

Original: 2094
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

REPORTING REQUIREMENTS FOR :
UNIVERSAL SERVICE AND ENERGY : Docket No. L-00000146
CONSERVATION PROGRAMS :

COMMENTS OF THE
OFFICE OF CONSUMER ADVOCATE

I. INTRODUCTION

On January 12, 2000, the Pennsylvania Public Utility Commission ("PUC" or "Commission") adopted a proposed rulemaking order establishing standard reporting requirements for universal service and energy conservation programs for natural gas distribution companies ("NGDCs"). This rulemaking was adopted in an effort to forward the requirements of section 2203(8) of the Natural Gas Choice and Competition Act ("the Act") to ensure that universal service and energy conservation policies, activities and services are appropriately funded and available in each NGDC territory. 66 Pa.C.S. § 2203(8). In its proposed rulemaking, the Commission requires NGDCs to provide 1) annual reports on residential low-income collections and universal service and energy conservation programs, 2) plans every 3 years for universal service and energy conservation programs, and 3) every 6 years an independent third-party evaluation to measure the effectiveness of the NGDC's programs in providing affordable utility service at reasonable rates. The rulemaking

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was published in the Pennsylvania Bulletin on February 19, 2000 for comment in 45 days. The Office of Consumer Advocate now submits these comments regarding the proposed rulemaking.¹

II. COMMENTS

A. Introduction

The Office of Consumer Advocate generally supports the proposed rulemaking. The proposed rules generally follow those established for electric distribution companies (“EDCs”) at 52 Pa. Code §§ 54.71-54.78. However, based on OCA’s experience with the implementation of universal service and energy conservation programs and the evaluation of data during the course of NGDC restructuring proceedings, OCA has identified a number of concerns that should be addressed as the Commission goes forward with the promulgation of a final rule on reporting requirements.

B. Definitions

“Low-income customer.” The Commission’s definition of low-income customer is a “residential utility customer whose household income is at or below 150% of the Federal poverty guidelines.” While this is the same definition as in the electric rules, OCA submits that the word “gross” should be added before “household income” in this definition to be consistent with the way in which the federal Poverty Level is determined and to clarify the manner in which low-income customer is being defined. In this way, it will be clear that the term household income is not intended to be net of any expenses. Indeed, if adjustments were made to household income, the use

¹OCA was assisted in the preparation of these comments by Roger Colton. Mr. Colton has evaluated the universal service and energy conservation programs of each NGDC in the context of its restructuring proceeding. Mr. Colton has extensive experience with universal service issues and low income policy matters that impact residential customers.

of the federal Poverty Level would no longer be appropriate as a basis for measurement, and it would be necessary to adjust the Poverty Level in such calculation.

OCA would also add the following sentence consistent with the manner in which federal Poverty Level is defined and with federal law. “Gross household income shall not include the value of food stamps or other non-cash income.” Additionally, the Food Stamp statute specifically prohibits recognition of such benefits in any public assistance program. 7 U.S.C. § 2017(b) (1995). Since the Commission is utilizing federal Poverty Level guidelines as the basis for determinations of income, OCA submits that the Commission’s approach should be consistent with the utilization of the information in this way.

OCA also submits that it is inappropriate to consider non-cash income, such as housing subsidies as income. Not only is this inconsistent with the manner in which the federal Poverty Level is determined, but is also inappropriate for a number of other reasons. For example, with respect to housing subsidies, such subsidies have a number of purposes, including improving the quality of housing as a separate public interest objective that is separate and distinct to the financial benefit provided to low-income individuals. Furthermore, consideration of such subsidies in determining income could have divergent impacts for customers in different geographic areas, such as Philadelphia, where a housing subsidy is necessarily much higher. Receipt of a significant housing subsidy in such an area will not necessarily mean that the customer is any less low-income than a customer with a much lower housing subsidy in a more rural area.

C. Plan Contents

A number of changes should be made to these reporting requirements to make the data being collected more useful for purposes of evaluating the efficiency and cost-effectiveness of

universal service and energy conservation programs. In particular, with respect to section 62.4(b)(5), which provides for the program budget, OCA submits that it should be made clear that more detail should be provided than a single line-item budget for all universal service and energy conservation programs. OCA recommends the following language to replace the program budget language:

(5) Program budgets, broken down by program and by program components. Each NGDC should also explain and provide any workpapers showing the derivation of the components of each budget.

Another necessary addition is to provide an explanation of how each program component responds to one or more of the needs identified in section 62.4(b)(3). In other words, there should be a clear link established between the design of the program and the needs being addressed. This link is clearly lacking and OCA submits that the following language should be added at the end of section 62.4(b)(3):

(3) The projected needs assessment and an explanation of how each program component responds to one or more of the identified needs.

As a result of this addition, the Commission and others should be able to follow the logic utilized in the development of the Company's programs, as follows:

1. Identify the need to be addressed.
2. Design an intervention to respond to the need.
3. Identify the outcome(s) resulting from the intervention.
4. Relate the outcomes to the universal service goal.

Finally, in light of a number of issues that arose as a result of OCA's review of universal service and energy conservation programs, OCA submits that plan contents should be augmented to include the following additional requirements:

- (9) a description of all outreach and intake efforts utilized;
- (10) identification of the specific steps utilized to identify low-income customers with arrears and to enroll them in deferred payment arrangements or customer assistance programs;
- (11) identification of all program rules for universal service and energy conservation programs;
- (12) identification of the manner in which universal service and energy conservation programs operate in an integrated fashion

As indicated above, these recommendations are the result of a number of concerns.

First, there is a diversity of views as to the difficulty of identifying eligible customers and the difficulty of enrollment. Ideally, NGDCs should learn from the methods utilized by other NGDCs to identify eligible customers and enroll them in appropriate programs. Second, during at least one proceeding, it was apparent that program rules were not all identified in sufficient detail, even in the program manual. As a result, OCA submits that program rules should be identified in detail for all universal service and energy conservation programs. Third, cost-effectiveness and efficiency can obviously be maximized if these programs operate in an integrated fashion. By evaluating the manner in which the programs are or can be integrated, the efficiency and cost-effectiveness of the programs can be enhanced. For example, NGDCs can enhance these efficiencies by addressing the following issues:

1. Identify existing program linkages and assess whether these current linkages provide opportunities for program integration with a new energy assistance program created by electric and/or natural gas restructuring legislation.

2. Identify and articulate the natural synergies that are inherent in LIHEAP, low income energy assistance programs created through electric/natural gas restructuring statutes, and U.S. Department of Energy weatherization assistance.
3. Identify potential program conflicts that are possible in the absence of program linkages and specify the conflict resolution mechanisms that arise from program linkages.
4. Identify the program components where linkage might occur. Program linkages can occur in any of the following program areas: funding; oversight; administration; outreach; or program delivery. LIHEAP offices should further identify what aspects of program operation might benefit from linkage even in the absence of complete integration.
5. Identify the existing administrative capacities of alternative program structures. The administrative capacity should consider the program processes involving intake, outreach, and delivery of program benefits.
6. Identify all barriers that would impede program linkages. As a general rule, the more difficult the barrier, the higher the administrative cost to overcome the barrier.

C. Annual Reporting Requirements – Section 62.5

The proposed annual reporting requirements provide for reporting of data beginning April 1, 2003. Section 62.5(1) requires NGDCs to provide data regarding collections and payment arrangements for the purpose of evaluating the extent of need in the NGDC population.

1. Addressing “Churn”

One of OCA’s primary concerns with regard to this data is the effect that “churn” has on the reporting of the data. “Churn” is the level of turnover in the accounts that are the subject of the data. Specifically, OCA is concerned that the data pertaining to the number of customers with payment arrangements will not adequately identify the size of the low-income, payment-troubled population, but will instead only reflect a point-in-time (month-end) number of customers who are

on payment arrangements. Since the customers who are on payment arrangements will change from month-to-month as some customers move, are terminated, or are removed from a payment arrangement for other reasons, it is necessary that NGDCs track the number of unique customers who are on payment arrangements from month-to-month and not simply the absolute number of such customers. In this light, OCA would propose the following modifications to various parts of section 62.5(a)(1):

- (i) The total annual number of unique payment arrangements . . .
- (vi) The total number of residential accounts in arrears and on payment agreements, and the total number of unique residential accounts in arrears and on payment agreements,
- (vii) The total number of residential accounts in arrears and not on payment agreements, and the total number of unique residential accounts in arrears and not on payment agreements,
- (viii) The total dollar amount of residential accounts in arrears and on payment agreements, and the total dollar amount of unique residential accounts in arrears on and payment agreements,
- (ix) The total dollar amount of residential accounts in arrears and not on payment agreements, and the total dollar amount of unique residential accounts in arrears not on and payment agreements,
- (x) The total number of residential customers who are payment troubled, and the total number of unique residential customers who are payment troubled, . . .

In this respect, it will also be necessary to define the term “unique residential account” in the definition section. OCA would suggest the following definition:

“Unique residential account.” A residential account that (a) for annual reporting periods, did not exhibit the stated attributes more than once during the relevant reporting period, and (b) for monthly

reporting periods, did not exhibit the stated attributes during the immediately preceding reporting month.

2. Accurately Estimating the Number of Low-Income Customers

It is OCA's understanding that most NGDCs only collect income information at the time of negotiating a deferred payment agreement. This raises a concern with the manner in which section 62.5(1)(xiii) is stated, which gives NGDCs the discretion to report the total number of low-income households with other information, other than census data, that the NGDC finds appropriate.

In this light, OCA submits that the section should be revised as follows:

(xiii) The total number of low-income households. NGDCs shall estimate this number using census data. If the NGDC systematically collects and records information reasonably designed to identify the total number of low-income customers in its service territory in as substantially accurate fashion as the use of census data, the NGDC may, upon approval of that collection and recording system, use that system in lieu of the use of census data.

3. Using "Household" Instead of "Family."

Section 62.5(2)(B) uses the word "family" rather than the word "household." This is inconsistent with the manner in which low-income customers are defined in the proposed rulemaking and is inconsistent with the federal Poverty guidelines. This variation is probably inadvertent and should be corrected.

4. Additional Reporting Requirements

OCA also recommends two additional reporting requirements based on our evaluation. They are as follows and would be added to section 65.2(i):

(D) The number of program participants by source of intake.

(E) The number of program participants participating in two or more of the NGDC's universal service and energy conservation

programs, broken down by grouping (e.g. LIURP and CAP; CAP and hardship fund; LIURP and CARES, etc.)

D. Evaluation Reporting Requirements

In section 62.6, the Commission has established a requirement for independent third-party impact evaluations. While in section 62.6(c), the Commission makes clear that neither the NGDC or the Commission can exercise control over content or recommendations and 62.6(d) requires the use of an independent evaluator, the Commission has not specified how such a third-party evaluator can be selected in an independent fashion. OCA submits that the selection process must ensure against the exercise of a biased selection process. For this reason, OCA submits that the Commission should require that the evaluator be selected only after conferral with BCS. Thus, the language of section 62.6(a) should be revised as follows:

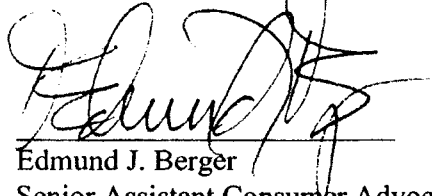
(a) Each NGDC shall select, after conferring with the Commission's Bureau of Consumer Services, an independent third-party evaluator, to conduct, an impact evaluation

E. Miscellaneous

Finally, OCA would suggest that section 62.3(b)(1) should be modified to add the word “affordable” before the phrase “natural gas service” to more accurately state the goals of universal service and energy conservation programs.

WHEREFORE, OCA respectfully submits these Comments to the Commission for consideration in promulgating a final rule on universal service and energy conservation reporting requirements.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Edmund J. Berger", written over a horizontal line.

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Dated: April 4, 2000

CERTIFICATE OF SERVICE

Re: Reporting Requirements for Universal Service and Energy
Conservation Programs
Docket No. L-00000146

I hereby certify that I have this day served a true copy of the foregoing document, OCA's Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 4th day of April, 2000.

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April 4, 2000

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VIA HAND DELIVERY

Re: Docket No. L-00000146: Rulemaking Re: Reporting Requirements for Universal Service and Energy Conservation Programs 52 Pa. Code Chapter 62

Dear Mr. McNulty:

Pursuant to the Proposed Rulemaking Order ("Proposed Rulemaking") adopted by the Commission on January 12, 2000 and published in the February 19, 2000 issue of the *Pennsylvania Bulletin*, 30 Pa.B. 898 (2000), the Pennsylvania Gas Association ("PGA"), on behalf of its natural gas distribution company ("NGDC") members, submits this letter for consideration in lieu of formal comments. Per Ordering Paragraph 7, *id.*, the original and 15 copies of this letter are tendered for filing.

Our comments are organized into two parts: first, a series of four general remarks addressing the proposed regulations overall; second, a set of specific remarks directed to the language of individual provisions.

General Remarks

Before turning to the specific proposed regulations, PGA offers four general comments.

1. *The Proposed Rulemaking Incorrectly Presupposes that the Previously Adopted Reporting Requirements for Electric Distribution Companies Are Also Appropriate for Natural Gas Distribution Companies.*

As is quickly emerging as a pattern, these proposed natural gas choice regulations are, with few exceptions, identical to the regulations adopted for electric choice, *see, Reporting Requirements for Universal Service and Energy Conservation Programs*, 52 Pa. Code Ch. 54, *published in*, 28 Pa.B. 3791 (Aug. 8, 1998) [hereinafter the "Electric Requirements"]. Nowhere in the Proposed Rulemaking is there any evidence that the Commission investigated whether the Electric Requirements were appropriate for natural gas. It is as if these natural gas regulations rest on a singular, self-sufficient rationale: "We did it for electric."

PGA filed comments in the electric proceedings, and we appreciate the Electric Requirements reflect some of PGA's comments. We also acknowledge that the statutory basis for the Electric Requirements, 66 Pa.C.S. § 2804(9), has a counterpart in the Natural Gas Choice and Competition Act ("Gas Choice Legislation"), *see* 66 Pa.C.S. § 2203(8). These facts alone, however, are insufficient to simply engraft the Electric Regulations on NGDCs. The economic and negotiating dynamics for natural gas choice and electric choice are significantly different, and the Commission should, in all fairness, examine these differences before it imposes further electric requirements on the natural gas community.

2. *Reported Information Should Be Used Only for Its Statutory Purpose.*

Second, PGA objects to the suggestion that imposing uniform statewide universal service standards, or expanding current programs beyond those currently provided (often voluntarily) by individual NGDCs, are legitimate functions for these regulations. The purpose of these regulations is to afford the Commission a means of enforcing Section 2203(8), which obligates 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." Implicitly assuming essentially unlimited discretion to decide what level of service funding is "appropriate," the Proposed Rulemaking advances these regulations as a means to achieve statewide service standards likely in excess of current programs:

The purpose of this proposed 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 NGDCs in achieving universal service in their service territories. The reporting requirements will also ensure that the data is reported uniformly and consistently.

Proposed Rulemaking, 30 Pa.B. at 898 (emphasis supplied).

The Commission's duty to ensure that universal service and energy conservation programs are "appropriately funded," is not a license to develop or impose statewide standards, nor is it an invitation to require NGDCs to expand services and programs beyond the levels in existence before the Gas Choice Legislation was enacted. Rather, to the extent the Commission elects to fulfill its Section 2203(8) duties through regulations imposed on NGDCs, the Commission's activities are informed and constrained by Section 2206(a), which obligates NGDCs to maintain at least the level of customer service and consumer protections that existed when the Gas Choice Legislation took effect. Through Section 2206(a), the General Assembly clearly expressed a legislative intent to continue current levels of customer protection. Uniform statewide standards and expanded programs are not reasonably related this purpose, and are therefore beyond the Commission's authority under the Gas Choice Legislation.

Moreover, uniform standards and expanded programs share the common flaw of trying to force NGDC to undertake activities which, in many cases, are voluntary. These suggested purposes for the proposed reporting requirements rest on the assertion that NGDCs are under an affirmative duty to provide every consumer protection service they currently offer. This is simply not the case. Customer Assistance Programs, which are probably the most widely cited universal service programs offered by NGDCs, are not required by regulation. They are programs which NGDCs are encouraged to adopt pursuant to a Commission policy statement, 52 Pa. Code § 69.251.

Many NGDCs undertake significant universal service and energy conservation efforts, and these efforts, rightly recognized and appreciated, reflect an exercise of business judgment influenced by the desire to maintain positive community relations and associated good will. These efforts are not required under the Public Utility Code, and while they may have clear value, they are not part of the class of protections, policies and services the Gas Choice Legislation intended to preserve.

3. *The Final Rulemaking Order Should Expressly Acknowledge That the Costs NGDCs Incur to Comply with These Requirements Are Recoverable Under the Natural Gas Choice and Competition Act.*

Assuming the Commission cannot be dissuaded from imposing the Electric Requirements on NGDCs, there should at least be some recognition of the resulting compliance costs and their recovery. At a minimum,

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the Commission should recognize that these expenses, and all other compliance costs imposed through this docket, are eligible for deferred recovery, with capitalization and amortization, as provided in 66 Pa.C.S. § 2211(b).

4. *If the Proposed Reporting Requirements Are Intended to Replace the Reports NGDCs File under 52 Pa. Code § 56.231, then Section 56.231 Should Be Eliminated as Part of This Docket.*

In its Final Rulemaking Order promulgating the Electric Requirements, the Commission acknowledged that the new reports substantially overlapped many of the items electric distribution companies ("EDCs") were already providing in monthly reports required under 52 Pa. Code § 56.231. At that time, however, the Commission took a "wait and see" attitude toward eliminating Section 56.231:

The universal service reports will eventually replace most of the universal service program reports that EDCs now provide to us. However, we believe this process will evolve with input from the EDCs rather than an abrupt elimination of existing reports.

Electric Requirements, 28 Pa.B. at 3798. PGA submits that for natural gas it is critical that each regulatory requirement be examined for its potential to inhibit the development of a competitive market. The Commission clearly intends the reports prepared under this docket to supplant the monthly reports filed under Section 56.231, and, in the spirit of fostering customer choice, the Commission should act now to prevent an unnecessary duplication of reporting effort.

Specific Comments

Proposed Section 62.2: Definitions

CAP benefits. The proposed definition ("The average CAP bill, average CAP credits and average arrearage forgiveness.") could give the false impression that all three elements are present in every NGDC's CAP program. Not every program has all three elements, and to account for this fact PGA recommends adding ", as applicable" to the end of the current definition.

CARES benefits. The proposed definition reads: "The number and kinds of referrals to CARES." No guidance is offered on what is meant by "kinds of referrals," and if greater clarity cannot be provided these words should be deleted from the definition.

Collection operating expenses. The proposed definition is relatively straightforward, and does not present difficulties in itself. Concerns arise, however, when one tries to read this definition in conjunction with the second sentence of Proposed Section 62.5(a)(1)(ii):

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."

The length and detail of this list suggest the Commission is expecting NGDCs to derive the residential account share for each of these expenses, and total up the shares to derive an aggregate figure. PGA

opposes this "bottom up" approach as potentially incomplete, expensive, and unnecessary for the Commission to fulfill its mandate under Section 2203(8) of the Gas Choice Legislation. The level of detail suggested in Proposed Section 62.5(a)(1)(ii) is far beyond the Uniform System of Accounts, and is only haphazardly consistent with the ways NGDCs categorize their direct and indirect collection operating expenses. With equal validity, Proposed Section 62.5(a)(1)(ii) could be rewritten to say, "Collection expenses include such direct costs as those associated with sending a termination notice, completing personal contact and physically terminating gas service, as well as costs associated with investigations prompted by gas service applications; bad check processing; obtaining, tracking and application of interest and principal related to security deposits; processing BCS and ALJ service termination and payment arrangement requests; telephone and postal meter costs; computer programming; computer and photocopy rental or purchase fees.

PGA supports leaving "collection operating expenses as defined and eliminating the second sentence of Proposed Section 62.5(a)(1)(ii) in its entirety. In the absence of a specified list of expense categories, NGDCs will likely develop their expense figures through a "top down" approach; that is, each NGDC will look at its total collection operating expense, as internally defined, and identify the share of that total corresponding to its residential accounts. This approach is sufficient for the Commission's purposes under Section 2203(8), and markedly less costly for the NGDCs.

Direct dollars. In defining this term for the Electric Requirements, the Commission took care to note that it was not asking EDCs to report on referrals or the outcome of referrals, Electric requirements, 28 Pa.B. at 3794. PGA assumes the same limitation would apply to NGDCs.

Energy assistance benefits. The proposed definition is: "The total number and dollar amount of LIHEAP grants, hardship grants and local agencies' grants." The underlined portion does not appear in the Electric Requirements, neither "hardship grants" nor "local agencies' grants is defined, and no explanation is given for including these extra terms in the natural gas regulations. PGA urges eliminating the underlined language.

Payment troubled. The Proposed Rulemaking would define as "payment troubled" any customer who has failed to maintain one or more payment arrangements in a one-year period. In practice, a number of customers would be deemed "payment troubled" even if their incomes were significantly greater than 200% of poverty level and their failure to maintain their payment arrangement was the result of lifestyle choices. These anomalous cases can be eliminated by turning to the Gas Choice Legislation. The statute defines "universal service and energy conservation" as "Policies, practices and services that help residential low-income customers and other residential customers experiencing temporary emergencies, as defined by the commission, to maintain natural gas supply and distribution services. 66 Pa.C.S. § 2202 (emphasis supplied). Since these regulations are intended to address universal service and energy conservation, the appropriate course would be to define "payment troubled" as those customers meeting the underlined portion of the statutory definition.

Successful payment arrangements. PGA does not object to the definition as stated, but instead takes issue with the characterization of this term as contained in the preamble to the Electric Requirements. Specifically, in the electric preamble the Commission stated, "The number of successful payment arrangements will be a useful performance measure." Electric Requirements, 28 Pa.B. at 3796. The implication is that successful payment arrangements is a useful measure of utility performance; but it that so? Successful payment arrangements is far more likely to be a measure of the performance of a customer, not a utility, Commission staff or an Administrative Law Judge.

The distinction is not trivial. The definition is included in these regulations because Proposed Section 62.5(a)(1) would require NGDCs to report the total number of successful payment arrangements

as well as the total number of payment arrangements. Many NGDCs do not currently track successful payment arrangements, in large part because current Chapter 56 reporting requirements ask for customers to be tracked according to delinquency status, 56 PA. Code § 56.231. To now require reporting on successful payment arrangements is to require NGDCs to invest heavily in additional account administration and related computer reprogramming. The associated costs are imply not worth capturing data of such highly dubious value, and PGA therefore urges elimination of this definition as well as the reference to this term in Proposed Section 62.5(a)(1).

Proposed Section 62.4: Universal Service and Energy Conservation Plans

Proposed Section 62.4(a)(1): Timing of Required Filings. This requirements presents a significant opportunity to reduce compliance costs as necessary to reflect the relatively modest consumer benefits available from natural gas customer choice. As proposed, NGDCs would file universal service and energy conservation plans every three years on a staggered schedule. An equally valid, and far less costly approach would be to link the filing schedule with the evaluation requirements appearing in Proposed Section 62.6. More specifically, plans should be submitted following an evaluation, whenever an NGDC voluntarily makes significant modifications to its plan, or if the population of eligible customers on an NGDC's changes significantly.

Separately, Proposed Section 62.4 does not address whether these plans will receive confidential treatment. As these plans are being submitted solely to facilitate the Commission's execution of its duties under 66 Pa.C.S. 2203(8), only the Commission should be able to review the them. Exposing these plans to public review and comment invites unnecessary and costly litigation, a result directly at odds with keeping compliance costs as low as possible.

Proposed Section 62.5: Annual . . . Reporting Requirements

Proposed Section 62.5(a)(1)(i): Payment Arrangements. For reasons stated above, the reference to successful payment arrangements should be eliminated.

Proposed Section 62.5(a)(1)(ii): Collection Operating Expenses. For reasons stated above, the second sentence of the proposed section should be deleted in its entirety.

Proposed Section 62.5(a)(1)(iii): Write-Offs. With due deference to the Commission's willingness to entertain requests for waivers of specific requirements as necessary to reflect the circumstances of individual NGDCs, PGA must note that for some NGDCs it will be extremely difficult to segregate confirmed low-income write-offs from other residential write-offs.

Separately, PGA questions whether write-offs associated with bankruptcy provide useful data in the context of the Commission's execution of Section 2203(8). Bankruptcy-driven write-offs are grounded in customers' personal decisions, and have virtually nothing to do with an NGDC's collection activities.

Proposed Sections 62.5(a)(1)(v)-(ix): Requirements in Excess of Electric Counterparts. Under Proposed Section 62.5(a)(1)(v), an NGDC would be required to report the "total number of residential revenues by month for the twelve months covered by the report, by classification of accounts." There is no electric counterpart to this requirement, and no justification is offered in the preamble. Similarly, Proposed Sections 62.5(a)(1)(viii) and (ix) would require the "total dollar amount of residential accounts in arrears and on payment

Mr. James J. McNulty, Secretary
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agreements,” and the “total dollar amount of residential accounts in arrears and not on payment agreements.” Neither of these sections has an electric counterpart. Finally, Proposed Sections 62.5(a)(1)(vi) and (vii) combine to require NGDCs to separately report their residential accounts in arrears according to whether the account is or is not on a payment agreement. No corresponding separation is required in the electric requirements.

Throughout these comments, PGA has argued for more lighthanded regulatory treatment consistent with more modest consumer benefits expected from natural gas customer choice. Here, the Commission proposed to do just the opposite, placing more onerous requirements on NGDCs than it placed on EDCs. At the very least, these proposed regulations should be to their electric counterparts.

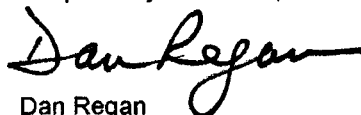
Proposed Section 62.5(a)(2)(i)(B): Demographics. The preamble does not discuss the value or purpose of this information, and PGA respectfully questions whether this information should be reported. Demographic data has been part of the reporting requirements for the low-income usage reduction program (“LIURP”) since its inception in 1988. Recently, however, the NGDCs asked the Bureau of Consumer Services (“BCS”) to make reporting this information optional. PGA understands BCS will grant this request, and the optional nature of this data will be reflected in upcoming revisions to the LIURP Code Book. Utilities sought these LIURP Code Book changes because of the substantial costs associated with identifying, tracking and reporting customer demographics. For the same reasons, demographic data should be eliminated from the reporting requirements at issue in this docket.

Proposed Section 62.5(a)(2)(ii)(C)(II): Program Reporting on Dollars Applied to CARES Accounts. The Commission closes the Proposed Rulemaking by expressly reserving the right to waive these requirements upon petition by an affected party. Both as a general matter and with specific regard to reporting direct dollars applied to CARES accounts, PGA urges the Commission to use its waiver authority liberally to accommodate the unique features of each NGDC’s accounting practices. More than one NGDC has advised PGA that agency payments for a customer’s account are coded as regular payments, not agency payments or CARES payments. In the spirit of keeping implementation costs as low as possible, the Commission should strive to issue waivers rather than force NGDCs to make fundamental, costly changes to their accounting systems.

Conclusion

PGA appreciates this opportunity to comment, and urges the Commission to consider the points detailed above as it continues its deliberations.

Respectfully submitted,



Dan Regan
President

Original 2094
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cc:

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Markham
Wilmarth
Legal

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REVIEW COMMISSION

Columbia Gas[®]
of Pennsylvania

650 Washington Road
Pittsburgh, PA 15228-2703

April 3, 2000

COPY

SECRETARY'S BUREAU

00 APR -3 PM 4:26

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Room B-20 North Office Building
Harrisburg, PA 17120

Re: Columbia Gas of Pennsylvania, Inc.; Docket No. L-00000146

Dear Secretary McNulty:

Enclosed please find an original and fifteen (15) copies of the Comments of Columbia Gas of Pennsylvania, Inc. pertaining to Reporting Requirements for Universal Service and Energy Conservation Program 52 Pa. Code Chapter 62.

Sincerely,

Mark Kempic

Mark Kempic

Enclosures

**BEFORE
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

COPY

Rulemaking Re: Reporting :
Requirements for Universal : Docket No. L-00000148
Service and Energy Conservation :
Programs 52 Pa. Code Chapter 62 :

SECRETARY'S BUREAU

APR 3 PM 4:26

**Comments of
Columbia Gas of Pennsylvania, Inc.**

Columbia Gas of Pennsylvania, Inc. ("Columbia" or "the Company") hereby submits the following comments in accordance with the proposed rulemaking order adopted by the Commission on January 14, 2000 in this proceeding ("Order"). Columbia is a member of the Pennsylvania Gas Association ("PGA") and wholeheartedly supports the comments submitted by PGA in this proceeding. Nevertheless, because of the specific importance of several of the particular requirements to Columbia, Columbia hereby submits the following additional comments for the Commission's consideration.

As a means of introduction, Columbia notes that it has historically been a strong supporter of the Pennsylvania Public Utility Commission's ("Commission's") Universal Service and Energy Conservation initiatives. It has also provided significant amounts of information to the Commission and its staff related to these types of programs. Columbia believes that certain information is absolutely necessary to ensure these programs provide appropriate and effective services, are being operated efficiently, and provide overall benefits commensurate with the costs of the programs. To these ends, Columbia is committed to provide all reasonable information it, the Commission and the

Commission's staff require. However, providing information can be expensive and time consuming. Complex computer programming and/or significant manpower will be needed to provide the information required under the currently drafted rules. Cost recovery must be provided for all incremental costs associated with these requirements.

While Columbia is committed to providing the needed information with respect to these programs, certain information required under the currently drafted rules and regulations appears to be duplicative, burdensome and of little or no value. Since Columbia and ultimately its customers will bear the cost of providing information related to these programs, Columbia respectfully requests the Commission carefully consider the necessity of the information requirements which Columbia and the PGA identify as being unnecessary. Columbia believes that each of the requirements should be evaluated in terms of whether it is cost-effective to require Natural Gas Distribution Companies ("NGDCs") to provide this information, and if it is not, then the requirement should be eliminated.

Proposed §62.5(a)(1)

This section of the proposed regulations seeks to collect detailed information concerning many aspects of an NGDC's universal service program. Some of this information is presently being provided to the Commission in the form of various reports. For example, each month on its "Chapter 56.231 Report" (see attached), Columbia provides information to the Bureau of Consumer Services ("BCS") concerning the Company's payment agreements as

well as the payment plan agreements established by the BCS. That report summarizes the payment agreements in terms of the number of agreements, the amount of dollars represented by those agreements, the number in arrears, the number of cancelled, etc. Because of the nature of the information provided on the report, the Chapter 56.231 Report must be prepared manually and it is very time-consuming to prepare. As stated in the PGA's comments, the Proposed Reporting Requirements seek to require NGDCs to provide duplicative information to that presently provided on the Chapter 56.231 Report. Columbia submits that the Commission should now permit NGDCs to discontinue providing the Chapter 56.231 Report, as well as any other report that is found to contain duplicate data.

Proposed §62.5(a)(1)(i)

This section requires NGDCs to track and report the "total number of payment arrangements and the total number of successful payment arrangements". Columbia questions the need to track and report the number of successful payment arrangements, as it goes well beyond the scope of universal service reporting. Tracking successful payment arrangements is as unnecessary as tracking the number of residential customers who are not in arrears. The reporting requirements properly do not require NGDCs to track residential customers who are current on their bills; therefore, there is no practical reason to require NGDCs to go through the effort and expense of tracking successful payment arrangements. Moreover, this proposed requirement could

unfortunately shift the focus from the real issue, which is tracking the payment arrangements that did not work and attempting to fine-tune them. This proposed section should be eliminated.

Proposed §§62.5(a)(1)(iv) through (xii)

Each of these sections requires NGDCs to track and report information "by month for the twelve months covered by the report". Columbia fails to see the need for NGDCs to provide this information on a month-by-month basis. This information is not readily available on a month-by-month basis, and substantial amounts of effort and cost will be required to meet this reporting requirement. Columbia would not oppose this undertaking if some benefit were to be gained by the effort and if full cost recovery is provided. Nonetheless, with regard to the information sought in the reporting requirements, the demographic landscape of these data elements is not likely to change drastically during the course of a year. The additional cost to provide the detail sought by the proposed regulation is simply not warranted in light of the scant knowledge to be gained from monthly information.

Proposed §62.5(a)(1)(x)

This proposed section requires each NGDC to report the total "number of residential customers who are payment troubled by month for the twelve months covered by the report, by classification of accounts." According to the proposed definitions, a "payment troubled" account is a household that has failed to

maintain one or more payment arrangements in a one-year period. As stated earlier, requiring NGDCs to track and report this information by month is difficult, costly, and will not likely lead to more accurate information. This problem is especially apparent with regard to proposed §62.5(a)(1)(x), since under this proposed reporting requirement, NGDCs must track and report the payment history of all residential customers who miss a payment arrangement, instead of only those low-income customers or those customers who are experiencing temporary emergencies. Columbia does not presently track this information for all residential customers, and compliance with this broad reporting requirement will be difficult, time consuming, and expensive. As noted by the PGA in its letter, the Natural Gas Choice and Competition Act defines "universal service and energy conservation" as "Policies, practices and services that help residential low-income customers and other residential customers experiencing temporary emergencies, as defined by the commission ...". Section 62.5(a)(1)(x) should be redrafted to reflect that information only need be submitted on a quarterly basis, and only for residential low-income customers or for other residential customers experiencing temporary emergencies.

Proposed §62.5(a)(2)(i)(B)


This proposed section would require NGDCs to submit demographic information concerning each of its universal service and energy conservation components that includes the number of family members under age 18 and over age 62. Columbia has collected this type of information for its LIURP program

during the last ten years and during that time Columbia has failed to see any benefit to collecting this data. Collecting this information is not always easy or accurate because of the inherently personal nature of this type of information. Customers may not want to provide their family member's exact age, nor may they want to provide the number of family members. Instead of requiring this data to be collected and submitted, Columbia suggests that the proposed section be either eliminated or redrafted to permit the use of census information relevant to each service territory.

Conclusion

Columbia appreciates the opportunity to comments, and urges the Commission to consider the Comments of the PGA as well as those additional comments of Columbia stated above.

Respectfully submitted,



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