

Regulatory Analysis Form

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(1) Agency

Public Utility Commission

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(2) I.D. Number (Governor*s Office Use)

L-00000146/57-212

REGULATORY
REVIEW COMMISSION

IRRC Number: 2094

(3) Short Title

Reporting Requirements for Universal Service and Energy Conservation Programs

(4) PA Code Cite

52 Pa. Code §§62.1 - 62.8

(5) Agency Contacts & Telephone Numbers

Primary Contact: Kathryn G. Sophy, Law Bureau, (legal), 782-8839

Secondary Contact: Janice K. Hummel, Bureau of Consumer Services, (technical), 783-9088

(6) Type of Rulemaking (check one)

- Proposed Rulemaking
 Final Order Adopting Regulation
 Final Order, Proposed Rulemaking Omitted

(7) Is a 120-Day Emergency Certification Attached?

- No
 Yes: By the Attorney General
 Yes: By the Governor

(8) Briefly explain the regulation in clear and nontechnical language.

This final rulemaking establishes standard reporting requirements for universal service and energy conservation programs. The data collected as a result of the reporting requirements will assist the Commission in monitoring the progress of the natural gas distribution companies (NGDCs) in achieving universal service in their service territories. The reporting requirements will ensure that the data is reported uniformly and consistently.

(9) State the statutory authority for the regulation and any relevant state or federal court decisions.

Sections 501, 504, 2202, and 2203 of the Public Utility Code (66 Pa. C.S. §§501, 504, 2202, and 2203); Sections 201, 202 and 205 of the Commonwealth Documents Law (45 P.S. §§1202, 1202 and 1205); and regulations promulgated thereunder at 1 Pa. Code §§7.1-7.4

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(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

Yes. The Natural Gas Choice and Competition Act (Act) at Sections 2202, 2203, 2203(6), and 2203(8) defines and mandates universal service and energy conservation programs. The Act requires the Commission to ensure that universal service and energy conservation policies, activities and services are appropriately funded and available in each natural gas distribution territory.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

Loss of utility service poses a serious health and safety threat to the citizens of this Commonwealth. Because utility bills may not be affordable for many low-income customers, they face termination of utility service as a result of the inability to pay utility bills. Universal service and energy conservation programs help low-income customers to maintain utility service. The data required by the reporting requirements will assist the Commission in determining if universal service and energy conservation programs are available and appropriately funded to meet the needs of low-income natural gas consumers.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

Utility service is essential to the health and well-being of residents, to public safety and to orderly economic development.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

Low-income customers - In 1998, almost 10,000 customers participated in natural gas universal service and energy conservation programs. These households benefited from payment assistance, usage reduction services, arrearage forgiveness and referrals to other benefits and services. Utilities - Reduction in the amount and the carrying cost of arrearages, collection costs and bad debt expenses. Ratepayers - Reduction in utility expenses related to uncollectible accounts.

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(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

N/A

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

7 natural gas distribution companies

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

The Commission previously invited comment upon publication of this regulation as proposed in the Pennsylvania Bulletin through a 45-day comment period.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

Individual evaluations have found that components of universal service and energy conservation programs are cost-effective alternatives to traditional collection methods. These programs, such as payment assistance programs and usage reduction programs, reduce the costs of carrying arrearages, collection costs and bad debt expenses for regulated natural gas distribution companies.

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(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

No additional costs or savings.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

No additional costs or savings.

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(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
SAVINGS:	\$ N/A	\$	\$	\$	\$	\$
Regulated Community						
Local Government						
State Government						
Total Savings						
COSTS:						
Regulated Community						
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:						
Regulated Community						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

N/A

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(20b) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3 1996	FY -2 1997	FY -1 1998	Current FY
LIURP	\$4,588,677	\$4,542,477	\$4,475,135	
CAP	\$7,434,485	\$7,063,964	\$5,682,410	
CARES	N/A	\$ 915,112	\$828,169	
Hardship funds	N/A	\$379,268	\$389,129	
Other	N/A			

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

The reports will assist the Commission in ensuring that universal service and energy conservation programs are available and appropriately funded. These programs help low-income consumers maintain utility service. As a result of these programs, regulated natural gas distribution companies benefit from reduced expenditures for collection, termination and reconnection expenses, and the reduced need for bad debt reserves.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

The Commission considered and rejected voluntary reporting guidelines. Voluntary guidelines will not ensure standard and consistent reporting of data. The Commission cannot fulfill its statutory obligation to ensure that universal service and energy conservation programs are appropriately funded and available without the basic data outlined in the reporting requirements.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

See above response to #22.

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(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

There are no federal standards.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

Several other states have universal service and energy conservation programs. However, only Pennsylvania links cost-effectiveness to universal service and energy conservation programs. Other states implemented these programs to provide affordable payments for low-income customers. Pennsylvania implemented these programs as alternatives to traditional collection methods. Therefore, current data reporting is more comprehensive for Pennsylvania utilities.

No, the regulation should not put Pennsylvania at a competitive disadvantage. The costs of the reporting requirements are balanced by the benefits of universal service and energy conservation programs.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

No.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

No.

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(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

The regulation provides for consistent and standard reporting.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

None.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

Full compliance with the regulation will be required three-years from the date the Commission approves each natural gas utility distribution company's restructuring plan.

(31) Provide the schedule for continual review of the regulation.

The Commission will review the universal service and energy conservation plans every three years. The Commission will review the collection and program reports annually. Each natural gas distribution company must complete an independent evaluation of its universal service and energy conservation programs every six years. The company must submit the evaluation to the Commission for review

**FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU**

(Pursuant to Commonwealth Documents Law)

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<p>Copy below is hereby approved as to form and legality. Attorney General.</p> <p>BY _____ (DEPUTY ATTORNEY GENERAL)</p> <p>_____ DATE OF APPROVAL</p> <p><input type="checkbox"/> Check if applicable Copy not approved. Objections attached</p>	<p>Copy below is hereby certified to be true and correct copy of a document issued, prescribed or promulgated by:</p> <p><u>Pennsylvania Public Utility Commission</u> (AGENCY)</p> <p>DOCUMENT/FISCAL NOTE NO. <u>L-00000146/57-212</u></p> <p>DATE OF ADOPTION <u>June 22, 2000</u></p> <p>BY <u>James J. McNulty</u> James J. McNulty</p> <p>TITLE _____ (SECRETARY)</p>	<p>Copy below is hereby approved as to form and legality. Executive or independent Agencies.</p> <p>BY <u>Bohdan R. Pankiw</u> Bohdan R. Pankiw Chief Counsel</p> <p><u>6/22/00</u> DATE OF APPROVAL</p> <p><input type="checkbox"/> Check if applicable. No Attorney General approval or objection within 30 days after submission.</p>
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L-00000146/57-212
Final Rulemaking
Reporting Requirements for Universal Service
and Energy Conservation Programs
52 Pa. Code, Chapter 62

The Pennsylvania Public Utility Commission on June 22, 2000, adopted a final rulemaking order establishing standard reporting requirements for universal service and energy conservation programs for natural gas distribution companies. The contact persons are Janice K. Hummel, Bureau of Consumer Services (technical), 783-9088, and Kathryn G. Sophy, Law Bureau (legal) 772-8839.

EXECUTIVE SUMMARY
L-00000146
Final Rulemaking Order
Re: Reporting Requirements for
Universal Service and Energy Conservation Programs
52 Pa. Code Chapter 62

On June 22, 1999, 1996, Governor Tom Ridge signed into law the *Natural Gas Choice and Competition Act* (Act). The Act revised the Public Utility Code, 66 Pa. C.S. §§101. et seq., by inter alia, adding Chapter 22, relating to restructuring of the natural gas utility industry. The Act is clear that natural gas distribution companies (NGDCs) are to continue, at a minimum, the protections, policies and services that now assist customers who are low-income to afford natural gas service. Section 2203(8) of the Act requires the Commission to ensure that universal service and energy conservation policies, activities and services are appropriately funded and available in each natural gas distribution service territory.

The purpose of this rulemaking is to establish standard reporting requirements for universal service and energy conservation programs. The data collected as a result of the reporting requirements will assist the Commission to ensure that universal service and energy conservation programs are appropriately funded and available in each NGDC's service territory. The reporting requirements will also ensure that the data is reported uniformly and consistently.

The regulations establish that the NGDCs will report the following information to the Commission: 1) Annual reports on residential low-income collections and universal

service and energy conservation programs, 2) Plans every three years for universal service and energy conservation programs, 3) Every six years an independent third-party evaluation that measures the degree that an NGDC's universal service and energy conservation programs are working to provide affordable utility service at reasonable rates. The contact persons are Janice K. Hummel, Bureau of Consumer Services (technical), (717) 783-9088 and Kathryn G. Sophy, Law Bureau (legal), (717) 783-8839.

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held June 22, 2000

Commissioners Present:

John M. Quain, Chairman
Robert K. Bloom, Vice-Chairman
Nora Mead Brownell
Aaron Wilson, Jr.
Terrance J. Fitzpatrick

**Reporting Requirements for Universal Service
And Energy Conservation Programs
52 Pa. Code Chapter 62**

Docket No. L-00000146

FINAL RULEMAKING ORDER

BY THE COMMISSION:

On June 22, 1999, Governor Tom Ridge signed into law the *Natural Gas Choice and Competition Act* (Act). The Act revised the Public Utility Code, 66 Pa. C.S. §§101, et seq., by inter alia, adding Chapter 22, relating to restructuring of the natural gas utility industry. The Pennsylvania Public Utility Commission (Commission) is the agency charged with implementing the Act.

The Act provides at §2203(7) that the Commission shall , at a minimum, continue the level and nature of the consumer protections, policies and services that now assist customers who are low-income to afford natural gas service. Section 2203(8) of the Act

further requires the Commission to ensure that universal service and energy conservation policies, activities and services are appropriately funded and available in each natural gas distribution service territory.

At public meeting of January 12, 2000, the Commission issued an order adopting and directing publication of proposed regulations to establish reporting requirements for gas universal service and energy conservation programs.

The purpose of this rulemaking is to establish standard reporting requirements for universal service and energy conservation programs. The data collected as a result of the reporting requirements will assist the Commission in monitoring the progress of the natural gas distribution companies (NGDCs) in achieving universal service in their service territories. The reporting requirements will also ensure that the NGDCs report data uniformly and consistently.

On January 26, 2000, the Office of Attorney General issued its approval of the proposed regulations as to form and legality. On February 3, 2000, the Commission delivered copies of the proposed rulemaking to the Chairman of the House Committee on Consumer Affairs, the Chairman of the Senate Committee on Consumer Protection and Professional Licensure, the Independent Regulatory Review Commission (IRRC) and to the Legislative Reference Bureau. The proposed rulemaking was published for comment in the Pennsylvania Bulletin, February 19, 2000, at 30 Pa.B.897 for a 45-day comment period that ended April 4, 2000.

We received written comments from the following parties; Columbia Gas of Pennsylvania, Inc. (Columbia); the Office of Consumer Advocate (OCA); the Independent Regulatory Review Commission (IRRC), and the Pennsylvania Gas Association (PGA), on behalf of its member companies.

We have considered all the comments and thank the commentors for their suggestions on developing final regulations.

We have identified certain issues that were common to several of the comments and will address them in a combined fashion. We begin by addressing the comments to specific sections. We address other non-section specific comments after our response to the specific section-by-section comments. The final regulations, as revised pursuant to the discussion in the instant order, appear in Annex A of this order.

§ 62.2. Definitions.

Customer Assistance Program benefits or CAP benefits –Because arrearage forgiveness is not a component in each NGDC's CAP, IRRC and PGA recommend that the phrase, “as applicable” be added to the end of the proposed definition of this term. IRRC comments that the definition of CAP benefits includes “CAP credits” which is not defined. To provide clarity, IRRC requests the Commission to define the term.

Response

We accept IRRC and PGA’s recommendation and have amended the definition to include the addition of the phrase “as applicable.” We also accept IRRC’s recommendation and have defined CAP credits as the difference between the amount that

would have been billed at the standard residential rate and the amount billed at the CAP rate.

Customer Assistance and Referral Evaluation Services benefits or CARES benefits

– PGA requests that the Commission clarify or eliminate the words “kinds of referrals.”
IRRC also requests that the Commission clarify this section.

Response

We have amended the definition of “CARES benefits” to clarify that “kinds of referrals” means the number of referrals to CARES and number of customers accepted into the CARES program.

Collection operating expenses – PGA does not object to the definition, but requests deletion of the second sentence of §62.5(a)(1)(ii) since NGDCs will develop their total expense figures through a “top down” approach and identify the total corresponding expense to its residential accounts. PGA comments that the length and detail of the list of collection operating expenses suggests that the Commission expects the NGDCs to derive the residential account share for each expense and total the shares to derive an aggregate figure.

Response

We provide the list to show examples of collection operating expenses. We did not expect NGDCs to determine a cost for each item on the list. However, PGA’s request is reasonable, and therefore we have deleted the second sentence of §62.5(a)(1)(ii). The proposed definition reads as PGA requests.

Confirmed low-income residential account – IRRC suggests the term “information” is unclear and requests the Commission to clarify the specific types of information that would qualify a customer for low-income designation.

Response

We agree and have clarified that this designation may include receipt of Low-Income Home Energy Assistance Program (LIHEAP) benefits, self-certification by the customer, income source, or information obtained from the customer during payment negotiations pursuant to 52 Pa. Code, §56.97(b) (relating to Procedures upon ratepayer or occupant contact prior to termination).

Direct dollars - PGA requests that the Commission clarify, as we did in the corresponding electric *Reporting Requirements for Universal Service and Energy Conservation Programs* at 52 Pa. Code, Chapter 54, §§ 54.71- 54.76, that the Commission is not asking NGDCs to report on referrals or the outcome of referrals.

Response

With respect to this PGA request, we clarify that, as with the above noted Chapter 54 electric reporting requirements, the Commission is not requesting NGDCs to report outcomes of referrals.

Energy assistance benefits – PGA recommends that the Commission revise this definition to read the same as the definition of this term found in the corresponding Chapter 54 electric reporting requirements. PGA requests the Commission to delete the phrase “hardship grants and local agencies’ grants.”

Response

We accept the recommendation and have amended the language to mirror the Chapter 54 electric regulations.

Low-income customers – The OCA requests that the Commission add the word “gross” before “household income” so that the definition of low-income customers is consistent with the way the federal poverty level is determined. The OCA also requests the Commission to add the following sentence to the definition: “Gross household income shall not include the value of food stamps or other non-cash income.” The OCA suggests this additional language since the Food Stamp statute prohibits the inclusion of these benefits. (7 U.S.C. §2017(b)(1995)). IRRC supports the OCA’s comments.

Response

We agree and have amended this section to reflect the OCA’s recommendations.

NGDC – Natural gas distribution company – IRRC comments that the proposed definition differs from the definition in the Act. IRRC recommends that the Commission reference the statutory definition of NGDC in Section 2202 of the Act.

Response

We accept the recommendation and have revised the definition accordingly.

Payment troubled – PGA objects to the proposed definition of payment troubled because it will include customers whose incomes exceed 200% of the poverty guidelines and who have failed to maintain their payment agreements because of lifestyle choices.

PGA recommends that the Commission define “payment troubled” as “other residential customers experiencing temporary emergencies, as defined by the commission.”

Response

With respect to PGA’s recommendation, we decline to make this change since we believe it is important to know the total number of payment troubled customers of an NGDC. The definition of “payment troubled” for reporting requirements is intended, in part, to help place the numbers of customers who are or may be potentially eligible for universal service programs into the context of the NGDC’s overall collection picture. An increase in the number of low-income customers who fall into the overall “payment troubled” category may be one indication of a need to modify a universal service program.

Successful payment arrangements – PGA recommends the Commission delete this definition and the reference to this term in §62.5(a)(1). PGA argues that an analysis of the number of successful payment arrangements measures the performance of a customer more than the performance of a utility. PGA states many NGDCs do not track successful payment arrangements because §56.231 requires utilities to track customers by delinquency status. PGA argues that requiring this new data request is not worth the associated costs in account administration and computer programming.

Response

We disagree with PGA that this information is of questionable value because it may measure customer performance more than utility performance. We believe there is a

relationship to consider between the number of successful payment arrangements, utility collection efforts, universal service policies, and customer performance.

Section 2203(8) requires the Commission to ensure that universal service programs are appropriately funded and available. Measuring the number of successful payment arrangements will be one method to help determine if appropriate universal service programs are available.

If, for example, an NGDC has a low number of successful payment arrangements, the Commission would expect the NGDC to explore the reasons for the low rate. One reason for a low number of successful payment arrangements could be that an NGDC is not properly referring and enrolling its low-income customers to universal service programs. In other terms, some low-income customers may be entering into unaffordable payment arrangements merely to avoid an immediate threat of termination.

Finally, we recognize that some coding and programming changes will be necessary to capture this data. To accommodate these changes, the first collection reports are not due until April 1, 2003, which will allow NGDCs time to make those changes.

Universal Service and Energy Conservation – Because the proposed definition is identical to the definition in the Act, IRRC recommends that the Commission reference the statutory definition of *Universal Service and Energy Conservation* in Section 2202 of the Act.

Response

We agree and have revised the definition of this term to reference the statutory definition in Section 2202 of the Act.

§62.3(a) – Meeting program goals.

IRRC requests the Commission to clarify how the Commission will determine if the NGDCs meet program goals and what consequences apply if the Commission determines an NGDC has not met its goals.

Response

We do not believe it necessary to revise the language at §62.3(a) but clarify that we will rely on several factors to determine if an NGDC meets its goals. First, we will consider the findings of the NGDC's independent evaluation as required at §62.6. Moreover, the Commission will carefully analyze the NGDC's data reports at §62.5 in conjunction with the NGDC's universal service plan at §62.4. Finally, the Commission will examine the number and kinds of informal complaints filed with the BCS to determine if a relationship exists between universal service and the types of informal complaints filed with the Commission. If an NGDC is not meeting program goals, the Commission will direct an NGDC improve compliance with this section.

§62.3(b)(1) – Program goals.

The OCA suggests that the Commission add “affordable” before the phrase “natural gas service” to more accurately state the goals.

Response

Because §2203(7) uses the term “to afford”, we accept the OCA’s proposed revision.

§62.4(a)(1) – Timing of Required Filings.

PGA submits that a less costly approach would link the universal service plan-filing schedule to the evaluation-filing schedule. The PGA also submits that the plans are not public information because the plans’ sole purpose is to facilitate the Commission’s responsibilities at §2203(8). IRRC requests the Commission to explain how we determined the three-year filing schedule.

Response

We decline to make changes in this provision. The corresponding provision in the *Reporting Requirements for Universal Service and Energy Conservation Program* at §54.74(a)(1) requires an EDC to submit a plan every three years. The Commission had originally proposed a two-year filing period. However, commentors, including PGA, persuaded us to increase the time frame. We believe a three-year period to be reasonable to help ensure the Commission that universal service programs are appropriately funded and available.

In our view, a universal service plan that includes a projected needs assessment and projected enrollment levels coupled with the collection reporting data, should provide the Commission with tools to determine if these programs are available to low-income customers. We decline to extend the filing schedule to six years because circumstances

may change in an NGDC's service territory that may require more timely revisions to universal service programs. Evaluations are due a year before universal service plan filings. This schedule will allow a NGDC the opportunity to reflect changes to the plan based on evaluation recommendations. The proposed filing schedule links universal service plan filings with evaluations, as they become available. The BCS will review the universal service plans and make recommendations to the Commission as required at §62.4(5).

Finally, we see no reason for the plans to be confidential. These plans provide non-proprietary information on the details of programs available to low-income customers.

§62.4(a)(5) and (6). – Commission action.

IRRC comments that the sequence of these two subsections is confusing. IRRC requests the Commission to improve the clarity of the paragraphs by reversing their order.

Response

We agree with IRRC's suggestion and have reversed the order of the paragraphs.

§62.4(b)(3) – Projected needs assessment.

The OCA comments that a link between how each program component responds to the needs assessment is missing. The OCA suggests adding the following language at the end of §62.4(b)(3): The projected needs assessment and an explanation of how each program component responds to one or more identified needs. IRRC comments that the

phrase “needs assessment” is vague and requests the Commission to define the phrase in this section.

Response

With respect to the OCA’s comments, we agree and have amended this section to reflect OCA’s suggestion. In regard to IRRC’s comments, we will include the following clarification: The needs assessment should include the number of identified low-income customers and an estimate of all low-income customers, the number of identified payment troubled, low-income customers, an estimate of payment troubled, low-income customers, the number of customers who still need Low-Income Usage Reduction Program (LIURP) services and the cost to serve that number, and the enrollment size of CAP to serve all eligible customers.

§62.4(b)(8) – Plan comparisons.

To provide clarity, IRRC requests that the Commission explain what is required of an NGDC in this section. IRRC requests that the Commission clarify if the NGDC needs to submit two plans or a comparison of plans.

Response

We will modify the language for clarity to include the following: If an NGDC has not implemented all of the provisions of an approved plan, the NGDC should provide an explanation for that failure and plans for corrective action. If an NGDC is requesting

approval of a revised plan, the NGDC should provide a justification for the revisions in its request for approval.

§62.4(b)(5) – Program budget.

The OCA requests the Commission to clarify that NGDCs should provide more detail than a single line-item budget for all universal service programs.

Response

We agree that the plan contents should include the items at §62.4(b)(5)(1)-(8) broken down by program and will amend the language at this section to clarify this intent.

Additional subsections.

Because of the OCA's review of universal service programs in individual NGDC proceedings, the OCA recommends additional subsections are necessary to address three concerns. First, there is disagreement about the difficulty of identifying and enrolling participants. Second, program rules are not all identified in sufficient detail. Third, by evaluating the integration of universal service programs, the Commission and NGDCs can increase the efficiency and cost-effectiveness of these programs. The OCA submits the program plans should be augmented to include the following: a description of all outreach and intake efforts, identification of the steps used to identify low-income customers with arrears and to enroll them in appropriate programs, identification of all program rules, and identification of the manner in which program components operate in an integrated fashion.

Response

We agree that the additional information recommended by the OCA would provide useful information to help the Commission meet its statutory obligations under §2202 and §2203(8). Therefore, we have amended §62.4(b)(1) to clarify that a detailed program description should include program rules, and have added the three remaining subsections above.

§62.5(a)(1) – Collection reporting.

The PGA and Columbia comment that NGDCs currently report much of this information in §56.231 reports. Columbia also comments that “because of the nature of the information” the §56.231 report must be prepared manually. The PGA and Columbia ask that the Commission eliminate the §56.231 report.

IRRC requests the Commission to eliminate existing reporting requirements that duplicate the requirements of these regulations. IRRC also recommends at §62.5(a)(1), “NGDCs should report on the calendar year prior to the reporting year” that the Commission replace “should” with “shall” since this provision is not optional.

Response

As with the reporting process of electric distribution companies (EDCs), our intent *is* to streamline the reporting process for NGDCs. The data from the proposed regulations will eventually replace most of the universal service program reports that NGDCs now provide to us. However, we believe this process will evolve with input from the NGDCs rather than an abrupt elimination of existing reports. Existing reports

will fill the gaps until the NGDCs file new reports. However, to clarify our intent to streamline the process, we have added language in the ordering paragraph that directs the BCS to, when appropriate, eliminate and/or consolidate existing reports that address the same content as the reporting requirements in these regulations. We have also changed “should” to “shall” as requested by IRRC.

Additional subsections.

The OCA expresses concern that the collection data will not adequately identify the size of the low-income, payment-troubled population. The OCA submits that because of “churning,” the data will only reflect a point-in-time number of customers on payment agreements. “Churning” is a commonly used term that refers to the level of turnover in payment agreements. For example, a customer may have more than one payment agreement in a year. Payment agreement data will not reflect “churning.” The OCA requests the Commission to add six additional sections to address “churning.”

Response

The Commission is aware of the “churning” problem and believes that §62.5(1)(i), along with other data relating to payment agreements and arrears, adequately addresses the situation. Previously, NGDCs have not reported on the number of successful payment agreements. We are also concerned that expanding these sections may be excessively burdensome. For these reasons, we reject OCA’s recommendation.

§62.5(a)(1)(i) - Successful payment arrangements.

For the reasons stated above in the definition section, PGA argues that requiring this new data request is not worth the associated costs in account administration and computer programming and requests the Commission to delete this section. Columbia also specifically requests that the Commission delete this section.

Response

For reasons already stated above, the Commission declines to delete this section. Briefly, we believe there is a relationship between the number of successful payment arrangements, utility collection efforts, universal service policies, and customer performance.

Section 2203(8) requires the Commission to ensure that universal service programs are appropriately funded and available. Measuring the number of successful payment arrangements will be one method to help determine if universal service programs are available.

Finally, to accommodate these changes, the first collection reports are not due until April 1, 2003, which will allow NGDCs time to make those changes.

§62.5(a)(1)(ii) - Collection operating expenses.

For the reasons listed in the definition section, PGA's requests the Commission to delete the second sentence of this section that provides a list of collection operating expense.

Response

We included the list to provide examples of collection operating expense.

However, we will delete the sentence.

§62.5(a)(1)(iii) - Write-offs.

The PGA questions whether write-offs associated with bankruptcy provide useful data.

Response

If an NGDC includes bankruptcies in the amount of gross and net residential write-offs, we expect the NGDC to include the information in this section. We are not asking NGDCs to report bankruptcy separately.

§62.5(a)(1)(v)-(ix) - Annual collection requirements that differ from the EDCs universal service and energy conservation reporting requirements.

The PGA submits the Commission places more onerous reporting requirements on the NGDCs than it did the EDCs. The PGA requests that the proposed regulations be the same as the corresponding Chapter 54 electric reporting requirements. Columbia objects to providing this data by month, stating that this information is not readily available by month. IRRRC suggests the Commission provide a specific estimate of costs imposed by these provisions and an explanation of why these costs are justified.

Response

Our intent is to make the EDC and NGDC universal service reporting regulations as consistent as possible. We note that the collection requirements are in fact the same

except for §62.5(a)(1)(v). Further, with respect to §62.5(a)(1)(v), EDCs have indicated that they will voluntarily supply the information covered by this section. The reason: After the Commission adopted the final EDC universal service reporting requirements, the Bureau of Consumer Services (BCS) drafted a data dictionary that defined the individual sections of the collection and program reporting requirements. The BCS asked the EDCs to comment on the data dictionary and a draft-reporting format. The EDCs and the BCS met to resolve any confusion about the information requests. As part of that process, the EDCs agreed to supply the same information we are asking the NGDCs to submit at §62.5(a)(1)(v)-(ix).

The Commission expects to follow the same implementation process by meeting with the NGDCs after approval of final NGDC universal service reporting regulations. We provide a section-by-section explanation for §62.5(a)(1)(v)-(ix) to show that the requested information is the same for both the NGDCs and the EDCs.

§62.5(a)(1)(v) – The Commission inadvertently omitted this request for information from the electric reporting requirements. The EDCs have volunteered to submit this information with the §54.75 data. We are correcting the omission from the electric regulations at §62.5(a)(1)(v). However, so that this information is consistent, we will change the phrase, “number of residential revenues by month for the 12 months covered by the reports” to “dollar amount of annual residential revenues.”

§62.5(a)(1)(vi)-(vii) – The corresponding electric requirement is §54.75(1)(v). We separated, by means of the data dictionary, the data request at §54.75(1)(v) into two components: in arrears on a payment agreement and in arrears but not on a payment agreement. To provide clarity, we made the separation at §62.5(a)(1)(vi)-(vii) rather than in a data dictionary as we did with the EDCs.

§62.5(a)(1)(viii)-(ix) – The corresponding electric requirement is §54.75(1)(vi). As above, we separated the data request at §54.75(1)(vi) into two components: in arrears on a payment agreement and in arrears but not on a payment agreement. To provide clarity, we made the separation at §62.5(a)(1)(viii)-(ix) rather than in a data dictionary as we did with the EDCs.

In response to Columbia’s objection that monthly data is difficult to obtain, we point out that Columbia currently provides the data at 62.5(a)(1)(v)-(xii). Like Columbia, utilities voluntarily provide the information at §62.5(a)(1)(v), (vi), (viii) and (x). Since 1986, NGDCs have voluntarily provided to BCS the payment arrangement data at §62.5(a)(i), (vi), (viii) and (x). Since 1982, NGDCs have voluntarily provided to BCS the collection data at §62.5(a)(1)(ii)-(v). The proposed regulations add three new provisions: 1) classification of accounts by low-income status, 2) the number of successful payment arrangements, and 3) the total number of estimated low-income households. The voluntary data that utilities submit is actually more comprehensive than the proposed requirements. The requirements of §56.231 mirror §62.5(a)(1)(vii), (ix), (xi) and (xii).

Most NGDCs currently collect monthly information for their own monitoring purposes. Monthly information will consider that collections vary from month to month based on the seasons and policy decisions of NGDCs. Monthly data will allow the Commission to average monthly figures where appropriate to allow year to date comparisons with prior years. We also clarify that we are asking NGDCs to report the monthly information on an annual basis. We are not requesting the NGDCs to submit this information each month.

With respect to IRRC's comments regarding the costs, we acknowledge the difficulty in attempting to estimate costs associated with universal service reporting. However, we continue to believe that NGDCs will not experience significant costs to implement these regulations. This belief is based on the fact that, with the exception of the three provisions stated above, the NGDCs currently voluntarily provide or comply with §56.231 to provide most of the data required by the proposed regulations. The NGDCs have provided the §56.231 data since those requirements became effective November 1979. In some instances, the proposed regulations request less information than NGDCs currently submit. Over time, the Commission will eliminate existing reports that duplicate provisions of these regulations.

With respect to why these costs are justified, these regulations are necessary to help the Commission ensure that universal service programs are appropriately funded and available as required by the statute at §2203(8). The data required by the reporting requirements will assist the Commission to determine if universal service programs are available and appropriately funded to meet the needs of low-income natural gas customers. Utility service is essential to the health and well being of residents, to public safety and to orderly economic development. Loss of utility service poses a serious health and safety threat to the citizens of this Commonwealth. Because utility bills may not be affordable for many low-income customers, they face termination of utility service because of the inability to pay utility bills. Universal service programs help low-income customers to maintain utility service.

Finally, individual evaluations have found that components of universal service programs are cost-effective alternatives to traditional collection methods. These programs, such as CAPs and LIURP, reduce the costs of carrying arrearages, collection costs, and bad debt expenses for NGDCs.

§62.5(a)(1)(xiii) – Number of low-income households.

The OCA requests the Commission to add language that requires NGDCs to obtain Commission approval before estimating low-income customers with information other than census data.

Response

We decline to make this change because the Commission retains the authority to reject an NGDC's estimate.

§62.5(a)(2)(i) – Additional program reporting requirements.

The OCA requests the Commission to add two reporting requirements to §62.5(a)(2)(i): the number of program participants by source of intake and the number of program participants participating in two or more of the universal service program components.

Response

We agree with the OCA that this additional information is valuable and therefore we have accepted both of these recommendations.

§62.5(a)(2)(i)(B) – Demographics.

The OCA requests the Commission to change the word “family” to “household” because the term “family” is inconsistent with the definition of low-income customers and with the federal poverty guidelines. IRRC’s comments mirror the OCA’s comments. The PGA requests the Commission to eliminate this section because of the costs associated with tracking and reporting customer demographics. The PGA states that the NGDCs requested and the BCS recently agreed to make LIURP demographic reporting optional. Columbia states that they have collected this information for ten years and “fail to see any benefit to collecting this data.” Columbia suggests that the Commission eliminate this section or allow NGDCs to substitute census information.

Response

With respect to OCA’s suggestion, we have amended this section to reflect the more appropriate term “household” instead of “family.”

In regard to PGA’s comments, PGA has apparently misunderstood the BCS’ position regarding demographic data for LIURP. The BCS agreed to collapse the current demographic data for LIURP to conform to the data requirements of this section.

With respect to Columbia’s concern, we do not believe collecting demographic information is burdensome. Utilities request this information on a routine basis to make payment arrangements with their customers, to enroll customers in universal service

programs, and to ensure compliance with §56.100 (relating to Winter Termination Procedures).

If a utility is not currently requesting this information, we believe it is difficult, if not impossible, for that utility to comply with §56.97(b), which provides that a ratepayer's ability to pay shall be a factor in establishing a payment agreement. Section 62.5(a)(2)(i)(B) requires NGDCs to collect household size, household income, source of income, and the number of household members under 18 years of age and over 62 years of age. An NGDC must obtain all of this information, except age, to enroll eligible customers in universal service programs. The Commission requires an NGDC to certify that there are no household members under age 12 or over age 60 when an NGDCs petitions the Commission to terminate utility service in the winter at § 56.100.

In our view, a review of demographic data will help the Commission determine whether NGDCs are appropriately targeting universal service programs to the correct audience. Households whose source of income is public assistance have incomes below 40% of the poverty guidelines. Many working poor households on the other hand have incomes below 80% of the poverty guidelines. This difference in incomes means that services for households who receive public assistance benefits may need to be different than those services for the working poor. To realize a cost-effective and efficient universal service programs, NGDCs must target appropriate services to their customers. Demographic data is crucial for targeting appropriate services. Census data provides generic data. Census data cannot provide utility specific data to show that NGDCs are

targeting universal service programs correctly. Therefore, we decline to make the change advocated by PGA.

§62.5(a)(2)(ii)(A)(I) – LIURP reporting data.

IRRC requests the Commission to clarify whether the information is required on an annual basis for the preceding year.

Response

We have clarified that we require the information annually.

§62.5(a)(2)(ii)(A)(II) - Production data.

To provide clarity, IRRC requests the Commission to define “production data” in this subsection or in §62.2 at Definitions. IRRC also requests the Commission to explain why the submission dates are different for §62.5(a)(2)(ii)(A)(I) and (II).

Response

We have changed the phrase “production data” to “number of completed jobs.” The requirement at §62.5(a)(2)(ii)(A)(I) is a separate reporting on each completed LIURP job. Since 1990, companies have reported this data. The original basis of this requirement is at §58.15 of the LIURP regulations. This data contains housing and household demographic characteristics, energy consumption data, billing and payment data, and itemized cost of conservation measures installed. The due date of April 30 is consistent with the reporting of all utility conservation program reporting to the Commission.

§62.5(a)(2)(ii)(C)(II) – Direct dollars.

The PGA comments that several NGDCs have advised PGA that they do not code payments from agencies as customer payments. PGA urges the Commission to issue waivers to this section for those NGDCs who do not collect this data.

Response

Although most NGDCs currently provide most of the data these regulations request, we understand that some coding and programming changes will be necessary. The first collection reports are not due until April 1, 2003, which will allow NGDCs time to make those changes. An NGDC has the option to petition the Commission for waiver of this section.

§62.5(a)(2)(ii)(D)(II) – Special contributions.

IRRC requests that the Commission define “special contributions” either in this section, or in the definition section.

Response

We have clarified this section to read “special contributions other than shareholder or ratepayer contributions.”

§62.6(a) – Independent third-party evaluator.

The OCA submits this provision requires additional language to ensure that the evaluation selection process ensures against the exercise of a biased selection process.

IRRC comments that “independent third party” is unclear and asks the Commission to define the term.

Response

We have clarified that an independent third party is someone other than the NGDC. To ensure that the selection process is unbiased, we have also adopted the OCA’s language that requires an NGDC to confer with the BCS before the final selection of an evaluator.

§62.6(b) – Time for review.

IRRC requests an explanation for the six-year period between evaluations.

Response

We believe that 6 years will provide ample time for NGDCs to consider findings and recommendations and adjust their programs, without being unduly burdensome. An impact evaluation is an essential tool to help determine if an NGDC is meeting its universal service goals. In addition, an independent evaluation is a critical tool to improve the efficiency and cost-effectiveness of universal service programs. The six-year period mirrors the electric restructuring requirements at §54.75(b). As programs achieve cost-efficiencies, we expect that the evaluations may be more narrowly focused.

§62.6(c) – Independent evaluation.

IRRC comments that unless the Commission specifies the general content, evaluations among NGDCs will vary widely regarding subject content. IRRC

recommends that the Commission either specify the general content of the evaluations or delete the phrase “content or” in the final-form regulation.

Response

We have deleted the phrase “content or.” We clarify that general content should include an analysis of customer payment behavior, energy assistance participation, energy consumption, administrative costs and program costs. As with the EDCs, the Commission, in collaboration with the NGDCs, intends to develop general guidelines for the evaluation.

§62.6(d) – Independent evaluation.

Because this section is the same as §62.6(a), IRRC requests the Commission to delete this redundant section.

Response

We have deleted this section.

§62.7 – NGDCs with less than 100,000 residential accounts.

IRRC points out a typographical error at §62.7.

Response

We have corrected “§54.74-54.76” to read “§62.4-62.6.”

Other Issues

The PGA requests the Commission to investigate whether the proposed regulations, similar to the electric regulations, are appropriate for the natural gas industry. The PGA submits that statewide standards or expanding current programs beyond those

currently provided are not legitimate functions of the regulations. PGA also submits that the NGDCs universal service and energy conservation efforts, particularly CAP, are not required under the Public Utility Code. These efforts are voluntary and “are not part of the class of protections, policies and services the Gas Choice Legislation intended to preserve.” Finally, the PGA requests the Commission to acknowledge that any costs associated with implementing the regulations are recoverable. PGA insists that the Commission’s activities are constrained by §2206(a) that states:

The commission shall, at a minimum, continue the level and nature of the consumers protections, policies and services within its jurisdiction that are in existence as of the effective date of this chapter to assist low-income retail gas customers to afford natural gas services.

Response

We believe the PGA misreads the statute at §2206(a). PGA apparently reads the statute to obligate the NGDCs to continue universal service *at the same level*. The language “*at a minimum*” as well as the language at §2203(8), gives the Commission the authority to require and to expand universal service programs. In every electric and gas restructuring proceeding the Commission has exercised its statutory authority to ensure that universal service programs are appropriately funded and available by either directing or approving settlement agreements that have substantially increased the size of universal service programs, particularly CAPs. The Commission has not increased the size of these programs without carefully examining the on-the-record needs assessment for each utility.

We also disagree that the statute does not require CAPs and LIURP. The Public Utility Code at §58.1-18 requires a utility to implement LIURP. The statute specifically includes CAPs. The *General Assembly* has mandated that the term universal service includes retail gas customer assistance programs and low-income usage reduction programs 66 Pa. C.S. §2202. (Emphasis added.) The statute gives the Commission explicit authority to oversee universal service programs. The General Assembly has also mandated that the *Commission* shall ensure that universal service programs are appropriately funded and available in each NGDC territory at 66 Pa. C.S. §2203(8). (Emphasis added).

Because NGDCs currently provide most of this information to the Commission, we believe costs should be minimal. However, universal service costs are no different from any other utility cost of doing business. Upon Commission review, any legitimate costs are recoverable.

IRRC requests the Commission to add a section that cross-references the requirements for petitioning for a waiver in Section 5.43.

Response

Because a utility may always petition the Commission for a waiver under §5.43, we decline to include it specifically in this regulation. Moreover, inclusion of a reference to §5.43 in this chapter will threaten the availability of a waiver in other chapters of the Public Utility Code where §5.43 is not expressly referenced.

ACCORDINGLY, under Section 501 of the Public Utility Code, and the Commonwealth Documents Law (45 P.S. §§1201, et seq.) and regulations promulgated thereunder at 1 Pa. Code §§7.1-7.4, we amend the regulations at 52 Pa. Code §§62.1-62.8 as noted above and as set forth in Annex A; **THEREFORE**,


IT IS ORDERED:

1. The Commission's regulations are hereby amended by adding §§62.1-62.8.
2. The Bureau of Consumer Services is directed, when appropriate, to eliminate and/or consolidate existing universal service program reports that address the same content as the reporting requirements in these regulations to comply with the Commission's intent to streamline universal service reporting requirements.
3. That the Secretary shall submit a copy of this order and Annex A to the Office of Attorney General for review as to legality.
4. That the Secretary shall submit a copy of this order and Annex A to the Governor's Budget Office for review of fiscal impact.
5. That the Secretary shall submit this order and Annex A for formal review by the designated standing committees of both Houses of the General Assembly, and for formal review and approval by the Independent Regulatory Review Commission.
6. The Secretary shall deposit this order and Annex A with the Legislative Reference Bureau for publication in the Pennsylvania Bulletin.
7. That this regulation shall become effective upon publication in the Pennsylvania Bulletin.

8. That a copy of this Order, Annex A and the Appendix shall be served upon all persons who submitted comments in this rulemaking proceeding.

9. That the contact persons for this matter are Janice K. Hummel, Bureau of Consumer Services (717) 783-9088 and Kathryn G. Sophy, Law Bureau (717) 782-8839.

BY THE COMMISSION,


James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: June 22, 2000

ORDER ENTERED: JUN 26 2000

Appendix

Universal service and Energy Conservation Programs

	Due Date	
NGDC	Plan	Evaluation
Columbia	6/1/2002	8/1/2004
Peoples	6/1/2002	8/1/2004
PECO *	2/28/2003	10/31/2008
Equitable	6/1/2003	8/1/2005
PG Energy	6/1/2003	8/1/2005
UGI	6/1/2004	8/1/2006
NFG	6/1/2004	8/1/2006

* The filing schedule for PECO corresponds with the filing schedule already established for PECO in the electric *Reporting Requirements for Universal Service and Energy Conservation Programs* at 52 Pa. Code, Chapter 54, §§ 54.71- 54.76.

Annex A
Title 52. Public Utilities
Part I. Pennsylvania Public Utility Commission
SUBPART C. FIXED UTILITIES
CHAPTER 62. NATURAL GAS SUPPLY CUSTOMER CHOICE

SUBCHAPTER A. Universal Service and Energy Conservation Reporting Requirements

§62.1. Statement of purpose and policy.

The requirements of 66 Pa. C.S. §2203(8) (relating to standards for restructuring of natural gas utility industry) mandate that the Commission ensure universal service and energy conservation policies, activities and services for residential natural gas customers are appropriately funded and available in each natural gas distribution company (NGDC) territory. This subchapter requires covered NGDCs to establish uniform reporting requirements for universal service and energy conservation policies, programs and protections and to report this information to the Commission.

§62.2. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

*CAP--Customer Assistance Program--*An alternative collection method that provides payment assistance to low-income, payment troubled utility customers. CAP participants agree to make regular monthly payments that may be for an amount that is less than the current bill in exchange for continued provision of natural gas utility services.

CAP benefits - The average CAP bill, average CAP credits, and average arrearage forgiveness, AS APPLICABLE.

CAP CREDITS – THE DIFFERENCE BETWEEN THE AMOUNT BILLED AT THE STANDARD RESIDENTIAL RATE AND THE AMOUNT BILLED AT THE CAP RATE.

CARES-- CUSTOMER ASSISTANCE AND REFERRAL EVALUATION SERVICES

- A program that provides a cost-effective service that helps selected, payment-troubled customers maximize their ability to pay utility bills. A CARES program provides a casework approach to help customers secure energy assistance funds and other needed services.

CARES benefits - The number OF REFERRALS AND NUMBER OF CUSTOMERS ACCEPTED INTO ~~and kinds of referrals to~~ CARES.

Classification of accounts - Accounts are classified by the following categories: all residential accounts and confirmed low-income residential accounts.

Code - The Public Utility Code, 66 PA.C.S. §§ 101-3316.

Collection operating expenses - Expenses directly associated with collection of payments due for residential accounts.

Confirmed low-income residential account. - Accounts where the NGDC has obtained information that would reasonably place the customer in a low-income designation. THIS INFORMATION MAY INCLUDE RECEIPT OF LIHEAP FUNDS (LOW- INCOME HOME ENERGY ASSISTANCE PROGRAM), SELF-CERTIFICATION BY THE CUSTOMER, INCOME SOURCE OR INFORMATION OBTAINED AT 52 PA. CODE §56.97(b).

Direct dollars - Dollars which are applied to a CARES customer's natural gas utility account, including all sources of energy assistance applied to utility bills such as LIHEAP, hardship fund grants, and local agencies' grants.

Energy assistance benefits - The total number and dollar amount of LIHEAP grants, ~~hardship grants, and local agencies' grants.~~

Hardship fund - A fund that provides cash assistance to utility customers to help them pay their utility bills.

Hardship fund benefits - The total number and dollar amount of cash benefits or bill credits.

Impact evaluation - An evaluation that focuses on the degree to which a program achieves the continuation of utility service to program participants at a reasonable cost level and otherwise meets program goals.

LIURP - Low-income usage reduction program - An energy usage reduction program that helps low-income customers to conserve energy and reduce residential energy bills.

Low-income customer - A residential utility customer whose GROSS household income is at or below 150% of the federal poverty guidelines. GROSS HOUSEHOLD INCOME SHALL NOT INCLUDE THE VALUE OF FOOD STAMPS OR OTHER NON-CASH INCOME.

Natural gas distribution company (NGDC) - ~~The public utility providing facilities and related services for the jurisdictional distribution of natural gas to retail customers.~~ NATURAL GAS DISTRIBUTION COMPANY (NGDC) AS DEFINED IN 66 PA.C.S. §2202.

Outreach Referral Contacts - Address and telephone number that a customer would call or write to apply for the hardship fund. Contact information should be specific to each county in the NGDC's service territory, if applicable.

Payment rate - The total number of full monthly payments received from CAP participants in a given period divided by the total number of monthly bills issued to CAP participants.

Payment troubled - A household that has failed to maintain one or more payment arrangements in a one-year period.

Residential account in arrears - A residential account that is at least thirty days overdue. This classification includes all customer accounts ~~which~~ THAT have payment arrangements.

Successful payment arrangements - A payment arrangement in which the agreed upon number of payments have been made in full in the preceding twelve months.

Universal service and energy conservation - Policies, practices and services that help residential low-income retail gas customers and other residential retail gas customers experiencing temporary emergencies, as defined by the commission, to maintain natural gas supply and distribution services. The term includes retail gas customer assistance programs, termination of service protections and consumer protection policies and services that help residential low-income customers and other residential customers experiencing temporary emergencies to reduce or manage energy consumption in a cost-effective manner, such as the low-income usage reduction programs and consumer education. UNIVERSAL SERVICE AND ENERGY CONSERVATION AS DEFINED IN 66 PA.C.S. §2202.

§ 62.3. Universal service and energy conservation program goals.

(a) The Commission will determine if the NGDC meets the goals of universal service and energy conservation programs.

(b) The general goals of universal service and energy conservation programs include the following:

(1) To protect consumers' health and safety by helping low-income customers maintain AFFORDABLE natural gas service.

(2) To provide for affordable natural gas service by making available payment assistance to low-income customers.

(3) To help low-income customers conserve energy and reduce residential utility bills.

(4) To ensure universal service and energy conservation programs are operated in a cost-effective and efficient manner.

§ 62.4. Universal service and energy conservation plans.

(a) Plan Submission.

(1) Each NGDC shall submit to the Commission for approval an updated universal service and energy conservation plan every three years beginning February 28, 2001-2002 on a staggered schedule.

(2) The plan should cover the next three-calendar years.

(3) The plan should state how it differs from the previously approved plan.

(4) The plan should include revisions based on analysis of program experiences and evaluations.

~~(5) If the Commission rejects the plan, the NGDC must submit a revised plan pursuant to the order rejecting or directing modification of the plan as previously filed. If the order rejecting the plan does not state a timeline, the NGDC must file its revised plan within 45 days of the entry of the order.~~

~~(5)(6) The Commission will act on the plans within 90 days of the NGDC filing date.~~

~~(6) IF THE COMMISSION REJECTS THE PLAN, THE NGDC MUST SUBMIT A REVISED PLAN PURSUANT TO THE ORDER REJECTING OR DIRECTING MODIFICATION OF THE PLAN AS PREVIOUSLY FILED. IF THE ORDER REJECTING THE PLAN DOES NOT STATE A TIMELINE, THE NGDC MUST FILE ITS REVISED PLAN WITHIN 45 DAYS OF THE ENTRY OF THE ORDER.~~

(b) Plan contents. The components of universal service and energy conservation may include the following: CAP, LIURP, CARES, Hardship Funds and other programs, policies and protections. For each component of universal service and energy conservation, the plan shall include the following:

(1) The program description THAT INCLUDES A DESCRIPTION OF THE PROGRAM RULES FOR EACH PROGRAM COMPONENT.

(2) The eligibility criteria FOR EACH PROGRAM COMPONENT.

(3) The projected needs assessment FOR EACH PROGRAM COMPONENT AND AN EXPLANATION OF HOW EACH PROGRAM COMPONENT RESPONDS TO ONE OR MORE IDENTIFIED NEEDS. THE NEEDS ASSESSMENT SHALL INCLUDE THE NUMBER OF IDENTIFIED LOW-INCOME CUSTOMERS AND AN ESTIMATE OF LOW-INCOME CUSTOMERS, THE NUMBER OF IDENTIFIED PAYMENT TROUBLED, LOW-INCOME CUSTOMERS, AN ESTIMATE OF PAYMENT TROUBLED, LOW-INCOME CUSTOMERS, THE NUMBER OF CUSTOMERS WHO STILL NEED LIURP SERVICES AND THE COST TO SERVE THAT NUMBER, AND THE ENROLLMENT SIZE OF CAP TO SERVE ALL ELIGIBLE CUSTOMERS.

(4) The projected enrollment levels FOR EACH PROGRAM COMPONENT.

(5) The program budget FOR EACH PROGRAM COMPONENT.

(6) The plans to use community-based organizations FOR EACH PROGRAM COMPONENT.

(7) The organizational structure of staff responsible for universal service programs.

(8) An explanation of any differences between the NGDC's approved plan and the implementation of that plan. ~~The NGDC should include a plan to address those differences.~~ IF AN NGDC HAS NOT IMPLEMENTED ALL OF THE PROVISIONS OF AN APPROVED PLAN, THE NGDC SHOULD PROVIDE A JUSTIFICATION FOR THAT FAILURE AND PLANS FOR CORRECTIVE ACTION. IF AN NGDC IS REQUESTING APPROVAL OF A REVISED PLAN, THE NGDC SHOULD PROVIDE A JUSTIFICATION OF THE REVISIONS IN ITS REQUEST FOR APPROVAL.

(9) A DESCRIPTION OF OUTREACH AND INTAKE EFFORTS FOR EACH PROGRAM COMPONENT.

(10) AN IDENTIFICATION OF THE SPECIFIC STEPS USED TO IDENTIFY LOW-INCOME CUSTOMERS WITH ARREARS AND

TO ENROLL THEM IN APPROPRIATE UNIVERSAL SERVICE
AND ENERGY CONSERVATION PROGRAMS.

- (11) AN IDENTIFICATION OF THE MANNER IN WHICH
UNIVERSAL SERVICE AND ENERGY CONSERVATION
PROGRAMS OPERATE IN AN INTEGRATED FASHION.

**§62.5. Annual residential collection and universal service and energy conservation
program reporting requirements.**

(a) Each NGDC shall report annually to the Commission on the degree to
which universal service and energy conservation programs within its service territory are
available and appropriately funded. Annual NGDC reports shall contain information on
programs and collections for the prior calendar year. Unless otherwise stated, the report
shall be due April 1 each year, beginning April 1, 2003. When noted, the data shall be
reported by classification of accounts. Each NGDC's report shall contain the following
information:

(1) Collection reporting. Collection reporting shall be categorized as follows:

(i) The total number of payment arrangements and the total number of
successful payment arrangements. To ensure that successful payment
arrangements are not overstated, NGDCs should SHALL report on the calendar
year prior to the reporting year.

(ii) Annual collection operating expenses by classification of accounts.
Collection operating expenses include administrative expenses associated with
termination activity, negotiating payment arrangements, budget counseling,
investigation and resolving informal and formal complaints associated with
payment arrangements, securing and maintaining deposits, tracking delinquent
accounts, collection agencies' expenses, litigation expenses other than
Commission related, dunning expenses, and winter survey expenses.

(iii) The total dollar amount of the gross residential write-offs and total dollar amount of the net residential write-offs, by classification of accounts.

(iv) The total number of residential customers by month for the twelve months covered by the report, by classification of accounts.

(v) The total ~~number~~ DOLLAR AMOUNT OF ANNUAL ~~of~~ residential revenues by month for the twelve months covered by the report, by classification of accounts.

(vi) The total number of residential accounts in arrears and on payment agreements by month for the twelve months covered by the report, by classification of accounts.

(vii) The total number of residential accounts in arrears and not on payment agreements by month for the twelve months covered by the report, by classification of accounts.

(viii) The total dollar amount of residential accounts in arrears and on payment agreements by month for the twelve months covered by the report, by classification of accounts.

(ix) The total dollar amount of residential accounts in arrears and not on payment agreements by month for the twelve months covered by the report, by classification of accounts.

(x) The total number of residential customers who are payment troubled by month for the twelve months covered by the report, by classification of accounts.

(xi) The total number of terminations completed by month for the twelve months covered by the report, by classification of accounts.

(xii) The total number of reconnections by month for the twelve months covered by the report, by classification of accounts.

(xiii) The total number of low-income households. NGDCs may estimate this number using census data or other information the NGDC finds appropriate.

(2) Program reporting. Program reporting shall be categorized as follows:

(i) For each universal service and energy conservation component, program data shall include information on the following:

(A) Program costs.

(B) Program recipient demographics, including the number of family HOUSEHOLD members under 18 years of age and 62 years of age or older, family HOUSEHOLD size, income, and source of income.

(C) Participation levels by month for the twelve months covered by the report.

(D) NUMBER OF PROGRAM PARTICIPANTS BY SOURCE OF INTAKE.

(E) NUMBER OF PROGRAM PARTICIPANTS PARTICIPATING IN TWO OR MORE OF THE NGDC'S UNIVERSAL SERVICE AND ENERGY CONSERVATION PROGRAMS, BROKEN DOWN BY PROGRAM COMPONENT.

(ii) Additional program data for individual universal service and energy conservation components shall include the following information:

(A) LIURP reporting requirements. As established in §58.15 (relating to program evaluation).

(I) LIURP reporting data. Due ANNUALLY by April 30.

(II) Actual ~~production~~ NUMBER OF COMPLETED JOBS and spending data. Actual number of completed jobs and spending data for the recently completed program year and projections for the current year shall be due annually by April 1.

(B) CAP.

(I) Energy assistance benefits.

(II) Average CAP bills.

(III) Payment rate.

(IV) CAP benefits.

(V) Total cash payments by CAP customers.

(VI) Number of full, on-time payments

(VII) Percentage of CAP bill paid by customer.

(C) CARES.

(I) Energy assistance benefits.

(II) Direct dollars applied to CARES accounts.

(III) CARES benefits.

(D) Hardship funds.

(I) Ratepayer contributions.

(II) Special contributions, OTHER THAN
SHAREHOLDER OR RATEPAYER
CONTRIBUTIONS.

(III) Utility contributions.

(IV) Outreach contacts.

(V) Hardship fund benefits.

§62.6. Evaluation reporting requirements.

(a) Each NGDC SHALL SELECT, AFTER CONFERRING WITH THE COMMISSION'S BUREAU OF CONSUMER SERVICES, have an independent third-party TO conduct an impact evaluation of its universal service and energy conservation programs and TO provide a report of findings and recommendations to the Commission and NGDC.

(b) The first impact evaluation will be due beginning August 1, 2004 on a staggered schedule. Subsequent evaluation reports shall be presented to the NGDC and the Commission at no more than six-year intervals.

(c) To ensure an independent evaluation, neither the NGDC nor the Commission shall exercise control over content or recommendations contained in the independent evaluation report. The NGDCs may provide the Commission with a companion report

that expresses where they agree or disagree with independent evaluation report content or recommendations.

~~(d) An independent third party evaluator shall conduct the impact evaluation.~~

§62.7. Natural gas distribution companies with less than 100,000 residential accounts.

(a) Beginning June 1, 2003, each NGDC with less than 100,000 accounts shall report to the Commission every three years the following information in lieu of the requirements in ~~§54.74-§54.76~~ §62.4-§62.6:

(1) The universal service and energy conservation plan.

(2) Expenses associated with low-income customers.

(3) A description of the universal service and energy conservation services provided to low-income residential customers.

(4) Number of services or benefits provided to low-income residential customers.

(5) Dollar amount of services or benefits provided to low-income residential customers.

§62.8. Public Information

The Commission will annually produce a summary report on the universal service performance of each NGDC using the statistics collected as a result of these reporting requirements. The reports will be public information. The Commission will provide the reports to any interested party and post the reports on the Commission's Internet website.

Appendix

Universal Service and Energy Conservation Programs

	Due Date	
NGDC	Plan	Evaluation
Columbia	6/1/2002	8/1/2004
Peoples	6/1/2002	8/1/2004
PECO	2/28/2003	10/31/2008
Equitable	6/1/2003	8/1/2005
PG Energy	6/1/2003	8/1/2005
UGI	6/1/2004	8/1/2006
NFG	6/1/2004	8/1/2006



PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH OF PENNSYLVANIA

JOHN M. QUAIN
CHAIRMAN

October 2, 2000

The Honorable John R. McGinley, Jr.
Chairman
Independent Regulatory Review Commission
14th Floor, Harrisstown II
333 Market Street
Harrisburg, PA 17101

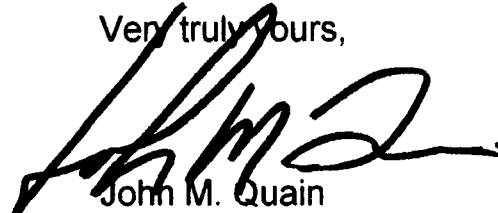
Re: L-00000146/57-212
Final Rulemaking
Reporting Requirements for Universal Service
and Energy Conservation Programs
52 Pa. Code Chapter 62

Dear Chairman McGinley:

Enclosed please find one (1) copy of the regulatory documents concerning the above-captioned rulemaking. Under Section 745.5(a) of the Regulatory Review Act, the Act of June 30, 1989 (P.L. 73, No. 19) (71 P.S. §§745.1-745.15) the Commission, on February 3, 2000, submitted a copy of the Notice of Proposed Rulemaking to the House Committee on Consumer Affairs, the Senate Committee on Consumer Protection and Professional Licensure and to the Independent Regulatory Review Commission (IRRC). This notice was published at 30 Pa.B. 897, on February 19, 2000. In compliance with Section 745.5(b.1) copies of all comments received were provided to your Commission and the Committees.

In preparing this final form rulemaking, the Public Utility Commission has considered all comments received from the Committees, IRRC and the public.

Very truly yours,



John M. Quain
Chairman

Enclosures

cc: The Honorable Clarence D. Bell
The Honorable Lisa Boscola
The Honorable Chris R. Wogan
The Honorable Keith McCall
Legislative Affairs Director Perry
Chief Counsel Pankiw
Regulatory Coordinator DelBiondo
Assistant Counsel Sophy
Ms. Hummel
Mr. Zogby

Please note: Due to Assistant Counsel Sophy's recent resignation, Assistant Counsel Daviston has been assigned as the Law Bureau's contact person for this regulation. Ms. Daviston's telephone number is (717) 787-6166.

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE REGULATORY REVIEW ACT

ID Number: L-00000146/57-212

2000 OCT -2 AM 13:45

Subject: Reporting Requirements for Universal Service and Energy Conservation Programs

REVIEW COMMISSION

Pennsylvania Public Utility Commission

TYPE OF REGULATION

- Proposed Regulation
- Final Regulation with Notice of Proposed Rulemaking Omitted.
- Final Regulation
- 120-day Emergency Certification of the Attorney General
- 120-day Emergency Certification of the Governor

FILING OF REPORT

<u>Date</u>	<u>Signature</u>	<u>Designation</u>
10/2/00		HOUSE COMMITTEE Consumer Affairs
OCT 02 2000		SENATE COMMITTEE Consumer Protection and Professional Licensure
10/2/00		Independent Regulatory Review Commission Attorney General Legislative Reference Bureau