1/2014	\$ 981,821.37	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,723.66	\$ 6,954.57	\$ 980,097.71	\$ 84,236.50
13	2/1/2014	\$ 980,097.71	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,735.87	\$ 6,942.36	\$ 978,361.83	\$ 91,178.85
14	3/1/2014	\$ 978,361.83	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,748.17	\$ 6,930.06	\$ 976,613.67	\$ 98,108.92
15	4/1/2014	\$ 976,613.67	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,760.55	\$ 6,917.68	\$ 974,853.11	\$ 105,026.60
16	5/1/2014	\$ 974,853.11	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,773.02	\$ 6,905.21	\$ 973,080.09	\$ 111,931.81
17	6/1/2014	\$ 973,080.09	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,785.58	\$ 6,892.65	\$ 971,294.51	\$ 118,824.46
18	7/1/2014	\$ 971,294.51	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,798.23	\$ 6,880.00	\$ 969,496.28	\$ 125,704.46
19	8/1/2014	\$ 969,496.28	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,810.97	\$ 6,867.27	\$ 967,685.31	\$ 132,571.73
20	9/1/2014	\$ 967,685.31	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,823.79	\$ 6,854.44	\$ 965,861.52	\$ 139,426.16
21	10/1/2014	\$ 965,861.52	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,836.71	\$ 6,841.52	\$ 964,024.80	\$ 146,267.68
22	11/1/2014	\$ 964,024.80	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,849.72	\$ 6,828.51	\$ 962,175.08	\$ 153,096.19
23	12/1/2014	\$ 962,175.08	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,862.83	\$ 6,815.41	\$ 960,312.26	\$ 159,911.60
24	1/1/2015	\$ 960,312.26	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,876.02	\$ 6,802.21	\$ 958,436.23	\$ 166,713.81
25	2/1/2015	\$ 958,436.23	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,889.31	\$ 6,788.92	\$ 956,546.93	\$ 173,502.73
26	3/1/2015	\$ 956,546.93	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,902.69	\$ 6,775.54	\$ 954,644.23	\$ 180,278.27
27	4/1/2015	\$ 954,644.23	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,916.17	\$ 6,762.06	\$ 952,728.07	\$ 187,040.34
28	5/1/2015	\$ 952,728.07	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,929.74	\$ 6,748.49	\$ 950,798.32	\$ 193,788.83
29	6/1/2015	\$ 950,798.32	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,943.41	\$ 6,734.82	\$ 948,854.91	\$ 200,523.65
30	7/1/2015	\$ 948,854.91	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,957.18	\$ 6,721.06	\$ 946,897.74	\$ 207,244.71
31	8/1/2015	\$ 946,897.74	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,971.04	\$ 6,707.19	\$ 944,926.70	\$ 213,951.90
32	9/1/2015	\$ 944,926.70	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,985.00	\$ 6,693.23	\$ 942,941.69	\$ 220,645.13
33	10/1/2015	\$ 942,941.69	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 1,999.06	\$ 6,679.17	\$ 940,942.63	\$ 227,324.30
34	11/1/2015	\$ 940,942.63	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,013.22	\$ 6,665.01	\$ 938,929.41	\$ 233,989.31

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
35	12/1/2015	\$ 938,929.41	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,027.48	\$ 6,650.75	\$ 936,901.93	\$ 240,640.06
36	1/1/2016	\$ 936,901.93	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,041.84	\$ 6,636.39	\$ 934,860.08	\$ 247,276.45
37	2/1/2016	\$ 934,860.08	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,056.31	\$ 6,621.93	\$ 932,803.78	\$ 253,898.37
38	3/1/2016	\$ 932,803.78	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,070.87	\$ 6,607.36	\$ 930,732.90	\$ 260,505.73
39	4/1/2016	\$ 930,732.90	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,085.54	\$ 6,592.69	\$ 928,647.36	\$ 267,098.42
40	5/1/2016	\$ 928,647.36	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,100.31	\$ 6,577.92	\$ 926,547.05	\$ 273,676.34
41	6/1/2016	\$ 926,547.05	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,115.19	\$ 6,563.04	\$ 924,431.86	\$ 280,239.39
42	7/1/2016	\$ 924,431.86	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,130.17	\$ 6,548.06	\$ 922,301.69	\$ 286,787.44
43	8/1/2016	\$ 922,301.69	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,145.26	\$ 6,532.97	\$ 920,156.42	\$ 293,320.41
44	9/1/2016	\$ 920,156.42	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,160.46	\$ 6,517.77	\$ 917,995.97	\$ 299,838.19
45	10/1/2016	\$ 917,995.97	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,175.76	\$ 6,502.47	\$ 915,820.21	\$ 306,340.66
46	11/1/2016	\$ 915,820.21	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,191.17	\$ 6,487.06	\$ 913,629.03	\$ 312,827.72
47	12/1/2016	\$ 913,629.03	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,206.69	\$ 6,471.54	\$ 911,422.34	\$ 319,299.26
48	1/1/2017	\$ 911,422.34	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,222.32	\$ 6,455.91	\$ 909,200.02	\$ 325,755.17
49	2/1/2017	\$ 909,200.02	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,238.07	\$ 6,440.17	\$ 906,961.95	\$ 332,195.33
50	3/1/2017	\$ 906,961.95	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,253.92	\$ 6,424.31	\$ 904,708.03	\$ 338,619.65
51	4/1/2017	\$ 904,708.03	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,269.88	\$ 6,408.35	\$ 902,438.15	\$ 345,028.00
52	5/1/2017	\$ 902,438.15	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,285.96	\$ 6,392.27	\$ 900,152.19	\$ 351,420.27
53	6/1/2017	\$ 900,152.19	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,302.15	\$ 6,376.08	\$ 897,850.03	\$ 357,796.35
54	7/1/2017	\$ 897,850.03	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,318.46	\$ 6,359.77	\$ 895,531.57	\$ 364,156.12
55	8/1/2017	\$ 895,531.57	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,334.88	\$ 6,343.35	\$ 893,196.69	\$ 370,499.46
56	9/1/2017	\$ 893,196.69	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,351.42	\$ 6,326.81	\$ 890,845.26	\$ 376,826.27
57	10/1/2017	\$ 890,845.26	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,368.08	\$ 6,310.15	\$ 888,477.19	\$ 383,136.43
58	11/1/2017	\$ 888,477.19	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,384.85	\$ 6,293.38	\$ 886,092.33	\$ 389,429.81
59	12/1/2017	\$ 886,092.33	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,401.74	\$ 6,276.49	\$ 883,690.59	\$ 395,706.30
60	1/1/2018	\$ 883,690.59	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,418.76	\$ 6,259.48	\$ 881,271.83	\$ 401,965.77
61	2/1/2018	\$ 881,271.83	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,435.89	\$ 6,242.34	\$ 878,835.94	\$ 408,208.11
62	3/1/2018	\$ 878,835.94	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,453.14	\$ 6,225.09	\$ 876,382.80	\$ 414,433.20
63	4/1/2018	\$ 876,382.80	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,470.52	\$ 6,207.71	\$ 873,912.28	\$ 420,640.91
64	5/1/2018	\$ 873,912.28	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,488.02	\$ 6,190.21	\$ 871,424.26	\$ 426,831.12
65	6/1/2018	\$ 871,424.26	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,505.64	\$ 6,172.59	\$ 868,918.61	\$ 433,003.71
66	7/1/2018	\$ 868,918.61	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,523.39	\$ 6,154.84	\$ 866,395.22	\$ 439,158.55
67	8/1/2018	\$ 866,395.22	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,541.27	\$ 6,136.97	\$ 863,853.95	\$ 445,295.52
68	9/1/2018	\$ 863,853.95	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,559.27	\$ 6,118.97	\$ 861,294.69	\$ 451,414.48
69	10/1/2018	\$ 861,294.69	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,577.39	\$ 6,100.84	\$ 858,717.29	\$ 457,515.32
70	11/1/2018	\$ 858,717.29	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,595.65	\$ 6,082.58	\$ 856,121.64	\$ 463,597.90
71	12/1/2018	\$ 856,121.64	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,614.04	\$ 6,064.19	\$ 853,507.60	\$ 469,662.10
72	1/1/2019	\$ 853,507.60	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,632.55	\$ 6,045.68	\$ 850,875.05	\$ 475,707.78
73	2/1/2019	\$ 850,875.05	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,651.20	\$ 6,027.03	\$ 848,223.85	\$ 481,734.81
74	3/1/2019	\$ 848,223.85	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,669.98	\$ 6,008.25	\$ 845,553.87	\$ 487,743.06
75	4/1/2019	\$ 845,553.87	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,688.89	\$ 5,989.34	\$ 842,864.98	\$ 493,732.40
76	5/1/2019	\$ 842,864.98	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,707.94	\$ 5,970.29	\$ 840,157.04	\$ 499,702.69
77	6/1/2019	\$ 840,157.04	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,727.12	\$ 5,951.11	\$ 837,429.92	\$ 505,653.81
78	7/1/2019	\$ 837,429.92	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,746.44	\$ 5,931.80	\$ 834,683.48	\$ 511,585.60
79	8/1/2019	\$ 834,683.48	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,765.89	\$ 5,912.34	\$ 831,917.59	\$ 517,497.94
80	9/1/2019	\$ 831,917.59	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,785.48	\$ 5,892.75	\$ 829,132.11	\$ 523,390.69
81	10/1/2019	\$ 829,132.11	\$ 8,678.23	\$ -	\$ 8,678.23	\$ 2,805.21	\$ 5,873.02	\$ 826,326.89	\$ 529,263.71

Year 5 Interest Income

Question No. I&E-RE-23-D

Respondent: E. Evans

Page 1 of 1

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748

Data Requests

Bureau of Investigation & Enforcement - Set RE

Question No. I&E-RE-23-D:

Reference Statement No. 19, page 11, lines 8-12. Explain the benefit that is deemed to confer to existing customers through the Company's proposed allocation of pipeline refunds to extension projects.

Response:

Applying pipeline refunds to line extension projects will make the projects more affordable to customers and therefore allow more customers to connect to Columbia's system. This will increase the customer base and provide a larger number of customers to spread costs across. Therefore all customers benefit from additional customers by receiving a smaller share of costs.

**I&E Statement No. 5-SR
Witness: Lisa A. Boyd**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA, INC.

**Docket Nos. R-2012-2321748
M-2012-2323645**

Surrebuttal Testimony

of

Lisa A. Boyd

Bureau of Investigation and Enforcement

Concerning:

Pilot Rider NAS – New Area Service

**RECEIVED
2013 FEB 19 AM 11:46
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2-13-13
Hbg

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

2 A. My name is Lisa A. Boyd. My business address is Pennsylvania Public Utility
3 Commission, P.O. Box 3265, Harrisburg, PA 17105-3265.

4

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

6 A. I am employed by the Pennsylvania Public Utility Commission in the Bureau of
7 Investigation & Enforcement (“I&E”) as a Fixed Utility Financial Analyst.

8

9 **Q. ARE YOU THE SAME LISA A. BOYD THAT SUBMITTED DIRECT**
10 **TESTIMONY I&E STATEMENT NO. 5.**

11 A. Yes.

12

13 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

14 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of
15 Columbia Gas of Pennsylvania, Inc. (“Columbia” or “Company”) Witness Erich
16 A. Evans concerning Columbia Pilot Rider NAS (Columbia St. 119-R).

17

18 **Q. DOES YOUR SURREBUTTAL INCLUDE AN ACCOMPANYING**
19 **EXHIBIT?**

20 A. Yes, I have an accompanying exhibit, I&E Exhibit No. 5-SR. However, I will
21 refer to my direct testimony and its accompanying exhibit throughout this
22 surrebuttal testimony (I&E St. No. 5 and I&E Ex. No. 5, respectively).

1 **COLUMBIA PILOT RIDER NAS**

2 **Q. WHAT IS COLUMBIA PROPOSING?**

3 A. Columbia is proposing to establish a rider as a four-year pilot that would allow
4 persons interested in connecting to natural gas service in areas not currently
5 serviced by Columbia an extended payment method as an alternative to the
6 existing tariffed customer contribution. The payment term proposed is 20 years,
7 and the interest rate is equal to the Company's approved cost of capital. The
8 Company proposes to limit the monthly charge to a maximum of \$25. The pilot
9 program would receive an annual allocation of \$1 million for the four years of the
10 pilot.

11

12 **Q. DID YOU ADDRESS PILOT RIDER NAS?**

13 A. Yes. I addressed Company's proposed Pilot Rider NAS – New Area Service in
14 my Direct Testimony, I&E Statement No. 5, with the accompanying exhibit, I&E
15 Exhibit No. 5.

16

17 **Q. DID THE COMPANY ADDRESS YOUR RECOMMENDATIONS?**

18 A. Yes. Columbia Witness Erich A. Evans addressed my recommendations in his
19 rebuttal testimony, Columbia Statement No. 119-R.

1 **FINANCING TERM**

2 **Q. SUMMARIZE YOUR RECOMMENDATION FOR THE FINANCING**
3 **TERM.**

4 A. I recommended a reduction in the financing term from the proposed 20 years to a
5 maximum of 10 years. This recommendation was based upon an evaluation of
6 terms offered by other natural gas distribution companies for line extension
7 financing programs and an analysis of interest costs associated with finance terms
8 of five, ten, and twenty years.

9
10 **Q. DID THE COMPANY REBUT YOUR RECOMMENDATION**
11 **CONCERNING THE FINANCING TERM?**

12 A. Yes. Columbia Witness Erich A. Evans addressed my recommendation
13 (Columbia St. No. 119-R, pp. 1-2).

14
15 **Q. SUMMARIZE THE COMPANY'S REBUTTAL CONCERNING THE**
16 **FINANCING TERM.**

17 A. Essentially, Mr. Evans argued that my recommendation could make the monthly
18 cost prohibitive for customers as well as risking additional costs to all customers
19 due to an anticipated higher default rate. Additionally, Mr. Evans stated that the
20 line extension customer could realize the benefit of reduced interest costs and a
21 shorter term simply by paying more than the monthly rider amount (Columbia St.
22 No. 119-R, p. 2).

1 **Q. PLEASE RESPOND TO MR. EVANS' REBUTTAL TESTIMONY**
2 **CONCERNING THE FINANCING TERM.**

3 A. While Mr. Evans contends that my position is short sighted and ignores other
4 implications of a shorter payment term, I contend that his position is based on
5 unfounded assumptions regarding customer ability to pay and willingness to
6 accept significantly greater interest charges for the benefit of lower payments.

7 My position was primarily formed around the concept of a conversion
8 customer, i.e., an owner of an existing residence evaluating conversion to natural
9 gas to realize long range utility cost savings. This theoretical customer would
10 most likely be looking at residence conversion costs ranging anywhere from
11 \$3,000-\$15,000 depending upon the existing system and the extent of the
12 conversion. These costs would be above and beyond the cost of the gas line
13 extension itself. I still firmly believe that this type of customer would not find the
14 interest costs associated with a 20 year financing term for the gas line extension
15 appealing as the interest would represent a significant cost when evaluating long
16 range savings.

17 An extension to a new residence with the homeowner making an original
18 investment into the space and water heating systems and making new appliance
19 purchases could make the proposed 20 year financing plan very palatable. It
20 appears Mr. Evans has formed the Pilot policy with primarily this customer in
21 mind.

1 **Q. DOES YOUR RECOMMENDATION REGARDING THE FINANCING**
2 **TERM CHANGE AS A RESULT OF MR. EVANS' REBUTTAL**
3 **TESTIMONY?**

4 A. Yes. In light of reevaluating the proposed financing term from the perspective of
5 a different theoretical customer, I would be willing to agree to the originally
6 proposed 20 year term with the addition of two details. First, the rider and
7 extension contract should clearly specify that the surcharge amount reflects the
8 minimum monthly payment required and that the customer has the right to pay any
9 amount greater than the minimum that he would choose. Second, the rider and
10 extension contract should specify that those amounts submitted above the
11 minimum monthly surcharge amount will be applied to reduce the loan principle.
12 These two items could be included in the final paragraph of the Residential
13 Distribution Service section of the proposed rider.

14

15 **MONTHLY SURCHARGE CAP**

16 **Q. SUMMARIZE YOUR RECOMMENDATION CONCERNING THE**
17 **MONTHLY SURCHARGE CAP.**

18 A. I recommended that the proposed \$25 maximum monthly payment amount be
19 eliminated.

1 **Q. DID THE COMPANY REBUT YOUR RECOMMENDATION**
2 **CONCERNING THE MONTHLY SURCHARGE CAP?**

3 A. Yes. Columbia Witness Erich A. Evans addressed my recommendation
4 (Columbia St. No. 119-R, pp. 2-3).

5
6 **Q. SUMMARIZE THE COMPANY'S REBUTTAL CONCERNING THE**
7 **MONTHLY SURCHARGE CAP.**

8 A. Mr. Evans argued that a cap is necessary to keep the program affordable to
9 customers and to allow Columbia to be able to offer the program to a larger
10 number of customers. In rebuttal, Mr. Evans proposed increasing the monthly
11 surcharge cap to \$35 per customer.

12
13 **Q. PLEASE RESPOND TO MR. EVANS' REBUTTAL TESTIMONY**
14 **CONCERNING THE MONTHLY SURCHARGE CAP.**

15 A. Mr. Evans' statement that the surcharge cap is required to make the program more
16 affordable to customers is illogical. While some customers could conceivably
17 only afford a surcharge payment of \$10 per month, there are likely many
18 customers who could afford a surcharge payment significantly greater than \$25
19 per month. Trying to relate the surcharge cap to customers' ability to pay is
20 presumptive and has no basis in fact.

1 In his second argument, Mr. Evans states that the surcharge cap is
2 necessary in order for Columbia to be able to reach more customers in light of the
3 proposed \$1 million funding limitation.

4
5 **Q. HAVE YOU ANALYZED THE STATEMENT OF MR. EVANS**
6 **REGARDING THE NEED FOR THE MONTHLY SURCHARGE CAP**
7 **WITH RESPECT TO REACHING MORE CUSTOMERS?**

8 A. Yes, under the originally proposed cap, which corresponded to a maximum
9 financed amount of \$2,880 (I&E Exhibit No. 5, Sch. 2, p. 6), this would
10 correspond to Columbia completing 347 line extension projects each year
11 ($\$1,000,000/\$2,880 = 347$). In fact, from Columbia's response to I&E-RE-158
12 (I&E Exhibit No. 5-R, Sch. 1), Columbia quoted a total of only 338 line extension
13 requests for the entire period of 2009 through 2011 and completed only 113 line
14 extensions in those same 3 years. To propose a cap of \$25 per month on the basis
15 of reaching the maximum amount of customers would correlate to Columbia
16 completing nearly three times the amount of line extension projects completed in a
17 three year period in a *single* year. At Columbia's proposed increase to a monthly
18 surcharge cap of \$35 and utilizing the same assumed 8.5% interest rate, a
19 customer could finance \$4,033 for the 20 year term (I&E Exhibit No. 5-R, Sch. 2).
20 Even at this increased limit, Columbia would still have to complete 247 line
21 extension projects each year ($\$1,000,000/\$4,033 = 247$) to utilize the proposed \$1
22 million funding limitation.

1 **Q. HOW DOES THE 247 LINE EXTENSIONS COMPARE TO THE NUMBER**
2 **OF LINE EXTENSION PROJECTS IN 2011?**

3 A. In 2011, Columbia quoted 138 line extension projects and completed 38 line
4 extension projects (I&E Exhibit No. 5-R, Sch. 1). While the offer of Company
5 financing might encourage some quantity of new inquiries and improve the
6 accepted to declined outcome, the likelihood of generating enough new inquiries
7 to reach the 247 completed project total indicated by the \$35 per month cap would
8 be very small.

9
10 **Q. DOES YOUR RECOMMENDATION CONCERNING THE MONTHLY**
11 **SURCHARGE CAP CHANGE AS A RESULT OF MR. EVANS'**
12 **REBUTTAL TESTIMONY?**

13 A. Yes. With respect to the change in my recommendation, I reviewed Company
14 response to I&E-RE-13-D (I&E Exhibit No.5-R, Sch. 3), and I find that the
15 proposed increase to a \$35 per month cap would have allowed 66% of the projects
16 completed in 2011 to have been entirely financed under the proposed Pilot Rider
17 NAS. While I cannot agree with the logic used in Mr. Evans' arguments to
18 support the maximum monthly surcharge, I will agree to a maximum monthly
19 surcharge cap of \$35 based on the percentage of historical projects quoted that
20 would have been 100% covered by the Company financing offer.

1 **ELIGIBLE CUSTOMERS**

2 **Q. SUMMARIZE YOUR RECOMMENDATION CONCERNING ELIGIBLE**
3 **CUSTOMERS.**

4 A. I recommended that the line extension program be limited to individual residential
5 customers.

6
7 **Q. DID THE COMPANY REBUT YOUR RECOMMENDATION**
8 **CONCERNING ELIGIBLE CUSTOMERS?**

9 A. Yes. Columbia Witness Erich A. Evans addressed my recommendation
10 (Columbia St. No. 119-R, pp. 3-5).

11
12 **Q. SUMMARIZE THE COMPANY'S REBUTTAL CONCERNING ELIGIBLE**
13 **CUSTOMERS.**

14 A. Mr. Evans objected to limiting Pilot Rider NAS to individual residential customers
15 only stating that it would require Columbia to consider each property as an
16 individual project thereby increasing the costs to all potential customers and,
17 therefore, making projects less affordable and Pilot Rider NAS less beneficial. He
18 further extends this argument to state that excluding interested commercial and
19 industrial properties would increase costs to the residential customers in the same
20 area and discourage participation.

1 **Q. PLEASE RESPOND TO MR. EVANS' REBUTTAL TESTIMONY**
2 **CONCERNING ELIGIBLE CUSTOMERS.**

3 A. Mr. Evans' interpretation of my intent in applying the restriction to individual
4 residential customers is overly broad and makes assumptions that were not stated.
5 To clarify, my intent in stating that the program should be offered to individual
6 residential customers was with respect to the extended financing option only. It in
7 no way imposed a requirement that each individual property be treated as a
8 separate project by Columbia. Columbia has an existing tariff provision to address
9 extension rules, Columbia Tariff Gas – Pa. P.U.C., No. 9, Section 8, Extensions.
10 There is nothing in either the existing section or in the proposed Pilot Rider NAS
11 that would require that projects be divided by the method in which customer
12 required deposits are paid.

13 As I stated in my original testimony, developers and businesses would
14 typically have other, and most probably, more attractive financing options
15 available to fund the required customer deposit. Additionally, and as also stated at
16 the same location in my original testimony, restricting extended payment options
17 to the residential customer only is a common feature in extended payment offers
18 as approved for natural gas distribution companies in other jurisdictions. (I&E
19 Statement No. 5, p.8)

20 Mr. Evans argues for the inclusion of developers by stressing how the
21 inclusion of the planned residences would reduce the required deposit for all
22 customers to be serviced by the main extension. The very basis of this argument

1 contradicts the position that Mr. Evans has taken in prior testimony with respect to
2 defaults and affordability. Simply because a developer extends a main to the
3 properties he is developing, there is no guarantee that the ultimate residents of
4 those properties would either be creditworthy or choose to connect to natural gas
5 service. It is unreasonable for a developer to obligate as yet unknown residents to
6 an additional charge on their natural gas bill, which they may or may not be able
7 to afford, and which would, therefore, represent possible default situations for
8 Columbia. Additionally, if a new property owner would choose to install another
9 heating technology, the economic evaluation Columbia performed to include all of
10 the developers properties would be inaccurate and would, ultimately, result in
11 extension of the other participants' surcharge due to an under recovery at
12 reconciliation.

13 Mr. Evans also discusses an example where my proposal would possibly
14 prevent a rural school from connecting to an extension project due to exclusion
15 from Pilot Rider NAS. This is a poor example in that an existing school, most
16 likely heating from a boiler, would incur significant costs beyond the line
17 extension to make the conversion to natural gas. Costs of this magnitude in a
18 public school budget would be an issue for the applicable taxing authority and
19 would most likely be funded by debt at a much lower cost. It would likely not be
20 a decision made at the school level to enroll in Pilot Rider NAS, so it would be
21 unlikely that Columbia could anticipate revenue from the school at the front end of
22 the project economic evaluation.

1 **Q. DOES YOUR RECOMMENDATION CONCERNING ELIGIBLE**
2 **CUSTOMERS CHANGE AS A RESULT OF MR. EVANS' REBUTTAL**
3 **TESTIMONY?**

4 A. Yes, but only slightly. I stand by my original recommendation to restrict the
5 availability of Pilot Rider NAS, however, after consideration of Columbia's rate
6 classes and in light of an agreed upon monthly surcharge cap, I would not be
7 averse to Columbia extending the Pilot Rider NAS financing opportunity to
8 customers who would receive natural gas service under a small commercial
9 classification. These customers could very well be intermingled with residential
10 properties, likely to benefit from natural gas service, and lacking the deep pocket
11 financing options of large commercial and industrial customers. I continue to
12 recommend exclusion of large commercial and industrial customers from the
13 extended payment option. Customers of these categories that would be included
14 in a project economic evaluation should continue to fund any required customer
15 deposit under the current line extension policy, Columbia Tariff Gas – Pa. P.U.C.,
16 No. 9, Section 8, Extensions.

17
18 **RECONCILIATION PERIOD**

19 **Q. SUMMARIZE YOUR RECOMMENDATION CONCERNING THE**
20 **RECONCILIATION PERIOD.**

21 A. I recommended biennial reconciliations supplemented by interim reconciliations
22 for the addition or removal of meters or for a change in the customer serviced by

1 the Rider NAS meter. This recommendation was specific to the pilot program.
2 Additionally, I recommended that Columbia not be permitted to extend the
3 program beyond the original term but absorb underpayments into rate base.
4

5 **Q. DID THE COMPANY REBUT YOUR RECOMMENDATION**
6 **CONCERNING THE RECONCILIATION PERIOD?**

7 A. Yes. Columbia Witness Erich A. Evans addressed my recommendation
8 (Columbia St. No. 119-R, pp. 5-8).
9

10 **Q. SUMMARIZE THE COMPANY'S REBUTTAL CONCERNING THE**
11 **RECONCILIATION PERIOD.**

12 A. Mr. Evans objected to biennial and interim reconciliations due to the
13 administrative costs and payment uncertainty that could be problematic for the
14 customers. Mr. Evans detailed the data that would be available to the Commission
15 for review of Pilot Rider NAS at the end of the pilot period. Additionally, Mr.
16 Evans stated that Columbia would be willing to refund overpayments and *leave*
17 underpayments in rate base.
18

19 **Q. PLEASE RESPOND TO MR. EVANS' REBUTTAL TESTIMONY**
20 **CONCERNING THE RECONCILIATION PERIOD.**

21 A. Mr. Evans provided a list of data items that Columbia could provide during the
22 four year pilot period. These items included number of customers offered Pilot

1 Rider NAS; number of customers accepting Pilot Rider NAS; total due annually;
2 total paid annually; number of defaults; total meters added; total meters added
3 with Pilot Rider NAS; and total balance of Pilot Rider NAS. I find these items to
4 be an acceptable evaluation tool for the purposes of the pilot evaluation and
5 submittal of this information on an annual basis for the four year period is
6 requested.

7
8 **Q. DOES YOUR RECOMMENDATION CONCERNING THE**
9 **RECONCILIATION PERIOD CHANGE AS A RESULT OF MR. EVANS'**
10 **REBUTTAL TESTIMONY?**

11 A. Yes. With respect to a formal reconciliation and in lieu of biennial reconciliations,
12 I recommend a five-year true-up similar to the one utilized by Florida Division of
13 Chesapeake Utilities as identified in my direct testimony and its accompanying
14 exhibit (I&E Statement No. 5, p. 11). The five-year true-up should be identified in
15 the customer contract as a monthly surcharge adjustment point based on actual
16 usage history reconciliation to original estimated usage. Since most consumers are
17 cognizant of payments that fluctuate such as adjustable rate mortgages,
18 conventional mortgage payments that change due to escrow reconciliations, and
19 even utility equal payment programs that are reconciled quarterly, a five-year
20 payment true-up to adjust for actual vs. estimated usage should not be
21 objectionable.

1 Additionally, an individual customer's Pilot Rider NAS account should be
2 reconciled with respect to actual usage to provide a correct balance should the
3 customer request an early balance payoff as guaranteed to them in the proposed
4 Pilot Rider NAS.

5
6 **Q. DOES MR. EVANS ADDRESS THE RECONCILIATION ISSUE OF**
7 **UNDERPAYMENTS AT THE END OF THE FINANCING TERM?**

8 A. Yes. Mr. Evans states that Columbia would be willing to *leave* underpayments in
9 rate base. I recommended in my direct testimony that Columbia *absorb*
10 underpayments into rate base (I&E Statement No. 5, p. 12). In order to reserve
11 this issue for discussion in its appropriate location, I adjust my statement for this
12 section to state that Columbia is responsible for any underpayments, and
13 underpayments cannot be recovered through extension of the original period or
14 from other customers.

15
16 **INTEREST INCOME AND PROJECT ACCOUNTING**

17 **Q. SUMMARIZE YOUR RECOMMENDATION CONCERNING INTEREST**
18 **INCOME AND PROJECT ACCOUNTING.**

19 A. I recommended that line extension customer deposits financed by the Company be
20 treated no differently than any other customer deposit for a line extension. The
21 customer deposit paid rate base items would be recorded in customer advances to
22 insure that rate base was not increased by the customer funded project share.

1 Additionally, I recommended that the interest earned be retained by the Company
2 to compensate it for the deposit loan and to cover costs associated with the
3 program.

4
5 **Q. DID THE COMPANY REBUT YOUR RECOMMENDATION**
6 **CONCERNING INTEREST INCOME AND PROJECT ACCOUNTING?**

7 A. Yes. Columbia Witness Erich A. Evans addressed my recommendation
8 (Columbia St. No. 119-R, pp. 8-11).

9
10 **Q. SUMMARIZE THE COMPANY'S REBUTTAL CONCERNING**
11 **INTEREST INCOME AND PROJECT ACCOUNTING.**

12 A. Mr. Evans objects to the inclusion of Pilot Rider NAS financed projects in
13 Customer Advances. Mr. Evans believes the refund of interest to customer cost of
14 service is a proper solution to compensate all customers for the carrying costs of
15 the Pilot Rider NAS program. He states that Columbia would require an even
16 greater interest rate and need to restrict availability of the program based on
17 customer credit information if the Company is forced to act as a commercial bank.
18 Additionally, he states that the revenue that the Company will realize from the
19 inclusion of the projects in rate base is as equally inconsequential as the interest
20 pass back to customers via the cost of service credit.

1 **Q. DOES YOUR RECOMMENDATION CHANGE AS A RESULT OF MR.**
2 **EVANS' REBUTTAL TESTIMONY CONCERNING INTEREST INCOME**
3 **AND PROJECT ACCOUNTING?**

4 A. No.

5
6 **Q. PLEASE RESPOND TO MR. EVANS' REBUTTAL TESTIMONY**
7 **CONCERNING INTEREST INCOME AND PROJECT ACCOUNTING.**

8 A. Mr. Evans' arguments as to the cost inconsequentiality to customers of including
9 Pilot Rider NAS project amounts in rate base and the Company's increased risk in
10 through extending loans to customers are in themselves inconsequential and
11 irrelevant. These projects simply do not belong in rate base without the
12 corresponding amount in customer advances or contributions in aid of
13 construction. The customer share represents plant and equipment that is funded by
14 the customer and, therefore, should be correctly reflected in customer advances or
15 contributions in aid of construction. By placing these items in rate base only at the
16 beginning of the project, investors will receive a return of investment through
17 depreciation expense and a return on investment via the rate of return earned on
18 rate base for an investment that the Company did not make. This accounting
19 treatment is simply incorrect and cannot be accepted. Additionally, if the long
20 range value of adding these customers, i.e., increased customer base and revenues
21 earned after the return of Company investment, is not sufficient to make the loan

1 of the deposit funds at Company Cost of Capital pertinent or attractive as Mr
2 Evans implies, then the Pilot Rider NAS proposal should be abandoned.

3

4 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

5 A. Yes.

**I&E Exhibit No. 5-SR
Witness: Lisa A. Boyd**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA, INC.

**Docket No. R-2012-2321748
M-2012-2323645**

Exhibit to Accompany

the

Surrebuttal Testimony

of

Lisa A. Boyd

Bureau of Investigation & Enforcement

Concerning:

Pilot Rider NAS – New Area Service

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Question No. I&E-RE-158
Respondent: E.A. Evans
Page 1 of 2

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748
Data Requests

Bureau of Investigation and Enforcement – Set RE

Question No. I&E-RE-158:

For years 2009, 2010, and 2011, provide a table containing the following information:

- A. The total number of customer line extension requests received and reviewed for economic viability;
- B. The number of those reviewed requests that resulted in a customer amount due;
- C. The total number of customer line extension requests actually completed;
- D. The number of customer line extension requests actually completed that included a customer amount due;
- E. The total Company line extension costs for all completed customer requests;
- F. The total amount received from customers for line extensions.

Response:

Columbia tracks information on a project basis not on a customer line extension basis. One project could be for one new meter (one line extension) or could be for multiple meters and line extensions being added. The information in the table below is all based on projects.

	2009	2010	2011
A	94 projects	106 projects	138 projects

Question No. I&E-RE-158

Respondent: E.A. Evans

Page 2 of 2

B	44 projects	47 projects	63 projects
C	Columbia does not currently track information on completed line extensions by customer. Information is only tracked on completed job orders. Each project is split into multiple jobs and the jobs are spread through the life of the project, which could be months or years depending on the size of the project.		
D	36 projects	39 projects	38 projects
E	Columbia does not currently track this information. If a project does not include a deposit amount due, then that project is not tracked.		
F	\$600,995	\$182,427	\$140,581

Loan Amortization Schedule

Enter values	
Loan amount	\$ 4,033.00
Annual interest rate	8.50 %
Loan period in years	20
Number of payments per year	12
Start date of loan	12/1/2012
Optional extra payments	

Loan summary	
Scheduled payment	\$ 35.00
Scheduled number of payments	240
Actual number of payments	240
Total early payments	\$
Total interest	\$ 4,366.83

Lender name:

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	1/1/2013	\$ 4,033.00	\$ 35.00	\$	\$ 35.00	\$ 6.43	\$ 28.57	\$ 4,026.57	\$ 28.57
2	2/1/2013	\$ 4,026.57	\$ 35.00	\$	\$ 35.00	\$ 6.48	\$ 28.52	\$ 4,020.09	\$ 57.09
3	3/1/2013	\$ 4,020.09	\$ 35.00	\$	\$ 35.00	\$ 6.52	\$ 28.48	\$ 4,013.57	\$ 85.56
4	4/1/2013	\$ 4,013.57	\$ 35.00	\$	\$ 35.00	\$ 6.57	\$ 28.43	\$ 4,007.00	\$ 113.99
5	5/1/2013	\$ 4,007.00	\$ 35.00	\$	\$ 35.00	\$ 6.62	\$ 28.38	\$ 4,000.38	\$ 142.38
6	6/1/2013	\$ 4,000.38	\$ 35.00	\$	\$ 35.00	\$ 6.66	\$ 28.34	\$ 3,993.72	\$ 170.71
7	7/1/2013	\$ 3,993.72	\$ 35.00	\$	\$ 35.00	\$ 6.71	\$ 28.29	\$ 3,987.01	\$ 199.00
8	8/1/2013	\$ 3,987.01	\$ 35.00	\$	\$ 35.00	\$ 6.76	\$ 28.24	\$ 3,980.25	\$ 227.24
9	9/1/2013	\$ 3,980.25	\$ 35.00	\$	\$ 35.00	\$ 6.81	\$ 28.19	\$ 3,973.44	\$ 255.44
10	10/1/2013	\$ 3,973.44	\$ 35.00	\$	\$ 35.00	\$ 6.85	\$ 28.15	\$ 3,966.59	\$ 283.58
11	11/1/2013	\$ 3,966.59	\$ 35.00	\$	\$ 35.00	\$ 6.90	\$ 28.10	\$ 3,959.69	\$ 311.68
12	12/1/2013	\$ 3,959.69	\$ 35.00	\$	\$ 35.00	\$ 6.95	\$ 28.05	\$ 3,952.73	\$ 339.73
13	1/1/2014	\$ 3,952.73	\$ 35.00	\$	\$ 35.00	\$ 7.00	\$ 28.00	\$ 3,945.73	\$ 367.72
14	2/1/2014	\$ 3,945.73	\$ 35.00	\$	\$ 35.00	\$ 7.05	\$ 27.95	\$ 3,938.68	\$ 395.67
15	3/1/2014	\$ 3,938.68	\$ 35.00	\$	\$ 35.00	\$ 7.10	\$ 27.90	\$ 3,931.58	\$ 423.57
16	4/1/2014	\$ 3,931.58	\$ 35.00	\$	\$ 35.00	\$ 7.15	\$ 27.85	\$ 3,924.43	\$ 451.42
17	5/1/2014	\$ 3,924.43	\$ 35.00	\$	\$ 35.00	\$ 7.20	\$ 27.80	\$ 3,917.23	\$ 479.22
18	6/1/2014	\$ 3,917.23	\$ 35.00	\$	\$ 35.00	\$ 7.25	\$ 27.75	\$ 3,909.98	\$ 506.97
19	7/1/2014	\$ 3,909.98	\$ 35.00	\$	\$ 35.00	\$ 7.30	\$ 27.70	\$ 3,902.67	\$ 534.66
20	8/1/2014	\$ 3,902.67	\$ 35.00	\$	\$ 35.00	\$ 7.36	\$ 27.64	\$ 3,895.32	\$ 562.31
21	9/1/2014	\$ 3,895.32	\$ 35.00	\$	\$ 35.00	\$ 7.41	\$ 27.59	\$ 3,887.91	\$ 589.90
22	10/1/2014	\$ 3,887.91	\$ 35.00	\$	\$ 35.00	\$ 7.46	\$ 27.54	\$ 3,880.45	\$ 617.44
23	11/1/2014	\$ 3,880.45	\$ 35.00	\$	\$ 35.00	\$ 7.51	\$ 27.49	\$ 3,872.94	\$ 644.92
24	12/1/2014	\$ 3,872.94	\$ 35.00	\$	\$ 35.00	\$ 7.57	\$ 27.43	\$ 3,865.37	\$ 672.36
25	1/1/2015	\$ 3,865.37	\$ 35.00	\$	\$ 35.00	\$ 7.62	\$ 27.38	\$ 3,857.75	\$ 699.74
26	2/1/2015	\$ 3,857.75	\$ 35.00	\$	\$ 35.00	\$ 7.67	\$ 27.33	\$ 3,850.08	\$ 727.06
27	3/1/2015	\$ 3,850.08	\$ 35.00	\$	\$ 35.00	\$ 7.73	\$ 27.27	\$ 3,842.35	\$ 754.33
28	4/1/2015	\$ 3,842.35	\$ 35.00	\$	\$ 35.00	\$ 7.78	\$ 27.22	\$ 3,834.57	\$ 781.55
29	5/1/2015	\$ 3,834.57	\$ 35.00	\$	\$ 35.00	\$ 7.84	\$ 27.16	\$ 3,826.73	\$ 808.71
30	6/1/2015	\$ 3,826.73	\$ 35.00	\$	\$ 35.00	\$ 7.89	\$ 27.11	\$ 3,818.84	\$ 835.82
31	7/1/2015	\$ 3,818.84	\$ 35.00	\$	\$ 35.00	\$ 7.95	\$ 27.05	\$ 3,810.89	\$ 862.87
32	8/1/2015	\$ 3,810.89	\$ 35.00	\$	\$ 35.00	\$ 8.01	\$ 26.99	\$ 3,802.88	\$ 889.86
33	9/1/2015	\$ 3,802.88	\$ 35.00	\$	\$ 35.00	\$ 8.06	\$ 26.94	\$ 3,794.82	\$ 916.80
34	10/1/2015	\$ 3,794.82	\$ 35.00	\$	\$ 35.00	\$ 8.12	\$ 26.88	\$ 3,786.70	\$ 943.68

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
35	11/1/2015	\$ 3,786.70	\$ 35.00	\$	\$ 35.00	\$ 8.18	\$ 26.82	\$ 3,778.53	\$ 970.50
36	12/1/2015	\$ 3,778.53	\$ 35.00	\$	\$ 35.00	\$ 8.23	\$ 26.76	\$ 3,770.29	\$ 997.27
37	1/1/2016	\$ 3,770.29	\$ 35.00	\$	\$ 35.00	\$ 8.29	\$ 26.71	\$ 3,762.00	\$ 1,023.97
38	2/1/2016	\$ 3,762.00	\$ 35.00	\$	\$ 35.00	\$ 8.35	\$ 26.65	\$ 3,753.65	\$ 1,050.62
39	3/1/2016	\$ 3,753.65	\$ 35.00	\$	\$ 35.00	\$ 8.41	\$ 26.59	\$ 3,745.23	\$ 1,077.21
40	4/1/2016	\$ 3,745.23	\$ 35.00	\$	\$ 35.00	\$ 8.47	\$ 26.53	\$ 3,736.76	\$ 1,103.74
41	5/1/2016	\$ 3,736.76	\$ 35.00	\$	\$ 35.00	\$ 8.53	\$ 26.47	\$ 3,728.23	\$ 1,130.21
42	6/1/2016	\$ 3,728.23	\$ 35.00	\$	\$ 35.00	\$ 8.59	\$ 26.41	\$ 3,719.64	\$ 1,156.61
43	7/1/2016	\$ 3,719.64	\$ 35.00	\$	\$ 35.00	\$ 8.65	\$ 26.35	\$ 3,710.99	\$ 1,182.96
44	8/1/2016	\$ 3,710.99	\$ 35.00	\$	\$ 35.00	\$ 8.71	\$ 26.29	\$ 3,702.28	\$ 1,209.25
45	9/1/2016	\$ 3,702.28	\$ 35.00	\$	\$ 35.00	\$ 8.77	\$ 26.22	\$ 3,693.50	\$ 1,235.47
46	10/1/2016	\$ 3,693.50	\$ 35.00	\$	\$ 35.00	\$ 8.84	\$ 26.16	\$ 3,684.67	\$ 1,261.63
47	11/1/2016	\$ 3,684.67	\$ 35.00	\$	\$ 35.00	\$ 8.90	\$ 26.10	\$ 3,675.77	\$ 1,287.73
48	12/1/2016	\$ 3,675.77	\$ 35.00	\$	\$ 35.00	\$ 8.96	\$ 26.04	\$ 3,666.80	\$ 1,313.77
49	1/1/2017	\$ 3,666.80	\$ 35.00	\$	\$ 35.00	\$ 9.03	\$ 25.97	\$ 3,657.78	\$ 1,339.74
50	2/1/2017	\$ 3,657.78	\$ 35.00	\$	\$ 35.00	\$ 9.09	\$ 25.91	\$ 3,648.69	\$ 1,365.65
51	3/1/2017	\$ 3,648.69	\$ 35.00	\$	\$ 35.00	\$ 9.15	\$ 25.84	\$ 3,639.53	\$ 1,391.50
52	4/1/2017	\$ 3,639.53	\$ 35.00	\$	\$ 35.00	\$ 9.22	\$ 25.78	\$ 3,630.31	\$ 1,417.28
53	5/1/2017	\$ 3,630.31	\$ 35.00	\$	\$ 35.00	\$ 9.28	\$ 25.71	\$ 3,621.03	\$ 1,442.99
54	6/1/2017	\$ 3,621.03	\$ 35.00	\$	\$ 35.00	\$ 9.35	\$ 25.65	\$ 3,611.68	\$ 1,468.64
55	7/1/2017	\$ 3,611.68	\$ 35.00	\$	\$ 35.00	\$ 9.42	\$ 25.58	\$ 3,602.26	\$ 1,494.22
56	8/1/2017	\$ 3,602.26	\$ 35.00	\$	\$ 35.00	\$ 9.48	\$ 25.52	\$ 3,592.78	\$ 1,519.74
57	9/1/2017	\$ 3,592.78	\$ 35.00	\$	\$ 35.00	\$ 9.55	\$ 25.45	\$ 3,583.23	\$ 1,545.19
58	10/1/2017	\$ 3,583.23	\$ 35.00	\$	\$ 35.00	\$ 9.62	\$ 25.38	\$ 3,573.61	\$ 1,570.57
59	11/1/2017	\$ 3,573.61	\$ 35.00	\$	\$ 35.00	\$ 9.69	\$ 25.31	\$ 3,563.92	\$ 1,595.88
60	12/1/2017	\$ 3,563.92	\$ 35.00	\$	\$ 35.00	\$ 9.75	\$ 25.24	\$ 3,554.17	\$ 1,621.13
61	1/1/2018	\$ 3,554.17	\$ 35.00	\$	\$ 35.00	\$ 9.82	\$ 25.18	\$ 3,544.35	\$ 1,646.30
62	2/1/2018	\$ 3,544.35	\$ 35.00	\$	\$ 35.00	\$ 9.89	\$ 25.11	\$ 3,534.45	\$ 1,671.41
63	3/1/2018	\$ 3,534.45	\$ 35.00	\$	\$ 35.00	\$ 9.96	\$ 25.04	\$ 3,524.49	\$ 1,696.44
64	4/1/2018	\$ 3,524.49	\$ 35.00	\$	\$ 35.00	\$ 10.03	\$ 24.97	\$ 3,514.45	\$ 1,721.41
65	5/1/2018	\$ 3,514.45	\$ 35.00	\$	\$ 35.00	\$ 10.11	\$ 24.89	\$ 3,504.35	\$ 1,746.30
66	6/1/2018	\$ 3,504.35	\$ 35.00	\$	\$ 35.00	\$ 10.18	\$ 24.82	\$ 3,494.17	\$ 1,771.13
67	7/1/2018	\$ 3,494.17	\$ 35.00	\$	\$ 35.00	\$ 10.25	\$ 24.75	\$ 3,483.92	\$ 1,795.88
68	8/1/2018	\$ 3,483.92	\$ 35.00	\$	\$ 35.00	\$ 10.32	\$ 24.68	\$ 3,473.60	\$ 1,820.55
69	9/1/2018	\$ 3,473.60	\$ 35.00	\$	\$ 35.00	\$ 10.39	\$ 24.60	\$ 3,463.21	\$ 1,845.16
70	10/1/2018	\$ 3,463.21	\$ 35.00	\$	\$ 35.00	\$ 10.47	\$ 24.53	\$ 3,452.74	\$ 1,869.69
71	11/1/2018	\$ 3,452.74	\$ 35.00	\$	\$ 35.00	\$ 10.54	\$ 24.46	\$ 3,442.20	\$ 1,894.15
72	12/1/2018	\$ 3,442.20	\$ 35.00	\$	\$ 35.00	\$ 10.62	\$ 24.38	\$ 3,431.58	\$ 1,918.53
73	1/1/2019	\$ 3,431.58	\$ 35.00	\$	\$ 35.00	\$ 10.69	\$ 24.31	\$ 3,420.89	\$ 1,942.84
74	2/1/2019	\$ 3,420.89	\$ 35.00	\$	\$ 35.00	\$ 10.77	\$ 24.23	\$ 3,410.12	\$ 1,967.07
75	3/1/2019	\$ 3,410.12	\$ 35.00	\$	\$ 35.00	\$ 10.84	\$ 24.16	\$ 3,399.27	\$ 1,991.22
76	4/1/2019	\$ 3,399.27	\$ 35.00	\$	\$ 35.00	\$ 10.92	\$ 24.08	\$ 3,388.35	\$ 2,015.30
77	5/1/2019	\$ 3,388.35	\$ 35.00	\$	\$ 35.00	\$ 11.00	\$ 24.00	\$ 3,377.35	\$ 2,039.30
78	6/1/2019	\$ 3,377.35	\$ 35.00	\$	\$ 35.00	\$ 11.08	\$ 23.92	\$ 3,366.28	\$ 2,063.22
79	7/1/2019	\$ 3,366.28	\$ 35.00	\$	\$ 35.00	\$ 11.15	\$ 23.84	\$ 3,355.12	\$ 2,087.07
80	8/1/2019	\$ 3,355.12	\$ 35.00	\$	\$ 35.00	\$ 11.23	\$ 23.77	\$ 3,343.89	\$ 2,110.83
81	9/1/2019	\$ 3,343.89	\$ 35.00	\$	\$ 35.00	\$ 11.31	\$ 23.69	\$ 3,332.58	\$ 2,134.52

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
82	10/1/2019	\$ 3,332.58	\$ 35.00	\$ -	\$ 35.00	\$ 11.39	\$ 23.61	\$ 3,321.18	\$ 2,158.13
83	11/1/2019	\$ 3,321.18	\$ 35.00	\$ -	\$ 35.00	\$ 11.47	\$ 23.53	\$ 3,309.71	\$ 2,181.65
84	12/1/2019	\$ 3,309.71	\$ 35.00	\$ -	\$ 35.00	\$ 11.56	\$ 23.44	\$ 3,298.15	\$ 2,205.10
85	1/1/2020	\$ 3,298.15	\$ 35.00	\$ -	\$ 35.00	\$ 11.64	\$ 23.36	\$ 3,286.52	\$ 2,228.46
86	2/1/2020	\$ 3,286.52	\$ 35.00	\$ -	\$ 35.00	\$ 11.72	\$ 23.28	\$ 3,274.80	\$ 2,251.74
87	3/1/2020	\$ 3,274.80	\$ 35.00	\$ -	\$ 35.00	\$ 11.80	\$ 23.20	\$ 3,262.99	\$ 2,274.93
88	4/1/2020	\$ 3,262.99	\$ 35.00	\$ -	\$ 35.00	\$ 11.89	\$ 23.11	\$ 3,251.11	\$ 2,298.05
89	5/1/2020	\$ 3,251.11	\$ 35.00	\$ -	\$ 35.00	\$ 11.97	\$ 23.03	\$ 3,239.14	\$ 2,321.07
90	6/1/2020	\$ 3,239.14	\$ 35.00	\$ -	\$ 35.00	\$ 12.06	\$ 22.94	\$ 3,227.08	\$ 2,344.02
91	7/1/2020	\$ 3,227.08	\$ 35.00	\$ -	\$ 35.00	\$ 12.14	\$ 22.86	\$ 3,214.94	\$ 2,366.88
92	8/1/2020	\$ 3,214.94	\$ 35.00	\$ -	\$ 35.00	\$ 12.23	\$ 22.77	\$ 3,202.71	\$ 2,389.65
93	9/1/2020	\$ 3,202.71	\$ 35.00	\$ -	\$ 35.00	\$ 12.31	\$ 22.69	\$ 3,190.40	\$ 2,412.34
94	10/1/2020	\$ 3,190.40	\$ 35.00	\$ -	\$ 35.00	\$ 12.40	\$ 22.60	\$ 3,178.00	\$ 2,434.93
95	11/1/2020	\$ 3,178.00	\$ 35.00	\$ -	\$ 35.00	\$ 12.49	\$ 22.51	\$ 3,165.51	\$ 2,457.44
96	12/1/2020	\$ 3,165.51	\$ 35.00	\$ -	\$ 35.00	\$ 12.58	\$ 22.42	\$ 3,152.93	\$ 2,479.87
97	1/1/2021	\$ 3,152.93	\$ 35.00	\$ -	\$ 35.00	\$ 12.67	\$ 22.33	\$ 3,140.27	\$ 2,502.20
98	2/1/2021	\$ 3,140.27	\$ 35.00	\$ -	\$ 35.00	\$ 12.76	\$ 22.24	\$ 3,127.51	\$ 2,524.41
99	3/1/2021	\$ 3,127.51	\$ 35.00	\$ -	\$ 35.00	\$ 12.85	\$ 22.15	\$ 3,114.67	\$ 2,546.60
100	4/1/2021	\$ 3,114.67	\$ 35.00	\$ -	\$ 35.00	\$ 12.94	\$ 22.06	\$ 3,101.73	\$ 2,568.66
101	5/1/2021	\$ 3,101.73	\$ 35.00	\$ -	\$ 35.00	\$ 13.03	\$ 21.97	\$ 3,088.70	\$ 2,590.63
102	6/1/2021	\$ 3,088.70	\$ 35.00	\$ -	\$ 35.00	\$ 13.12	\$ 21.88	\$ 3,075.58	\$ 2,612.51
103	7/1/2021	\$ 3,075.58	\$ 35.00	\$ -	\$ 35.00	\$ 13.21	\$ 21.79	\$ 3,062.36	\$ 2,634.29
104	8/1/2021	\$ 3,062.36	\$ 35.00	\$ -	\$ 35.00	\$ 13.31	\$ 21.69	\$ 3,049.06	\$ 2,655.99
105	9/1/2021	\$ 3,049.06	\$ 35.00	\$ -	\$ 35.00	\$ 13.40	\$ 21.60	\$ 3,035.66	\$ 2,677.58
106	10/1/2021	\$ 3,035.66	\$ 35.00	\$ -	\$ 35.00	\$ 13.50	\$ 21.50	\$ 3,022.16	\$ 2,699.09
107	11/1/2021	\$ 3,022.16	\$ 35.00	\$ -	\$ 35.00	\$ 13.59	\$ 21.41	\$ 3,008.57	\$ 2,720.49
108	12/1/2021	\$ 3,008.57	\$ 35.00	\$ -	\$ 35.00	\$ 13.69	\$ 21.31	\$ 2,994.88	\$ 2,741.80
109	1/1/2022	\$ 2,994.88	\$ 35.00	\$ -	\$ 35.00	\$ 13.79	\$ 21.21	\$ 2,981.09	\$ 2,763.02
110	2/1/2022	\$ 2,981.09	\$ 35.00	\$ -	\$ 35.00	\$ 13.88	\$ 21.12	\$ 2,967.21	\$ 2,784.13
111	3/1/2022	\$ 2,967.21	\$ 35.00	\$ -	\$ 35.00	\$ 13.98	\$ 21.02	\$ 2,953.23	\$ 2,805.15
112	4/1/2022	\$ 2,953.23	\$ 35.00	\$ -	\$ 35.00	\$ 14.08	\$ 20.92	\$ 2,939.15	\$ 2,826.07
113	5/1/2022	\$ 2,939.15	\$ 35.00	\$ -	\$ 35.00	\$ 14.18	\$ 20.82	\$ 2,924.97	\$ 2,846.89
114	6/1/2022	\$ 2,924.97	\$ 35.00	\$ -	\$ 35.00	\$ 14.28	\$ 20.72	\$ 2,910.69	\$ 2,867.61
115	7/1/2022	\$ 2,910.69	\$ 35.00	\$ -	\$ 35.00	\$ 14.38	\$ 20.62	\$ 2,896.30	\$ 2,888.22
116	8/1/2022	\$ 2,896.30	\$ 35.00	\$ -	\$ 35.00	\$ 14.48	\$ 20.52	\$ 2,881.82	\$ 2,908.74
117	9/1/2022	\$ 2,881.82	\$ 35.00	\$ -	\$ 35.00	\$ 14.59	\$ 20.41	\$ 2,867.23	\$ 2,929.15
118	10/1/2022	\$ 2,867.23	\$ 35.00	\$ -	\$ 35.00	\$ 14.69	\$ 20.31	\$ 2,852.54	\$ 2,949.46
119	11/1/2022	\$ 2,852.54	\$ 35.00	\$ -	\$ 35.00	\$ 14.79	\$ 20.21	\$ 2,837.75	\$ 2,969.67
120	12/1/2022	\$ 2,837.75	\$ 35.00	\$ -	\$ 35.00	\$ 14.90	\$ 20.10	\$ 2,822.85	\$ 2,989.77
121	1/1/2023	\$ 2,822.85	\$ 35.00	\$ -	\$ 35.00	\$ 15.00	\$ 20.00	\$ 2,807.85	\$ 3,009.76
122	2/1/2023	\$ 2,807.85	\$ 35.00	\$ -	\$ 35.00	\$ 15.11	\$ 19.89	\$ 2,792.74	\$ 3,029.65
123	3/1/2023	\$ 2,792.74	\$ 35.00	\$ -	\$ 35.00	\$ 15.22	\$ 19.78	\$ 2,777.52	\$ 3,049.43
124	4/1/2023	\$ 2,777.52	\$ 35.00	\$ -	\$ 35.00	\$ 15.33	\$ 19.67	\$ 2,762.19	\$ 3,069.11
125	5/1/2023	\$ 2,762.19	\$ 35.00	\$ -	\$ 35.00	\$ 15.43	\$ 19.57	\$ 2,746.76	\$ 3,088.67
126	6/1/2023	\$ 2,746.76	\$ 35.00	\$ -	\$ 35.00	\$ 15.54	\$ 19.46	\$ 2,731.22	\$ 3,108.13
127	7/1/2023	\$ 2,731.22	\$ 35.00	\$ -	\$ 35.00	\$ 15.65	\$ 19.35	\$ 2,715.56	\$ 3,127.48
128	8/1/2023	\$ 2,715.56	\$ 35.00	\$ -	\$ 35.00	\$ 15.76	\$ 19.24	\$ 2,699.80	\$ 3,146.71

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
129	9/1/2023	\$ 2,699.80	\$ 35.00	\$ -	\$ 35.00	\$ 15.88	\$ 19.12	\$ 2,683.92	\$ 3,165.83
130	10/1/2023	\$ 2,683.92	\$ 35.00	\$ -	\$ 35.00	\$ 15.99	\$ 19.01	\$ 2,667.94	\$ 3,184.85
131	11/1/2023	\$ 2,667.94	\$ 35.00	\$ -	\$ 35.00	\$ 16.10	\$ 18.90	\$ 2,651.83	\$ 3,203.74
132	12/1/2023	\$ 2,651.83	\$ 35.00	\$ -	\$ 35.00	\$ 16.22	\$ 18.78	\$ 2,635.62	\$ 3,222.53
133	1/1/2024	\$ 2,635.62	\$ 35.00	\$ -	\$ 35.00	\$ 16.33	\$ 18.67	\$ 2,619.29	\$ 3,241.20
134	2/1/2024	\$ 2,619.29	\$ 35.00	\$ -	\$ 35.00	\$ 16.45	\$ 18.55	\$ 2,602.84	\$ 3,259.75
135	3/1/2024	\$ 2,602.84	\$ 35.00	\$ -	\$ 35.00	\$ 16.56	\$ 18.44	\$ 2,586.28	\$ 3,278.19
136	4/1/2024	\$ 2,586.28	\$ 35.00	\$ -	\$ 35.00	\$ 16.68	\$ 18.32	\$ 2,569.60	\$ 3,296.51
137	5/1/2024	\$ 2,569.60	\$ 35.00	\$ -	\$ 35.00	\$ 16.80	\$ 18.20	\$ 2,552.80	\$ 3,314.71
138	6/1/2024	\$ 2,552.80	\$ 35.00	\$ -	\$ 35.00	\$ 16.92	\$ 18.08	\$ 2,535.89	\$ 3,332.79
139	7/1/2024	\$ 2,535.89	\$ 35.00	\$ -	\$ 35.00	\$ 17.04	\$ 17.96	\$ 2,518.85	\$ 3,350.75
140	8/1/2024	\$ 2,518.85	\$ 35.00	\$ -	\$ 35.00	\$ 17.16	\$ 17.84	\$ 2,501.69	\$ 3,368.59
141	9/1/2024	\$ 2,501.69	\$ 35.00	\$ -	\$ 35.00	\$ 17.28	\$ 17.72	\$ 2,484.41	\$ 3,386.31
142	10/1/2024	\$ 2,484.41	\$ 35.00	\$ -	\$ 35.00	\$ 17.40	\$ 17.60	\$ 2,467.01	\$ 3,403.91
143	11/1/2024	\$ 2,467.01	\$ 35.00	\$ -	\$ 35.00	\$ 17.52	\$ 17.47	\$ 2,449.49	\$ 3,421.39
144	12/1/2024	\$ 2,449.49	\$ 35.00	\$ -	\$ 35.00	\$ 17.65	\$ 17.35	\$ 2,431.84	\$ 3,438.74
145	1/1/2025	\$ 2,431.84	\$ 35.00	\$ -	\$ 35.00	\$ 17.77	\$ 17.23	\$ 2,414.06	\$ 3,455.96
146	2/1/2025	\$ 2,414.06	\$ 35.00	\$ -	\$ 35.00	\$ 17.90	\$ 17.10	\$ 2,396.16	\$ 3,473.06
147	3/1/2025	\$ 2,396.16	\$ 35.00	\$ -	\$ 35.00	\$ 18.03	\$ 16.97	\$ 2,378.14	\$ 3,490.04
148	4/1/2025	\$ 2,378.14	\$ 35.00	\$ -	\$ 35.00	\$ 18.15	\$ 16.85	\$ 2,359.98	\$ 3,506.88
149	5/1/2025	\$ 2,359.98	\$ 35.00	\$ -	\$ 35.00	\$ 18.28	\$ 16.72	\$ 2,341.70	\$ 3,523.60
150	6/1/2025	\$ 2,341.70	\$ 35.00	\$ -	\$ 35.00	\$ 18.41	\$ 16.59	\$ 2,323.29	\$ 3,540.18
151	7/1/2025	\$ 2,323.29	\$ 35.00	\$ -	\$ 35.00	\$ 18.54	\$ 16.46	\$ 2,304.75	\$ 3,556.64
152	8/1/2025	\$ 2,304.75	\$ 35.00	\$ -	\$ 35.00	\$ 18.67	\$ 16.33	\$ 2,286.07	\$ 3,572.97
153	9/1/2025	\$ 2,286.07	\$ 35.00	\$ -	\$ 35.00	\$ 18.81	\$ 16.19	\$ 2,267.26	\$ 3,589.16
154	10/1/2025	\$ 2,267.26	\$ 35.00	\$ -	\$ 35.00	\$ 18.94	\$ 16.06	\$ 2,248.33	\$ 3,605.22
155	11/1/2025	\$ 2,248.33	\$ 35.00	\$ -	\$ 35.00	\$ 19.07	\$ 15.93	\$ 2,229.25	\$ 3,621.14
156	12/1/2025	\$ 2,229.25	\$ 35.00	\$ -	\$ 35.00	\$ 19.21	\$ 15.79	\$ 2,210.04	\$ 3,636.94
157	1/1/2026	\$ 2,210.04	\$ 35.00	\$ -	\$ 35.00	\$ 19.34	\$ 15.65	\$ 2,190.70	\$ 3,652.59
158	2/1/2026	\$ 2,190.70	\$ 35.00	\$ -	\$ 35.00	\$ 19.48	\$ 15.52	\$ 2,171.22	\$ 3,668.11
159	3/1/2026	\$ 2,171.22	\$ 35.00	\$ -	\$ 35.00	\$ 19.62	\$ 15.38	\$ 2,151.60	\$ 3,683.49
160	4/1/2026	\$ 2,151.60	\$ 35.00	\$ -	\$ 35.00	\$ 19.76	\$ 15.24	\$ 2,131.84	\$ 3,698.73
161	5/1/2026	\$ 2,131.84	\$ 35.00	\$ -	\$ 35.00	\$ 19.90	\$ 15.10	\$ 2,111.94	\$ 3,713.83
162	6/1/2026	\$ 2,111.94	\$ 35.00	\$ -	\$ 35.00	\$ 20.04	\$ 14.96	\$ 2,091.90	\$ 3,728.79
163	7/1/2026	\$ 2,091.90	\$ 35.00	\$ -	\$ 35.00	\$ 20.18	\$ 14.82	\$ 2,071.72	\$ 3,743.60
164	8/1/2026	\$ 2,071.72	\$ 35.00	\$ -	\$ 35.00	\$ 20.32	\$ 14.67	\$ 2,051.39	\$ 3,758.28
165	9/1/2026	\$ 2,051.39	\$ 35.00	\$ -	\$ 35.00	\$ 20.47	\$ 14.53	\$ 2,030.92	\$ 3,772.81
166	10/1/2026	\$ 2,030.92	\$ 35.00	\$ -	\$ 35.00	\$ 20.61	\$ 14.39	\$ 2,010.31	\$ 3,787.20
167	11/1/2026	\$ 2,010.31	\$ 35.00	\$ -	\$ 35.00	\$ 20.76	\$ 14.24	\$ 1,989.55	\$ 3,801.44
168	12/1/2026	\$ 1,989.55	\$ 35.00	\$ -	\$ 35.00	\$ 20.91	\$ 14.09	\$ 1,968.64	\$ 3,815.53
169	1/1/2027	\$ 1,968.64	\$ 35.00	\$ -	\$ 35.00	\$ 21.05	\$ 13.94	\$ 1,947.59	\$ 3,829.47
170	2/1/2027	\$ 1,947.59	\$ 35.00	\$ -	\$ 35.00	\$ 21.20	\$ 13.80	\$ 1,926.39	\$ 3,843.27
171	3/1/2027	\$ 1,926.39	\$ 35.00	\$ -	\$ 35.00	\$ 21.35	\$ 13.65	\$ 1,905.03	\$ 3,856.91
172	4/1/2027	\$ 1,905.03	\$ 35.00	\$ -	\$ 35.00	\$ 21.51	\$ 13.49	\$ 1,883.53	\$ 3,870.41
173	5/1/2027	\$ 1,883.53	\$ 35.00	\$ -	\$ 35.00	\$ 21.66	\$ 13.34	\$ 1,861.87	\$ 3,883.75
174	6/1/2027	\$ 1,861.87	\$ 35.00	\$ -	\$ 35.00	\$ 21.81	\$ 13.19	\$ 1,840.06	\$ 3,896.94
175	7/1/2027	\$ 1,840.06	\$ 35.00	\$ -	\$ 35.00	\$ 21.97	\$ 13.03	\$ 1,818.09	\$ 3,909.97

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
176	8/1/2027	\$ 1,818.09	\$ 35.00	\$	\$ 35.00	\$ 22.12	\$ 12.88	\$ 1,795.97	\$ 3,922.85
177	9/1/2027	\$ 1,795.97	\$ 35.00	\$	\$ 35.00	\$ 22.28	\$ 12.72	\$ 1,773.69	\$ 3,935.57
178	10/1/2027	\$ 1,773.69	\$ 35.00	\$	\$ 35.00	\$ 22.44	\$ 12.56	\$ 1,751.26	\$ 3,948.13
179	11/1/2027	\$ 1,751.26	\$ 35.00	\$	\$ 35.00	\$ 22.59	\$ 12.40	\$ 1,728.66	\$ 3,960.54
180	12/1/2027	\$ 1,728.66	\$ 35.00	\$	\$ 35.00	\$ 22.75	\$ 12.24	\$ 1,705.91	\$ 3,972.78
181	1/1/2028	\$ 1,705.91	\$ 35.00	\$	\$ 35.00	\$ 22.92	\$ 12.08	\$ 1,682.99	\$ 3,984.87
182	2/1/2028	\$ 1,682.99	\$ 35.00	\$	\$ 35.00	\$ 23.08	\$ 11.92	\$ 1,659.91	\$ 3,996.79
183	3/1/2028	\$ 1,659.91	\$ 35.00	\$	\$ 35.00	\$ 23.24	\$ 11.76	\$ 1,636.67	\$ 4,008.55
184	4/1/2028	\$ 1,636.67	\$ 35.00	\$	\$ 35.00	\$ 23.41	\$ 11.59	\$ 1,613.27	\$ 4,020.14
185	5/1/2028	\$ 1,613.27	\$ 35.00	\$	\$ 35.00	\$ 23.57	\$ 11.43	\$ 1,589.69	\$ 4,031.57
186	6/1/2028	\$ 1,589.69	\$ 35.00	\$	\$ 35.00	\$ 23.74	\$ 11.26	\$ 1,565.96	\$ 4,042.83
187	7/1/2028	\$ 1,565.96	\$ 35.00	\$	\$ 35.00	\$ 23.91	\$ 11.09	\$ 1,542.05	\$ 4,053.92
188	8/1/2028	\$ 1,542.05	\$ 35.00	\$	\$ 35.00	\$ 24.08	\$ 10.92	\$ 1,517.97	\$ 4,064.84
189	9/1/2028	\$ 1,517.97	\$ 35.00	\$	\$ 35.00	\$ 24.25	\$ 10.75	\$ 1,493.72	\$ 4,075.59
190	10/1/2028	\$ 1,493.72	\$ 35.00	\$	\$ 35.00	\$ 24.42	\$ 10.58	\$ 1,469.31	\$ 4,086.17
191	11/1/2028	\$ 1,469.31	\$ 35.00	\$	\$ 35.00	\$ 24.59	\$ 10.41	\$ 1,444.71	\$ 4,096.58
192	12/1/2028	\$ 1,444.71	\$ 35.00	\$	\$ 35.00	\$ 24.77	\$ 10.23	\$ 1,419.95	\$ 4,106.82
193	1/1/2029	\$ 1,419.95	\$ 35.00	\$	\$ 35.00	\$ 24.94	\$ 10.06	\$ 1,395.01	\$ 4,116.87
194	2/1/2029	\$ 1,395.01	\$ 35.00	\$	\$ 35.00	\$ 25.12	\$ 9.88	\$ 1,369.89	\$ 4,126.76
195	3/1/2029	\$ 1,369.89	\$ 35.00	\$	\$ 35.00	\$ 25.30	\$ 9.70	\$ 1,344.59	\$ 4,136.46
196	4/1/2029	\$ 1,344.59	\$ 35.00	\$	\$ 35.00	\$ 25.48	\$ 9.52	\$ 1,319.12	\$ 4,145.98
197	5/1/2029	\$ 1,319.12	\$ 35.00	\$	\$ 35.00	\$ 25.66	\$ 9.34	\$ 1,293.46	\$ 4,155.33
198	6/1/2029	\$ 1,293.46	\$ 35.00	\$	\$ 35.00	\$ 25.84	\$ 9.16	\$ 1,267.62	\$ 4,164.49
199	7/1/2029	\$ 1,267.62	\$ 35.00	\$	\$ 35.00	\$ 26.02	\$ 8.98	\$ 1,241.60	\$ 4,173.47
200	8/1/2029	\$ 1,241.60	\$ 35.00	\$	\$ 35.00	\$ 26.20	\$ 8.79	\$ 1,215.40	\$ 4,182.26
201	9/1/2029	\$ 1,215.40	\$ 35.00	\$	\$ 35.00	\$ 26.39	\$ 8.61	\$ 1,189.01	\$ 4,190.87
202	10/1/2029	\$ 1,189.01	\$ 35.00	\$	\$ 35.00	\$ 26.58	\$ 8.42	\$ 1,162.43	\$ 4,199.29
203	11/1/2029	\$ 1,162.43	\$ 35.00	\$	\$ 35.00	\$ 26.77	\$ 8.23	\$ 1,135.67	\$ 4,207.53
204	12/1/2029	\$ 1,135.67	\$ 35.00	\$	\$ 35.00	\$ 26.96	\$ 8.04	\$ 1,108.71	\$ 4,215.57
205	1/1/2030	\$ 1,108.71	\$ 35.00	\$	\$ 35.00	\$ 27.15	\$ 7.85	\$ 1,081.57	\$ 4,223.42
206	2/1/2030	\$ 1,081.57	\$ 35.00	\$	\$ 35.00	\$ 27.34	\$ 7.66	\$ 1,054.23	\$ 4,231.09
207	3/1/2030	\$ 1,054.23	\$ 35.00	\$	\$ 35.00	\$ 27.53	\$ 7.47	\$ 1,026.70	\$ 4,238.55
208	4/1/2030	\$ 1,026.70	\$ 35.00	\$	\$ 35.00	\$ 27.73	\$ 7.27	\$ 998.97	\$ 4,245.83
209	5/1/2030	\$ 998.97	\$ 35.00	\$	\$ 35.00	\$ 27.92	\$ 7.08	\$ 971.05	\$ 4,252.90
210	6/1/2030	\$ 971.05	\$ 35.00	\$	\$ 35.00	\$ 28.12	\$ 6.88	\$ 942.92	\$ 4,259.78
211	7/1/2030	\$ 942.92	\$ 35.00	\$	\$ 35.00	\$ 28.32	\$ 6.68	\$ 914.60	\$ 4,266.46
212	8/1/2030	\$ 914.60	\$ 35.00	\$	\$ 35.00	\$ 28.52	\$ 6.48	\$ 886.08	\$ 4,272.94
213	9/1/2030	\$ 886.08	\$ 35.00	\$	\$ 35.00	\$ 28.72	\$ 6.28	\$ 857.36	\$ 4,279.21
214	10/1/2030	\$ 857.36	\$ 35.00	\$	\$ 35.00	\$ 28.93	\$ 6.07	\$ 828.43	\$ 4,285.29
215	11/1/2030	\$ 828.43	\$ 35.00	\$	\$ 35.00	\$ 29.13	\$ 5.87	\$ 799.30	\$ 4,291.16
216	12/1/2030	\$ 799.30	\$ 35.00	\$	\$ 35.00	\$ 29.34	\$ 5.66	\$ 769.97	\$ 4,296.82
217	1/1/2031	\$ 769.97	\$ 35.00	\$	\$ 35.00	\$ 29.55	\$ 5.45	\$ 740.42	\$ 4,302.27
218	2/1/2031	\$ 740.42	\$ 35.00	\$	\$ 35.00	\$ 29.75	\$ 5.24	\$ 710.67	\$ 4,307.52
219	3/1/2031	\$ 710.67	\$ 35.00	\$	\$ 35.00	\$ 29.97	\$ 5.03	\$ 680.70	\$ 4,312.55
220	4/1/2031	\$ 680.70	\$ 35.00	\$	\$ 35.00	\$ 30.18	\$ 4.82	\$ 650.52	\$ 4,317.37
221	5/1/2031	\$ 650.52	\$ 35.00	\$	\$ 35.00	\$ 30.39	\$ 4.61	\$ 620.13	\$ 4,321.98
222	6/1/2031	\$ 620.13	\$ 35.00	\$	\$ 35.00	\$ 30.61	\$ 4.39	\$ 589.52	\$ 4,326.37

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
223	7/1/2031	\$ 589.52	\$ 35.00	\$	\$ 35.00	\$ 30.82	\$ 4.18	\$ 558.70	\$ 4,330.55
224	8/1/2031	\$ 558.70	\$ 35.00	\$	\$ 35.00	\$ 31.04	\$ 3.96	\$ 527.66	\$ 4,334.50
225	9/1/2031	\$ 527.66	\$ 35.00	\$	\$ 35.00	\$ 31.26	\$ 3.74	\$ 496.40	\$ 4,338.24
226	10/1/2031	\$ 496.40	\$ 35.00	\$	\$ 35.00	\$ 31.48	\$ 3.52	\$ 464.91	\$ 4,341.76
227	11/1/2031	\$ 464.91	\$ 35.00	\$	\$ 35.00	\$ 31.71	\$ 3.29	\$ 433.21	\$ 4,345.05
228	12/1/2031	\$ 433.21	\$ 35.00	\$	\$ 35.00	\$ 31.93	\$ 3.07	\$ 401.28	\$ 4,348.12
229	1/1/2032	\$ 401.28	\$ 35.00	\$	\$ 35.00	\$ 32.16	\$ 2.84	\$ 369.12	\$ 4,350.96
230	2/1/2032	\$ 369.12	\$ 35.00	\$	\$ 35.00	\$ 32.38	\$ 2.61	\$ 336.74	\$ 4,353.58
231	3/1/2032	\$ 336.74	\$ 35.00	\$	\$ 35.00	\$ 32.61	\$ 2.39	\$ 304.12	\$ 4,355.96
232	4/1/2032	\$ 304.12	\$ 35.00	\$	\$ 35.00	\$ 32.85	\$ 2.15	\$ 271.28	\$ 4,358.12
233	5/1/2032	\$ 271.28	\$ 35.00	\$	\$ 35.00	\$ 33.08	\$ 1.92	\$ 238.20	\$ 4,360.04
234	6/1/2032	\$ 238.20	\$ 35.00	\$	\$ 35.00	\$ 33.31	\$ 1.69	\$ 204.89	\$ 4,361.73
235	7/1/2032	\$ 204.89	\$ 35.00	\$	\$ 35.00	\$ 33.55	\$ 1.45	\$ 171.34	\$ 4,363.18
236	8/1/2032	\$ 171.34	\$ 35.00	\$	\$ 35.00	\$ 33.79	\$ 1.21	\$ 137.55	\$ 4,364.39
237	9/1/2032	\$ 137.55	\$ 35.00	\$	\$ 35.00	\$ 34.02	\$ 0.97	\$ 103.53	\$ 4,365.36
238	10/1/2032	\$ 103.53	\$ 35.00	\$	\$ 35.00	\$ 34.27	\$ 0.73	\$ 69.26	\$ 4,366.10
239	11/1/2032	\$ 69.26	\$ 35.00	\$	\$ 35.00	\$ 34.51	\$ 0.49	\$ 34.75	\$ 4,366.59
240	12/1/2032	\$ 34.75	\$ 35.00	\$	\$ 34.75	\$ 34.51	\$ 0.25	\$	\$ 4,366.83

Question No. I&E-RE-13-D

Respondent: E. Evans

Page 1 of 2

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748

Data Requests

Bureau of Investigation & Enforcement - Set RE

Question No. I&E-RE-13-D:

For the year ended 12/31/11, provide a list of the line extensions made, including the cost of each extension, the length in feet of each extension, and customer deposits assessed for all customer requested gas distribution connections that required a deposit.

Response:

	LEA #	Extension Cost	Deposit Amount	Footage	
1	11-99811	\$ 12,472	\$ 5,239	314	
2	11-00074	\$ 6,263	\$ 1,306	121	1
3	11-99845	\$ 5,670	\$ 2,037	85	2
4	11-00141	\$ 7,507	\$ 1,674	100	3
5	11-00724	\$ 16,358	\$ 4,736	315	
6	12-06786	\$ 7,702	\$ 1,023	276	4
7	11-01032	\$ 5,790	\$ 1,152	385	5
8	11-01527	\$ 10,080	\$ 4,378	100	
9	11-01788	\$ 2,933	\$ 465	50	6
10	11-01495	\$ 29,120	\$ 668	1,325	7
11	11-02040	\$ 20,330	\$ 11,146	204	
12	11-01922	\$ 19,384	\$ 9,419	350	
13	11-02093	\$ 12,381	\$ 5,155	785	
14	11-99843	\$ 8,751	\$ 2,671	630	8
15	11-02346	\$ 10,249	\$ 572	200	9
16	11-02342	\$ 34,443	\$ 17,701	109	
17	11-02767	\$ 54,712	\$ 3,420	820	10
18	11-02193	\$ 8,203	\$ 629	190	11
19	11-02254	\$ 22,372	\$ 11,142	434	

Question No. I&E-RE-13-D

Respondent: E. Evans

Page 2 of 2

20	11-02873	\$ 14,277	\$ 4,078	321	
21	11-02716	\$ 162,280	\$ 882	1,777	12
22	11-02970	\$ 5,110	\$ 963	160	13
23	11-03460	\$ 6,433	\$ 1,099	193	14
24	11-00905	\$ 4,704	\$ 679	95	15
25	11-03772	\$ 8,144	\$ 2,226	60	16
26	11-04078	\$ 9,312	\$ 3,376	85	17
27	11-03958	\$ 8,353	\$ 1,643	90	18
28	11-04425	\$ 4,133	\$ 812	170	19
29	11-04096	\$ 28,903	\$ 3,148	710	20
30	11-05195	\$ 7,472	\$ 2,280	56	21
31	11-05203	\$ 22,205	\$ 6,926	266	
32	11-05247	\$ 33,455	\$ 7,373	970	

Total Number of Projects for 2011: 32
Total Number with Deposit < \$4,033: 21
Percentage Covered By Rider Limit: $21/32 \times 100\% = 65.625\%$

**I&E Statement No. 6
Witness: Daniel Mumford**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA, INC.

**Docket Nos. R-2012-2321748
M-2012-2323645**

Direct Testimony

of

Daniel Mumford

Bureau of Investigation & Enforcement

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SECRETARY'S BUREAU

Concerning:

Purchase of Receivables and Customer Assistance Programs

*0-13-13
2/13/13
Hbg*

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Daniel Mumford. I am the Manager of the Informal Compliance and
4 Competition Unit in the Policy Division of the Pennsylvania Public Utility
5 Commission's (PUC or Commission) Bureau of Consumer Services (BCS). I also
6 serve in the Commission's Office of Competitive Market Oversight. In this
7 proceeding I have been assigned to the Bureau of Investigation and Enforcement
8 (I&E) to review and address the base rate filing made September 28, 2012, by
9 Columbia Gas of Pennsylvania, Inc. (Columbia or Company). My business
10 address is P.O. Box 3265, Harrisburg, PA 17105-3265.

11
12 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
13 **EXPERIENCE IN UTILITY REGULATION.**

14 A. My educational background includes a Bachelor of Arts degree in Political
15 Science from Mansfield University and a Master of Public Administration degree
16 from Shippensburg University. I have been employed by the Commission since
17 1990. I have spent the past 21 years in a variety of consumer protection related
18 positions with BCS, including complaint interviewer, investigator, and policy
19 analyst. In my current position as Manager of BCS' Informal Compliance and
20 Competition Unit, I supervise a unit responsible for overseeing informal consumer
21 protection related compliance matters in the energy and water industries. This

1 also includes monitoring consumer protection compliance in the competitive
2 energy markets, which usually involves regulatory compliance concerns that arise
3 as a result of informal complaints filed by consumers. My recent projects include
4 serving as the lead technical expert in the rulemaking that put in place the current
5 Chapter 56 residential regulations that were adopted in 2011 and also serving as
6 the lead technical expert in the rulemaking to establish competitive supplier
7 marketing regulations that are currently being promulgated by the Commission.

8
9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
10 **PROCEEDING?**

11 A. The purpose of my testimony in this proceeding is to review Columbia's practices
12 with respect to its Purchase of Receivables (POR) and Customer Assistance (CAP)
13 Programs in order to determine whether Columbia is adhering to the PUC orders,
14 guidelines, and regulations concerning those programs. Of particular concern is
15 how the Company is handling customer account balances under these programs.

16
17 **Q. PLEASE DESCRIBE THE CAP PROGRAM AND HOW CUSTOMER**
18 **PAYMENTS AND ACCOUNT BALANCES ARE HANDLED UNDER THE**
19 **CAP PROGRAM.**

20 A. CAP provides an alternative to traditional collection methods for low income,
21 payment troubled utility customers. Customers make regular monthly payments

1 which may be for an amount that is less than the current bill for utility service.

2 Payments are based on a rate discount, a percentage of the bill, or a percentage of
3 historical payments. Household size and income generally determine the size of
4 any discount. As long as the household remains current and timely with its
5 payments, the past debt or arrearage is not collected upon and is eventually
6 forgiven (or “retired”) in incremental amounts over time.

7
8 **Q. PLEASE DESCRIBE THE POR PROGRAM AND HOW CUSTOMER**
9 **PAYMENTS AND ACCOUNT BALANCES ARE HANDLED UNDER THE**
10 **POR PROGRAM.**

11 A. The availability of POR and the terms of the programs can differ by utility.
12 Generally, in a POR program, the utility purchases a competitive supplier’s
13 accounts receivable (commodity charges), often at a discount. The discount may
14 be attributable to uncollectible expense, *i.e.*, bad debt of the supplier’s customers,
15 and the utility’s administrative costs for billing and collection. The utility will
16 then bill and collect for the receivable, the same as they would for the utility’s
17 distribution charges. The terms and conditions under which the POR operates are
18 governed by both general Commission orders that apply to all POR programs, and
19 Commission orders that specifically authorize an individual utility to operate a
20 POR.

1 **Q. PLEASE DESCRIBE WHAT HAPPENS WHEN A UTILITY SENDS AN**
2 **ACCOUNT BALANCE TO A COLLECTION AGENCY.**

3 A. Generally, what occurs is that the company engages the services of a third party
4 entity to collect on a debt. This often involves removing the arrears involved from
5 a customer's active account, and having the third party pursue collection of that
6 amount. This could include the actual selling of the amount in question to the
7 third party, possibly at a discount.

8
9 **Q. WHAT GUIDELINES AND REGULATIONS REGARDING POR**
10 **PROGRAMS EXIST FOR COLUMBIA?**

11 A. Guidelines and regulations regarding Columbia's Purchase of Receivables
12 program were established in the following proceedings:

- 13
14 • Guidelines for Maintaining Customer Services at the Same Level of
15 Quality Pursuant to 66 Pa. C.S. § 2206(a), Assuring Conformance
16 with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. C.S. § 2207(b), §
17 2208 (e) and (f) and Addressing the Application of Partial Payments,
18 Docket No. M-00991249F003, Order adopted August 26, 1999
19 (*August 1999 Customer Service Order*)
- 20
21 • Pennsylvania Public Utility Commission v. Columbia Gas of
22 Pennsylvania, Inc., Docket No. R-2008-2011621, *et al.*, Order
23 adopted October 23, 2008 (*October 2008 Columbia Gas Order*)
- 24
25 • Establishment of Interim Standards for Purchase of Receivables
26 (POR) Programs, Docket Nos. M-2008-2068982, I-00040103F0002,
27 Order adopted December 18, 2008 (*December 2008 Interim*
28 *Standards for POR Programs Order*)

- Petition of Columbia Gas of Pennsylvania, Inc. for Approval to Voluntarily Implement a Modified Purchase of Receivables Program to SEARCH Filing Requirements and Interim Purchase of Receivables Guidelines, Docket No. P-2009-2099333, Order adopted September 2, 2010 (*September 2010 Columbia Petition for a Modified POR Order*)

1
2
3
4
5
6
7
8
9 **Q. TO YOUR KNOWLEDGE IS COLUMBIA COMPLYING WITH THESE**
10 **REQUIREMENTS?**

11 A. No. As I discuss in further detail below, based upon information made available to
12 me in my position as a Manager in BCS as well as provided in response to
13 discovery propounded in this proceeding, I am aware of cases in which Columbia
14 has violated these Commission requirements.

15
16 **Q. TO YOUR KNOWLEDGE, WHAT COMMISSION REGULATIONS HAS**
17 **COLUMBIA VIOLATED?**

18 A. Columbia has not adhered to Section 56.83(7) of the Commission's regulations, 52
19 Pa. Code § 56.83(7), regarding termination of service for nonpayment of charges
20 for public utility service for which the utility ceased billing more than four years
21 prior to the date the bill is rendered. It has also not adhered to Section 56.35(b)(1),
22 52 Pa. Code § 56.35(b)(1), which prohibits a utility from requiring, as a condition
23 of service, the payment of balances that are older than four years from the date of
24 the service request.

1 **Q. PLEASE DESCRIBE COLUMBIA’S FAILURE TO ABIDE BY SECTION**
2 **56.83(7) OF THE COMMISSION’S REGULATIONS.**

3 A. The Company’s response to I&E-RE-153-D and BCS’s informal complaint record
4 related to this customer are included in I&E Exhibit No. 6, Schedules 1 and 2,
5 which provide information regarding BCS Informal Complaint Case Number
6 3001682. All confidential customer information has been redacted.

7 This informal complaint was filed July 31, 2012, by a Columbia customer
8 who complained about Columbia’s transfer of over \$7,000.00 in account balances
9 dating back to 2001 into her current account, and then threatening to terminate her
10 service for failing to pay the transferred balances.

11
12 **Q. PLEASE DESCRIBE COLUMBIA’S HANDLING OF THE CUSTOMER’S**
13 **ACCOUNT BALANCE.**

14 A. The informal investigation revealed that on September 6, 2011, the customer
15 enrolled into Columbia’s Customer Assistance Program. The CAP provides a
16 low-income customer with a more affordable monthly payment. Additionally, if
17 the customer maintains his regular current CAP payments, parts of the customer’s
18 past-due arrears are “retired,” using the Company’s terminology, under the
19 provisions of the CAP program. The term “forgiven” is also used in general
20 discussions of CAP customer arrearages. For purposes of this testimony, both

1 terms mean the same thing, namely that the customer is no longer responsible for
2 these balances.

3
4 **Q. ARE RETIRED, OR FORGIVEN, ARREARS TURNED OVER TO A**
5 **COLLECTIONS AGENCY?**

6 A. No. Retired arrears are not turned over to a collection agency. The customer is no
7 longer responsible for paying retired arrears. The Company recovers the retired
8 arrears as a "CAP cost" via universal service cost recovery mechanisms.

9
10 **Q. PLEASE CONTINUE WITH YOUR DESCRIPTION OF COLUMBIA'S**
11 **HANDLING OF THIS CUSTOMER ACCOUNT.**

12 A. On September 7, 2011, the day after this customer enrolled in Columbia's CAP
13 program, Columbia transferred the \$7,049.97 preexisting account balances into the
14 customer's new CAP account. This \$7,049.97 included preexisting account
15 balances that previously had been sent to a collection agency.

16
17 **Q. HAD THESE PREEXISTING ACCOUNT BALANCES PREVIOUSLY**
18 **BEEN RETIRED?**

19 A. No. These amounts represented "unpaid marketers" balances or arrears dating
20 back to at least 2002 that had been, at various times "transferred to a collection
21 agency" (see I&E Exhibit No. 6, Schedule 2, pages 1-3 of 6). These marketer

1 balances were arrearages the customer had accumulated for gas commodity
2 charges as a customer of a competitive gas supplier but had not paid. Columbia
3 had purchased these marketer balances under its POR program.

4 Columbia reported to BCS that its practice was that anytime a marketer's
5 arrears was more than 90 days old and valued in an amount greater than \$250, the
6 Company would remove the marketer's balance from the gas account and transfer
7 it to a collection agency. From 2001, the arrears grew to over \$7,000.

8 After transferring the \$7,049.97 to the active account on September 7,
9 2011, Columbia proceeded to retire a total \$1,024.01 of these arrears between
10 September 2011 and January 2012, per the terms of its CAP program.

11 On March 26, 2012, Columbia issued a 10-day termination notice for
12 nonpayment of \$96.00 in past due CAP charges – charges that were not part of the
13 prior \$7,000 arrears but rather were accumulated after the customer was enrolled
14 in CAP. This was followed on April 10, 2012, by the customer's removal from
15 the CAP program because the customer had self-reported an increase in income
16 rendering the customer no longer income-eligible for the program.

17
18 **Q. WAS THE CUSTOMER TERMINATED AS A RESULT OF THE NOTICE**
19 **FOR NONPAYMENT OF THE \$96.00 PAST DUE CAP CHARGES?**

20 **A. No.**

1 **Q. WHAT HAPPENED NEXT?**

2 A. On April 25, 2012, Columbia issued a 10-day termination notice for nonpayment
3 of \$6,490.03 of arrears. These arrears included the marketer balances Columbia
4 had previously purchased through their POR program. In response to this notice,
5 the customer contacted the Company and negotiated a payment agreement to
6 avoid the termination of service. The customer paid \$2,188.00 toward this
7 agreement between May 2012 and July 2012, but these payments were insufficient
8 to meet the terms of the payment agreement. As a result, Columbia issued a 10-
9 day termination notice on July 25, 2012, for nonpayment of \$4,474.10 in arrears.
10 Again, this arrearage included the prior past-due balances that Columbia had
11 previously purchased through its POR program.

12 On July 31, 2012, the customer filed the informal complaint at BCS
13 3001682 objecting to the pending termination for nonpayment of the preexisting
14 account balances, which, upon BCS' investigation, were discovered to have been
15 arrears that were not only older than four years in age, but also which Columbia
16 had acquired under the POR, sent to a collections agency for recovery, then
17 transferred back into the customer's new CAP account.

1 **Q. WHAT REGULATORY COMPLIANCE CONCERNS DID THIS**
2 **COMPLAINT RAISE?**

3 A. Columbia's handling of this account raised a number of concerns, most of them
4 centering on the transfer of the preexisting \$7,049.97 arrears back into the
5 account. This balance represented substantial ratepayer arrearages that the
6 Company had purchased through a POR program and then subsequently removed
7 from the account and sent to a collection agency. However, as I stated above,
8 based on the report provided to BCS by the Company, it was determined that
9 \$5,251.41 of this account arrearage had accrued and was removed from the
10 account more than four years prior to the issuance of the July 25, 2012 termination
11 notice.

12 Section 56.83(7) of the Commission's regulations (relating to unauthorized
13 termination of service) prohibits termination, or the sending of a termination
14 notice, for "nonpayment of charges for public utility service for which the utility
15 ceased billing more than 4 years prior to the date the bill is rendered." Although
16 this specific language went into effect October 8, 2011, a similar provision in the
17 same section was in effect at the time of Columbia's handling of this account.
18 Thus, Columbia, in sending termination notices on April 25, 2012, and July 25,
19 2012, included arrearages that the Company had ceased billing for more than four
20 years prior, in violation of this regulation.

1 Q. DID YOU HAVE ANY OTHER COMPLIANCE CONCERNS RELATED
2 TO THIS COMPLAINT?

3 A. Yes. The \$7,049.97 that was transferred into the account represented marketer gas
4 commodity charges that Columbia had purchased as part of its POR program
5 while the customer was obtaining gas commodity service from a competitive
6 supplier. However, pursuant to the Commission's *August 1999 Customer Service*
7 *Order* and the *October 2008 Columbia Gas Order*, prior to September 2010,
8 Columbia was prohibited from using termination or threatening termination to
9 collect monies purchased through its POR. It was not until Columbia's current
10 POR program was approved by the Commission in the *September 2010 Columbia*
11 *Petition for a Modified POR Order* that Columbia was permitted to resort to
12 termination for collecting POR account balances. That September 2010
13 Commission Order, however, was not retroactive. Therefore, the prohibition on
14 termination for supplier-related charges for those account balances that preceded
15 September 2010 were governed by the requirements established in the *August*
16 *1999 Customer Services Order*, which prohibition was also reiterated by the
17 Commission in the *October 2008 Columbia Gas Order*.

18 In the *December 2008 Interim Standards for POR Programs Order*, the
19 Commission allowed companies to file petitions to modify POR programs to allow
20 for termination of unpaid POR balances. In response to this Order, Columbia
21 petitioned the Commission to establish a POR under which it could terminate or

1 threaten to terminate customers for unpaid POR account balances. In the
2 *September 2010 Columbia Petition for a Modified POR Order*, the Commission
3 granted Columbia permission to do so. However, as I stated, this permission was
4 not granted retroactively to arrears previously acquired under a POR program as
5 the arrears involved in this customer complaint had been.

6
7 **Q. DID THE COMPANY'S ACTIONS IN THIS CASE RAISE ANY OTHER**
8 **CONCERNS?**

9 A. Yes. Because this customer was placed into the CAP program by Columbia,
10 different rules applied to how the Company handled arrears. The involvement of
11 the CAP called into question the appropriateness of Columbia's transferring
12 preexisting account balances in the form of supplier commodity charges purchased
13 through a pre-2010 POR and then "retiring" those arrears under the CAP program.

14
15 **Q. HOW DID THE PLACEMENT OF THE CUSTOMER INTO COLUMBIA'S**
16 **CAP PROGRAM AFFECT THE CUSTOMER'S PREEXISTING**
17 **ARREARS?**

18 A. Under its CAP program, Columbia can fully recover these arrears as a CAP
19 expense in rates. Section 2203(6) of the Natural Gas Choice and Competition Act,
20 66 Pa. C.S. § 2203(6), allows a gas utility "to recover fully" the costs of universal
21 service programs such as CAP. As such, Columbia recovers these costs through a

1 Universal Services Program Rider, not through the conventional ratemaking
2 process of uncollectible expense.

3 Transferring account balances to a CAP account, when some of those
4 balances are over a decade old and a substantial portion represented pre-2010
5 supplier commodity balances acquired under the POR, meant that Columbia
6 positioned itself so that it could now fully recover arrearages that it previously
7 could not. This not only inflated Columbia's CAP expenses, and thus the rates
8 that are charged to all residential customers to recover CAP program costs, but
9 also seemed to be an end-run around the rules and regulations the Commission had
10 established for both CAP accounts and pre-2010 purchased POR accounts.

11
12 **Q. WHAT ARE POSSIBLE CONSEQUENCES OF THE COMPANY**
13 **INFLATING THE COST OF ITS UNIVERSAL SERVICE PROGRAM?**

14 A. The dollars spent on providing universal service programs are fully recovered in
15 rates charged to the residential customer base. Inflating the costs of the universal
16 service programs would naturally lead to inflating the rates the residential
17 customers pay to support the programs. Further, eroding the cost-effectiveness of
18 these programs could ultimately threaten the very existence of the programs. This
19 would be a calamitous result for the thousands of low-income households that rely
20 on these programs to maintain their essential utility service. The full impact of
21 this practice is unknown because we do not know to the extent to which Columbia

1 has done similar things with other accounts. It is also unknown to what extent the
2 utility had already included these arrearages as an uncollectible expense for
3 recovery in subsequent rate cases. The impact could be significant.

4
5 **Q. PLEASE EXPLAIN HOW REINSTATEMENT OF ACCOUNT BALANCES**
6 **THAT DATE BACK TO 2001 THAT WERE PREVIOUSLY SENT TO A**
7 **COLLECTIONS AGENCY COULD HAVE IMPACTED THE**
8 **COMPANY'S UNCOLLECTIBLES ACCOUNT EXPENSE?**

9 A. When a company develops an uncollectibles expense amount in a base rate case,
10 one factor taken into consideration is the company's level of uncollectibles.
11 Possibly included in that amount of uncollectibles are POR arrearages, such as this
12 customer's, that had accumulated over time and had been sent to a collections
13 agency. Thus, the company's uncollectibles account expense would have already
14 accounted for recovery of these debts. In Columbia's particular case, I am aware
15 of at least four base rate cases that have been filed just from 2006 (Docket
16 Numbers R-2008-2011621, R-2009-2149262, R-2010-2215623 and the current
17 case). In these cases, Columbia could have included these POR arrearages in its
18 uncollectible expense leading to the opportunity to double recover these arrears,
19 once through an uncollectibles expense and a second time through a CAP
20 arrearage forgiveness.

1 **Q. WHAT OTHER INFORMATION DO YOU HAVE WITH RESPECT TO**
2 **COLUMBIA’S PRACTICES THAT INVOLVE THE SAME OR RELATED**
3 **ISSUES?**

4 A. In discovery the Company was asked to identify all other customer complaints or
5 situations that raised a question of a similar nature. In response to I&E-RE-167 the
6 Company identified only one more such case involving an informal complaint
7 registered with BCS on November 28, 2011 (a date prior to Columbia’s complaint
8 involving BCS 3001682), by a Columbia applicant who was denied service by
9 Columbia. A copy of the Company’s response to I&E-RE-167 and the BCS
10 Informal Complaint Case Number 2915871 are provided in my I&E Exhibit No. 6,
11 Schedules 3 and 4.

12
13 **Q. WHAT WAS THE NATURE OF THE CUSTOMER’S COMPLAINT?**

14 A. The Company was requiring the applicant to pay a balance of \$583.00 accrued
15 through service at a previous address as a condition of providing service at a new
16 address. This \$583.00 represented an account arrears that had accrued while the
17 customer was participating in the CAP program.

18
19 **Q. WHAT WAS THE RESULT OF BCS’ INFORMAL INVESTIGATION?**

20 A. Upon investigation, BCS determined that this balance dated back to July 2002, and
21 requiring this to be paid as a condition of providing service violated 52 Pa. Code

1 § 56.35(b)(1). This regulation allows a utility to require, as a condition of service,
2 the payment of previous unpaid balances “not exceeding 4 years from the date of
3 the service request.” The balance in question was at least nine years old. BCS
4 issued a decision directing Columbia to cease demanding payment of a nine-year
5 old balance as a condition of providing new service.

6
7 **Q. WHAT IS THE SIGNIFICANCE OF THIS INFORMAL COMPLAINT?**

8 **A.** In addition to clearly violating Commission regulations, this informal complaint
9 was filed and a BCS decision was issued seven months prior to the filing of BCS
10 3001682, the informal complaint with the \$7,000 balance I discussed above. This
11 means that Columbia was aware that it had a problem with how it handled the
12 transfer of preexisting account balances into new accounts and thus had both the
13 opportunity and time to correct its policies and programming. In fact, in response
14 to I&E-RE-167 (I&E Exhibit No. 6, Schedule 3), the Company stated “[t]o ensure
15 future compliance with Chapter 56.35 all universal Service Call Center
16 representatives received refresher training on this issue. Additionally, Columbia is
17 programing (sic) this process to eliminate manual transfer of balances older than 4
18 years.” However, the Company’s failure to take advantage of this opportunity is
19 apparent from the filing of BCS 3001682 seven months later, a case that resulted
20 from similar actions and failures to comply with regulations. This failure to act is
21 all the more alarming because in its initial response to BCS 3001682, the

1 Company failed even to acknowledge that it may have acted contrary to the
2 Commission's regulations. Even after the filing of the complaint, the Company
3 failed to realize that it had threatened termination of service as a means of
4 collecting POR arrears that were older than four years, a threat that was contrary
5 to 52 Pa. Code § 56.83(7) as well as the Commission's Orders regarding POR
6 accounts. Only after repeated questioning by the BCS informal complaint
7 investigator did the Company acknowledge the inappropriateness of its actions.
8

9 **Q. DID COLUMBIA IDENTIFY ANY OTHER ACCOUNTS THAT WERE**
10 **HANDLED IN A SIMILAR FASHION?**

11 A. No. In response to discovery, these were the only two accounts Columbia
12 identified that involved the illegal handling of past customer arrearages.
13

14 **Q. ARE YOU SATISFIED THAT COLUMBIA HAS FULLY IDENTIFIED**
15 **AND ADDRESSED YOUR CONCERNS OVER HOW THESE**
16 **ARREARAGES WERE HANDLED?**

17 A. No, I continue to have concerns over Columbia's practices with respect to how it
18 handles arrears under its CAP and POR programs, or arrears that are older than
19 four years.

1 **Q. WHY?**

2 A. Just as Columbia was very slow to recognize a violation when reviewing each of
3 the above identified complaints, the Company also seemed slow to identify
4 accounts that were similarly mishandled. In response to I&E-RE-168 (I&E Exhibit
5 No. 6, Schedule 5), the Company explained that it previously overlooked
6 identifying the informal complaint at BCS 2915871, claiming that “[a]lthough
7 Columbia does its best to mirror the BCS’ intake process for classifying the
8 complaint, there are situations where the company views the matter differently.”
9 Since the same situation was repeated within only seven months of BCS having
10 found Columbia’s practice to violate Commission regulations, I remain concerned
11 that there may be other similar practices out there that the Company has failed to
12 identify.

13

14 **Q. HAS COLUMBIA RESOLVED THESE COMPLAINTS FOR THESE TWO**
15 **INDIVIDUAL COMPLAINANTS?**

16 A. Yes. Regarding BCS 3001682, the Company agreed to remove from the active
17 account the POR account arrearages that had been purchased more than four years
18 ago. Regarding BCS 2915871, the Company complied with a BCS informal
19 decision ordering the Company not to deny service for the preexisting arrearage
20 that dated back to 2002. Columbia reports that to ensure future compliance, all
21 Universal Service Call Center Representatives received refresher training on this

1 issue. Additionally, Columbia stated in resolution of these individual complaints
2 that it is making programing changes to eliminate manual transfer of account
3 balances that are older than four years.

4 While the situations with these two informal complainants have been
5 addressed satisfactorily and the Company reports that it has taken corrective action
6 to prevent future occurrences, it is still unknown to what extent, if any, similar
7 practices were used with other customers and applicants. And, as I noted, it is
8 particularly disconcerting that after the informal complaint and BCS resolution of
9 the 2011 violation at BCS 2915871, the Company did something similar, resulting
10 in a similar violation, only seven months later in the informal complaint at BCS
11 3001682.

12
13 **Q. WHAT CONCLUSION DO YOU REACH WITH RESPECT TO**
14 **COLUMBIA'S HANDLING OF CUSTOMER CAP AND POR ACCOUNT**
15 **ARREARAGES?**

16 **A.** Columbia violated Sections 56.83(7) and 56.35(b)(1) of the Commission's
17 regulations prohibiting termination for, or requiring as a condition of service
18 payment of, charges for public utility service for which the utility ceased billing
19 more than four years prior. Likewise, the Company used the threat of termination
20 to collect arrearages accumulated under its pre-2010 POR program, an action that
21 was at that time prohibited by the Commission's *August 1999 Customer Service*

1 *Order and October 2008 Columbia Gas Order*. Columbia also inappropriately
2 handled preexisting account balances older than four years by transferring these
3 preexisting balances to a customer's new CAP account. This positioned the
4 Company to fully recover these amounts under the arrearage forgiveness
5 component of the CAP program even though they were older than four years and
6 also may have been written off and recovered through the Company's
7 uncollectible accounts expense. For the reasons I state above, I am concerned that
8 there may have been other such similar violations.

9
10 **Q. WHAT ARE YOUR RECOMMENDATIONS?**

11 A. The Commission should specifically order Columbia to cease handling its CAP
12 and POR account balances in the manners identified above. I also believe that
13 Columbia should be specifically ordered to retrain all its Universal Service Call
14 Center Representatives and implement appropriate program changes and
15 safeguards. While the Company averred it undertook such action in response to
16 BCS 2915871, the repeated violation only seven months after the first violation
17 was discovered and addressed by BCS demonstrates that whatever training and
18 reprogramming was undertaken was insufficient.

19 Further, to protect the integrity and affordability of the Company's CAP
20 program and prevent the Company from pursuing collections practices that pursue
21 recovery of accounts already sold or sent to a collections agency or otherwise

1 written off or accounted for in the Company's uncollectibles accounts rate, the
2 Commission should order the Company to discontinue transferring account
3 balances, for which it can no longer pursue termination, into the accounts of
4 current CAP customers.

5
6 **Q. WHAT IS THE BASIS FOR THIS RECOMMENDATION?**

7 A. The regulations at 52 Pa. Code § § 56.83 (7) and 56.35(b)(1) are long-standing
8 regulations with which the Company must comply. In the Revised Final
9 Rulemaking Order that put in place the current Chapter 56 regulations
10 (*Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 56 to Comply with*
11 *the Provisions of 66 Pa.C.S., Chapter 14; General Review of Regulations, L-*
12 *00060182, Public Meeting of June 9, 2011, order entered June 13, 2011) in*
13 *Attachment One, the Commission explained the rationale for 52 Pa. Code*
14 *§ 56.83(7):*

15 We believe it is necessary to retain paragraph (7) as to prevent a
16 utility from placing on a bill charges for service furnished more than
17 four years ago and terminating for such. Accordingly, this will
18 avoid placing unreasonable burdens of evidence on customers who
19 may dispute the liability for such charges because it is unlikely that
20 more than a few customers retain account and financial information
21 going back that far. The four-year limit also reflects the standard
22 time period found in § 56.14 (make-up bills) and § 56.35 (liability
23 determinations), and the utility record retention time requirement at
24 § 56.202. It also reflects the four-year limit on rate refunds at 66 Pa.
25 C.S.A. § 1312. (Page 99).

1 The Commission cited similar reasons in explaining the rationale for the support
2 of the language in 52 Pa. Code § 56.35(b)(1):

3 We agree with Action Alliance that a four-year limit on liability
4 determinations is appropriate because it is consistent with other
5 restrictions in relevant regulations and statutes. A longer period also
6 presents unreasonable evidentiary burdens; few if any individuals
7 maintain housing, utility, address, etc. records for a period exceeding
8 four years. (Page 73).

9
10 Likewise, the Company should not be threatening termination of service for
11 arrearages accrued under pre-2010 POR programs. To do so is contrary to
12 Commission orders that authorized the Columbia POR program.

13
14 **Q. WHAT IS THE BASIS FOR YOUR CONCERNS WITH THE IMPACT ON**
15 **COLUMBIA'S UNIVERSAL SERVICE PROGRAMS?**

16 **A.** The practice of transferring account balances, including POR balances, for which
17 the Company is no longer able to terminate service, into the accounts of current
18 CAP customers, then forgiving the arrearages, is inappropriate. CAP expenses
19 are, by law, *fully* recovered via universal service charges that are passed along to
20 all residential customers. According to the Commission's *2011 Report on*
21 *Universal Service Programs & Collection Performance*, Columbia's average
22 annual universal service spending per residential customer is already the second
23 highest in the gas industry (page 68). Inflating this spending by including the
24 recovery of preexisting account balances just heightens the concerns over the costs

1 of the program, costs that are recovered almost entirely from mandatory ratepayer
2 funding.

3 Further, it is highly questionable to what extent this practice aids an
4 individual customer. Usually, balances that the utility stopped billing for more
5 than four years ago do not present a threat to the customer in retaining basic utility
6 service. However, transferring them to a customer's active account can endanger
7 service, as made readily apparent in BCS informal complaint 3001682. This
8 practice does not aid the residential customer populations – in fact the opposite is
9 true, for it increases the rates they pay to support universal service. This practice
10 does not improve the CAP program – in fact, it threatens the very existence of the
11 program. As costs inflate, the cost-effectiveness of the programs can be
12 increasingly questioned – putting in peril a program many low-income households
13 rely upon to retain essential utility service. The only entity that this practice
14 appears to benefit is the utility. Columbia gets to fully recover outdated
15 preexisting arrearages under a Universal Service Program Rider that were
16 previously only possibly recoverable via conventional recovery mechanisms, i.e.
17 uncollectible expense, if at all. These conventional recovery mechanisms are
18 typically subject to a greater level of scrutiny than is given to the reconciliation of
19 the Universal Service Rider expenses. Columbia accomplishes this by simply
20 processing those dollars through their CAP program.

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2 A. Yes, it does.

**I&E Exhibit No. 6
Witness: Daniel Mumford**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

Columbia Gas of Pennsylvania

**Docket Nos. R-2012-2321748
M-2012-2323645**

Exhibit to Accompany

the

Direct Testimony

of

Daniel Mumford

Bureau of Investigation and Enforcement

Concerning:

Purchase of Receivables Program and CAP Program

RECEIVED
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HA PUC
SECRETARY'S BUREAU

0-13-13
H68
89H

Respondent: N.J.D. Krajovic
Page 1 of 1

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748
Data Requests

Bureau of Investigation and Enforcement – Set RE

Question No. I&E-RE-153:

Provide information regarding any informal or formal complaints Colombia has received within the last 24 months regarding arrearage forgiveness when a customer who previously had a supplier receivable purchased under the Company's POR program written off joins the CAP program.

Response:

BCS Case Number 3001682 Customer- [REDACTED] (Informal)

[REDACTED] had POR arrearages totaling \$7,049.00 dating back to 2001. When the customer enrolled in CAP the company incorrectly transferred the POR balances older than 4 years to an active CAP account. These balances were eventually removed from the customer's CAP account and placed back with the collection agency.

COLUMBIA GAS OF PA INC (NGDC)
EGW INFORMAL COMPLAINT REPORT

I&E Exhibit No. 6
Schedule 2
Page 1 of 6

BCS Investigator: TIMOTHY PLATT

BCS Case Number: 3001682

BCS Sent:

BCS Received: 8/9/2012 8:16 AM

Prepared By: Diane Brown

Phone: 717-849-0138

Prepared Date: 8/8/2012

Customer Name:

Account Number:

Service Address:

Heating Yes No

Rate: Residential

Budget: \$101.00

Mailing Address:

Current Bill Due Date: 8/10/2012

Total Account Balance: \$4,500.69

Phone (Home):

(Work):

DETAILS OF THE COMPANY'S ORIGINAL INVESTIGATION

6/30/97: Company established gas service in the customers name at the residential rate. ///

12/17/01: Customer enrolled in the CHOICE program. ///

8/20/02: Company removed past due marketers balance of \$998.29 and transferred to a collection agency. ///

3/18/04: Company removed past due marketers balance of \$775.93 and transferred to a collection agency. ///

11/15/04: Company removed past due marketers balance of \$254.87 and transferred to a collection agency. ///

7/19/05: Company removed past due marketers balance of \$291.20 and transferred to a collection agency. ///

1/19/06: Company removed past due marketers balance of \$281.02 and transferred to a collection agency. ///

4/21/06: Company removed past due marketers balance of \$632.25 and transferred to a collection agency. ///

4/23/07: Company removed past due marketers balance of \$1338.30 and transferred to a collection agency. ///

2/20/08: Company removed past due marketers balance of \$679.55 and transferred to a collection agency. ///

7/18/08: Company removed past due marketers balance of \$375.41 and transferred to a collection agency. ///

9/16/10: Company removed past due marketers balance of \$1127.96 and transferred to a

COLUMBIA GAS OF PA INC (NGDC)
EGW INFORMAL COMPLAINT REPORT

I&E Exhibit No. 6
Schedule 2
Page 2 of 6

BCS Investigator: TIMOTHY PLATT

BCS Case Number: 3001682

BCS Sent:

BCS Received: 8/9/2012 8:16 AM

Prepared By: Diane Brown

Phone: 717-849-0138

Prepared Date: 8/8/2012

collection agency. ///

5/18/11: Company removed past due marketers balance of \$295.19 and transferred to a collection agency. ///

8/17/11: Company issued bill for \$26.46 (11 ccfs) based on 2684 estimated read; account balance \$504.07.

9/6/11: Customer enrolled in the CAP Program. ///

9/7/11: Company transferred prior unpaid marketers balance totaling \$7049.97 from the collection to the customers account; account balance \$7554.04. ///

9/16/11: Company issued CAP bill for \$95 (90+5); account balance \$7554.04. Company removed \$204.83 through CAP arrearage retirement program; account balance \$7349.21. ///

9/19/11: Company posted \$150.00 to the account; \$10 towards the arrears; account balance \$7339.21. ///

10/17/11: Company issued CAP bill for \$95 (90+5); account balance \$7339.21. Company removed \$204.69 through CAP arrearage retirement program; account balance \$7134.52. ///

11/15/11: Company posted \$40.00 to the account. Company issued CAP bill for \$96 (91+5); account balance \$7134.52. Company removed \$204.83 through the CAP arrearage retirement program; account balance \$6929.69. ///

12/12/11: Company posted \$96.00 to the account; \$5 towards the arrears; account balance \$6924.29. ///

12/16/11: Company issued CAP bill for \$96 (91+5); account balance \$6924.29. Company removed \$204.83 through the CAP arrearage program; account balance \$6719.86. ///

1/13/12: Company posted \$96.00 to the account; \$5 towards the arrears; account balance \$6714.86. ///

1/19/12: Company issued CAP bill for \$96.00; account balance \$6714.86. Company removed \$204.83 through CAP arrearage retirement program; account balance \$6510.03. ///

2/14/12: Customer contacted company advising that [REDACTED] income is soon going to change. Company advised [REDACTED] when income changes [REDACTED] will need to send in proof of [REDACTED] income. Customer satisfied. ///

2/15/12: Company posted \$200.00 to the account; \$10.00 to the arrears; account balance \$6505.03. ///

COLUMBIA GAS OF PA INC (NGDC)
EGW INFORMAL COMPLAINT REPORT

I&E Exhibit No. 6
Schedule 2
Page 3 of 6

BCS Investigator: TIMOTHY PLATT

BCS Case Number: 3001682

BCS Sent:

BCS Received: 8/9/2012 8:16 AM

Prepared By: Diane Brown

Phone: 717-849-0138

Prepared Date: 8/8/2012

2/17/12: Company issued CAP bill for \$192.00 (\$96 CAP, \$96 CAP arrears); account balance \$6510.03. ///

3/12/12: Company posted \$96.00 to the account; \$5.00 towards the arrears; account balance \$6505.03. ///

3/19/12: Company issued CAP bill for \$192 (\$96 CAP, \$96 CAP arrears); account balance \$6505.03. ///

3/26/12: Company mailed 10 day termination notice for nonpayment of \$96.00 CAP arrears; term date 4/11/12. ///

3/30/12: Company posted \$200 to the account; \$15 to the arrears; account balance \$6490.03. ///

4/10/12: Company received information from agency that customer is now overcome for CAP. Company removed customer from the CAP Program and sent [REDACTED] a letter advising of same.

4/18/12: Company issued bill for \$80.18 (82 therms) based on 3575 actual read; account balance \$6570.21. ///

4/25/12: Company mailed 10 day termination notice for nonpayment of \$6490.03 arrears; term date 5/12. ///

5/11/12: Customer contacted company for payment arrangements on [REDACTED] balance. Based on the customers income and account information (3 adults, 0 children....income \$10,440/mo), company requested \$1190.00 down; then \$998 a month starting 6/12/12. Customer agreed and payment plan was reached.

5/17/12: Company issued bill for \$60.36 (59 therms) based on 3628 actual read; account balance \$6630.57. ///

5/25/12: Company posted \$490.00 to the account; account balance \$6140.57. ///

5/25/12: Company posted 4700.00 to the account; account balance \$5440.57. ///

6/18/12: Company issued bill for \$31.53 (23 ccfs) based on 3649 actual read; account balance \$5472.10. ///

7/18/12: Company issued bill for \$26.59 (15 ccfs) based on 3662 actual read; account balance \$4500.69.

COLUMBIA GAS OF PA INC (NGDC)
EGW INFORMAL COMPLAINT REPORT

I&E Exhibit No. 6
Schedule 2
Page 4 of 6

BCS Investigator: TIMOTHY PLATT

BCS Case Number: 3001682

BCS Sent:

BCS Received: 8/9/2012 8:16 AM

Prepared By: Diane Brown

Phone: 717-849-0138

Prepared Date: 8/8/2012

LAST COMPANY CONTACT INFORMATION

Last Contact Date: 7/9/2012

7/25/12: Company mailed 10 day termination notice for nonpayment of \$4474.10 arrears; term date 8/8.

CUSTOMER'S DISPUTE TO BCS

PAR W/ DISPUTE. COMPANY TRANSFERRED A BALANCE OF 6000.00 OVER IN APRIL 2012. COMPANY CLAIMS THAT THIS BALANCE IS GOING BACK MORE THAN 4 YEARS. CUSTOMER PAID 1200.00 IN JUNE, PAID 998.00 IN JULY. COMPANY SAYS [REDACTED] OWES 4474.10. WOULD LIKE TO FIND OUT IF BALANCE IS CORRECT, IF SO CUSTOMER NEEDS PUC FOR BALANCE. CUSTOMER PAID CAP ARREARS.

DETAILS OF THE COMPANY'S INVESTIGATION AFTER BCS CONTACT

n/a

COMPANY'S FINAL POSITION TO BCS

The customer enrolled in the CHOICE program in 2001. The receiveables were purchased by Columbia Gas. As part of the purchased gas receiveables program, anytime a marketers arrears were more than 90 days old and more than \$250, the company removed the marketers balance from the gas account and eventually sent to a collection agency. ///

In September 2011, the customer enrolled in the CAP Program. A few of the benefits that a CAP customer enjoys is that it provides affordable payment options, reduce credit/collection costs, arrearage retirement program, increased on-time payment frequency which increases credit rating, and energy efficiency. ///

When the customer enrolled in CAP, the company transferred the unpaid purchased receiveables totaling \$7049.97 back to the customers account. This balance was then eligible for the arrearage retirement through the CAP program. (Company removed/retired \$1024.01 arrears during the seven months the customer was enrolled in CAP.) ///

The customers verified income in April revealed that [REDACTED] was now over-income for the CAP Program. The company removed [REDACTED] from CAP and based on [REDACTED] income was placed on a six month payment plan. ///

The company offers the customer a 12-24 month payment plan to assist in paying [REDACTED] account balance of \$4500.69.

ACCOUNT STATEMENT PCID# [REDACTED]

CUSTOMER: [REDACTED]

INVESTIGATOR: [REDACTED]

Tim Platts

CASE NUMBER:

3001682

Svc to	DAYS	Meter read	TYPE	Cons (ccfs)	CAP Bill Amt	CAP Total	Bill Amt	Acct Balance Thru Bill	L P C	Pymts	Date	Balance	Comments
9/16/10	30	1466	E	12			25.86	149.25		100.00	10/15/10	49.25	
10/15/10	29	1497	E	31			47.78	97.03		125.00	11/12/10	-27.97	
11/15/10	31	1613	E	116			150.22	122.25		122.25	12/14/10	.00	
12/16/10	31	1813	A	200			250.12	250.12		200.00	1/13/11	50.12	
1/19/11	34	2080	E	267			383.91	434.03		200.00	2/15/11	234.03	
2/17/11	29	2303	E	223			323.15	557.18		150.00	3/16/11	407.18	
3/18/11	29	2456	E	153			225.56	632.74		200.00	4/13/11	432.74	
4/18/11	31	2580	E	124			180.75	613.49				613.49	
5/18/11	30	2640	E	60			91.45	704.94		*295.19		409.75	*Removed past due marketer's balance.
6/17/11	30	2661	A	21			39.97	449.72				449.72	
7/19/11	32	2673	E	12			27.89	477.61				477.61	
8/17/11	29	2684	E	11			26.46	504.77		**{7049.97	9/6/11}	7554.04	**Customer enrolled in the CAP Program 9/6/11. Prior marketer's balances transferred back to the customer's account.

CODE TYPES: A - Actual C - Customer IA - Initial (Actual) FA - Final
 E - Estimate R - Remote IE - Initial (Estimate) FE - Final Estimate

ACCOUNT STATEMENT PCID# [REDACTED]

CUSTOMER: [REDACTED]

INVESTIGATOR: [REDACTED]

Tim Platts

CASE NUMBER:

3001682

Svc to	DAYS	Meter read	TYPE	Cons (ccfs)	CAP Bill Amt	CAP Total	Bill Amt	Acct Balance Thru Bill	L P C	Pymts	Date	Balance	Comments
9/16/11	30	2696	E	12	95.00			7554.04		*204.83 150.00	9/16/11 9/19/11	7349.21 7339.21	Enrolled in CAP *CAP Arrearage Retirement (CAP Plan 90+5)
10/17/11	31	2745	A	49	95.00			7339.21		*204.69	10/17/11	7134.52	*CAP Arrearage Retirement
11/15/11	29	2849	E	104	96.00	195.00		7134.52		*204.83 40.00 96.00	11/15/11 11/15/11 12/12/11	6929.69 6929.69 6924.29	*CAP Arrearage Retirement
12/16/11	31	2966	A	117	96.00			6924.29		*204.83 96.00	12/16/11 1/13/12	6719.86 6714.86	*CAP Arrearage Retirement
1/19/12	34	3164	E	198	96.00			6714.86		*204.83	1/19/12	6510.03	*CAP Arrearage Retirement
2/17/12	29	3371	A	230	96.00	192.00		6510.03		96.00	3/12/12	6505.03	
3/19/12	31	3501	A	144	96.00	192.00		6505.03		200.00	3/30/12	6490.03	Removed from CAP 4/10/12
4/18/12	30	3575	A	82			80.18	6570.21				6570.21	
5/17/12	29	3628	A	59			60.36	6630.57		490.00 700.00	5/25/12 5/25/12	6140.57 5440.57	
6/18/12	32	3649	A	23			31.53	5472.10		998.00	7/9/12	4474.10	
7/18/12	30	3662	A	15			26.59	4500.69				4500.69	

CODE TYPES: A - Actual C - Customer IA - Initial (Actual) FA - Final (Actual)
 E - Estimate R - Remote IE - Initial (Estimate) FE - Final (Estimate)

Respondent: N.J.D. Krajovic
Page 1 of 2

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748
Data Requests

Bureau of Investigation and Enforcement – Set RE

Question No. I&E-RE-167:

Reference BCS informal complaint case number 3001682 and the response to I&E-RE-153. Provide information regarding any other informal or formal complaints made to the Company or the Commission within the last 24 months that raised any of the following:

- A. The collection of an account or any portion thereof outstanding for more than four years;
- B. The collection of an account or any portion thereof that was previously subject to collection through a collection agency;
- C. The collection of an account or any portion thereof that was purchased as part of the Company's POR and then subsequently placed into the Company's CAP program for recovery;
- D. The collection of an account or any portion thereof that was subject to any similar issue.

Response:

Informal Complaint number BCS: 2915871- [REDACTED]

[REDACTED] was a prior CAP customer with a CAP arrears of \$583.00 (which was older than 4 years old). [REDACTED] had requested service to be connected at a new address. The company denied [REDACTED] request based on a prior balance owed to the company. In this case the CSR incorrectly requested a balance that was over 4 years old.

Respondent: N.J.D. Krajovic

Page 2 of 2

[REDACTED]

To ensure future compliance with Chapter 56.35 all Universal Service Call Center Representatives received refresher training on this issue. Additionally, Columbia is programing this process to eliminate manual transfer of balances older than 4 years.

Please see the copy of case number 291587 provided as I&E-RE-167 Attachment A.

Complaint Tracking System: UI03B - Complaint Data

I&E-RE-167
Attachment A
Page 1 of 6

Page 1 of 3



Complaint ID: 20836 Account Number: [REDACTED] Case No: 2915871 Customer: [REDACTED] Status: CLO

FULL PAR:

Preparer Information

First Name	Last Name	No. of Times	Prepared By Date	Prepared By Phone	Prepared By Email
Valerie	Sexton	1	2011-12-01	717-8490140	717-8490188

Customer Information

First Name	Last Name	Account No	Case No	Order No	Order Size
[REDACTED]	[REDACTED]	2915871	1	0	1

Service Address: [REDACTED] [REDACTED]

Service Address: [REDACTED] [REDACTED]

Service City	State	Zip	Zip Alt	Mail City	State	Zip	Zip Alt
[REDACTED]	[REDACTED]	[REDACTED]	0	[REDACTED]	[REDACTED]	[REDACTED]	0

Resident	Y	Case Res Party	Y	Termination Date	2011-04-27
Customer	Y	Customer Account	Y		

Complaint Tracking System: UI03B - Complaint Data

I&E-RE-167
Attachment A
Page 3 of 6

Page 3 of 3

Type: PA Level: 1 Date: 2007-05-14 Balance: 290.30 Beginning Date: 2007-06-19

Terms: \$110.00 (107+3) Income: 696.00

Type: PA Level: 1 Date: 2007-04-02 Balance: 190.81 Beginning Date: 2007-05-18

Terms: \$115.00 (112+3) Income: 696.00

Type: CAP Level: 1 Date: 2002-02-04 Balance: 1385.08 Beginning Date: 2002-03-07

Terms: \$53.00 (48+5) Income: 611.00

Customer Last Contact Date: 2011-11-28

Company Tell Customer: [REDACTED]

On 11-14-11, based on financial/account information 1 adult; income \$696.00; Columbia advised applicant of \$583.00 CAP balance owed from [REDACTED]. Columbia requested payment of the \$583.00 CAP balance or payment of \$150.00 and a Dollar Energy grant and valid CAP application to connect service at [REDACTED]. Company issued denial statement.

Company Final Position: [REDACTED]

On 3-27-96, Columbia established service at [REDACTED] for [REDACTED] at [REDACTED] request. On 7-30-02, Columbia disconnected service to [REDACTED] for [REDACTED] at [REDACTED] request. Columbia issued a final bill for \$6.42; account balance \$1380.08 (CAP balance \$583.00). On 11-28-11, based on financial/account information, 1 adult, income \$696.00, Columbia reiterated its position of 11-14-11 and requested payment of \$583.00 CAP balance or payment of \$150.00 and Dollar Energy grant and valid CAP application to connect service and reinstate in CAP at [REDACTED].

**INFORMAL COMPLAINT DECISION
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Date: 12/9/2011

BCS: 2915871

V.

COLUMBIA GAS OF PA INC

Acct No: [REDACTED]

DECISION ON INFORMAL COMPLAINT BY THE PUBLIC UTILITY COMMISSION:

We received your informal complaint on 11/28/11. In the complaint, you requesting assistance with establishing service at the above property and stated that:

You applied for service and the company denied you for a prior bill of \$583.00 and you are not sure if you had a prior account. You requested the company provide you with payment terms but they refuse. You are requesting assistance from the PUC to get the gas service on in your name.

INVESTIGATION BY STAFF OF THE PUBLIC UTILITY COMMISSION FOUND THAT:

1. The company reported the applicant contacted them on 11/28/11 to have service turned on in [REDACTED] name for [REDACTED]. The representative reiterated their position from 11/14/11 that [REDACTED] must pay \$583.00 CAP arrears from a prior account which was final billed in August 2002 or pay \$150.00 to Dollar Energy along with valid CAP application to be reinstated into CAP at new address.
2. The company reported the applicant was provided 2 payment agreements in 2007 and therefore were not offering 1407 terms in accordance with PA PUC regulations.
3. On 12/6/11 the company reported they would accept \$118.00 security deposit in order for the applicant to have the service turned on in their name.
4. On 12/6/11 during a conversation between the applicant and the investigator the following was discussed:
 - a) The investigator advised the applicant to pay \$150.00 and apply for Dollar Energy to which she responded [REDACTED] did but did not qualify. The investigator advised the applicant to pay the \$118.00 security deposit and contact the company to confirm the payment and schedule turn on of service.

BASED ON THESE FINDINGS, WE CONCLUDE THAT:

1. The company's request for the \$583.00 in CAP arrears from an account over 4 years old does not comply with Pa. C.S. §56.35 (a) A public utility may require, as a condition of the furnishing of residential service to an applicant, the payment of any outstanding residential account...which accrued within the past 4 years.
2. The prior account was final billed in the year 2002 which is not within the 4 years; therefore cannot be required or requested from an applicant as a condition of furnishing new service.
3. The applicant must pay \$118.00 security deposit in order to have the service turned on in [REDACTED] name.

THEREFORE IT IS DECIDED THAT:

1. This case is closed and the company will turn the service on in the applicant's name after receipt of \$118.00 security deposit.

**Request for Formal Complaint Forms
(Notification of Intent to Appeal)**

Notice to Customer:

If you sign and return this form, you are telling the Public Utility Commission that you want to appeal this decision. Do not return this form unless you want to appeal this decision.

If you want to appeal, you must return this form within 20 days of 12/9/2011. The Commission will send you formal complaint forms if you return this form.

You must comply with this decision until the Public Utility Commission completes the formal complaint process. You must make all of the required payments or the utility company may shut off your service.

Sincerely,
Pennsylvania Public Utility Commission

Yes, I want to appeal this decision. Please send formal complaint forms to me at the following address:

Customer name and address:
(Please correct any mistakes.)



(Area Code) Telephone Number
BCS: 2915871
Company: COLUMBIA GAS OF PA
INC

Signature
Date of Mailing: 12/9/2011

Mail this completed form to:

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



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
BUREAU OF CONSUMER SERVICES
P.O. BOX 3265, HARRISBURG, PA 17105-3265

12/9/2011

BCS No: 2915871

The Public Utility Commission has completed its investigation into your informal complaint. Our decision is attached. We sent a copy of this decision to your utility company. You and the company must both follow this decision. Both parties may appeal this decision. If no one appeals, the decision will become final 20 days after the date of this letter.

If you do not agree with this decision you can appeal it by filing a formal complaint. Complete and return the attached Notification of Intent to Appeal within 20 days of the date on the form. The Commission will mail you formal complaint forms. When you complete and return the formal complaint forms, your appeal begins. The Commission will assign your complaint to the Office of Administrative Law Judge. They will contact you about your formal complaint.

You do not need a lawyer to file an appeal.

You must make all of the payments required by this decision. If you do not make these payments the utility company can shut off your utility service.

Do not mail your payments to the Public Utility Commission. Mail your payments directly to your company.

If you have any questions, please call 1-800-692-7380.

Sincerely,

TRACI MORA
Investigator

COLUMBIA GAS OF PA INC (NGDC)
EGW FULL PAR REPORT

I&E Exhibit No. 6
Schedule 4
Page 1 of 3

BCS Investigator: TRACI MORA

BCS Case Number: 2915871 BCS Sent:
Prepared By: Valerie Sexton

BCS Received: 12/1/2011 3:16 PM
Phone: 717-849-0140 Prepared Date: 12/1/2011

GENERAL INFORMATION	
Cust Name: [REDACTED] Svc Addr: [REDACTED]	Account Number: [REDACTED] Type of Account: <input checked="" type="checkbox"/> Residential <input type="checkbox"/> LL/Tenant <input type="checkbox"/> General/Commercial/Industrial
Mail Addr:	Heating: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Service <input type="checkbox"/> On <input checked="" type="checkbox"/> Off Total Account Balance: \$1,963.08 Term Date: 4/27/2011 Budget: \$59.00 CB Due Date:

Total Gross Income: \$696.00 Date Obtained: 11/14/2011 Adults 1
DISABILITY \$696.00 Children: 0 Family Size: 1

Payment Information Amt to update most recent agreement: \$583.00 CAP Amount:
Recent Payments
02/22/07 \$265.00 Crisis grant

Final report information

Did the company refer this customer to the Universal Service Program? Yes No

Date of last contact with customer prior to current BCS complaint: 11/28/2011

Did the customer accurately state the company position at last contact? Yes No

What did the company tell the customer at time of last contact?

On 11-14-11, based on financial/account information 1 adult; income \$696.00; Columbia advised applicant of \$583.00 CAP balance owed from [REDACTED] Columbia requested payment of the \$583.00 CAP balance or payment of \$150.00 and a Dollar Energy grant and valid CAP application to connect service at [REDACTED]. Company issued denial statement.

Company Final Position:

On 3-27-96, Columbia established service at [REDACTED] for [REDACTED] at [REDACTED] request.

On 7-30-02, Columbia disconnected service to [REDACTED] for [REDACTED] at [REDACTED] request. Columbia issued a final bill for \$6.42; account balance \$1380.08 (CAP balance \$583.00).

On 11-28-11, based on financial/account information, 1 adult, income \$696.00, Columbia reiterated its position of 11-14-11 and requested payment of \$583.00 CAP balance or payment of \$150.00 and Dollar Energy grant and valid CAP application to connect service and reinstate in CAP at [REDACTED].

See Next Page for Prior Agreements.

COLUMBIA GAS OF PA INC (NGDC)
EGW FULL PAR REPORT

I&E Exhibit No. 6
Schedule 4
Page 2 of 3

BCS Investigator: TRACI MORA

BCS Case Number: 2915871 BCS Sent:

BCS Received: 12/1/2011 3:16 PM

Prepared By: Valerie Sexton

Phone: 717-849-0140

Prepared Date: 12/1/2011

Prior Agreement Information

Type: PA
Agree Date: 5/14/2007
Begin Date: 6/19/2007
Balance: \$290.30
Terms: \$110.00 (107+3)
Income: \$696.00
Expenses:
Inc. Level: 1

Type: PA
Agree Date: 4/2/2007
Begin Date: 5/18/2007
Balance: \$190.81
Terms: \$115.00 (112+3)
Income: \$696.00
Expenses:
Inc. Level: 1

Type: CAP
Agree Date: 2/4/2002
Begin Date: 3/7/2002
Balance: \$1,385.08
Terms: \$53.00 (48+5)
Income: \$611.00
Expenses:
Inc. Level: 1



PSID: 500421004

CREDIT/SERVICE DENIAL STATEMENT

Date: NOVEMBER 14, 2011

NAME _____
ADDRESS _____

WE ARE UNABLE TO PROVIDE SERVICE TO YOU BECAUSE:

- You did not provide valid identification
- You owe us \$583.00 CAP balance and \$1380.08 gas balance for service through 7/30/2002 at:

Address 1 _____ Account # _____
 Address 2 _____ Account # _____
 Address 3 _____ Account # _____

Please call us to make payment arrangements.

- Based on the credit score obtained from Equifax, a national credit reporting agency, you failed to meet our credit guidelines. If you have questions or do not agree with the information that Columbia Gas obtained from Equifax, you may call Equifax at 1-888-932-2324.

BEFORE WE WILL PROVIDE YOU SERVICE, YOU MUST:

Please provide the items checked below:

- Pay a Security Deposit of:
 - \$ _____ Due Now
 - \$ _____ With 1st Billing
 - \$ _____ With 2nd Billing
 - \$ _____ With 3rd Billing
 - \$ _____ Total Security Deposit Required

OR

Supply a third party guarantor who meets our credit guidelines. This guarantor must be a current Columbia Gas customer with a good credit history for at least one year who is willing to assume your unpaid final bill.

- Provide an official photo I.D. card
- Proof of Income
- Copy of Mortgage, Lease or Deed
- Victims of Domestic Violence – If you have a valid Protection From Abuse Order, you may be eligible for more lenient arrangements to obtain Gas Service with Columbia Gas.

AND

- Other: TO CONNECT SERVICE AT _____, PAY \$583.00 CAP BALANCE OR PAY \$150.00 AND APPLY FOR/RECEIVE APPROVAL FOR DOLLAR ENERGY GRANT AND VALID CAP APPLICATION.

If you would like to exercise any of the above options, please call our office at 1-888-460-4332 Monday through Friday from 7:00 AM to 5:30 PM and one of our representatives will be happy to assist you.

By: U904205/MICHELLE

IF YOU HAVE SATISFIED ALL OF THE ABOVE, PLEASE DISREGARD THIS STATEMENT.

Question No. I&E-RE-168
Respondent: N.J.D. Krajovic
Page 1 of 1

COLUMBIA GAS OF PENNSYLVANIA INC.

R-2012-2321748
Data Requests

Bureau of Investigation and Enforcement – Set RE

Question No. I&E-RE-168:

Reference the Company's responses to I&E-RE-146 to I&E-RE-152. Explain the Company's denial of the existence of any such complaint in response to these referenced interrogatories in light of the BCS informal complaint at case number 3001682 and the response to I&E-RE-153.

Response:

When Columbia receives a complaint from BCS regarding a certain issue, it attempts to categorize the complaint similar to the reason BCS intake had determined. Although Columbia does its best to mirror the BCS' intake process for classifying the complaint, there are situations where the company views the matter differently. Consequently, when Columbia initially investigated the referenced interrogatories, it focused only on Payment Arrangement Requests with an attached dispute, and did not look at all type of denial complaints. It is for this reason that Columbia did not identify informal complaint 3001682.

Columbia's policy is not to request any balance over 4 years old as required under Section 56.35 of the Commission's regulations, regardless if the applicant was previously in CAP. However, there have been situations where a customer service representative (CSR) incorrectly requested a prior balance or CAP balance older than four years old.

To ensure future compliance Columbia is programming this process to eliminate manual transferring of any balance older than 4 years.

**I&E Statement No. 6-SR
Witness: Daniel Mumford**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA, INC.

**Docket Nos. R-2012-2321748
M-2012-2323645**

Surrebuttal Testimony

of

Daniel Mumford

Bureau of Investigation & Enforcement

**RECEIVED
2013 FEB 19 AM 11:46
P.A. PUC
SECRETARY'S BUREAU**

Concerning:

Purchase of Receivables and Customer Assistance Programs

**2-13-13
H68**

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Daniel Mumford. I am the Manager of the Informal Compliance and
4 Competition Unit in the Policy Division of the Pennsylvania Public Utility
5 Commission's (PUC or Commission) Bureau of Consumer Services (BCS). I also
6 serve in the Commission's Office of Competitive Market Oversight. In this
7 proceeding I have been assigned to the Bureau of Investigation and Enforcement
8 (I&E) to review and address the base rate filing made September 28, 2012, by
9 Columbia Gas of Pennsylvania, Inc. (Columbia or Company). My business
10 address is P.O. Box 3265, Harrisburg, PA 17105-3265.

11
12 **Q. ARE YOU THE SAME DANIEL MUMFORD WHO SUBMITTED DIRECT**
13 **TESTIMONY I&E STATEMENT NO. 6 AND I&E EXHIBIT NO. 6?**

14 A. Yes.

15
16 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

17 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of
18 Columbia witness Nancy Krajovic, Columbia Statement No. 106-R. Ms. Krajovic
19 provided the Company's response to my direct testimony, which addressed the
20 Bureau of Consumer Services' concerns over the manner in which the Company
21 has handled outstanding customer account balances, particularly under the

1 Company's Customer Assistance Program (CAP) and Purchase of Receivables
2 Program (POR).

3
4 **Q. IN YOUR DIRECT TESTIMONY YOU DESCRIBED TWO BCS**
5 **INFORMAL COMPLAINTS FILED AGAINST COLUMBIA IN WHICH**
6 **THE COMPANY WAS FOUND TO HAVE VIOLATED COMMISSION**
7 **REGULATIONS AND ORDERS REGARDING THE COLLECTION OF**
8 **OVERDUE CUSTOMER ACCOUNTS. WOULD YOU PLEASE BRIEFLY**
9 **SUMMARIZE THOSE TWO INCIDENTS?**

10 A. Yes. The first, BCS Informal Complaint Case Number 2915871, involved an
11 informal complaint registered with BCS on November 28, 2011, by a Columbia
12 applicant who had been denied service by Columbia because of a prior account
13 balance from a previous address that dated back to July 2002. Requiring this nine-
14 year old account balance to be paid as a condition of providing service violated 52
15 Pa. Code §56.35(b)(1), which prohibits a utility from requiring as a condition of
16 service the payment of a previous balance that is older than four years.

17 On July 31, 2012, after the above complaint was resolved, a second
18 informal complaint, BCS Informal Complaint Case Number 3001682, was filed.
19 In this complaint, the Columbia customer complained about the Company's
20 transfer of over \$7,000 in account balances dating back to 2001 into her current
21 account the day after the customer enrolled in the Company's CAP program, and

1 then threatening to terminate her service for failure to pay the transferred balances.
2 This complaint raised an issue identical in nature to the earlier complaint, namely
3 reinstating account balances older than four years, and violated 52 Pa. Code
4 §56.83(7), which prohibits a utility from terminating, or threatening termination,
5 for nonpayment of balances older than four years. However, this complaint also
6 implicated other violations.

7
8 **Q. WHAT OTHER VIOLATIONS WERE IMPLICATED IN THIS**
9 **COMPLAINT?**

10 A. The balances that Columbia reinstated for collection in this complaint represented
11 unpaid marketers' balances dating back to at least 2002 that Columbia had
12 purchased under its POR program and had transferred to a collection agency. The
13 Company had reported to BCS that its practice was to remove any marketer's
14 balance that was older than 90 days in age and greater than \$250 in value and
15 transfer it to a collections agency.

16 By reinstating these old POR balances when the customer enrolled in the
17 Company's CAP program, the Company also violated the Commission's policy
18 (pre-September 2010 for Columbia) which prohibited Columbia from using the
19 threat of termination of service for nonpayment of POR arrears. Further, by
20 resurrecting arrears that had been sent to collections and reinstating them under a
21 CAP account, the Company also repositioned itself to fully collect outstanding

1 arrears that according to the Company's own admitted practice were already
2 charged off and transferred to a collections agency. Therefore although no longer
3 collectible through rates, Columbia nonetheless reinstated the nine-year old
4 arrearages as part of its CAP rate expense, which then made the outstanding
5 balances fully recoverable under the Company's CAP program.

6
7 **Q. WHAT IS MS. KRAJOVIC'S RESPONSE TO YOUR CONCERNS ABOUT**
8 **THESE TWO VIOLATIONS?**

9 A. Generally Ms. Krajovic describes them as "two isolated errors" which "Columbia
10 does not view [] as the same" (Columbia St. 106-R, p. 17).

11
12 **Q. DO YOU AGREE WITH MS. KRAJOVIC'S DESCRIPTION?**

13 A. No. Both complaints squarely violated Commission regulations prohibiting a
14 utility from using account balances older than four years. Whether the misuse of
15 old account balances was to refuse to provide new service, as the first complaint
16 was, or was used to terminate existing service, as the second complaint was, is not
17 a meaningful distinction. In each case the Company clearly used account balances
18 that were older than four years in violation of Commission regulations, although
19 the second BCS informal complaint clearly raised additional serious issues.

1 **Q. WITH REGARD TO YOUR CONCERNS OVER THE COMPANY’S**
2 **HANDLING OF THE COMPLAINTS, HOW DOES MS. KRAKOVIC**
3 **RESPOND SPECIFICALLY TO EACH COMPLAINT?**

4 A. In response to BCS Informal Complaint Case Number 2915871, Ms. Krajovic
5 claims the Company viewed that action as “human error” and retrained that
6 particular Customer Service Representative (Columbia St. 106-R, p. 17). Ms.
7 Krajovic also claims that as of August 2012, the Company implemented a
8 programming change that would block the auto transfer of any account balance
9 older than four years into a new account (Columbia St. 106-R, p. 18). With respect
10 to BCS Informal Complaint Case Number 3001682, Ms. Krajovic claims that all
11 CAP account transfers are now limited to one individual who is a CAP expert. Ms.
12 Krajovic describes these two BCS informal complaints as “isolated incidents”
13 (Columbia St. 106-R, p. 18).

14
15 **Q. WHAT IS THE COMPANY’S RESPONSE WITH REGARD TO YOUR**
16 **CONCERNS OVER THE IMPLICATIONS OF IMPROPER RATE**
17 **RECOVERY OF THE OUTSTANDING ACCOUNT BALANCES IN**
18 **THESE COMPLAINTS?**

19 A. With respect to my stated concerns over Columbia’s recovery of outstanding
20 account balances that were sent to collections either also being recovered through
21 uncollectibles or reinstated for recovery through the CAP arrearage forgiveness

1 component of the Company's CAP program, Ms. Krajovic, confirmed what the
2 Company had reported to BCS during its investigation of the complaint. That is,
3 Ms. Krajovic claims that POR balances older than 90 days or higher in value than
4 \$250 are transferred to a miscellaneous revenue account (MRA) and sent to
5 collections. The import of this, as Ms. Krajovic further explains in her rebuttal
6 testimony, is that when sent to collections, the balances are charged off below the
7 line and not added to the Company's uncollectibles expense in base rate cases.

8 Ms. Krajovic also claims that the annual reconciliation of Rider USP
9 (which reconciles costs incurred and recovered under the Company's CAP
10 program) are subject to Commission audit, which she implies is sufficiently
11 strenuous to discover CAP/POR violations because it is a "type of reconciliation
12 [that] is not available under a base rate case review" (Columbia St. 106-R, p. 19).

13
14 **Q. ARE YOU SATISFIED WITH MS. KRAJOVIC'S RESPONSE?**

15 **A.** No.

16
17 **Q. WHY NOT?**

18 **A.** First, I believe the Company wrongly minimizes the impact of these complaints
19 because there are only two we have been able to identify and, as Ms. Krajovic
20 states, I have not "presented any."

1 I believe the Company's refusal to recognize the similarity in the violations
2 evidences and contributes to its minimization of the seriousness of the problem.
3 This, in turn, substantiates my concern that the Company may not have fully
4 vetted the issues internally. While Columbia acknowledges that "mistakes were
5 made in the two cases" I cited in my direct testimony (Columbia St. 106-R, p. 20),
6 Ms. Krajovic also insists that these were isolated incidents based on the
7 Company's review of "its processes as well as its Commission complaints and
8 violations relative to these sections of the Commission's regulations over the past
9 4 years" (Columbia St. 106-R, p. 18).

10 While these may be the only two "complaints" regarding these specific
11 Commission "regulations" that Columbia discovered, I interpret Ms. Krajovic's
12 admission to be limited to "Commission complaints," either formal or informal,
13 involving these two regulations. However, as Columbia related in response to an
14 I&E data request on another issue addressing customer complaints, "Columbia
15 Gas of Pennsylvania receives more than 38,000 phone calls each year in which
16 customers specifically ask Columbia Gas to explain the bill and/or the rates. Those
17 phone calls are too voluminous to transcribe[.]" (Company response to I&E-RS-1-
18 D.)

19 A narrow search of only Commission complaints, which involved only the
20 cited regulations, which dealt only with accounts older than four years, would not
21 necessarily expose other customer complaints that did not rise to the Commission

1 level or deal with the improper handling of POR and CAP account balances that
2 violated Commission orders but not the two cited Commission regulations.
3 Further, the Company failed to identify any complaints, not just Commission
4 complaints, involving violations of any of these Commission regulations and
5 policies upon my initial round discovery. It was only upon the conduct of repeated
6 discovery that the Company finally admitted the two violations.

7 In sum, I am not as resolutely convinced as Ms. Krajovic apparently is that
8 these are isolated incidents. Unfortunately, the data lies within the Company's
9 control, so I can "present" only those violations to which the Company admits.

10
11 **Q. WHAT IS YOUR RESPONSE TO MS. KRAJOVIC'S CLAIM THAT**
12 **TRANSFER OF THE POR BALANCES TO AN MRA ACCOUNT**
13 **PREVENTED THEIR TRANSFER TO ANY ACTIVE ACCOUNT?**

14 **A.** I am also not satisfied with Ms. Krajovic's explanation that the "placement of
15 these [POR] balances in an MRA prevented the transfer of unpaid marketer supply
16 balances to any active account" and that "the use of the MRA account prevented
17 the transfer of any POR arrears" (Columbia St. 106-R, p. 19). This is obviously
18 not the case, since this is exactly what occurred in BCS Informal Complaint Case
19 Number 3001682 – POR balances were indeed transferred to an active account.
20 This renders Columbia's claim that this was an "isolated" incident because the use
21 of the MRA prevented the transfer of any POR arrears less than reassuring.

1 **Q. WHAT OTHER CONCERNS, IF ANY, DO YOU HAVE?**

2 A. Ms. Krajovic reports that Columbia has taken corrective actions to prevent future
3 similar occurrences, including staff training (Columbia St. 106-R, p. 17) and
4 programming changes (Columbia St. 106-R, p. 18). However, Ms. Krajovic also
5 reports that “authority for effecting those transfers no longer resides broadly with
6 Universal Service call center representatives, but is now limited to only one
7 individual who is a CAP program subject matter expert” (Columbia St. 106-R,
8 p. 18). This appears to leave open the possibility that transfers of POR dollars is
9 still possible; it is just that the entity with authorization to do so has changed.
10 Again, this is not reassuring, especially when Columbia fails to explain under just
11 which circumstances such a transfer would be authorized.

12
13 **Q. WHAT RESPONSE DO YOU HAVE TO MS. KRAJOVIC’S REBUTTAL**
14 **TESTIMONY REGARDING YOUR CONCERNS OVER THE**
15 **OPPORTUNITIES THESE TYPES OF VIOLATIONS PRESENTED FOR**
16 **THE COMPANY TO RECOVER IN RATES OUTSTANDING**
17 **ARREARAGES THAT WERE NO LONGER RECOVERABLE?**

18 A. Columbia denies that USP (universal service) riders face less scrutiny than
19 conventional base rate recovery by pointing out that “Rider USP mechanism is
20 explicitly subject to Commission audit” (Columbia St. 106-R, p. 19). I find this a
21 specious claim because practically all rates, regardless of mechanism used, are

1 possibly subject to subsequent Commission audit. And while the USP costs could
2 indeed be audited at some point, it can be years between audits – meaning issues
3 and problems could persist for long periods of time without being addressed.

4 Moreover, reliance on the “safeguard” of an audit assumes that an auditor
5 would be sufficiently versed in the panoply of rules and regulations involving
6 customer arrears, the CAP components and authorized recoveries, the POR, etc. to
7 be able to fully identify all potential issues. As I described in my direct testimony,
8 not all violations are as express as failure to comply with Commission regulations.
9 With respect to the development of the CAP and POR programs, a number of
10 Commission orders are also implicated, which sometimes vary from company to
11 company. As such, I have to reject Columbia’s proposition that the USP Rider
12 process faces as much scrutiny, if not more, than the conventional rate process,
13 and that any CAP or POR violation would have been or will be discovered and
14 adequately rectified, particularly through customers’ perspectives, through an
15 audit. Furthermore, Universal Service charges affect both CAP customers and
16 non-CAP residential ratepayers in how they are billed and services received. To
17 defer to only one safeguard, when more than one is available, is not in the public
18 interest.

19 Leaving aside the argument of whether it is the USP Rider process or the
20 conventional rate process that faces greater scrutiny - Columbia also fails to
21 address the more important distinction between these two processes. Universal

1 service costs collected via the USP Rider are *fully* recoverable per Section 2203(6)
2 of the Natural Gas Choice and Competition Act (66 Pa. C.S. § 2203(6)). In
3 contrast, Columbia does not have a statutory right to *full* recovery of conventional
4 uncollectible costs that may be claimed in a rate case via usual recovery
5 mechanisms. This distinction alone is reason enough to be concerned with any
6 practice where it appears a utility could be using its universal service program cost
7 recovery mechanism to launder dollars from other sources.

8 Columbia asserts that “POR write-offs were never recovered through its
9 uncollectible expense account in its base rates” (Columbia St. 106-R, p. 19).
10 Columbia supports this claim by pointing to their practice of placing POR dollars
11 into an MRA account which was “ultimately charged off below the line – not
12 added to the uncollectibles expense” (Columbia St. 106-R, p. 19). But as noted
13 above, despite Columbia assurances that the “placement of these [POR] balances
14 in an MRA prevented the transfer of unpaid marketer supply balances to any
15 active account” (Columbia St. 106-R, p. 19) – this kind of transfer did in fact
16 occur, as is apparent in BCS Informal Complaint Case Number 3001682. This
17 causes me to question Columbia’s assertion that POR dollars were never claimed
18 in rates.

19
20 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

21 **A.** Yes, it does.

I&E Statement No. 7
Witness: Andrew J. Geibel

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA, INC.

Docket Nos. R-2012-2321748
M-2012-2323645

Direct Testimony

of

Andrew J. Geibel

Bureau of Investigation and Enforcement

Concerning:
GAS SAFETY

RECEIVED
2013 FEB 19 AM 11:45
PA PUC
SECRETARY'S BUREAU

0-13-13
HH
Q

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Andrew J. Geibel. I am a Gas Safety Engineer in the Gas Safety
4 Division of the Pennsylvania Public Utility Commission's ("Commission")
5 Bureau of Investigation and Enforcement ("I&E"). My business address is
6 Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, PA
7 17105-3265.

8
9 **Q. WHAT IS YOUR EDUCATIONAL AND EMPLOYMENT EXPERIENCE?**

10 A. I attended the Pennsylvania State University and earned a Bachelor's of Science
11 Degree in Mechanical Engineering in 2005. I worked three years as a
12 manufacturing engineer prior to joining the Pennsylvania Public Utility
13 Commission's Gas Safety Division in 2008.

14
15 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

16 A. The purpose of my testimony is to address Columbia Gas of Pennsylvania, Inc.
17 ("CPA" or "Company") pipeline replacement of bare steel. My direct testimony
18 addresses the following issues:

- 19 A. Federal regulations CPA is required to follow
- 20 B. Pipeline replacements of bare steel
- 21 C. Active corrosion and CPA's active corrosion program
- 22 D. Customer owned service lines

1 **SECTION I – PIPELINE REPLACEMENT**

2 **Q. WHAT FEDERAL REGULATIONS IS CPA REQUIRED TO FOLLOW**
3 **THAT AFFECT PIPELINE REPLACEMENT?**

4 A. CPA is mandated by Congress to adhere to the Distribution Integrity Management
5 Program (“DIMP”) as promulgated in Chapter 49, Subpart 192.1001-192.1015 of
6 the Code of Federal Regulations.

7
8 **Q. WHAT DOES THE FEDERALLY MANDATED DISTRIBUTION**
9 **INTEGRITY MANAGEMENT PROGRAM REQUIRE?**

- 10 A. DIMP requires a natural gas utility to:
- 11 1. Identify threats to its facilities
 - 12 2. Evaluate and rank the risk of the threats
 - 13 3. Identify and implement measures to address risks
 - 14 4. Measure performance, monitor results, and evaluate effectiveness
 - 15 5. Periodically evaluate and make improvement
 - 16 6. Report results

17
18 The DIMP regulations require CPA to identify risks to its pipeline systems and
19 create plans to mitigate the risks. DIMP determines the pipeline replacement
20 strategy by ranking pipe by risk levels. A mitigation strategy is developed that
21 includes pipeline replacement.

1 **Q. HAVE YOU REVIEWED MR. KEMPIC'S DIRECT TESTIMONY AND**
2 **MR. COTE'S DIRECT TESTIMONY AS IT RELATES TO ACTIVITIES**
3 **DESIGNED BY CPA TO IMPROVE THE SAFETY AND RELIABILITY**
4 **OF CPA'S NATURAL GAS DISTRIBUTION SERVICE?**

5 A. Yes, I have reviewed Mr. Kempic's testimony (Company Statement No. 1) where
6 he summarizes some of the Company's safety and reliability improvement
7 activities (pages 39-40). I have also reviewed Mr. Cote's testimony (Company
8 Statement No. 8) regarding CPA's annual pipeline replacement activities and
9 CPA's enhanced leak survey activities.

10
11 **Q. WHAT IS YOUR REACTION TO THAT TESTIMONY?**

12 A. These activities are required under DIMP regulations and are not optional. All
13 regulated natural gas distribution utilities must implement these required activities
14 to comply with the DIMP regulations.

15
16 **Q. WHY IS DIMP NECESSARY FOR A PIPELINE OPERATOR?**

17 A. The US DOT, Pipeline and Hazardous Safety Materials Administration created the
18 DIMP regulations to address the main causes of DOT reportable incidents. Leaks
19 from corrosion are one of the top three causes of DOT reportable incidents.

1 Q. ON PAGE 22, MR. COTE STATES THAT CPA HAS REPLACED MORE
2 BARE STEEL MAINS THAN OTHER REGULATED DISTRIBUTION
3 COMPANIES IN PENNSYLVANIA. IS THAT STATEMENT
4 ACCURATE?

5 A. Yes.

6

7 Q. WHY HAS CPA NEEDED TO REPLACE HIGH LEVELS OF BARE
8 STEEL?

9 A. From 2003-2011, Columbia had the second highest amount of bare steel remaining
10 in operation of all regulated public natural gas utilities in Pennsylvania. See I&E
11 Exhibit No. 7, Schedule 1. Additionally, CPA had the highest corrosion leaks per
12 mile of cast iron and unprotected bare and coated steel in Pennsylvania in 2008
13 and the second highest in 2006, 2007, 2009, 2010 and 2011. See I&E Exhibit No.
14 7, Schedule 2.

15

16 Q. PLEASE DISCUSS CPA'S BARE STEEL REPLACEMENT.

17 A. In Statement No. 8, page 22, Mr. Cote remarks, "As this chart demonstrates, in
18 the last three years for which there is data, Columbia has replaced more than four
19 and one-half times as much bare steel main as the next highest LDC among its
20 peers in Pennsylvania." This is an inaccurate comparison of CPA to its peer
21 LDC's in Pennsylvania because Mr. Cote's chart did not include National Fuel,
22 which replaced 69 miles of bare steel in 2010 and 2011. Columbia replaced 207

1 miles in 2010-2011, which is three times what National Fuel replaced, not “more
2 than four and one-half times” as claimed by the Company. See I&E Exhibit No. 7,
3 Schedule 1. While Columbia emphasizes that it has replaced more miles of bare
4 steel than its peers, it is important to note that Columbia has more miles of bare
5 steel in the ground than its peers. Columbia has the second highest amount of bare
6 steel remaining in operation of all regulated public natural gas utilities in
7 Pennsylvania. See I&E Exhibit No. 7, Schedule 1. For example, in 2011
8 Columbia had 1751 miles of bare steel while PECO had 355 miles of bare steel.
9 I&E Exhibit No. 7, Schedule 1. Therefore, it is logical that Columbia is replacing
10 more miles than PECO given that it has almost five times as much bare steel
11 remaining in 2011.

12 Rather than comparing miles of bare steel replaced between the utilities, it
13 is worthwhile to look at the percentage of bare steel each LDC has replaced. From
14 2002-2011, CPA replaced 24% of its bare steel; however, Peoples TWP replaced
15 34%, National Fuel replaced 26%, Equitable replaced 23%, and UGI replaced
16 22%. See I&E Exhibit No. 7, Schedule 1. Therefore, when looking at the amount
17 of bare steel replaced compared to the amount of bare steel in the ground, it is
18 clear that CPA is not ahead of its peers.

19
20 **Q. MR. COTE CLAIMS THAT COLUMBIA MEETS OR EXCEEDS STATE**
21 **AND FEDERAL REQUIREMENTS FOR LEAK SURVEYING. IS THAT**
22 **STATEMENT ACCURATE?**

1 A. Yes. On page 10, Mr. Cote cites the 2007 start date of CPA's annual leak survey
2 program to support his assertion that the Company meets or exceeds state and
3 federal requirements which mandate that bare steel mains be inspected on a three
4 year interval.

5
6 **Q. WHY DO YOU BELIEVE CPA ACCELERATED ITS PIPELINE**
7 **REPLACEMENT AND BEGAN PERFORMING ENHANCED LEAK**
8 **SURVEYS?**

9 A. In my opinion, Columbia accelerated its pipeline replacement and began
10 performing enhanced leak surveys because of previous historically poor
11 performance in these areas that resulted in an increase in corrosion leaks per mile.
12 In fact, CPA's leak per mile rate more than doubled from 2002 to 2008 and is still
13 slightly less than double the 2002 leak per mile rate. See I&E Exhibit 7, Schedule
14 2. One of these corrosion leaks led to a reportable incident in 2006.

15
16 **Q. WHAT IS A REPORTABLE INCIDENT?**

17 A. 49 CFR 191.3 defines a Reportable Incident as any of the following events:
18 (1) An event that involves a release of gas from a pipeline, or of liquefied natural
19 gas, liquefied petroleum gas, refrigerant gas, or gas from an LNG facility, and that
20 results in one or more of the following consequences:(i) A death, or personal
21 injury necessitating in-patient hospitalization;(ii) Estimated property damage of
22 \$50,000 or more, including loss to the operator and others, or both, but excluding

1 cost of gas lost;(iii) Unintentional estimated gas loss of three million cubic feet or
2 more;

3 (2) An event that results in an emergency shutdown of an LNG facility.

4 Activation of an emergency shutdown system for reasons other than an actual
5 emergency does not constitute an incident.

6 (3) An event that is significant in the judgment of the operator, even though it did
7 not meet the criteria of paragraphs (1) or (2) of this definition.

8
9 **Q. CAN YOU DESCRIBE COLUMBIA'S HISTORIC PERFORMANCE THAT**
10 **RESULTED IN A REPORTABLE INCIDENT?**

11 A. Yes. CPA had one DOT reportable incident from 2002-2012 that was the result of
12 corrosion. The reportable incident occurred in 2006 in Mount Pleasant,
13 Pennsylvania, and the property damage totaled \$383,100. The Mount Pleasant
14 incident was caused by active corrosion, which is defined by the Code of Federal
15 Regulations as "continuing corrosion that, unless controlled, could result in a
16 condition that is detrimental to public safety." 49 CFR 192.3. At the time of this
17 incident CPA did not have a method of documenting active corrosion nor did it
18 have a systematic plan to replace bare steel and cast iron. Consequently, there was
19 no documentation for the D-8528 steel main in question to show that CPA had
20 reviewed this line for indications of active corrosion. A formal complaint, at
21 Docket No. C-20077249, resulted from this incident. In the settlement with CPA
22 and the Commission's Law Bureau, CPA agreed to, "perform and provide a risk

1 analysis study to the Commission to determine the risk severity of Columbia's
2 unprotected bare steel pipe and cast iron pipe." As a result of the Mount Pleasant
3 incident, and as seen in Mr. Cote's direct testimony on page 18, starting at line 10,
4 "In 2007, Columbia began to accelerate the replacement rate of bare steel and cast
5 iron pipe."

6 Of note, after the Mount Pleasant incident in 2006, CPA only increased
7 bare steel replacement through 2008. In 2009 and 2010, CPA decreased bare
8 steel replacement to less than the 2006 rate of replacement. In fact, CPA's 2010
9 replacement of 56 miles is almost half the mileage that was completed in 2007 of
10 106 miles. See I&E Exhibit No. 7, Schedule 1.

11
12 **Q. HAS THE COMMISSION'S GAS SAFETY DIVISION ADDRESSED THE**
13 **ELIMINATION OF ACTIVE CORROSION WITH CPA IN THE PAST?**

14 **A.** Yes. I&E Exhibit No. 7, Schedule 3 shows the non-compliance letter, NC-30-07,
15 dated November 21, 2007, to CPA from the Gas Safety Division requiring CPA
16 to:

- 17 1. Provide a consistent review process for suspected active corrosion areas
18 that includes leak history and a current leak survey review,
19
- 20 2. Provide criteria for determining areas of active corrosion from suspected
21 areas of active corrosion,
22
- 23 3. Provide a time frame for eliminating areas of active corrosion once they are
24 determined through this process.

1 In reply to NC-30-07, CPA offered the following response (I&E Exhibit No. 7,
2 Schedule 4):

- 3 1. Beginning in 2008 and continuing for 20 years, Columbia Gas of
4 Pennsylvania will execute a program that will eliminate all cast iron,
5 wrought iron, and unprotected steel mains. As referenced in the Project
6 Description (see Attachment A).
7
- 8 2. Based on the strategy above, Columbia Gas of Pennsylvania will use a
9 tiered replacement model to target replacements on a year-by-year basis.

10
11 ◆ **Large Segment Replacement** - This would identify and prioritize the
12 segments of the system based on population density, system pressure, main
13 proximity to buildings, leak history, and pipe conditions reports. This
14 approach would result in a program predicated on a systematic plan which
15 would target large discrete areas of municipalities, neighborhood by
16 neighborhood, block by block, in a geographically continuous fashion, for
17 infrastructure replacement.

18
19 ◆ **High Priority Performance Replacement** - This would continue
20 Columbia Gas of Pennsylvania's current replacement pattern of identifying
21 these segments of main on a continuous review basis. See item 3.

22
23 ◆ **D-Line Replacement** - Targeting Columbia of Pennsylvania's High
24 Pressure Trunk Line System. These facilities will be replaced based on
25 high priority performance for the most part; however, some sections will be
26 replaced as part of large segment projects.

27
28 ◆ **Road Reconstruction Replacement** - This would include a process for
29 addressing road reconstruction activities in any jurisdiction. In those
30 instances where we are notified of pavement overlay, we will undertake the
31 following: Evaluate the segment for replacement in the context of the
32 "Large Segment Replacement" identified in the first bullet. Evaluate the
33 segment for leakage and condition as identified in the second bullet. Then,
34 if the need for replacement is not identified by these two activities, a leak
35 survey of the area would be conducted and any leaks would be repaired
36 prior to paving.

- 37
- 38 3. Columbia Gas of Pennsylvania will hold quarterly meetings for each
39 Operating Center to review areas of suspected corrosion (see attached form
40 B). A standardized review and documentation process will be utilized
41 which will include current and previous leakage information along with

1 other factors where applicable. The review will be documented on a
2 standard form (see attached form C). Based on these reviews those
3 segments of pipe identified will be placed on the active corrosion log (see
4 attached form D). Segments on the log will be replaced within 24 months
5 from the creation of the job order.
6

- 7 4. In 2007 Columbia Gas of Pennsylvania implemented annual supplemental
8 surveys of all cast iron, wrought iron and unprotected steel mains in its
9 system. This allows us to closely monitor the condition of these systems,
10 provide additional data for ongoing analysis and allow us to address
11 priority leakage sooner.
12

13 **Q. MR. COTE IDENTIFIED SAFETY ACTIONS THE COMPANY HAS**
14 **TAKEN THAT HE CHARACTERIZES AS “ENORMOUS PROGRESS**
15 **SINCE 2006 IN DELIVERING AND MAINTAINING A SAFE AND**
16 **RELIABLE DISTRIBUTION SYSTEM FOR ITS CUSTOMERS.” HOW**
17 **WOULD YOU CHARACTERIZE THESE ACTIONS?**

18 A. I would characterize these actions as items required by DIMP and reflective of the
19 need to improve its pipeline replacement program. As discussed above, CPA had
20 a history of corrosion and increasing leak per mile rate prior to 2007. Therefore,
21 while CPA has made progress since 2006, that progress was either required by the
22 DIMP or developed to address concerns identified by the Commission’s Gas
23 Safety Division.

1 **SECTION II – CUSTOMER OWNED SERVICE LINES**

2 **Q. WHAT CONSTITUTES A CUSTOMER SERVICE LINE?**

3 A. A service line is a pipeline that extends from the main to the inlet of the customer
4 meter.

5
6 **Q. WHO OWNS THE SERVICE LINE?**

7 A. A service line can be owned by the customer or the company. Ownership of the
8 service line depends on where the customer is located, when the line was installed
9 and who installed it. In general, service lines in the western part of the state are
10 owned by the customer while service lines in central and eastern Pennsylvania are
11 owned by the utility.

12
13 **Q. DOES THE DIMP INCLUDE SERVICE LINES?**

14 A. Yes. DIMP requires regulated public utilities like CPA to address all risks in their
15 DIMP, which includes customer owned service lines. When there is a One Call
16 excavation notice, the underground facility owners are required by the One Call
17 Act to locate and mark these underground facilities. However, customers who
18 own their service lines generally do not know the location of these lines.

1 **Q. ARE SERVICE LINES NOW REQUIRED TO BE INSTALLED BY THE**
2 **COMPANY OR QUALIFIED TECHNICIANS?**

3 A. Yes. Federal gas safety regulations at 49 CFR 192.801-192.809, require that any
4 operations on a pipeline must be performed by a qualified individual. An
5 individual becomes qualified through training and testing under CPA's Operator
6 Qualification Program. As such, customers can still own service lines but those
7 service lines must be installed by qualified technicians.

8
9 **Q. IF AN OPERATOR QUALIFIED PLUMBER INSTALLS A CUSTOMER**
10 **OWNED SERVICE LINE, DOES THE COMPANY NECESSARILY KNOW**
11 **WHAT TYPE OF LINE IT IS, WHERE IT WAS INSTALLED OR HOW**
12 **DEEP IT IS BURIED?**

13 A. No. Since CPA's Tariff allows for the installation of customer owned service
14 lines for its customers, CPA does not have sufficient information to thoroughly
15 address customer owned service lines in its DIMP. This lack of information is an
16 unknown risk in CPA's DIMP which is a safety concern because the risk cannot
17 be quantified and steps cannot be taken to mitigate the risk.

18
19 **Q. IN ADDITION TO THE SAFETY CONCERNS ASSOCIATED WITH**
20 **CUSTOMER OWNED SERVICE LINES, IS THERE A SECOND REASON**
21 **FOR ELIMINATING THESE CUSTOMER OWNED LINES?**

1 A. Yes. There is an equity issue inherent in having some of CPA's customers own
2 their service lines.

3

4 **Q. DESCRIBE THE EQUITY ISSUE ASSOCIATED WITH CUSTOMER**
5 **OWNED SERVICE LINES.**

6 A. An equity issue exists as a result of some CPA customers owning their service
7 lines and others not owning their service lines because, if there is damage to the
8 service line, the customers who do not own their service lines have CPA repair the
9 line at no charge to them. However, customers who own their service lines must
10 repair the service line with their own funds, which can cost approximately \$1,200
11 to \$3,500.

12

13 **Q. HAS THE COMMISSION RAISED SAFETY AND EQUITY CONCERNS**
14 **ABOUT COLUMBIA'S CUSTOMER OWNED SERVICE LINES?**

15 A. Yes. In 2007, the Company filed a Petition, at Docket No. P-00072337,
16 requesting waiver of tariff rules requiring that customers be responsible for the
17 installation, maintenance, and replacement of their customer owned service line.
18 CPA sought waiver of these tariff provisions in order to replace customer service
19 lines at its expense, but indicated that the requested waivers were limited because
20 it would not take ownership of or maintain the line. The Commission stated that:

21 While we are granting Columbia's limited tariff waiver request, we are
22 troubled by Columbia's not owning and maintaining the new service lines.
23 Customer owned natural gas service lines present safety issues not present

1 with other customer owned utility lines. For example, the Commission's
2 Gas Safety Division is concerned about customer owned service lines not
3 being marked as they are not the "lines of a facility owner" under the One
4 Call Act. 73 P.S. §§ 176-186. In addition, there are equity issues when a
5 utility owns and maintains service lines for some of its customers, but not
6 others.
7

8 **Q. DOES THE COMPANY PLAN TO REPLACE CUSTOMER OWNED**
9 **SERVICE LINES OVER THE NEXT FIVE YEARS?**

10 A. Yes. Columbia filed its Long-Term Infrastructure Improvement Plan ("LTIIP")
11 on December 7, 2012, at Docket No. P-2012-2338282, in order to qualify
12 infrastructure for Distribution System Improvement Charge ("DSIC") recovery.
13 On page 5, Columbia states that it is necessary to replace bare steel customer
14 service lines and any other customer service lines that are incapable of handling
15 the new system pressures or are not up to current code requirements. On page 13
16 of the LTIIP, CPA states that it will replace 7,000 to 9,000 customer owned
17 service lines per year over the next five years, resulting in approximately 36,000
18 service lines replaced by the end of 2017. The Company proposes to pay the cost
19 of replacing the customer owned service lines, but states that the customer will
20 continue to own and have responsibility to maintain the service line after it is
21 replaced.

1 **Q. WHAT IS YOUR RECOMMENDATION REGARDING CUSTOMER**
2 **OWNED SERVICE LINES?**

3 A. My recommendation is that CPA eliminate customer owned service lines due to
4 the safety and equity concerns discussed above. Accordingly, the Gas Safety
5 Division of I&E recommends that CPA provide a plan to the Commission in its
6 next base rate filing to eliminate these customer owned service lines. If
7 replacement of these service lines qualifies for DSIC recovery, CPA must keep
8 detailed records of all customer owned service lines replaced so that those lines
9 can be identified in the Company's next base rate case.

10

11 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 A. Yes.

9

**I&E Exhibit No. 7
Witness: Andrew J. Geibel**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

Columbia Gas of Pennsylvania

**Docket Nos. R-2012-2321748
M-2012-2323645**

Exhibit to Accompany

the

Direct Testimony

of

Andrew J. Geibel

Bureau of Investigation and Enforcement

Concerning:

GAS SAFETY

RECEIVED
PA PUC
SECRETARY'S BUREAU

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Miles of Bare Steel Remaining and Replaced by Columbia

Year	Remaining	Replaced
2002	2311	
2003	2280	31
2004	2350	70
2005	2317	33
2006	2222	95
2007	2116	106
2008	2021	95
2009	1958	63
2010	1902	56
2011	1751	151

Miles of Bare Steel Remaining and Replaced by Ten Largest Distribution Utilities in Pennsylvania

Utility/ Year	2002 Remaining	2008 Remaining	2009 Replaced	2009 Remaining	2010 Replaced	2010 Remaining	2011 Replaced	2011 Remaining	Total Replaced 2010-2011	Total Replaced 2002-2011	% Replaced 2002-2011
Columbi	2311	2021	63	1958	56	1902	151	1751	207	560	24%
Peoples	2080	1939	22	1917	11	1906	22	1884	33	196	9%
Equitabl	962	803	22	781	19	762	25	737	44	225	23%
National	1302	1073	38	1035	36	999	33	966	69	336	26%
PECO	416	374	7	367	6	361	6	355	12	61	15%
PGW	0	0	0	0	0	0	0	0	0	0	
UGI	474	398	7	391	12	379	11	368	23	106	22%
UGI CPC	763	660	22	638	10	628	9	619	19	144	19%
UGI PNG	336	301	3	298	9	289	6	283	15	53	16%
Peoples	1456	1066	54	1012	20	992	37	955	57	501	34%

Corrosion Leaks per Mile of Cast Iron and Unprotected Steel (Bare and Coated)

Utility/Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Columbia	0.88	1.08	1.18	1.25	1.40	1.55	2.05	1.64	1.56	1.53
Peoples	0.74	0.65	0.81	0.82	0.76	0.90	0.83	0.97	0.92	0.85
Equitable	1.18	1.26	1.79	1.26	0.84	0.89	0.78	0.79	0.91	0.70
National	1.27	1.08	1.04	1.25	1.32	1.16	1.17	1.29	1.35	1.02
PECO	1.98	1.38	1.82	2.30	1.81	1.83	1.71	1.88	2.40	2.19
PGW	0.01	0.05	0.05	0.06	0.07	0.06	0.08	0.11	0.10	0.09
UGI	1.39	1.47	1.15	1.26	0.71	0.78	0.72	0.94	0.79	0.80
UGI CPG	0.57	0.10	0.38		0.63	0.46	0.60	0.74	0.46	0.72
UGI PNG	1.42	1.24	1.13	1.35	1.28	1.12	1.24	1.10	1.50	1.39
Peoples TWP	0.67	0.58	0.75	0.96	0.97	1.21	1.16	1.29	1.17	0.95

Columbia Gas R-2012-2321748



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

November 21, 2007

IN REPLY PLEASE
REFER TO OUR FILE

REFERENCE:
NC-30-07

Mr. Danny G. Cote
General Manager
Columbia Gas of PA
501 Technology Drive
Canonsburg, PA 15317

Dear Mr. Cote:

On October 17 and 30, 2007, Pennsylvania Public Utility Commission's Gas Safety Inspector, Mr. Ralph Graeser inspected Columbia Gas of Pennsylvania's records at the Charleroi and Washington, Pennsylvania facilities.

As a result of the inspections, there is reason to believe that Columbia Gas of Pennsylvania is in violation of the following state and federal regulations:

- (1) **49 CFR §192.13 General.**
 - (c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.

- (2) **49 CFR §192.603 General provisions.**
 - (c) The Administrator or the State Agency that has submitted a current certification under the pipeline safety laws, (49 U.S.C. 60101 et seq.) with respect to the pipeline facility governed by an operator's plans and procedures may, after notice and opportunity for hearing as provided in 49 CFR 190.237 or the relevant State procedures, require the operator to amend its plans and procedures as necessary to provide a reasonable level of safety.

- (3) **49 CFR §192.465 External corrosion control: Monitoring.**
 - (c) After the initial evaluation required by §§192.455(b) and (c) and 192.457(b), each operator must, not less than every 3 years at intervals not exceeding 39 months, reevaluate its unprotected pipelines and cathodically protect them in accordance with this subpart in areas in which active corrosion is found. The operator must determine the areas of active corrosion by electrical survey. However, on distribution lines and where an electrical survey is impractical on transmission lines, areas of active corrosion may be determined by other means that include

review and analysis of leak repair and inspection records, corrosion monitoring records, exposed pipe inspection records, and the pipeline environment. In this section:

- (1) Active corrosion means continuing corrosion which, unless controlled, could result in a condition that is detrimental to public safety.
 - (2) Electrical survey means a series of closely spaced pipe-to-soil readings over a pipeline that are subsequently analyzed to identify locations where a corrosive current is leaving the pipeline.
 - (3) Pipeline environment includes soil resistivity (high or low), soil moisture (wet or dry), soil contaminants that may promote corrosive activity, and other known conditions that could affect the probability of active corrosion.
- (4) **49 CFR §192.491 Corrosion control records.**
- (c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§192.465(a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.

During Mr. Gracser's evaluation of the corrosion control of distribution pipelines he found that Columbia Gas started having quarterly meetings to determine areas of active corrosion in the South Region in 2006 and in the Central Region in 2007. The records for the suspected areas of active corrosion were not readily accessible as required in Policy & Procedure 653-8 Section 2. The records were not consistent and did not always include leak history. There is incomplete data found on the Form C 1282-15, Investigation of Suspected Areas of Active Corrosion. There were no considerations for the current leak survey or past leak history for the areas.

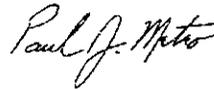
The Procedure 653-8 does not provide criteria for determining if suspected areas of active corrosion became areas of active corrosion and required specific actions as outlined in Section 5 of the procedure.

Therefore, you are hereby requested to submit to this office in writing, on or before December 14, 2007 on the following information:

- (1) Provide a consistent review process for suspected active corrosion areas that includes leak history and a current leak survey review,
- (2) Provide criteria for determining areas of active corrosion from suspected areas of active corrosion,
- (3) Provide a time frame for eliminating areas of active corrosion once they are determined through this process.

This office is committed to ensuring that all natural gas companies comply with the provisions of the Public Utility Code. Therefore, you are advised that, if you fail to comply with the above requests this office will initiate all appropriate enforcement actions pursuant to the Public Utility Code against the utility and its officers, agents and employees.

Yours truly,



Paul J. Metro, Supervisor
Gas Safety Division
Bureau of Transportation and Safety

PM:bd

PC: Michael E. Hoffman, Director, BTS
Ralph A. Graesser, Gas Safety Inspector
Stephen F. Hurbanek, Gas Safety Inspector.



December 20, 2007

Mr. Paul J. Metro
Gas Safety Division
Bureau of Transportation and Safety
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Danny G. Cota
General Manager

Southpointe Industrial Park
501 Technology Drive
Canonsburg PA 15317
(724) 416.6334
Fax: (724) 416.6383
dcota@nsource.com

Re: NC-30-07

Dear Mr. Metro:

The following is in response to your letter dated November 21, 2007 regarding Mr. Ralph Graeser's inspection and evaluation of corrosion control at the Charleroi and Washington, Pennsylvania facilities.

Columbia Gas of Pennsylvania offers the following response as it relates to Corrosion Control.

1. Beginning in 2008 and continuing for 20 years, Columbia Gas of Pennsylvania will execute a program that will eliminate all cast iron, wrought iron, and unprotected steel mains. As referenced in the Project Description (see Attachment A).
2. Based on the strategy above, Columbia Gas of Pennsylvania will use a tiered replacement model to target replacements on a year-by-year basis.
 - ◆ **Large Segment Replacement** - This would identify and prioritize the segments of the system based on population density, system pressure, main proximity to buildings, leak history, and pipe conditions reports. This approach would result in a program predicated on a systematic plan which would target large discrete areas of municipalities, neighborhood by neighborhood, block by block, in a geographically continuous fashion, for infrastructure replacement.
 - ◆ **High Priority Performance Replacement** - This would continue Columbia Gas of Pennsylvania's current replacement pattern of identifying these segments of main on a continuous review basis. See item 3.
 - ◆ **D-Line Replacement** - Targeting Columbia of Pennsylvania's High Pressure Trunk Line System. These facilities will be replaced based on high priority performance for the most part; however, some sections will be replaced as part of large segment projects.
 - ◆ **Road Reconstruction Replacement** - This would include a process for addressing road reconstruction activities in any jurisdiction. In those instances where we are notified of pavement overlay, we will undertake the following: Evaluate the segment for replacement in the context of the "Large Segment Replacement" identified in the first bullet. Evaluate the segment for leakage and

condition as identified in the second bullet. Then, if the need for replacement is not identified by these two activities, a leak survey of the area would be conducted and any leaks would be repaired prior to paving.

3. Columbia Gas of Pennsylvania will hold quarterly meetings for each Operating Center to review areas of suspected corrosion (see attached form B). A standardized review and documentation process will be utilized which will include current and previous leakage information along with other factors where applicable. The review will be documented on a standard form (see attached form C). Based on these reviews those segments of pipe identified will be placed on the active corrosion log (see attached form D). Segments on the log will be replaced within 24 months from the creation of the job order.
4. In 2007 Columbia Gas of Pennsylvania implemented annual supplemental surveys of all cast iron, wrought iron and unprotected steel mains in its system. This allows us to closely monitor the condition of these systems, provide additional data for ongoing analysis and allow us to address priority leakage sooner.

I trust these actions will address the concerns in your original correspondence. Should you wish to discuss the issue further, please do not hesitate to contact me at 724-416-6334.

Sincerely,



Danny G. Cote

c: R. Burke
L. Black
K. Christman
D. Haddad
R. Kitchell
J. Kreiger
R. Mooney

**I&E Statement No. 8-SR
Witness: Joseph Kubas**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA, INC.

**Docket Nos. R-2012-2321748
M-2012-2323645**

Surrebuttal Testimony

of

Joseph Kubas

Bureau of Investigation and Enforcement

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**PA PUC
SECRETARY'S BUREAU**

Concerning:

NGDC on NGDC Competition

*2-13-13
Hbg*

1 Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Joseph Kubas. My business address is Pennsylvania Public Utility
3 Commission, P.O. Box 3265, Harrisburg, PA 17105-3265.

4
5 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

6 A. I am employed by the Pennsylvania Public Utility Commission in the Bureau of
7 Investigation and Enforcement ("I&E") as the Engineering Supervisor.

8
9 Q. WHAT IS YOUR EDUCATIONAL AND EMPLOYMENT EXPERIENCE?

10 A. An outline of my education and employment experience is attached as
11 Appendix A.

12
13 Q. DID YOU SUBMIT DIRECT TESTIMONY IN THIS PROCEEDING ON
14 JANUARY 4, 2013?

15 A. No.

16
17 Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

18 A. The purpose of my surrebuttal testimony is to address the rebuttal testimony of
19 Scott D. Phelps identified as Columbia St. No. 122-R that was submitted on behalf
20 of Columbia Gas of Pennsylvania, Inc. ("Columbia" or "Company"). I will also
21 address the rebuttal testimony of James L. Crist identified as PSU St. No. 1,
22 submitted on behalf of the Pennsylvania State University ("PSU").

1 **COMPETITIVE DISCOUNTS - FLEX RATE CUSTOMERS - OTHER NGDCS**

2 **Q. DOES THE COMPANY OFFER DISTRIBUTION RATE DISCOUNTS TO**
3 **CUSTOMERS THAT CAN OBTAIN SERVICE FROM OTHER NATURAL**
4 **GAS DISTRIBUTION COMPANIES (NGDCs)?**

5 A. Yes. This is sometimes referred to as NGDC on NGDC Competition.

6
7 **Q. DID OTHER PARTIES ADDRESS NGDC ON NGDC COMPETITION?**

8 A. Yes. The Office of Small Business Advocate (“OSBA”) witness Knecht
9 recommended that the Company move these customers to tariff rates and not
10 recover the revenue shortfall for such contracts from other customers. If it does
11 wish to continue these discounts, OSBA contends that the Company should
12 absorb the revenue shortfall. (OSBA St. No. 1, pp. 43-44). The Office of
13 Consumer Advocate (“OCA”) witness Watkins recommended that the revenue
14 shortfall from NGDC on NGDC competition only be recovered from customers
15 within the same class (OCA St. No. 3, pp. 16-17).

16
17 **Q. DID OTHER PARTIES ADDRESS THIS RECOMMENDATION?**

18 A. Yes. In Rebuttal Testimony, the Company objected to OSBA and OCA’s
19 recommendations (Columbia St. No. 122-R, and St. No. 109-R, p. 17). PSU
20 commented on the alleged benefits of NGDC on NGDC competition and the
21 recovery of the revenue shortfall from customers (PSU St. No. 1).

1 **Q. DID THE BUREAU OF INVESTIGATION AND ENFORCEMENT**
2 **ADDRESS THE RATIONALE FOR NOT ALLOWING THE REVENUE**
3 **SHORTFALL FROM NGDC ON NGDC COMPETITION TO BE**
4 **RECOVERED FROM TARIFF RATE CUSTOMERS?**

5 A. No. I&E did not raise this issue in testimony because the Commission is currently
6 reviewing the issue of NGDC on NGDC competition in a generic investigation at
7 Docket No. I-2012-2320323. Therefore, I&E did not provide the rationale against
8 such a policy in direct testimony. As accurately explained by the Company, the
9 gas on gas competition issues raised by OSBA in this proceeding should be denied
10 because the broad investigation is ongoing and will provide all stakeholders an
11 opportunity to express their views (Columbia St. No. 122-R, pp. 4-5).

12
13 **Q. WHAT IS YOUR RECOMMENDATION CONCERNING NGDC ON NGDC**
14 **COMPETITION?**

15 A. I agree with the Company that addressing these issues in the current proceeding is
16 premature and recommend that issues related to gas on gas competition be
17 resolved in the Commission's current investigation. However, the Company went
18 beyond this procedural argument and addressed the substance of OSBA's
19 recommendations. As discussed below, I do not agree with the statements and
20 allegations the Company and PSU have made in rebuttal testimony regarding
21 NGDC on NGDC Competition.

1 Q. WHAT IS THE FIRST REASON PROVIDED BY THE COMPANY FOR
2 OBJECTING TO THE OSBA RECOMMENDATION CONCERNING
3 NGDC ON NGDC COMPETITION THAT YOU WOULD LIKE TO
4 ADDRESS?

5 A. The Company believes that since its tariff allows flexed rates and all of its costs
6 are fixed, it should be entitled to recover the revenue shortfall as a result of flexed
7 rates from other customers in base rates (Columbia St. No. 122-R, p. 5).

8
9 Q. DOES THE COMPANY'S TARIFF PERMIT IT TO RECOVER THE
10 REVENUE SHORTFALL FROM OTHER CUSTOMERS?

11 A. No. First, the Commission does not guarantee any revenue recovery. Second, the
12 Company's flex rate tariff does not describe how, where or to what extent the
13 revenue shortfall may be recovered. Third, the Company should not be permitted
14 to recover a revenue shortfall from other customers when those other customers
15 have no input in the negotiations, do not negotiate the rate, and have no say in the
16 outcome. In fact, in most cases, other customers are not permitted to see the rates
17 because they are considered confidential.

18
19 Q. WHAT IS THE SECOND REASON PROVIDED BY THE COMPANY FOR
20 OBJECTING TO THE OSBA RECOMMENDATION CONCERNING
21 NGDC ON NGDC COMPETITION?

1 A. The Company believes that it makes no difference if a customer's competitive
2 alternative is fuel oil, interstate pipeline, or another NGDC (Columbia St. No.
3 122-R, p. 7).

4
5 **Q. HAS THE COMPANY PROVIDED AN ANALYSIS FOR EACH**
6 **CUSTOMER THAT SHOWS EACH CUSTOMER'S COMPETITIVE**
7 **ALTERNATIVE?**

8 A. No. First, the Company has not provided any details about any specific customer
9 or alleged alternative fuel, or any details about any specific customers leaving the
10 system as a result of any other alternative. Second, I am not aware of any situation
11 where fuel oil would be a viable alternative to natural gas. Therefore, the
12 Company's claims are vague and speculative.

13
14 **Q. IS THE COMPANY CORRECT THAT THAT COMPETITIVE**
15 **ALTERNATIVE DOES NOT MATTER?**

16 A. No. Contrary to other fuels or interstate bypass options, granting a discount to
17 obtain or keep a customer from switching to another NGDC and recovering the
18 revenue shortfall from its remaining tariff customers is not in the public interest,
19 results in a lower overall contribution to fixed costs, and is unfair to the other
20 NGDCs and their customers.

1 **Q. WHAT IS THE THIRD REASON PROVIDED BY THE COMPANY FOR**
2 **OBJECTING TO THE OSBA RECOMMENDATION CONCERNING**
3 **NGDC ON NGDC COMPETITION?**

4 A. The third reason concerns cost recovery. The Company claims that it offers
5 customers the least amount of discount to retain that customer, has lost customers
6 because they selected another NGDC, and that costs are not avoided if a customer
7 leaves. The Company claims that if a customer does leave, these unrecovered
8 costs are recovered from all other customers. Finally, the Company claims that not
9 having the ability to flex rates would ultimately drive up all Columbia rates
10 (Columbia St. No. 122-R, pp. 7-8 and Columbia St. No. 109-R, p. 17).

11

12 **Q. PLEASE ADDRESS THE COMPANY'S CLAIMS CONCERNING COST**
13 **RECOVERY.**

14 A. First, the Company has provided no details concerning which costs will be
15 allocated after customers leave the system or any details about any specific
16 customers leaving the system. Second, the Company has provided no details
17 concerning any specific customer or quantify any alleged costs that will not be
18 recovered if a customer selects another supplier. Third, if that customer does
19 leave for another NGDC, that NGDC and its customers will receive the benefit of
20 having that customer on the system.

1 **Q. PLEASE ADDRESS THE COMPANY'S CLAIM THAT IF IT DOES NOT**
2 **HAVE THE ABILITY TO FLEX RATES, ALL COLUMBIA RATES WILL**
3 **INCREASE.**

4 A. First, the OSBA included an option that would allow the Company to flex rates,
5 thus generating revenue above what the Company would otherwise receive.
6 Second, the Company provided no details or specific customer rates, costs or
7 contribution to fixed costs to support this speculative claim. Third, the Company's
8 doom and gloom conclusion is not based in reality, fails not only to consider new
9 customers or increased usage by any customer, but fails to consider long term
10 expenses or plant that will no longer be used and useful if a customer leaves the
11 system, or any other variable as well.

12
13 **Q. DO NEW CUSTOMERS AND NEW FLEX RATE CUSTOMERS JOINING**
14 **THE SYSTEM PROVIDE NEW REVENUE FOR THE COMPANY?**

15 A. Yes. The Company would like the Commission to ignore the fact that customers
16 join and leave the system all the time. Customers joining the system generally
17 provide a windfall to the Company since customers are added at incremental cost
18 and are charged either the full tariff rate or a negotiated rate. The difference
19 between the incremental cost and revenue received is profit for the Company until
20 the next base rate case.

1 **Q. HOW CAN THE COMPANY GAIN A FLEX RATE CUSTOMER?**

2 A. An NGDC can gain flex rate customers and revenue by simply siphoning away
3 customers from another NGDC.

4

5 **Q. HOW ARE OTHER NGDCs HARMED WHEN CUSTOMERS ARE**
6 **SIPHONED AWAY?**

7 A. Every NGDC flex customer that it acquires that purports to makes a contribution
8 to its fixed costs does not make a contribution to the fixed cost of the other
9 NGDC. This leaves the other NGDC short of revenue and does not allow it to
10 recover the fixed cost that could be recovered from the customer siphoned away.
11 The other NGDC either absorbs the loss, underprices the first NGDC to try to
12 siphon the customer back, or files a base rate case to raise all rates to recover the
13 revenue shortfall as a result of this customer switching to the other NGDC. As
14 this continues, there is a downward spiral of fixed cost recovery. I believe that
15 NGDCs should strive to receive the most fixed costs as possible from customers,
16 not the least. Not allowing the recovery of this revenue shortfall is the most
17 reasonable approach and keeps rates lower for all other customers.

18

19 **Q. DO FLEX RATE CUSTOMER MAKE THE MAXIMUM CONTRIBUTION**
20 **TO FIXED COSTS THAT THEY COULD BE MAKING?**

21 A. No. Presumably, if an NGDC was not permitted to recover the revenue shortfall
22 from other tariff rate customers, the NGDC would be less willing to offer that

1 customer a discount. If an NGDC is permitted to continue to serve these flex
2 customers at less than full tariff rates and keep these customers from other
3 NGDCs, the other NGDC and its customers will receive revenue from these
4 customer but these flex customers will continue to contribute the lowest possible
5 amount towards fixed costs.

6
7 **Q. SHOULD THE CONTRIBUTION TO FIXED COSTS BE MAXIMIZED**
8 **REGARDLESS OF WHICH NGDC SERVES THE CUSTOMER?**

9 A. Yes. The contribution to fixed costs should be maximized. If an NGDC is
10 permitted to recover the revenue difference created by flexing rates from tariff
11 customers, the overall contribution will be less than it could be if that customer
12 paid full tariff rates or switched to another NGDC. This is because paying full
13 tariff rates of another NGDC will result in flex rate customers contributing more to
14 the fixed costs of the system that serves them.

15
16 **Q. SHOULD A CUSTOMER HAVE THE RIGHT TO CHOOSE ITS NGDC?**

17 A. Yes. Any customer residing in an area of overlapping service territories should be
18 able to choose which NGDC will provide service. However, that choice should be
19 based on which NGDC is willing to provide service at the best possible price
20 without recovering the revenue shortfall from other customers. In some cases, that
21 will be the applicable tariff rate, but that will be negotiated between the customer
22 and the Company.

1 Q. DID MR. CRIST ADDRESS NGDC ON NGDC COMPETITION IN
2 REBUTTAL TESTIMONY?

3 A. Yes. Mr. Crist addressed the OCA's testimony concerning NGDC on NGDC
4 competition.

5
6 Q. WHAT IS THE FIRST REASON PROVIDED BY PSU FOR OBJECTING
7 TO THE OCA RECOMMENDATION CONCERNING NGDC ON NGDC
8 COMPETITION?

9 A. PSU believes the term "discount" is not the best term to describe the revenue
10 shortfall from flexing rates (PSU St. No. 1, p. 4).

11
12 Q. IS THE WORD "DISCOUNT" THE BEST TERM TO USE?

13 A. Yes. The word "discount" or words "revenue shortfall" is the best way to
14 characterize the difference between the revenue received if the customer paid full
15 tariff rate and the revenue received from a customer paying less than full tariff
16 rates. This is the way it is reflected in the proof of revenue analysis in base rate
17 cases.

18
19 Q. WHAT IS THE SECOND REASON PROVIDED BY PSU FOR
20 OBJECTING TO THE OCA RECOMMENDATION CONCERNING NGDC
21 ON NGDC COMPETITION?

1 A. Mr. Crist makes the generic argument that any fixed cost recovery is good for the
2 Company and the customers. He recommends rejection of the OCA proposal to
3 collect flex rate discounted revenue amounts from other non-residential customers
4 in addition to the residential class.

5
6 **Q. DID THE COMMISSION PREVIOUSLY REJECT THESE GENERIC**
7 **ARGUMENTS MADE BY MR. CRIST CONCERNING FLEX RATE**
8 **CUSTOMERS?**

9 A. Yes. In the Joint Application of Equitable Resources, Inc., and The Columbia
10 Natural Gas Company, d/b/a Dominion Columbia, for approval of the transfer of
11 all stock and rights of The Columbia Natural Gas Company to Equitable
12 Resources, Inc., and for the approval of the transfer of all stock of Hope Gas, Inc.,
13 dba Dominion Hope, to Equitable Resources, Inc. Docket, No. A-122250F5000,
14 Order entered April 13, 2007, the Commission described why NGDC on NGDC is
15 not in the public interest, stating on page 63:

16 After a careful review of the record, we conclude that the
17 economics of the elimination of gas-on-gas distribution
18 competition is correctly presented by Equitable. Equitable
19 witness, Dr. Hieronymus, characterized gas-on-gas
20 distribution competition that creates rate discounts as a dead
21 weight loss and wholly uneconomic. (Equitable St. No. 6-R
22 at 7). Dr. Hieronymus also explained that with or without an
23 actual merger, Equitable and Columbia will retain the ability
24 and incentives they have today to provide economic
25 development discounts. (Equitable St. No. 6-R at 10).
26 Furthermore, Dr. Hieronymus concluded that maintenance of
27 gas-on-gas distribution competition is poor public policy.
28 (Equitable St. No. 6-R at 11-13; I.D. at 65). Overall,

1 customers will benefit more from an effectively competitive
2 retail market through choice and opportunities for savings on
3 gas commodity purchases than they will from gas-on-gas
4 distribution competition. (I.D. at 62).
5

6 **Q. DID MR. CRIST ADDRESS THIS COMMISSION ORDER?**

7 A. No.
8

9 **Q. DID MR. CRIST PROVIDE ANY ANALYSIS TO SHOW THAT ANY OF**
10 **COLUMBIA' FLEX RATE CUSTOMERS ARE MAKING A POSITIVE**
11 **CONTRIBUTION TO FIXED COSTS?**

12 A. No. Mr. Crist has failed to provide any analysis that shows that Columbia' flex
13 rate customers are making a positive contribution to the Company's fixed costs.
14

15 **Q. DID MR. CRIST PROVIDE ANY ANALYSIS TO PROVE THAT ALL**
16 **OTHER CUSTOMER RATES WOULD INCREASE IF THE COMPANY IS**
17 **NOT PERMITTED TO RECOVER THE REVENUE SHORTFALL FROM**
18 **TARIFF RATE CUSTOMERS?**

19 A. No. Mr. Crist has failed to provide any analysis that shows any revenue, fixed
20 cost analysis or any effect on other customers if Columbia stops flexing some or
21 all rates.

1 **Q. WHAT DO YOU RECOMMEND IF THE COMMISSION MAKES A**
2 **DETERMINATION ON THIS ISSUE IN THIS PROCEEDING?**

3 A. As previously stated, I agree with the Company that issues related to gas on gas
4 competition should be addressed in the ongoing generic Investigation. However,
5 if the Commission decides to address such issues in this rate proceeding, I
6 maintain that it should reject the Company and PSU's arguments. I believe that
7 NGDCs should strive to recover the most fixed costs as possible from customers.
8 Not allowing the recovery of this revenue shortfall from other customers is the
9 most reasonable approach and keeps rates lower for all other customers.

10

11 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

12 A. Yes.

JOSEPH KUBAS

PENNSYLVANIA PUBLIC UTILITY COMMISSION
PO BOX 3265
HARRISBURG, PA 17105-3265

Education: Bachelor of Science in Civil Engineering Technology, 1985, University of Pittsburgh at Johnstown, Johnstown, PA.

Continuing

Education: Legal Principles and Practices of Surveying at the University of Maryland. Economics, Accounting, Lotus, at the Howard Community College. 33 Credit hours of accounting at the University of Pittsburgh at Johnstown. Managing Multiple Priorities at the Pennsylvania State University. Various PA-PUC and Utility Company Seminars.

Professional Engineer In Training, 1985,

Exams: Uniform Certified Public Accounting Exam, 1993.

Rate School: Cost of Service - Rate Structure Rate Design presentation before the Commission's Rate School - September 2010

Title: **FIXED UTILITY VALUATION ENGINEER SUPERVISOR**
December 2011 - Present

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement

Duties: Duties include the areas of Engineering, Revenue and Rate Structure for all fixed utility types. During the course of formal and informal investigations personnel under my direction are responsible for reviewing and presenting recommendations regarding tariff rate schedules, tariff rules and regulations, measures of value claims, revenue annualizations, depreciation claims, fuel purchasing practices and economic analyses. The types of dockets reviewed by the Bureau of I&E include: applications, formal complaints, investigations, petitions and rate investigations. The Engineering Section is also responsible for reviewing all pertinent supporting information such as cost of service studies, bill frequency analyses, proofs of revenue, depreciation studies, water quality test results and formal complaints. Duties also include reviewing default service

petitions by electric distribution companies and Act 129 Filings by the seven major electric Utilities, including energy efficiency and conservation plans and Smart Meter Plans.

Title: **RATE CASE REVIEW SPECIALIST**
December 2009 - December 2011

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement and Office of Trial Staff

Duties: These duties include the determination of the reasonableness of claims and proposals in the areas of plant in service, rate base, depreciation expense, cost of service, quality of service, revenues, acquisitions, purchase gas expense, rate structure, and tariff proposal submitted by Water, Sewer, Telephone, Gas and Steam Heat utilities to justify utility service rates, or alternative forms of regulation. Research, analyze, and review rate case filings, tariff filings, acquisitions and investigations. Participate in on-site inspections of utility properties to determine the used and usefulness of the plant-in service and make recommendations. Prepare interrogatories in the areas of rate base, depreciation expense, purchase gas expense, amortizations, rate structure, revenue and quality of service in order to obtain additional information regarding a utility's filing. Analyze present revenue, proposed revenue, rate structure and tariff issues. Recommend adjustments to rate base, depreciation expense, revenue, rate structure and other issues concerning fixed utilities. Prepare testimony and exhibits for the purpose of establishing the I&E position in formal and informal proceedings before the Commission. Provide assistance and input to I&E employees concerning engineering and rate structure issues including input for briefs and exceptions. Participate in Commission consultative report proceedings and collaboratives undertaken by the Commission.

Title: **FIXED UTILITY VALUATION ENGINEER III**
December 1999 - December 2009

Pennsylvania Public Utility Commission
Office of Trial Staff

Duties: These duties include the determination of the reasonableness of claims and proposals in the areas of plant in service, rate base, depreciation expense, cost of service, quality of service, revenues, acquisitions, purchase gas expense, rate structure, and tariff proposal submitted by Water, Sewer,

Telephone, Gas and Steam Heat utilities to justify utility service rates, or alternative forms of regulation. Research, analyze, and review rate case filings, tariff filings, acquisitions and investigations. Participate in on-site inspections of utility properties to determine the used and usefulness of the plant-in service and make recommendations. Prepare interrogatories in the areas of rate base, depreciation expense, purchase gas expense, amortizations, rate structure, revenue and quality of service in order to obtain additional information regarding a utility's filing. Analyze present revenue, proposed revenue, rate structure and tariff issues. Recommend adjustments to rate base, depreciation expense, revenue, rate structure and other issues concerning fixed utilities. Prepare testimony and exhibits for the purpose of establishing the OTS position in formal and informal proceedings before the Commission. Provide assistance and input to OTS employees concerning engineering and rate structure issues including input for briefs and exceptions. Participate in Commission consultative report proceedings and collaboratives undertaken by the Commission.

Title: **FIXED UTILITY VALUATION ENGINEER II**
April 1996 - December 1999

Pennsylvania Public Utility Commission
Office of Trial Staff and Bureau of Fixed Utility Services

Duties: Perform the duties of a Fixed Utility Valuation Engineer II in the Office of Trail Staff (OTS) and Bureau of Fixed Utility Services.

Title: **FIXED UTILITY VALUATION ENGINEER TRAINEE, I & II** May 1993 -
March 1996

Pennsylvania Public Utility Commission
Office of Trial Staff
Telecommunications and Water Division

Duties: Perform the duties of a Fixed Utility Valuation Engineer II in the Rate Structure/Engineering Section of the Telecommunications and Water Division of the Office of Trial Staff (OTS).

Title: **CIVIL ENGINEER**
May 1985 - January 1991

Clark Finefrock & Sackett Inc.

7135 Minstrel Way
Columbia, MD 21045

Duties: Engineering, Surveying, Computer, and Field Inspection work related to land development projects in Maryland.

Testimony Before the Pennsylvania Public Utility Commission

1.	National Utilities Inc. (Water)	R-00953416	April 1996
2.	Consumer Pennsylvania Water Company - Roaring Creek Division	R-00973869	May 1997
3.	Philadelphia Suburban Water Company	R-00973952	August 1997
4.	Bell Atlantic - Pennsylvania Inc.	P-00971307	March 1998
5.	City of Bethlehem- Bureau of Water	R-00984375	September 1998
6.	Pennsylvania Telephone Association - Chapter 30 Plan	P-00981425	December 1998
7.	GTE North Inc. Telephone Chapter 30 Plan	P-00981449	February 1999
8.	Pennsylvania American Water Co.	R-00994638	August 1999
9.	Philadelphia Suburban Water Co.	R-00994868	February 2000
10.	PG Energy (Gas)	R-00005119	June 2000
11.	Pennsylvania American Water - Coatesville Acquisition	A-212285-F07201	July 2000
12.	T. W Phillips Gas and Oil Company	R-00005459	October 2000
13.	Verizon North - Chapter 30 Plan	P-00001854	January 2001
14.	Philadelphia Gas Works	R-00006042	April 2001
15.	PFG Gas Inc. & Penn Fuels Gas Co.	R-00013679	July 2001
16.	Pennsylvania American Water Co.	R-00016339	August 2001
17.	Philadelphia Suburban Water Co.	R-00016750	February 2002
18.	Philadelphia Gas Works	R-00017034	May 2002
19.	PFG Gas Inc. & Penn Fuels Gas Co	R-00027389	July 2002
20.	Verizon - Pennsylvania, Inc.	P-00021973	September 2002
21.	Verizon - Pennsylvania, Inc.	P-00937105-F0002	January 2003
22.	Pennsylvania American Water Co.	R-00027982	April 2003
23.	Dominion Peoples 1307(f)	R-00038170	May 2003
24.	Verizon PA / Verizon North	C-20027195	July 2003
25.	National Fuel Gas Distribution, Inc.	R-00038168	July 2003
26.	Aqua Pennsylvania Inc.	R-00038805	February 2004
27.	Dominion Peoples 1307 (f)	R-00049153	May 2004
28.	PPL Electric Utilities	R-00049255	June 2004
29.	National Fuel Gas Distribution, Inc.	R-00049656	December 2004
30.	City of Lancaster - Sewer	R-00049862	March 2005

31.	Dominion Peoples 1307(f)	R-00050267	May 2005
32.	Verizon PA / Verizon North	C-20027195	June 2005
33.	PPL Gas Utilites Inc. 1307(f)	R-00050540	July 2005
34.	United Telephone	A-313200-F0007	February 2006
35.	Aqua Pa	R-00051030	February 2006
36.	T.W. Phillips 1307(f)	R-00051134	March 2006
37.	City of Dubois	R-00050671	May 2006
38.	T.W. Phillips	R-00051178	May 2006
39.	The Peoples Natural Gas Co. 1307(f)	R-00061301	June 2006
40.	Meted/Penelec	R-00061366	July 2006
		R-00061367	
41.	The York Water Company	R-00061322	July 2006
42.	PPL Gas Utilities Corporation	R-00061398	August 2006
43.	National Fuel Gas Distribution, Inc.	R-00061493	September 2006
44.	Pennsylvania American Water Co.	P-00062241	January 2007
45.	Philadelphia Gas Works	R-00061931	March 2007
46.	PPL Electric	R-00072155	July 2007
47.	Pennsylvania-American Water Co.	R-00072229	August 2007
48.	Valley Energy	R-00072349	August 2007
49.	City of Bethlehem	R-00072492	January 2008
50.	Aqua Pennsylvania, Inc.	R-00072711	February 2008
51.	T.W. Phillips 1307(f)	R-2008-2013026	April 2008
52.	Columbia Gas	R-2008-2011621	May 2008
53.	The Peoples Natural Gas Co. 1307(f)	R-2008-2022206	May 2008
54.	PECO Energy	P-2008-2032333	June 2008
55.	NRG Energy Center Harrisburg	R-2008-2028395	July 2008
56.	PAWC - Coatesville Wastewater	R-2008-2032689	Aug 2008
57.	York Water	R-2008-2023067	Aug 2008
58.	Pike County Power and Light (Gas)	R-2008-2046520	Oct 2008
59.	Columbia Water	R-2008-2045157	Jan 2009
60.	T. W. Phillips Gas (1307-f)	R-2008-2075250	Mar 2009
61.	The Peoples Natural Gas Co. (1307-f)	R-2009-2088069	May 2009
62.	UGI Utilities Inc. (1307-f)	R-2009-2105911	July 2009
63.	PAWC Water	R-2009-2097323	July 2009
64.	UGI Utilities Inc.	R-2009-2105911	July 2009
65.	Penn Estates Water	R-2009-2117532	Oct 2009
66.	Penn Estates Sewer	R-2009-2117740	Oct 2009
67.	AT&T Communications	C-2009-2098380	Jan 2010
68.	Aqua Pennsylvania Inc	R-2009-2132019	Feb 2010
69.	T.W. Phillips Gas (1307-f)	R-2009-2145441	Mar 2010
70.	PGW Gas	R-2009-2139884	Mar 2010
71.	City of Bethlehem - Remand	R-00072492	May 2010
72.	Dominion Peoples (1307-f)	R-2010-2155608	May 2010

73.	PECO Energy - Gas Division	R-2010-2161592	June 2010
74.	UGI Penn National Gas	R-2010-2172928	July 2010
75.	PAWC Coatesville Operations	R-2010-2166212	Aug 2010
76.	PAWC Northeast Operations	R-2010-2166214	Aug 2010
77.	Duquesne Light	R-2010-2179522	Oct 2010
78.	Peoples Natural Gas Company	R-2010-2201702	Jan 2011
79.	T.W. Phillips - Steel River Application	A-2010-2210326	Apr 2011
80.	Peoples Natural Gas 1307(f)	R-2011-2228694	May 2011
81.	UGI Penn Natural Gas 1307(f)	R-2011-2238943	July 2011
82.	Pennsylvania American Water	R-2011-2232243	Aug 2011
83.	Aqua Pennsylvania, Inc.	R-2011-2267958	Feb 2012
84.	Borough of Quakertown	R-2011-2251181	April 2012
85.	Peoples Natural Gas Company	R-2012-2285985	May 2012

**I&E Statement No. 9-SR
Witness: Paul J. Metro**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA, INC.

**Docket Nos. R-2012-2321748
M-2012-2323645**

Surrebuttal Testimony

of

Paul J. Metro

Bureau of Investigation and Enforcement

Concerning:

GAS SAFETY

2-13-13
Hbg

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION**

v.

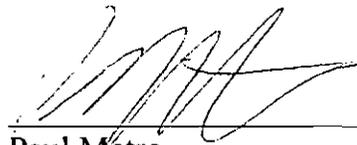
**COLUMBIA GAS OF
PENNSYLVANIA, INC.**

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**Docket Nos. R-2012-2321748
M-2012-2323645**

**VERIFICATION OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

I, Paul Metro, on behalf of the Bureau of Investigation and Enforcement, hereby verify that the document preliminarily identified as I&E Statement No. 9-SR was prepared by me or under my direct supervision and control. Furthermore, the facts contained therein are true and correct to the best of my knowledge, information and belief and I expect to be able to prove the same at an Evidentiary Hearing in this matter. This Verification is made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.



Paul Metro
Gas Safety Manager
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement

Dated: February 13, 2013

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Paul J. Metro. I am the Gas Safety Manager of the Gas Safety
4 Division of the Pennsylvania Public Utility Commission's ("Commission")
5 Bureau of Investigation and Enforcement ("I&E"). My business address is
6 Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, PA
7 17105-3265.

8
9 **Q. WHAT IS YOUR EDUCATIONAL AND EMPLOYMENT EXPERIENCE?**

10 A. I am a 1982 graduate of The Pennsylvania State University where I earned a
11 Bachelor of Science Degree in Mineral Economics. Immediately subsequent to
12 graduation, I attended The Pennsylvania State University and met the
13 requirements for a Bachelor of Science Degree in Industrial Engineering. I am
14 also a graduate of The Pennsylvania State University with a Masters of
15 Engineering Degree, majoring in Engineering Science with an emphasis on
16 Industrial Engineering/Operations Research. I have been employed by the
17 Pennsylvania Public Utility Commission since May of 1985.

18
19 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

20 A. The purpose of my testimony is to address Columbia Gas of Pennsylvania, Inc.
21 ("Columbia" or "Company") pipeline replacement as discussed by Mark R.
22 Kempic in Statement No. 101-R and Danny G. Cote in Statement No. 108-R.

1 **Q. DID YOU SUBMIT DIRECT TESTIMONY ADDRESSING COLUMBIA'S**
2 **PIPELINE REPLACEMENT PROGRAM?**

3 A. No. Andrew Geibel, Gas Safety Engineer in I&E's Gas Safety Division,
4 addressed this issue in I&E Statement No. 7. He testified that Columbia
5 accelerated its pipeline replacement and began performing enhanced leak surveys
6 in 2007 because of previous historically poor performance. In 2006, a reportable
7 incident occurred in Mt. Pleasant, Pennsylvania due to active corrosion that
8 resulted in \$383,100 of property damage. As a result, Gas Safety sent Columbia
9 noncompliance letter NC-30-07 indicating that the Company may be in violation
10 of several state and federal regulations. I&E Ex. No. 7, Sch. 3. Columbia
11 responded to NC-30-07 and indicated that it would implement a 20 year cast iron
12 replacement program and improve its evaluation of corrosion leak rates. I&E Ex.
13 No. 7, Sch. 4.

14

15 **Q. HAVE YOU REVIEWED MR. KEMPIC'S REBUTTAL TESTIMONY AND**
16 **MR. COTE'S REBUTTAL TESTIMONY REGARDING IMPROVEMENTS**
17 **MADE TO DISTRIBUTION SYSTEM?**

18 A. Yes. On page 9, Mr. Kempic claims:

19 While Columbia made the decision to begin its accelerated
20 pipeline replacement program in 2007, no other NGDC in
21 Pennsylvania had adopted such aggressive measures at that
22 time even though they also met with Pipeline Safety Staff.
23 Columbia should be recognized for its leadership in this area

1 through the addition of 10 basis points as outlined by
2 Company witness Moul.

3
4 Mr. Cote asserts that Columbia's bare steel replacement and leak detection was
5 evaluated in 2006 and 2007 and recognizes that the Mt. Pleasant incident in 2006
6 contributed to this evaluation. Columbia Statement No. 108-R, p. 3. However,
7 Mr. Cote appears to contend that these improved safety measures were voluntary
8 because Gas Safety and Columbia did not have a "SIGNED" written agreement
9 resolving the Mt. Pleasant incident. Columbia Statement No. 108-R, p. 4.

10
11 **Q. WHAT IS YOUR REACTION TO THE COMPANY'S TESTIMONY?**

12 A. I do not believe that the Company's acceleration of its bare steel replacement and
13 leak detection was entirely voluntary as Mr. Kempic and Mr. Cote appear to
14 suggest. It is my opinion that the interaction between the Company and Gas
15 Safety after the Mt. Pleasant incident resulted in the Company's implementation of
16 a more aggressive pipeline replacement and leak detection program. As discussed
17 in Andrew Geibel's Direct Testimony, it was discovered that CPA did not have a
18 method of documenting active corrosion nor did it have a systematic plan to
19 replace bare steel and cast iron at the time of the Mt. Pleasant incident. Gas Safety
20 sent Columbia noncompliance letter NC-30-07 indicating that the Company may
21 be in violation of several state and federal regulations. I&E Ex. No. 7, Sch. 3.
22 Thereafter, Gas Safety had extensive negotiations and discussions with the
23 Company to remedy these safety concerns associated with the Mt. Pleasant

1 incident and the noncompliance letter. The Company responded to the
2 noncompliance letter indicating the corrective actions it would take. Mr. Cote
3 appears to assert that the Company voluntarily implemented these measures
4 simply because there was not a signed settlement document between Gas Safety
5 and Columbia. Regardless of whether a written settlement document between Gas
6 Safety and Columbia was signed, it was my expectation that the Company would
7 implement the safety measures outlined in its response to Gas Safety's
8 noncompliance letter. I&E Ex. No. 7, Sch. 4. Therefore, it is my belief that
9 Columbia did not implement its pipeline and leak detection improvements in 2007
10 entirely on its own initiative.

11

12 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

13 A. Yes.