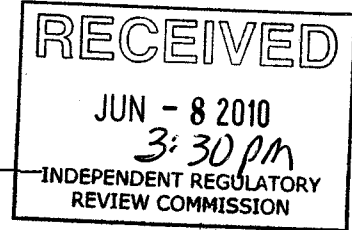


Before the  
**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Proposed Rulemaking Relating to Universal** :  
**Service and Energy Conservation Reporting** :  
**Requirements, 52 Pa. Code §§ 54.71 - 54.78** :  
**(electric); §§ 62.1-62.8 (natural gas) and** :  
**Customer Assistance Programs, §§ 76.1 - 76.6** :

Docket No. L-00070186



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**COMMENTS OF**

**EQUITABLE GAS COMPANY, LLC**

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**I. INTRODUCTION**

By Notice published in the *Pennsylvania Bulletin* on April 2, 2010, the Public Utility Commission (Commission) reopened the above captioned matter for public comment on six specific topics. Equitable Gas Company, LLC (Equitable or Company) is pleased to have the opportunity to comment on the six topics. The Company's comments, which follow, are presented for discussion purposes and without prejudice to any position Equitable might take in any subsequent proceeding or proceedings involving these or any other matters.

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## II. COMMENTS

### Topic No. 1

**The impact of the Department of Public Welfare's proposed policy change regarding the use of Low-Income Home Energy Assistance Program (LIHEAP) funds on a distribution company's Customer Assistance Program (CAP) design.**

#### Comment:

Equitable is very concerned with the Department of Public Welfare's (DPW) position on how LIHEAP grants should be applied to CAP accounts. CAPs are designed to provide an affordable payment plan to those who are unable to pay the full cost of utility service. The Commission has recognized the necessity of offsetting the costs to support CAPs with energy assistance grants to lessen the burden on the remaining residential customer base. The Commission makes specific reference to the coordination of energy assistance benefits in its Policy Statement on CAP at 52 Pa. Code §69.265(9).

Throughout discussions with DPW, the Energy Association of Pennsylvania and the utilities have been told that the change is required to comply with federal regulations. Although requested multiple times, DPW has not provided the section of the statute that has Pennsylvania utilities out of compliance. Equitable believes it is in compliance as indicated in Section 2605(b)(7)(B) of the Low-Income Home Energy Assistance Act of 1981, as amended. This section states "...that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this title."

Notwithstanding its position on this issue, Equitable plans to modify its application of LIHEAP grants to CAP accounts, as required by DPW, in order to maintain its vendor

status. The changes required by DPW will serve as a disincentive to regular payment behavior and will definitely increase the costs to operate CAP programs.

In addition, DPW's position on LIHEAP grants for CAP customers will affect the settlement in Equitable's most recent base rate filing at Docket No. R-2008-2029325. The settlement currently provides for a decrease in the Rider D recovery amount when CAP and arrearage forgiveness credits and CAP participation levels exceed specific threshold levels. The increase in CAP credits as a result of not being permitted to offset these credits with LIHEAP grants will, without a tariff change, reduce the Company's ability to recover its CAP expenses.

## **Topic No. 2**

**Factors that may impact CAP costs and affordability of bills, such as increased CAP enrollment levels, the recent economic decline, the expiration of electric generation rate caps, the impact on residential rates from the initiation of energy efficiency and conservation programs under Act 129 of 2008, and the potential impact on residential bills from smart metering initiatives.**

### **Comment:**

Any factors that negatively impact a household's financial stability will impact the affordability of utility bills for both low- and non low-income households. Therefore, the Commission and utilities should carefully analyze the best approach in order to offset the increased costs associated with the change in how LIHEAP grants are applied to CAP accounts. It is extremely important that the Commission balance the cost of providing universal service programs, such as CAP, with the impact for those who finance these programs through their utility rates.

### **Topic No. 3**

**Whether cost recovery mechanisms, which have been implemented by some distribution companies, have produced savings from an improved timeliness of collection activities and whether these savings should be considered in evaluating costs claimed for rate recovery.**

#### **Comment:**

Equitable's currently effective cost recovery mechanism was approved by the Commission in February 2009 as part of a comprehensive settlement of the Company's 2008 general rate filing at Docket No. R-2008-2029325. The cost recovery mechanism was the result of extensive negotiation between Equitable and other parties, particularly the Office of Consumer Advocate. Savings, if any, from improved timeliness of collection activities are reflected in the Company's currently effective, Commission approved cost recovery mechanism.

### **Topic No. 4**

**Proposed rules in 52 Pa. Code §§54.74 and 62.4 (relating to review of universal service and energy conservation plans, funding and cost recovery), which create a triennial review process that takes the form of a tariff filing and addresses CAP program funding.**

#### **Comment:**

Equitable addressed proposed Section 62.4 in its initial comments submitted on April 18, 2008. Since the submission of its initial comments in April 2008, Equitable has filed and concluded its 2008 general rate filing as explained in the comment to Topic 3. Equitable does not presently see the need or occasion for a tariff filing as part of its triennial review process and does not believe that a tariff filing is necessary, generally, as part of the triennial review process. In regard to Equitable's CAP program funding, it is presently

addressed in the currently effective tariff Rider D which was part of the comprehensive settlement of the 2008 general rate filing. With a Commission approved universal service cost recovery mechanism as part of its currently effective tariff, a tariff filing would not need to be part of the triennial review process for receipt of program funding. Consistent with the comment to Topic 1, any changes required to the tariff, such as those that are necessary as a result of DPW's required use of LIHEAP funding, could be proposed either as part of or separate from the triennial review process. Equitable will make a separate tariff filing as a result of the DPW change.

#### **Topic No. 5**

**Commissioner Kim Pizzingrilli's statement on *Dominion Peoples Universal Service and Energy Conservation Plan for 2009-2011*, Docket No. M-2008-2044646 (January 15, 2009), which discusses a Commission reporting requirement that directs all distribution companies to fully document the rate effect of program modifications in future universal service plans (USP). Under the requirement, distribution companies would include a table showing annual costs for each program, total cost for all USPs and the monthly cost of the programs on a per residential customer basis.**

#### **Comment:**

Consistent with Commissioner Pizzingrilli's statement in the *Dominion Peoples* proceeding, Equitable's triennial Universal Service and Energy Conservation Plan projects the cost of each universal service program for the next three years. Additionally, on an annual basis, the Company files its Universal Service Reporting Requirements which reports actual costs incurred for all USPs. Equitable believes that reporting of the monthly cost of programs on a per residential customer basis would be worthwhile and suggests that this additional information could be part of the annual Universal Service Reporting Requirements.

**Topic No. 6**

**The Commission's USP approval process, specifically, whether the Commission should issue tentative orders to provide an opportunity for comments and reply comments before approving a distribution company's USP, and whether the companies' USPs should be served on the statutory advocates.**

**Comment:**

The use of tentative orders with an opportunity for comments and reply comments is not consistent with the proposed regulation. Proposed Section 62.4, for example, provides for a tariff filing which can take upwards of six months to conclude. The use of a tentative order with an opportunity for comments and reply comments would provide for additional input for all interested parties including the Company but, in practice, the use of a tentative order process has unreasonably extended the outcome of these matters.

Equitable, for example, filed its 2007-2009 Universal Service and Energy Conservation Plan on June 1, 2006. A Tentative Order at Docket No. M-00061959, was issued on August 17, 2006, and then the Plan was consolidated with a petition at Docket No. P-00062240 to increase the level of funding for CAP. On September 27, 2007, the Commission approved a settlement of the consolidated proceedings, fifteen months after the 2007-2009 Plan was submitted. Equitable's next triennial filing date was June 1, 2009. Equitable is still awaiting Commission action on its June 2009 filing.

It is imperative that the Commission adopt a triennial filing process that contains an acceptable timeframe for acceptance. Equitable also recommends that the next triennial filing date should not be earlier than three years following Commission approval of the current.

**III. CONCLUSION**

Equitable thanks the Commission for the opportunity to comment on these topics.

Respectfully submitted,

By  \_\_\_\_\_

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Date: June 2, 2010



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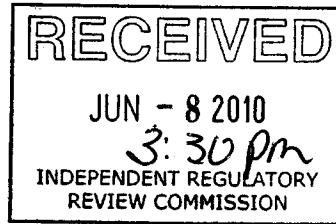
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2674

June 2, 2010

**HAND DELIVERY**

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Harrisburg, PA 17105-3265



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In re: Docket No. L-00070186 - Additional Comment Period  
Proposed Rulemaking Relating to Universal Service and Energy Conservation  
Reporting Requirements, 52 Pa. Code §§ 54.71 - 54.78 (electric); §§ 62.1 - 62.8  
(natural gas) and Customer Assistance Programs, §§ 76.1 - 76.6

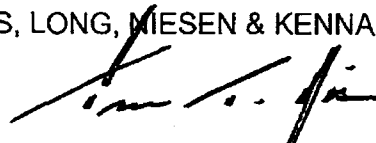
Dear Secretary Chiavetta:

Enclosed on behalf of Equitable Gas Company, LLC in the above matter are an original and fifteen (15) copies of its Comments to the six topics noticed in the *Pennsylvania Bulletin* of April 3, 2010. Copies of the Comments are being provided by electronic mail to Stephanie Wimer at [stwimer@state.pa.us](mailto:stwimer@state.pa.us) and Grace McGovern at [gmcgovern@state.pa.us](mailto:gmcgovern@state.pa.us). Please contact the undersigned with any questions about this matter.

Very truly yours,

THOMAS, LONG, NIESEN & KENNARD

By

  
Thomas T. Niesen

cc: Stephanie Wimer, Esquire (w/encl.)  
Grace McGovern (w/encl.)  
Daniel L. Frutchey, Esquire (w/encl.)  
John M. Quinn (w/encl.)  
Sandie L. Gagorik (w/encl.)

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