

PENNSYLVANIA PUBLIC UTILITY COMMISSION

The Operational and Financial Viability Of Pennsylvania's Group II Natural Gas Distribution Companies

Prepared by

The Small Gas Company Task Force

June 2010

Introduction

At Public Meeting on January 15, 2009, the Commission unanimously adopted the Joint Motion of Vice Chairman Tyrone J. Christy and Commissioner Wayne E. Gardner, directing the establishment of a Small Gas Task Force¹ (Task Force or SGTF) to evaluate: 1) the operational and financial viability of Herman Gas & Oil Company (Herman) and 2) the operational and financial viability of small natural gas companies within our jurisdiction. Specifically, the Commission directed the Director of Operations to assemble a Task Force which will utilize the expertise of the Commission's Gas Safety Division, the Bureau of Audits, the Bureau of Fixed Utility Services and the Law Bureau, as appropriate, to accomplish these evaluations.

On March 20, 2009, the Task Force submitted its findings on Herman to the Commission. In the report, the Task Force provided background information about Herman, explaining its operations and noting gas safety concerns. The report also provided financial information and identified various measures that should be implemented to improve Herman's overall operations and financial health.

In the Commission's January Order, the Task Force was further directed to evaluate each jurisdictional small natural gas company to determine the operational fitness of those utilities and to determine whether the distribution systems of those utilities are providing safe and adequate service to customers. The Task Force was also directed to conduct an expedited review of the overall financial health of each small natural gas company to provide the Commission with an overview of the financial viability of each small natural gas company individually and, to the extent possible, with respect to this sector of the utility industry as a whole. The separate examination of Herman Oil & Gas Company notwithstanding, the Task Force was also directed to include findings and recommendations with respect to Herman Oil & Gas Company as part of the sector-wide study.

¹ See Attachment A for a listing of the Task Force Members

Planning

After first concentrating on the operations of Herman Oil and Gas Company, the Task Force met several times to discuss and develop a plan of action to review the operational and financial viability of the other nineteen small natural gas companies.² During these discussions, the task force felt it would be beneficial to meet with the small gas companies operating in Pennsylvania to discuss any questions or concerns they may have along with putting a public face to the Commission staff assigned to the Small Gas Task Force and the Commission's stated purpose behind the task force. To initiate discussions at the meeting a questionnaire was developed and sent to the small gas company owners.³ Additionally, the Task Force members agreed that gas safety issues and a general overview of the standard rate case process would be presented for discussion. As part of the rate case process discussion, the task force agreed to follow up with an overview of the "short form" process developed by the Bureau of Fixed Utility Services which emphasizes a streamlined, more simplified process compared to that of the standard rate case process.

June 17, 2009 Meeting

A letter was sent to all of the small gas companies inviting them to a meeting to be held in Mars, PA (Butler County) on June 17, 2009, which Commission employees from Gas Safety, the Office of Communications, the Bureaus of Audits, Fixed Utility Services and Law attended. Representatives from many small gas utilities attended to discuss a range of issues. Among those items discussed were:

- The array of reports the companies are required to file;⁴
- Gas safety issues of concern to the PUC;

² See Attachment B for a listing of the Group I and Group II small gas utilities

³ See Attachment C for the Survey and Survey Responses

⁴ For example: Gas Cost Rate annual filing for 13 of the companies; annual financial and annual assessment reports

- An overview of the ratemaking process and the newly created short form;
- Processes for termination and abandonment of service;
- The need to maintain accurate records of utility plant and operating expenses;
- The ability to maintain a sufficient level of operating funds and earn a fair return by filing a base rate case;
- Keeping current with gas cost rate adjustments; and
- Suggestions for customer notifications of proposed rate changes

Detailed discussion at the seminar included: (1) the difficulties and expense of filing a rate case, (2) billing and collection and the process for initiating service termination for nonpayment, (3) issues with writing and/or changing tariffs, (4) issues surrounding affiliated interest agreements, and (5) annual report filing requirements.

Action Items from the Small Gas Task Force Meeting on June 17, 2009 were discussed at our small gas company meeting on July 15, 2009:

1. Small gas companies requested direct assistance from Commission staff in the preparation of schedules and information required for base rate requests. The utilities stated that hiring accountants and consultants to prepare base rate filings is cost prohibitive and they believe that the Commission could provide assistance for this task. They would like the Commission to provide this assistance at the utilities' offices due to the lack of utility personnel. (*See Legal Aspects at Attachment D*)
2. Filing base rate requests are expensive. The gas utilities have to hire consultants, accountants and sometimes rate attorneys. Fees charged by these professionals constitute a large portion of the rate increase.
3. Small Gas Utilities would like the Commission staff to review with them the tariffs and rates of larger gas utilities and explain the tariff filing and approval process and how to develop a proper rate structure. (*Sample Tariff was provided in the October mailing and is available on our website, see Schedules to Short Form Base Rate Filing*)
4. Small Gas Utilities would like Commission staff to meet with them and review affiliated interest agreements. Also, some of the small gas utilities do not have affiliated interest agreements and would like additional information regarding affiliated interest agreements. (*Sample Affiliated Interest Agreement was provided in the October mailing and is available on our website, see Schedules to Short Form Base Rate Filing*)

5. Small Gas Utilities would like to meet with BCS and review Chapter 56 and learn about the correct procedures for customer terminations. *(This was also provided in the October mailing and is available on our website, see Schedules to Short Form Base Rate Filing)*
6. Small Gas Utilities want to know whether they can follow BCS termination procedures and then abandon (customers for non-payment). *(BCS account termination materials were sent to the small gas companies in the October mailing, see Schedules to Short Form Base Rate Filing)*
7. Small Gas Utilities would like the short form for filing base rate requests, US DOT Annual Reports, and PUC Annual Report blank documents placed on web page. *(This has been accomplished for the PA documents)*
8. Small Gas Utilities would like to meet with Commission Staff and learn more about tariff construction and what should be included within tariffs. *(A Tariff sample was sent to each small gas company and is available on our website. Also, each small gas company was invited to call the Commission with any questions regarding the packet of information and schedules mailed to them in October, see Schedules to Short Form Base Rate Filing)*
9. Small Gas Utilities would like to meet with Commission Staff semi-annually to discuss issues.

In response to the feedback from the small gas companies, the Task Force decided to create a package of documents to help meet the perceived needs of the small gas companies. This package included a base rate filing short form and short form instructions, a model tariff, a sample affiliated interest agreement, service termination requirements, procedures and notices, and annual report information. A cover letter and a package containing these documents were sent on October 9, 2009. The task force members also extended an offer to meet again with the small gas companies if they so desired. No subsequent meetings have been requested by the small natural gas company owners.

Only Kaib & Kaib Gas Company and Corsica Gas Company have responded to our October mailing. Kaib & Kaib contacted FUS with some questions about filing a base rate case but to date has not made such a filing. Notwithstanding their desire to meet with staff semi-

annually, none of the small gas companies called to express interest in a meeting with the task force members.

Short Form Base Rate Filing

Task Force members agreed that as part of the financial viability assessment of the small gas companies, an overview of the rate case process was important because most of the companies had not filed a base rate case in many years⁵, if ever, and were intimidated with the rate case process. In an effort to alleviate this fear and in an attempt to stream line the rate case process, members of the Task Force began with the short form designed for use by small water companies to file rate cases. The short form used by small water companies was modified to meet the specific requirements of a small gas company rate filing. The short form template for small gas companies includes:

- Schedule A: General Information
- Schedule B: Comparative Balance Sheet
- Schedule C: Statement of Revenues
- Schedule D: Statement of Operating Expenses and Proposed Rate Increase
- Schedule E: Plant in Service Details
- Schedule F: Capital Structure

Also provided as part of the short form filing package are: instructions that explain the process and the definitions of terms that appear on the various forms, a sample cover letter to the Commission Secretary, a sample customer notice, a sample affidavit affirming that customer notice was mailed and delivered on a certain date, and a sample affidavit affirming the factual nature of all data submitted. All of the short form schedules and forms are available on the PUC website.

⁵ See Attachment E for schedule of most recent base rate case filed by company.

Financial Analysis

As mentioned earlier in this report, the Commission directed the Task Force to conduct an expedited review of the overall financial health of each small natural gas company. To accomplish this directive, several members of the Task Force were assigned to the project. The financial viability of eight of the thirteen companies listed is poor. We note that there are only thirteen companies listed in the chart. This is due to the lack of annual report filing by several of the companies, which was the basis of our financial analysis. Additionally, we believe that data submitted by the small natural gas companies in their annual reports may not be truly representative of their actual financial status. This is because the data submitted appears to be incomplete in some instances and with the resultant ratios, it is questionable as to whether or not these utilities can continue to provide safe, adequate, and reliable service to their customers.

Only Kaib & Kaib, Larkin, Orwell, Reimer and Siegel gas companies have positive working capital.⁶ Positive working capital can be an advantage to a company attempting to obtain short-term credit at favorable interest rates. Even though these five companies have positive working capital, when consideration is given to other factors such as the current and quick ratios, as well as the debt/equity ratio and debt/assets ratio, these gas companies are not in a strong financial position and may have trouble paying short-term obligations as they come due.

⁶ See Attachment F for company ratios and definitions

Gas Safety

Herman Oil & Gas Company had several gas safety violations in 2009.⁷ These violations included the lack of corrosion control procedures and records of when these procedures were completed; the lack of a qualified person to administer corrosion control procedures; the lack of written operating procedures; the lack of line markers indicating location of distribution lines; the lack of periodic leak detection surveys with proper equipment and inspection; and the lack of periodic testing of pressure limiting and regulating stations. Herman Oil & Gas Company has corrected each of the 2009 and prior gas safety violations to the satisfaction of the Commission's Gas Safety Division.

Another area of interest is the percentage of lost and unaccounted-for natural gas (L&UAG)⁸ experienced by the small natural gas companies. Three of the thirteen Gas Cost Rate (GCR) companies had measurable L&UAG. Clarion River Gas' percentage increased from 4.43% to 5.41% between the twelve months ending August 2008 and August 2009; North East Heat & Light Company's percentage decreased from 6.61% to 1.64%; and Pine Roe Natural Gas Company's percentage fell from 7.61% to 6.60% for the same period. The other companies utilize either unmetered company owned production or affiliate purchases to balance the system. Accordingly, the zero percentage for L&UAG for these companies is suspect. Without metering at the source, the quantification of L&UAG is impossible.

The availability of emergency personnel is paramount to an effective gas safety program. Gas safety personnel contact information for each of the twenty small gas companies and for each of the major NGDC(s) situated closest to each of the small natural gas companies is provided in this report.⁹ If a situation occurs where a small

⁷ See Attachment G page 2

⁸ See Attachment H

⁹ See Attachment I

natural gas company could not serve its customers during the heating season, the major NGDC most closely situated could be requested to provide natural gas service until the problem of the small company is resolved.

Other Gas Task Force Projects Monthly Bill Comparison

In addition to the items outlined earlier, the Task Force completed a number of other projects throughout the course of its study. At the June face-to-face meeting with the small gas companies, the company owners expressed their displeasure with what they believed to be a disparity in what the large gas companies charge their customers and what they themselves charge their own customers. To explore the validity of this claim, the Task Force performed a comparative analysis of what the small gas companies charge their customers compared to the large gas companies.¹⁰

The data clearly shows that, on average, customers of large gas utilities pay more for their gas service than do customers of small gas utilities. A residential customer of a large gas utility using 2 MCF/month can expect to pay an average of \$5.82 more on their monthly bill than would a customer of a small gas utility. The disparity grows as consumption is increased, as a residential heating customer using 15 MCF/month would expect their monthly bill, on average, to be \$33.54 higher when receiving service from a large gas utility as opposed to a small gas utility. Thus, it appears that the small gas utilities are correct in their belief that their larger counterparts are charging more to their customers than they are. However, the real question is, is such a disparity warranted?

The Task Force believes comparing what small and large gas companies charge their customers is not an apples to apples comparison. While admittedly tough to quantify, it is clear that the large gas companies incur expenses on a much greater scale

¹⁰ See Attachment J

than those of the small gas companies. The large gas utilities deal with operations involving thousands of employees, while the small gas utilities are often times run by a single owner, or at most, by a couple of hired employees. As a result, the large gas companies have more employees who are specialized, while the small gas companies have owners and few other staff who perform multiple functions, allowing for economic low-cost operations. The large gas companies also contribute to funds like the Low Income Home Energy Assistance Program (LIHEAP) and Customer Assistance Programs (CAP) that the small gas utilities aren't burdened by. Small gas companies have the same right to earn a reasonable rate of return on their plant investment as do larger gas companies, and it is vital for the large and small gas companies to do so in order to remain attractive to banks and investors, and thus attract the capital they need to maintain and improve their vast network of infrastructure. It should also be noted that the large gas companies are able to better keep pace with inflation than are the small gas companies due to their more frequent rate adjustments. The Task Force believes it is appropriate for the large gas utilities to be charging their customers more than the small gas companies in light of the differences observed in the scope of their operations.

Components of Small Gas Company Bills

Staying with the theme of customer bills, the Task Force also performed a breakdown of the small gas companies' monthly residential bills to determine what charges make up the sum of the bill and to determine what companies are current with their GCR filings.¹¹

While the purpose of this bill component comparison was primarily to verify rates being charged, the Task Force notes the importance of companies staying current with

¹¹ See Attachment I

their GCR filings. Something as simple as recovering gas costs in a timely manner can improve the financial stability of a small gas company. This was observed during the initial analysis performed on Herman Oil, who prior to maintaining their GCR rate suffered operating losses for a number of years. However, once Herman Oil became current with their GCR rate by filing in 2008, they reported an end-of-year 2008 revenue gain of over 50% from the prior year, as well as a positive operating income. While the majority of the small gas utilities appear to be current with their GCR filings, there are a few that elect not to file a GCR statement. The small gas utilities are not required by law to file a GCR, but the Task Force encourages them to do so.

Throughout the course of its study, the Task Force identified eight small gas utilities (out of 20) who seem to be in a troublesome state based upon their recent financial history.

Much of this can be attributed to the lack of rate case filings from these companies over the years, evidenced by the information supplied in the last column of the preceding chart. For a multitude of reasons – not the least of which are time to prepare and cost to file – the majority of these companies have not filed for a base rate increase in many years. It was for this reason that the Task Force developed the Short Form Base Rate Request (Short Form), based upon the forms used by the Fixed Utility Services Bureau to aid small water companies. The Short Form was designed to offer an easier way for a small gas utility to file for a base rate increase. The Short Form consists of only a few sheets regarding basic financial information that need to be filled out. The goal was to provide a less time consuming, more cost efficient way for the small gas utilities to file for a rate increase, avoiding many of the pitfalls associated with a more traditional base rate case proceeding.

It should be noted that the dire financials presented for some of the small gas utilities in this report are not necessarily indicative of the overall financial well-being of

the ownership of the utility. Many of the small gas companies are owned by a single person, and often times, the owner has other sources of income that are not reported on the gas utilities' financial reports. For instance, many of the owners also have their own drilling operations and own their own gas/oil wells, often times purchasing gas for the gas utility through such wells. In addition, they may have other side businesses that result in revenues not shown on any reports. All of this leads to many of the owners not wanting to file for a rate increase, even if the financial picture of the utility indicates that they should. Many of the owners have a standard of living which they deem to be sufficient, and hence have no desire to inflict higher rates upon their relatively few customers – many of whom are people they know very well within the community. The SGTF believes that, barring any type of public safety issue, the Commission can't force these owners to increase their rates, especially if they have no desire to do so themselves.

Web Site for Small Gas Companies

Another project completed by the SGTF was the creation of a webpage devoted to small natural gas utilities on the PUC website. The page can be accessed at:

http://www.puc.state.pa.us/naturalgas/naturalgas_small_ng_companies.aspx

The primary purpose of the page is to provide a one-stop location for the small gas utilities to go to be able to access the forms and information they need to effectively operate their company within compliance of the law. A sampling of what items can be found on the webpage includes:

- A glossary of terms relevant to small gas utilities;
- Fact sheets on what differentiates Base Rates from Gas Cost rates;
- All documents related to filing the Short Form Base Rate Request;
- A sample tariff;
- A description and sample of Affiliated Interest Agreements;
- A summary of termination requirements; and
- Links to PUC Annual Reports and PUC contacts.

Conclusion

Based upon our review of the small natural gas companies, we believe that many (or most) of them lack the financial, managerial and/or technical expertise to operate (manage) their gas distribution operation reliably on a long-term basis. As noted earlier, our analysis of the companies' financial data reveals that only five of them appear to have a positive working capital ratio, and their margin for preventing financial collapse is small. If the distribution system of one of these companies suddenly needed substantial repairs, along with a significant increase in the cost of gas or an aggressive pursuit of the company's payables, there would be insufficient capital to address all concerns. While historically this has not happened, the likelihood of such combined events becomes increasingly more realistic, given the age of the distribution systems of these companies. Furthermore, the probability of significant financial distress may be even greater for the other eight companies for which current financial data are not available.

Perhaps more troubling, however, is the fact that the accuracy of the financial data itself is highly suspect, given that much of it is incomplete as filed by the companies, and some of it may simply be incorrect. Such questionable financial data renders the resulting ratios and other calculations doubtful at best, and perhaps meaningless in some instances. Thus, due to the widespread lack of consistent and accurate financial record keeping, as well as the apparently tenuous financial situation of many of the companies as suggested by such data as has been made available, the task force concludes that for many of the small gas companies, any further deterioration of their financial health could lead to an inability to provide safe gas service at reasonable rates.

Recommendations

1. The Small Gas Company Task Force (SGTF) notes the importance of implementing and maintaining a current Gas Cost Rate (GCR). We encourage all companies to file for a GCR, as it offers a reliable and steady means by which to recover purchased gas costs, thus improving the financial stability of the small gas companies. Purchased gas is by far the largest expense incurred by the small gas companies, and the importance of a steady revenue stream from which to recover those costs cannot be overstated. As mentioned earlier in this report, Herman Oil can be viewed as a prime example of just how quickly a properly maintained GCR can improve a company's finances. The SGTF also recommends the continued monitoring and auditing of the GCRs, as currently performed by the Commission's Bureau of Audits.

2. The SGTF recommends the Commission order the small gas utilities to improve their financial record keeping. The majority of the small gas companies lack the proper tracking of items such as maintenance expense, salaries, general operational expenses, loan details, affiliated purchases, and plant investment. Many of these companies still employ a hand-written means of billing and record keeping, and in some instances the "shoebox" is the preferred method of storage for receipts and financial documents. It is nearly impossible to run a business properly, or to have an apt awareness of one's current financial condition, while maintaining records in such a fashion. Along these same lines, it becomes difficult to keep current with financial reports required by regulating agencies when financial records are unreliable. The SGTF recommends that The Commission take greater diligence in pursuing legal recourse against companies who consistently fail to file their Annual Reports, and increase the fines and punishments associated with such failures.

3. The SGTF recommends that the small gas companies install proper metering equipment at the source of their natural gas, in order to be able to calculate the volume of gas entering their system and the associated losses sustained within the system. As it currently stands, many small gas companies lack the proper facilities to be able to accurately measure the amount of gas entering their distribution system, and hence lack the ability to track and monitor the amount of lost/unaccounted for gas within their distribution system.
4. Unaccounted for gas is a central topic these days, as the effects of leaking gas into the atmosphere are of great environmental concern to many state and federal agencies. In addition, there's potential financial gain available to the company in being able to monitor, and subsequently reduce, the amount of gas being lost within the system. There are few things more taxing on a small gas company than purchasing gas into the system and then not having that gas make its way to the customer's meter, leading to reduced revenues and greater operating losses.
5. Hand in hand with metering, the SGTF recommends that the Commission find ways to incent the larger gas distribution companies to assist the small gas companies with their operational issues. An example might be help with metering such as the meter donation program which was used for the small water companies.
6. Provide other revenue incentives such as a distribution surcharge or other ways to encourage those small gas companies at risks to file rate cases. (As previously discussed, we don't want to order companies to file rate cases but perhaps there are some suggested means we could use to encourage them to file a rate case?)

7. Encourage the restructuring of existing nonviable small gas systems. This would include the incorporation of a small gas system into a larger contiguous gas distribution system. The SGTF would recommend following the guidelines for small water acquisitions.

8. As part of this investigation, order a more rigorous financial and operational audit of those small gas companies that have been identified as being most at risk for possible failure. These financial and operational reviews should be performed on an annual basis. Those with egregious problems could be identified and solutions implemented on a more proactive basis.

9. This report has identified the large natural gas distribution companies located near to each of the small gas companies. This information should be used to establish contingency plans for assistance to the smaller companies regarding operational issues such as supply, repairs and metering.

List of Attachments

Attachment A	Acknowledgements and Task Force Members
Attachment B	Group I and Group II Small Gas Companies
Attachment C	Survey of Small Gas Companies
Attachment D	Legal Aspect of Commission Employees Providing Assistance to the Small Gas Companies
Attachment E	Recent Small Gas Company Base Rate Filings
Attachment F	Financial Ratios and Definitions
Attachment G	Gas Safety Violations
Attachment H	Lost and Unaccounted for Natural Gas
Attachment I	Gas Safety Emergency Contacts
Attachment J	Monthly Bill Comparison

Acknowledgements

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Ed Berzonsky	Bureau of Fixed Utility Services
Terry Buda	Law Bureau
David Huff	Bureau of Fixed Utility Services
Jennifer Kocher	PUC Office of Communications
Rich Layton	Bureau of Fixed Utility Services
Thomas Maher	Office of Special Assistance
Paul Metro	PUC Gas Safety Division
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Small natural gas utilities are defined by the Public Utility Code as having annual intrastate operating revenues under \$40 million*. The PUC currently has 20 of small natural gas utilities under its jurisdiction including:

Group I

Valley Energy Inc.
North East Heat & Light

Group II

Able Co Inc	Mountain Energy Ltd
Andreassi Gas Co	Pike County Light & Power Co
Chartiers Natural Gas Co Inc	Pine-Roe Natural Gas Inc
C.E. Dunmire Gas Co Inc	S A R Gas Co
Corsica Gas Co	Sergeant Gas Co
Herman Oil & Gas Co Inc	Sigel Gas Co
Herman Riemer Gas Co	Wally Gas Co
Kaib & Kaib	Orwell Natural Gas Co
Larkin Oil & Gas Co	Clarion River Gas (CRG Inc.)
	Walker Gas & Oil Co

*A Group I gas utility has gross annual operating revenues between \$2.5 million and \$40 million; a Group II gas utility has gross annual operating revenues of less than \$2.5 million.

Small Gas Company Survey

The Small Gas Task Force determined that there was not sufficient time to review the other small natural gas utilities with the same approach used to review Herman & Oil Gas Company. Instead, the Small Gas Task Force decided to develop a questionnaire to survey the small gas companies. The objective of the questionnaire was to determine if there are common issues unique to small gas companies. The questionnaire was included in the information packet sent to the companies. (The list of companies is included in Appendix B.) Nine companies responded to the survey. Based on the fact that the survey was an unusual request from the Commission and it did involve some “opening up” by the owners, the Small Gas Task Force was pleased with the survey participation. The questionnaire also served to prepare the small gas companies for participating in the scheduled seminar. The questions and responses are discussed below.

Q1 – How long has it been since you have filed a general base rate case?

The responses ranged from as recently as 2008 to as far back as 1981. The average number of years for the companies responding was 10 years. One company noted that it had filed a rate case two years before but gave up on the proceeding due to the paperwork and expense thus far encountered with no guarantee of success.

Q2 – Do you think it might be necessary to file a base rate case soon in order to maintain current utility operations safely and reliably?

Only one company responded no and that company had just completed a rate case in 2008. Seven companies responded yes, and one company could not decide.

Q3 – What, if any, are the reasons that have discouraged you from filing a general base rate case?

Based on the responses, there were six reasons why a company has been discouraged from filing for a general base rate increase. The reasons provided were:

1. Too expensive;
2. Time consuming;
3. Customers complain;
4. Difficult process;

5. Inexperience or lack of knowledge;
6. Not needed.

The company that responded “not needed” had just filed in 2008.

Q4 – Have you made significant improvements to your system since your last base rate increase?

Seven of the nine companies responded “yes.” A “yes” response would be expected based on the average of 10 years noted for Q1.

Q5 – What best describes how you maintain financial records for your business?

Based on the survey, 56% of the small gas companies responding still use all or at least some form of a manual accounting system.

Q6– Has the utility plant (i.e. plant in service) been adequately documented on the Company’s books?

Only three out of nine companies answered this question “yes”. The fact that 67% did not answer the question may indicate that they did not know their plant in service or were confused by the question. The response to this question indicates that the financial records may be inadequate.

Q7 – Are you having difficulty paying your gas suppliers or other vendors?

More than two-thirds (67%) of the small gas companies surveyed responded “yes” to this question. Two companies responding “yes” do not currently operate using a Gas Cost Rate mechanism. The GCR permits recovery “dollar for dollar”. Without a GCR, a small gas company cannot automatically adjust its rates for changes in gas prices.

Q8 – Do you have trouble collecting amounts owed from your customers?

“Yes” was the response by 100% of the small gas companies who completed the survey. Delinquent customers pose a different problem for small gas companies compared to large gas companies. Owners of small gas companies know their customers because they are part of the same small community. This is a disadvantage to a small gas company owner because they are hesitant to shut-off service to a customer they may run into at the grocery store or at church. Also, the small gas company owners know their customers who have the ability to pay but choose not to.

Q9 – Have you implemented or considered service terminations as a result of delinquent customers?

“Yes” was the response by 100% of the small gas companies who completed the survey.

Q10 –Do you have any open complaints with your customers?

Only one small gas company answered “Yes” to this question.

Q11 –Have you bypassed any plant improvements or expansion opportunities because of insufficient funds?

Five out six small gas companies who answered this question responded “yes”. This question may have been confusing to the companies due to the meaning of bypassed. It was meant to mean postponed, but it could have been interpreted as avoided.

Q12 –Do you have any unaddressed safety violations?

Only one company out of eight responded “yes”.

Q13 –If you were to file a base rate case, do you think there would be opposition from your customers?

The response was 78%, “yes”.

Q14 –How many employees do you have and what are their roles?

The responses to this question ranged from zero to 6. The most frequently mentioned role was billing clerk. Owners of small gas companies do a significant portion of the work themselves. However, it appears the work performed by others, usually family members, is not adequately reflected in the company's expenses for ratemaking purposes.

Q15 –How many customers do you have?

The average number of customers for the small gas companies surveyed was 248 residential and 6 commercial customers.

Q16 –What is your billing method and how often do you bill?

Based on the responses, 100% of the small gas companies bill monthly and 33% prepare the bills manually.

Q17 –How do you procure your gas supply?

One third (33%) of the companies responded that their gas supply came from a combination of company- owned wells and purchases from a third-party supplier. Two-thirds (67%) of the companies responded that they purchase all of their supply. With the fluctuation of gas prices, it would be beneficial for any small gas company purchasing from a third party to have an automatic surcharge, such as the GCR, to recover its gas costs.

Q18 –How do you recover costs?

Two thirds (67%) recover gas costs using a Gas Cost Rate mechanism.

Q19 –Other comments?

Only one small gas company responded with a comment that expressed thanks for the meeting (seminar) and a hope to work with the Commission.

Based on review of the survey responses, the common issues that small gas companies have are that they know they need to file a base rate case but they are distrustful of the process based on past experience. The questionnaire was useful because it facilitated the discussion that occurred at the Small Gas Task Force seminar.

Legal Aspect of Commission Employees' Providing Assistance

While there is no statutory or case law directly on point for how involved a FUS staff member may be in compiling a rate increase filing, there is instructive law to guide the permissible level of involvement. The Public Utility Code, 66 Pa. C.S. § 501(b), addresses the Commission's authority over public utilities. Section 501(b) provides the general rule that:

The commission shall have general administrative power and authority to *supervise and regulate all public utilities* doing business within this Commonwealth. The commission may make such regulations, not inconsistent with law, as may be necessary or proper in the exercise of its powers or for the performance of its duties.

(Emphasis added.) In satisfying this responsibility to supervise and regulate, Commission staff's role must be made clear. When acting in such a supervisory role, staff's advisory opinions and statements do not have the force and effect of law and are not binding upon the Commission. Section 1.96 of Chapter 52 of the Pennsylvania Code, specifically states that:

[I]nformal opinions, whether oral or written, expressed by . . . legal counsel, employees or representatives of the Commission and reports drafted by Commission bureaus *are only considered as aids to the public, do not have the force and effect of law or legal determinations, and are not binding upon the Commonwealth or the Commission.*

(Emphasis added.)

Based on this authority, there would appear to be nothing improper about staff providing and explaining forms to utilities to aid in constructing a rate filing. Under its supervisory role, staff could be providing forms that assist in preparing rate cases. These

materials are provided solely as aids. Small gas utilities should be informed that the materials are just aids and do not have the effect of binding law on the Commission.

Furthermore, this practice is similar to the tools developed years ago to aid small water utilities in filing for rate increases. Therefore, there is no reason to believe that this practice for small gas utilities is impermissible for any reason. The assistance is being provided from the perspective that there are forms, instructions, etc., that have been used in the process of constructing a rate filing.

If a specific interpretation of utility law is being sought, the response should reflect an explanation of how the Commission has treated certain issues in the past. As for the appropriateness of having staff meet at the utility's office, this is a discretionary issue for FUS to decide. There does not appear to be any kind of limitation on this from a legal perspective.

Communication between staff and utilities in the compilation of a rate case is also permissible because the *ex parte* communication prohibition has not attached itself yet. The filing of a rate case does not meet the requirements of a contested proceeding. The matter only becomes contested when a complaint, protest, petition in opposition, or other adverse pleading is filed by another party. Therefore, staff and the utilities may discuss the rate case as extensively as necessary prior to the matter becoming contested.

In situations where a staff member is asked to advise an ALJ or Commissioner after FUS staff members have advised the preparation of the rate case, there are due process concerns. Avoiding the appearance of impropriety, while assisting and reviewing a rate case, is crucial. While *Lyness* is not directly on point, it is illustrative of the type of

appearance of impropriety that we believe should be avoided. *Lyness v. State Board of Medicine*, 605 A.2d 1204 (Pa. 1992).¹²

Due process of law is guaranteed by the Pennsylvania Constitution. According to *Lyness*, even the appearance of impropriety could jeopardize procedural due process. *Id.* at 1207. The potential for bias stemming from the mixing of functions is enough to create a fatal defect in procedural due process under the Pennsylvania Constitution. *Id.* See also *Commonwealth, Dep't of Insurance v. American Banker*, 387 A.2d 449 (Pa. 1978); *Dussia v. Barger*, 351 A.2d 667 (Pa. 1975); *Gardner v. Repasky*, 525 A.2d 704 (Pa. 1969). However, *Lyness* is distinguishable from cases where two separate functions are fulfilled by the same agency, but are adequately separated.¹³

The Public Utility Commission has procedures in place to ensure separation of functions in situations where one bureau is fulfilling more than one function. According to the Public Utility Commission Procedures Manual, with the exception of OTS and OSA, Commission bureaus may fulfill both advisory and prosecutorial roles. In such

¹² In *Lyness*, misconduct of a dentist was investigated by the State Board of Medicine. The misconduct was investigated by the board's prosecuting attorney, and presented to the board for consideration. *Id.* at 1210. The board decided to bring formal charges and the same board subsequently prosecuted those charges. *Id.* Whether there was actual bias as a result from the commingling of prosecutorial and adjudicative functions is irrelevant.

¹³ For example, the *Lyness* court distinguished the situation from a case where a dentist asserted that his due process rights were infringed upon when the complaint was received by the Dental Board, investigated by the Law Enforcement Bureau of the Commission of Professional and Occupational Affairs, and prosecuted by an assistant attorney general in the legal office of that commission. *Lyness*, 605 A.2d at 1209 (citing *State Dental Council and Examining Board v. Pollock*, 318 A.2d 910, 914-15 (Pa. 1974)). In *Lyness*, the same individuals participated in both the prosecutorial and adjudicative roles.

situations, walls of separation must be maintained between the bureau's prosecutorial staff and the remainder of the bureau. *See Public Utility Commission Procedures Manual*, at 10-1 (October 2008).

It is also important to keep in mind the prohibition on ex parte communication. 66 Pa. C.S. § 334(c). This prohibition is based on the due process principle that no party should have the ability to unilaterally influence the decision maker regarding a contested issue of fact or law.

The prohibition on ex parte communication is triggered by the commencement of a contested on-the-record proceeding.¹⁴ *Id.* This prohibition does not apply to off-the-record communications by an employee of the Commission before the commencement of a contested proceeding.

¹⁴ A contested proceeding is a proceeding required by a statute, constitution, published commission rule or regulation or order in a particular case, to be decided on the basis of the record . . . and in which a protest or a petition or notice to intervene in opposition to requested commission action has been filed.” 66 Pa. C.S. § 334(c).

Base Rate Filing Information

Company Name	<u>Financial Data</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>Latest Bas Rate Filing Information</u>
Able Company					Initial Tariff Effective August 20, 1991
Andreassi Gas Company					Latest Base Rate (GCR) Change November 1, 2008
Chartiers Natural Gas Company Inc.	Net Income Retained Earnings Plant in Service Customers Served	(\$85141) (\$1,783,194) \$279,442 269	\$261,385 (\$1,698,053) \$265,379 267	\$258,946 (\$1,597,728) \$261,851 265	Last base rate effective 7/1/1994 at R-00911967
Corsica Gas Company	Net Income Retained Earnings Plant in Service Customers Served	(\$21,948) (\$90,104) \$171,351 29	(\$41,540) (\$68,156) \$170,720 29	(\$25,548) N/A N/A 29	Company bought by Wyant & McCrea in an order entered 11/15/05 at A-125129. Rates were adopted from previous owners. Original owner established rates 10/10/2002 at A-125115
Clarion River Gas (CRG; Orwell)					Latest Base Rate (GCR) Change November 1, 2008
C.E. Dunmire Gas Company	Net Income Retained Earnings Plant in Service Customers Served	(\$12,692) (\$440,883) 0 64	(\$66,836) (\$428,191) 0 64	(\$91,859) (\$361355) 0 64	New base rates effective 8/16/2006 docket no. 00061408
Herman Oil & Gas Company					Eliminate GRT 1/1/00; Base Rate 12/1/1989
Herman Riemer Gas Company					Last GCR 11/1/05; Last BR 1998
Kaib & Kaib Gas Company	Net Income Retained Earnings Plant in Service Customers Served	\$101,880 \$115,801 \$101,223 47	\$79,795 \$104,170 \$97,873 47	\$83,174 \$88,728 \$75,400 47	Last BR July 30, 1999
Larkin Oil & Gas Company					Last BR August 31, 1999
Mountain Energy Ltd.					Abandonment in process
Pine-Roe Natural Gas Company Inc.					11/7/2001 established GCR at R-00016861. Filed rate case 4/29/2002 but withdrew case. Previous rate filing was 3/16/81 at R-00811453. (No other info in this case).
SAR Gas Company (formerly Myers Gas Co)	Net Income Retained Earnings Plant in Service Customers Served	\$38,596 \$84,595 \$284,094 192	\$27,392 \$45,999 \$284,094 190		Docket that established SAR was A-125140 in an order entered 7/18/2005. Purchased from Myers Gas Company. Myers last base rate case was effective April 1, 2005. Docket R-00005999.
Sergeant Gas Co. Inc.					Last GCR 11/1/08; Last BR 9/1/1979
Sigel Gas Company	Net Income Retained Earnings Plant in Service Customers Served	\$26,148 \$0 \$127,899 148	(\$15,314) \$0 \$127,899 149	\$715.00 \$0 \$127,899 146	Last base rate increase effective 3/17/2001 at docket
Walker Gas & Oil Company (Orwell)					Last GCR 11/1/08; Last BR 1982
Wally Gas Company	Net Income Retained Earnings Plant in Service Customers Served	(\$99,532) (\$812,554) \$89,764 201	\$69,092 (\$1,113,162) \$89,764 206	\$33,213 (\$984,900) \$89,764 N/A	Filed for GCR restatement effective for 3/01/09 at docket R-2008-2079698. Otherwise looks like last base rate increase was effective 8/29/1994 docketed at R-00943140

Financial Ratios

Company	Current Ratio	Quick Ratio	Working Capital	Debt to Equity Ratio	Debt to Assets Ratio
	CA/CL	CA-I/CL	CA-CL	LTD/CE	TL/TA
Andreassi	0.70	0.69	(\$36,424)	1.26	0.56
Chartiers	0.18	0.18	(\$1,810,414)	(1.26)	4.83
Corsica	0.04	0.04	(\$209,835)	(2.41)	1.71
Dunmire	0.01	0.01	(\$433,899)	0.98	107.48
Herman	0.30	0.29	(\$330,938)	(1.37)	3.70
Kaib & Kaib	n/a	n/a	\$34,062	0.09	0.09
Larkin	n/a	n/a	\$1,484	n/a	n/a
Orwell	2.23	2.23	\$145,470	0.22	0.18
Reimer	168.70	168.70	\$314,782	0.00	0.00
SAR	0.00	0.00	(\$115,981)	1.37	0.58
Sergeant	0.20	0.18	(\$147,827)	(4.72)	1.27
Siegel	n/a	n/a	\$39,762	0	0
Wally	0.05	0.05	(\$736,610)	(1.05)	21.33

Financial Analysis / Definitions

Current Ratio: An indication of a company's ability to meet short-term debt obligations; the higher the ratio, the more liquid the company is. Current ratio is equal to current assets divided by current liabilities. If the current assets of a company are more than twice the current liabilities, then that company is generally considered to have good short-term financial strength. If current liabilities exceed current assets, then the company may have problems meeting its short-term obligations. For example, if XYZ Company's total current assets are \$10,000, and its total current liabilities are \$8,000, then its current ratio would be \$10,000 divided by \$8,000, which is equal to 1.25. XYZ Company would be in relatively good short-term financial standing.

Quick Ratio: A measure of a company's liquidity and ability to meet its obligations. Quick ratio, often referred to as acid-test ratio, is obtained by subtracting inventories from current assets and then dividing by current liabilities. Quick ratio is viewed as a sign of company's financial strength or weakness (higher number means stronger, lower number means weaker). For example, if current assets equal \$15,000, current inventory equals \$6,000, and current liabilities equal \$3,000, then quick ratio amounts to: $(\$15,000 - \$6,000) / \$3,000 = 3$. Since we subtracted current inventory, it means that for every dollar of current liabilities there are three dollars of easily convertible assets. In general, a quick ratio of 1 or more is accepted by most creditors; however, quick ratios vary greatly from industry to industry.

Working Capital: Current assets minus current liabilities. Working capital measures how much in liquid assets a company has available to build its business. The number can be positive or negative, depending on how much debt the company is carrying. In general, companies that have a lot of working capital will be more successful since they

can expand and improve their operations. Companies with negative working capital may lack the funds necessary for growth.

Debt / Asset Ratio: Total liabilities divided by total assets. The debt/asset ratio shows the proportion of a company's assets which are financed through debt. If the ratio is less than one, most of the company's assets are financed through equity. If the ratio is greater than one, most of the company's assets are financed through debt. Companies with high debt/asset ratios are said to be "highly leveraged," and could be in danger if creditors start to demand repayment of debt.

Debt / Equity Ratio: A measure of a company's financial leverage. Debt/equity ratio is equal to long-term debt divided by common shareholders' equity. Typically the data from the prior fiscal year is used in the calculation. Investing in a company with a higher debt/equity ratio may be riskier, especially in times of rising interest rates, due to the additional interest that has to be paid out for the debt. For example, if a company has long-term debt of \$3,000 and shareholder's equity of \$12,000, then the debt/equity ratio would be 3000 divided by 12000 = 0.25. It is important to realize that if the ratio is greater than 1, the majority of assets are financed through debt. If it is smaller than 1, assets are primarily financed through equity.

2004 to 2009 Small Gas Company Safety Violations

Company	Year	Code Section	Violation
Mountain Energy	2004	§ 192.605(a) Procedural Manual	Did not prepare and follow a manual of written procedures for conducting operations and maintenance activities and emergency response procedures.
	2005	§ 192.321(a) Installation of Plastic Pipe	Was not installed below grade as required.
	2007	§ 192.747(a) Valve Maintenance: Distribution System	Had not inspected valves within specified yearly interval.
North East Heat and Light Co.	2004	§ 192.809(a) General	Did not maintain a written qualification program for system operators
Pike County Power and Light Company	2004	§ 192.13(c) General Requirements	Did not maintain and follow the plans, procedures, and programs as required.
Herman Oil and Gas Company	2005	§ 192.321(a) Installation of Plastic Pipe	Was not installed below grade as required.
	2009	§ 192.456 Monitoring of External Corrosion	Did not establish testing intervals and did not employ a qualified person to perform testing.
	2009	§ 192.517 Records	Did not maintain a record of all tests performed on the system.
	2009	§ 192.603	Did not amend its plans and procedures as needed to provide a reasonable level of safety.
	2009	§ 192.707 Line Markers for Mains and Transmission Lines	Did not maintain marker lines as close as practical over each buried main and transmission line.

2004 to 2009 Small Gas Company Safety Violations

Company	Year	Code Section	Violation
Herman Oil and Gas Company	2009	§ 192.723 Leakage Surveys	Did not conduct periodic leak surveys and did not have established intervals for such testing.
	2009	§ 192.739 Inspection and Testing of Pressure Limiting and Regulating Stations	Did not maintain establish inspection intervals or the tests to be performed
	2009	§ 192.741 Telemetering or Recording of Pressure Limiting and Regulating Stations	The system was not equipped with telemetering or recording pressure gauges to indicate the gas pressure in the district.

Lost and Unaccounted For Natural Gas (L&UAG)

<u>Company</u>	Twelve Months Ended					Twelve Months Ended					<u>Notes</u>
	August 31, 2009					August 31, 2008					
	Sales Mcf	Purchases Mcf	Affiliated Purchases	L&UAG		Sales Mcf	Purchases Mcf	Affiliated Purchases	L&UAG		
			Mcf	%				Mcf	%		
Andreassi Gas Co.	37,511	31,181	-	6,330	-	37,230	31,573	-	5,657	-	Unmetered company production
Chartiers Natural Gas Co., Inc.	18,085	2,595	15,490	-	-	17,332	2,388	14,944	-	-	Affiliate balances the company's system
Clarion River Gas – A Division of Orwell Natural Gas	26,241	27,742	-	(1,501)	-5.41%	23,864	24,971	-	(1,107)	-4.43%	
Herman Oil & Gas Co., Inc.	29,775	14,658	15,117	-	-	27,626	2,029	25,597	-	-	Affiliate balances the Company's system
Herman Riemer Gas Co.	59,909	51,586	-	8,323	-	57,541	47,725	-	9,816	-	Unmetered Company production
North East Heat & Light Company	326,334	331,776	-	(5,442)	-1.64%	331,876	355,347	-	(23,471)	-6.61%	Conversion of dth to Mcf using 1.045
Pine Roe Natural Gas Company, Inc.	14,633	8,689	6,978	(1,034)	-6.60%	15,111	6,982	9,373	(1,244)	-7.61%	
Sergeant Gas Co.	13,099	5,931	-	7,168	-	13,263	5,672	-	7,591	-	Unmetered Company production
Sigel Gas Co.	15,658	2,449	13,209	-	-	16,058	5,853	10,205	-	-	Affiliate balances the Company's system
Walker Gas-A division of Orwell Natural Gas	24,346	13,464	10,882	-	-	23,419	10,676	12,743	-	-	Purchases from former owner's production company balances the company's system
Wally Gas Company	19,159	-	18,845	314	-				-	-	Unmetered company production

The nine 1307(f) companies L&UAG averages for the last three years are: Equitable 6.67%; PGW 3.9%; UGI CP 3.5%; TWP 3.24%; PECO 2.73% Columbia 1.30%; UGI 0.73%; UGI Penn 0.59% and NFG 0.41%.

<u>The 20 Small Gas Companies</u>				
<u>GCR Companies</u>		<u>Company Contact Information</u>		<u>NGDC in Area</u>
1	Andreassi Gas Co	Michael Andreassi	(724) 445-3606	TWP
2	Chartiers Natural Gas Company, Inc.	Sandra Bitner	(724) 832-3425	Columbia Gas of PA
3	Clarion Rive Gas ¹	Dawn Opara	(440) 205-4600	National Fuel Gas
4	Herman Oil & Gas Co., Inc.	Mark Smith	(724) 287-0129	TWP/Dominion
5	Herman Riemer Gas Company	Jeff Riemer	(724) 352-1802	TWP/Dominion
6	North East Heat & Light Company	Samuel S. Miller	(814) 725-4302	National Fuel Gas
7	Pike County Light & Power Company	John Coalman	(212)460-2424	
8	Pine Roe Natural Gas Company	John Habjan	(814) 227-2700	National Fuel Gas
9	Sergeant Gas Company	Matthew Sicher	(814) 929-5492	National Fuel Gas
10	Sigel Gas Company	Larry Gourley	(814) 275-3308	National Fuel Gas
11	Valley Energy, Inc.	Majorie Johnston	(570) 888-9664	
12	Walker Gas Company ¹	Brian Wollet	(440) 974-3770	NFG/TWP
13	Wally Gas Company	Ruth Craig	(724) 45-3520	TWP
	<u>NON-GCR Companies</u>			
1	Able Company, L.T.D.	Mike Jarju	(724) 478-4415	Dominion
2	C.E. Dunmire	Nancy Dunmire	(724) 548-4301	Equitable
3	Corsica Gas Company	Judith McCrea	(724) 712-1042	National Fuel Gas
4	Kaib & Kaib	Todd Kaib	(740) 454-4965	
5	Larkin Oil & Gas	Randy Larkin	(814) 358-2508	National Fuel Gas
6	Mountain Energy	Kevin Conklin	(724) 428-5200	Equitable/Columbia
7	SAR Gas Company	Steve Phipps	(814) 385-6493	National Fuel Gas

¹ Clarion River Gas Company and the Walker Gas Company are divisions of the Orwell Natural Gas Company an Ohio utility.

Major NGDC in Area	Company Contact Information	
Columbia Gas of PA	Danny Cote	(724) 416-6334
Equitable Gas	Wesley Soyster	(412) 395-3381
National Fuel Gas	Jay W. Lesch	(716) 827-2327
Dominion / Peoples	Kenneth Johnston	(724) 292-3412
T.W. Phillips	Paul W. Becker	(724) 287-2751

**Monthly Bill Comparison of Residential Non-Heating (2 Mcf)
And Residential Heating Customers (15 Mcf)
Of Small And Large Gas Utilities**

Small Gas Companies			Large Gas Companies		
Group II Companies	2MCF	15MCF	1307(f) Companies	2MCF	15MCF
Able ¹	\$45.00	\$45.00	Columbia	\$33.09	\$173.35
Andreassi	\$34.05	\$157.89	Equitable ²	\$40.39	\$216.83
Chartiers	\$34.01	\$177.08	National Fuel	\$30.59	\$141.11
Corsica	\$28.00	\$145.00	PECO	\$33.34	\$180.12
CRG (Orwell)	\$29.64	\$147.67	People's ³	\$28.50	\$142.25
C.E. Dunmire	\$26.00	\$130.00	PGW ⁵	\$42.92	\$244.03
Herman Oil	\$25.33	\$190.02	T.W. Phillips	\$34.49	\$177.45
Herman Riemer ²	\$35.63	\$213.93	UGI	\$34.42	\$196.32
Kaib & Kaib	\$16.50	\$88.00	UGI Central Penn	\$39.14	\$194.59
Larkin ³	\$13.02	\$69.44	UGI Penn	<u>\$37.76</u>	<u>\$195.70</u>
Pike County ⁴	\$24.34	\$143.55			
Pine-Roe	\$17.56	\$142.69	1307(f) Average	<u>\$35.47</u>	<u>\$186.18</u>
SAR	\$24.00	\$173.50			
Sergeant	\$29.36	\$177.97	Group I Companies		
Sigel	\$22.60	\$120.71	North East Heat ²	\$27.99	
Walker Gas (Orwell)	\$28.32	\$147.39	Valley Gas ³	<u>\$24.73</u>	
Wally	<u>\$29.24</u>	<u>\$154.33</u>			
Group II Average	<u>\$27.21</u>	<u>\$142.60</u>	Group I Average	<u>\$26.36</u>	

Note: All data was obtained from the Commission's Rate Comparison Report, valid as of January 31, 2010.

¹ Able provides a flat rate for all gas consumed according to the square footage of a building. Due to this unique flat rate charge, Able was not considered the lowest cost bill for customers using 15 MCF/month.

² Denotes the highest bill in its Group. ³ Denotes the lowest bill in its Group.

⁴ Pike County Light and Power Company has annual revenue of approximately \$1.7 million and is the largest Group II utility. The next largest utility in Group II according to annual revenue is Herman Riemer Gas Company with approximately \$.64 million.

⁵ Philadelphia Gas Works is the only municipal natural gas company in the Commonwealth and develops its base rates using a cash flow method in lieu of the traditional rate base / rate of return methodology. Given its unique status as municipally owned and operated it is not listed as the highest cost large gas company. All of the other 1307(f) companies are investor owned.

Small Gas Company's Monthly Billing Components				
Company	Customer Charge	Commodity Charge	Gas Cost Rate (GCR)	Non-Heating Monthly Bill (2/MCF)
Able ^{1,2}	\$45.00	\$0.0		\$45.00
Andreassi ³	\$15.00	\$10.1706	(\$0.6450)	\$34.05
Chartiers ³	\$12.00	\$10.9700	\$0.0351	\$34.01
Corsica ²	\$10.00	\$9.00	n/a	\$28.00
CRG (Orwell) ³	\$11.48	\$9.0690	\$0.0106	\$29.64
C.E. Dunmire ²	\$9.00	\$8.00	n/a	\$25.00
Herman Oil ³	\$0.00	\$11.8663	\$0.8017	\$25.34
Herman Riemer ³	\$8.1985	\$9.1677	\$4.5057	\$35.55
Kaib & Kaib ²	\$5.50	\$5.50	n/a	\$16.50
Larkin ²	\$4.34	\$4.34	n/a	\$24.34
Pike County ³	\$6.00	\$25.73	(\$7.39)	\$13.02
Pine-Roe ^{3,4}	\$17.4185	\$9.5531	\$0.0722	\$17.56
SAR ^{2,5}	\$12.50	\$11.50	n/a	\$24.00
Sergeant ³	\$6.50	\$11.0236	\$0.4077	\$29.36
Sigel ³	\$7.50	\$7.4832	\$0.0638	\$22.59
Walker Gas	\$10.00	\$8.7624	\$0.3696	\$28.32
(Orwell) ³	\$10.00	\$8.7118	\$0.90989	\$29.24
Wally ³				

- ¹ Able charges a flat rate based on the square footage of a building and consists of the following categories: (a) mobile home; (b) detached garage with heater; (c) house; and (d) swimming pool heater. For this report the rate for a house consisting of between 1,300 and 1,500 square feet was used.
- ² Companies that do not file an annual Gas Cost Rate reconciliation.
- ³ Companies that do file an annual Gas Cost Rate reconciliation.
- ⁴ Pine-Roe's customer charge of \$17.4185 includes the first 2 one thousand cubic feet (MCF) of usage.
- ⁵ SAR's customer charge of \$12.50 includes the first MCF of usage.