

Regulatory Analysis Form

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INDEPENDENT REGULATORY
REVIEW COMMISSION

IRRC Number: 2674

(1) Agency

Pennsylvania Public Utility Commission

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

L-00070186/57-257

(3) Short Title

Proposed Rulemaking Relating to Universal Service and Energy Conservation Reporting Requirements and Customer Assistance Programs

(4) PA Code Cite

52 Pa. Code §§ 54.71 - 54.78 ; §§ 62.1 - 62.8 and §§ 76.1-76.6

(5) Agency Contacts & Telephone Numbers

Primary Contact: Patricia Krise Burket, (717) 787-3464

Secondary Contact: Robert F. Young, (717) 787-4945

(6) Type of Rulemaking (check one)

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

(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 proposed rulemaking establishes a unified process whereby the level of universal service funding for each natural gas distribution company and electric distribution company will be determined in conjunction with the PUC's review of the company's universal service and energy conservation plan. Company plans must be revised and submitted for PUC approval every three years.

To accomplish the above-stated goal, the proposed rulemaking expands existing universal service reporting requirements for the companies at section 54.74 (natural gas) and section 62.4 (electric) to establish this review process. These sections are proposed to be revised to require that company plans, including customer assistance program (CAP) rules and proposals for universal service cost recovery, be submitted as a tariff filing consistent with 52 Pa. Code chapter 53 (relating to tariffs for non-common carriers). These sections have also been revised to require that the tariff contain rules for applying LIHEAP grants to customer accounts.

The proposed rulemaking also adds chapter 76 (relating to Customer Assistance Programs). The proposed regulations govern costs that are to be recovered by the company; customer actions or inactions that shall result in dismissal from CAPs; and billing and collection practices that shall be used for CAP customers.

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

Statutory authority includes: 66 Pa.C.S. § 501 (relating to general powers[of the PUC]), § 1501 (relating to character of service and facilities), § 2202 (relating to definitions (natural gas)), § 2203 (8)(relating to standards for restructuring the natural gas utility industry) and §§ 2801-2812 (relating to restructuring of the electric utility industry)

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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.

The proposed regulations are not mandated by any federal or state law. The proposed regulations will permit the PUC to fulfill its duties under the "Natural Gas Choice and Competition Act" and the "Electric Generation Customer Choice and Competition Act", respectively, Chapters 22 and 28 of the Public Utility Code: The PUC's duties are: (1) to ensure that universal service is appropriately funded and made available in the service territories of all natural gas distribution companies and electric distribution companies; and (2) to ensure that the distribution company is able to fully recover its costs related to universal service and energy conservation programs. See 66 Pa.C.S. § 2203(6)(7) & (8), § 2802(10)(17), and § 2804(8)(9).

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

In both Chapter 22 and Chapter 28, the General Assembly directed the PUC to continue the level of customer protection, policies and services that will "assist low income customers to afford utility service." The proposed regulations ensure that such universal service will be made available to the extent that it is needed in each distribution company's service territory. The proposed regulations further ensure that distribution companies are able to fully recover prudently incurred costs related to providing universal service.

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

Current universal service programs were initiated in individual restructuring cases for each electric or natural gas distribution company. Since that time, universal service program design, including customer enrollment levels, was evaluated independently of the funding for such programs. Consequently, universal service has not been funded to the extent necessary to assure its availability in each company's service territory. These proposed regulations establish a unified process for evaluating, revising and funding universal service programs to ensure their availability to all low income residential customers who need it. The failure to promulgate these proposed regulations will continue the current under-funding of these programs and will limit the availability of universal service, thereby adversely affecting the health, safety and general welfare of low income electric and natural gas customers.

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

The proposed regulations will benefit all Pennsylvania residential natural gas and electric customers - low income customers enrolled in CAPs and non-CAP customers who will pay for the programs. The unified process for CAP review and approval permits CAP funding and cost recovery to be examined in conjunction with program design and implementation. This permits the PUC to establish program enrollment levels to ensure that universal service is available for all low income customers that require assistance. Also, CAP costs can be identified and reviewed as being prudently incurred to ensure that non-CAP customers will be paying for a cost-effective CAP. The proposed regulations establish uniform rules for enrollment, participation in, and dismissal from CAPs. This will not only control program costs, but also will ensure equal treatment of CAP customers, and subsequently prevent unreasonable rate or service discrimination,

Distribution companies will benefit from these proposed regulations by being able to establish, subject to PUC's approval, a cost recovery mechanism that will permit full recovery of prudently incurred universal service costs. The cost recovery mechanism will be submitted as a tariff filing and set for hearing, thus assuring that due process protection will be provided for all affected parties.

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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.)

No persons, groups or entities will be adversely affected by these proposed regulations. The proposed regulations establish a unified process for PUC review and approval of distribution companies' universal service plans including the determination of program costs and the establishment of a cost recovery mechanism. Universal service programs benefit low income residential customers and program costs are recovered only from residential customers. To the extent that this cost recovery may be seen as having an adverse impact on residential customers, program costs are controlled by CAP rules governing customer participation and default, and by the PUC authorizing full cost recovery for only those costs that are prudently incurred in the provision of universal service.

(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.)

All Pennsylvania natural gas distribution companies, including the Philadelphia Gas Works (PGW), and all Pennsylvania electric distribution companies will be required to comply with the proposed regulations. There are nine electric distribution companies and nine natural gas distribution companies in addition to PGW.

(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 proposed regulations resulted from a Commission investigation on the design and funding of universal service programs. *Final Investigatory Order in Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms*, Order entered December 18, 2006 at Docket No. M-00051923. On December 15, 2005, the Commission initiated an investigation and requested comments on the types of cost recovery mechanisms that best allow utilities to "fully recover" universal service costs and on CAP design. Written comments were filed by 40 interested parties including the Energy Association of PA, all Pennsylvania electric distribution companies and natural gas distribution companies, Philadelphia Gas Works, Office of Consumer Advocate, PA Dept. of Public Welfare, Dollar Energy Fund, Office of Small Business Advocate, City of Philadelphia - Mayor's Office - Consumer Affairs, Action Alliance of Senior Citizens of Southeastern PA, represented by Community Legal Services, Inc. and the PA Utility Law Project, PA Assoc. of Community Organizations for Reform Now, Energy Coordinating Agency of Philadelphia, AARP PA and Senator LeAnna M. Washington, 4th District. The Industrial Intervenor Groups also participated in this investigation.

(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.

Costs to the regulated community, determined to be prudently incurred, will be fully recovered from residential ratepayers. Savings to the regulatory community may occur in the form of reduced litigation costs because of the proposed unified adjudication process, where program funding levels and cost recovery are determined in the PUC's review and approval of company universal service plans. These potential savings are not certain enough to quantify at this time. Additionally, savings, to the extent they accrue, will be applied to decrease the costs that will be recovered from residential ratepayers.

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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.

The proposed regulations impose no requirements on local governments, with the exception of PGW. Costs to PGW, determined by the PUC to be prudently incurred, will be fully recovered from PGW residential ratepayers.

Savings related to a decrease in litigation costs may accrue to Philadelphia Gas Works because of the unified PUC process that will permit program funding and cost recovery to be established in the context of the PUC's review and approval of PGW's universal service plan. The specific amount of the savings is not certain enough to quantify at this time. However, to the extent that these savings do accrue, they may be applied to decrease total universal service costs that are to be recovered from PGW's residential ratepayers.

(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.

The proposed regulations impose no additional requirements on state government so no additional costs are imposed. The PUC is already required to review and approve distribution company universal service programs and to provide for the funding of, and cost recovery related to such programs. Because this proposed rulemaking establishes a unified process to perform these tasks in one proceeding, the PUC administrative costs may actually be reduced, although the extent of the savings cannot be quantified at this time.

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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:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Regulated Community	n/a	n/a	n/a	n/a	n/a	n/a
Local Government	n/a	n/a	n/a	n/a	n/a	n/a
State Government	n/a	n/a	n/a	n/a	n/a	n/a
Total Savings	n/a	n/a	n/a	n/a	n/a	n/a
COSTS:	0	0	0	0	0	0
Regulated Community	0	0	0	0	0	0
Local Government	n/a	n/a	n/a	n/a	n/a	n/a
State Government	n/a	n/a	n/a	n/a	n/a	n/a
Total Costs	n/a	n/a	n/a	n/a	n/a	n/a
REVENUE LOSSES:	0	0	0	0	0	0
Regulated Community	0	0	0	0	0	0
Local Government	0	0	0	0	0	0
State Government	0	0	0	0	0	0
Total Revenue Losses	0	0	0	0	0	0

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

The proposed regulations will not impose additional costs on, and may not result in any savings for the governmental entities identified above. See Question 19.

The proposed regulations will not result in any costs for the regulated community, including PGW. All prudently incurred program costs, including the costs associated with the program's review and approval by the Commission, are fully recoverable from residential customers. Savings related to a decrease in litigation costs may occur because of the unified PUC process that will permit program funding and cost recovery to be established in the context of the PUC's review and approval of company universal service plans. The specific amount of the savings is not certain enough to quantify at this time. However, to the extent that these savings do accrue, they may be applied to decrease total costs that are recovered from residential ratepayers.

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

See explanation in Question 21.

Program	FY -3	FY -2	FY -1	Current FY
n/a	n/a	n/a	n/a	n/a

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

See explanations in Questions 18 - 20. The proposed regulations will not impose costs on the regulated community that will not be fully recoverable from residential rate-payers. Any cost savings from a decrease in litigation costs because of the proposed unified adjudication process for the PUC's review of universal service plans will be applied to offset costs to be paid by residential customers of the regulated community. Note that the regulated community includes PGW.

The proposed regulations will not impose costs on local government, except for PGW in its role as a natural gas distribution company (as noted above). Therefore, local government will not be affected by the proposed regulations.

In regard to state government, the PUC is the only agency affected by the proposed regulations, and should not incur any significant additional costs since the proposed regulation streamlines the agency process for review and approval of universal service plans.

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

Other nonregulatory alternatives could not be considered. The PUC is a quasi-judicial agency that regulates Pennsylvania public utility companies, service and rates. The proposed regulations expand existing universal service reporting requirements for electric and natural gas companies and establish a unified process for determining funding, universal service program design and cost recovery in the same PUC proceeding. The proposed regulations will permit the PUC to fulfill its statutory duties required by Chapter 22 and Chapter 28 of the Public Utility Code. These specific duties are: (1) to ensure that universal service is appropriately funded and made available in the service territories of all natural gas distribution companies and electric distribution companies; and (2) to ensure that a distribution company is able to fully recover its costs related to universal service and energy conservation programs. See 66 Pa.C.S. § 2203(6)(7) & (8), § 2802(10)(17), and § 2804(8)(9).

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

See Question 22 above.

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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.

No.

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

The proposed regulations are not comparable to regulations in other states, but even if they were, the adoption of these proposed regulations would not affect the ability of Pennsylvania to compete with other states. The proposed regulations provide for a unified PUC hearing process. This unified process will allow the PUC: (1) to review the availability and design of universal service programs; and (2) to examine program costs and establish a surcharge so that distribution companies will fully recover universal service costs from the only customer class who will benefit from these programs -- residential customers. Because the proposed regulations provide for full cost recovery for distribution companies and will not impose costs on commercial or industrial customers, Pennsylvania will not be placed at a competitive disadvantage with other states.

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

The proposed regulations were written to be consistent with Public Utility Code, PUC precedents and regulations relating to universal service programs, tariff filings and voluntary changes to rates. The proposed rulemaking specifically revises and expands Sections 54.74 and 62.4 to create a unified process for the PUC review of company universal service plans. Also, housekeeping revisions are proposed to make language mutually consistent in sections 54.71 - 54.78 (relating to universal service and energy conservation reporting requirements; electric) and similar regulations at sections 62.1- 62.8 (relating to universal service and energy conservation reporting requirements; natural gas). These proposed revisions are clearly marked in the Annex.

The proposed rulemaking does not affect any other existing PUC regulation not specifically revised by this PUC order. However, the proposed regulations were written in conjunction with the proposed revision of the PUC's policy statement on Customer Assistance Programs at 52 Pa. Code §§ 69.261 - 69.267. In fact, content of the policy statement at 52 Pa. Code §69.265(7) (relating to CAP design elements; dismissal from program participation) is incorporated into the proposed regulations at new Section 76.5. See companion PUC order re: *Proposed Policy Statement on Customer Assistance Programs* at Docket No. M-00072036/57-259. Again, the PUC's goal is to establish a unified process for the review and approval of universal service program design and funding, and universal service cost recovery for natural gas distribution companies and electric distribution companies.

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

No public hearings or informational meetings are planned to be held in regard to these proposed regulations. The PUC's proposed rulemaking order provides for a 30-day comment period beginning on the date of publication of the order in the *Pennsylvania Bulletin*. This comment period will provide an opportunity for public input before the proposed regulations are finalized.

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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.

At present, distribution companies file universal service and energy conservation plans for PUC review and approval, and report information related to those programs to the PUC on an annual basis. See 52 Pa. Code §§ 54.74 - 54.75 and §§ 62.4 - 62.5. The proposed regulations integrate these existing reporting, record keeping and paperwork requirements into a unified process for PUC's review and approval of the design, funding and cost recovery for universal service programs. The expansion of the annual reporting requirement will aid in determining the proper program funding to ensure the availability of universal service for the company's low income customers and will facilitate the identification and recovery of prudently incurred costs for the company. The original reporting requirements for natural gas distribution companies were adopted December 15, 2000, effective December 16, 2000. See 30 Pa.B. 6430. The original reporting requirement for electric distribution companies was adopted August 7, 1998, effective August 8, 1998, 28 Pa.B. 3793. The PUC has not issued a standard form for use in making these reports and does not plan to issue a standard form for these reports.

(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.

The purpose of the proposed rulemaking is to establish a unified process by which the PUC could review and approve Customer Assistance Programs. The process will ensure that universal service is available for low income electric and natural gas customers.

For residential customers from which CAP costs will be recovered, the proposed regulations contain provisions that will help to control costs for providing universal service. These provisions are best described as cost control features and include rules that govern CAP enrollment, CAP participation and dismissal from the CAP. Other features for controlling CAP costs have been in place as guidelines for CAP design in the PUC policy statement on Customer Assistance Programs at §§ 69.261-69.267. The CAP policy statement is being revised in conjunction with this proposed rulemaking and has been submitted for concurrent regulatory review at Docket No. M-0072036/57-259.

The unified process proposed for the review, approval and funding universal service programs and for cost recovery by the distribution companies is designed to provide due process to all parties and to ensure that cost recovery is authorized only for those costs prudently incurred by the distribution company in the provision of universal service.

(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?

The effective date of the proposed regulations will be the date of publication of the final regulations in the *Pennsylvania Bulletin*. The existing universal service and energy conservation reporting requirement at Sections 54.74 (electric) and 62.4 (natural gas), already required distribution companies to file plans on a triennial basis on a schedule established by the PUC. This schedule will be continued under the proposed regulations for each distribution company.

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

A schedule for continual review of the proposed regulations is unnecessary as they were written to be consistent with the Public Utility Code, PUC and Pennsylvania case law on the subject and other applicable PUC regulations, and will be reviewed, revised, updated or deleted by the PUC on an as needed basis.

FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU

(Pursuant to Commonwealth Documents Law)

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Copy below is hereby approved as to form and
legality. Attorney General.

Amy M. Elliott

(DEPUTY ATTORNEY GENERAL)

NOV 14 2007

DATE OF APPROVAL

Check if applicable
Copy not approved. Objections attached

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Pennsylvania Public Utility Commission
(AGENCY)

DOCUMENT/FISCAL NOTE NO. L-00070186/57-257

DATE OF ADOPTION August 30, 2007

BY *James J. McNulty*
James J. McNulty

TITLE *Secy*
(SECRETARY)

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independent Agencies.

Brian R. Pankiw

Brian R. Pankiw
Chief Counsel

8-30-07
DATE OF APPROVAL

Check if applicable. No Attorney General
approval or objection within 30 days after
submission.

L-00070186/57-257
Proposed Rulemaking
Relating to Universal Service and Energy Conservation
Reporting Requirements and
Customer Assistance Programs
52 Pa. Code, Chapters 54, 62 and 76

The Pennsylvania Public Utility Commission on August 30, 2007, adopted a proposed rulemaking order which establishes a unified process by which the level of funding for each NGDC and EDC could be determined in conjunction with the Commission's review of the company's universal service and energy conservation plan. The contact persons are Michael Smith, BCS, 783-3232 and Patricia Krise Burket, Law Bureau, 787-3464.

EXECUTIVE SUMMARY
L-00070186/57-257

Universal Service, Energy Conservation Reporting Requirements
And Customer Assistance Programs

52 Pa. Code Sections 54.71 – 54.78; 62.1 – 62.8 and 76.1 – 76.6

On December 15, 2005, the Pennsylvania Public Utility Commission (PUC) issued an order closing its investigation on universal service funding for electric distribution companies and natural gas distribution companies. *Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms*, PUC Docket No. M-00051923. In its order, the PUC directed that a rulemaking be instituted to establish an administrative process in which program funding and cost recovery could be determined in conjunction with the PUC's triennial review of a distribution company's universal service and energy conservation plan.

In its September 4, 2007 proposed rulemaking order, the PUC proposed that its regulations relating to universal service and energy conservation reporting at Sections 54.74 and 62.4 be revised (with other necessary regulations) to create a unified proceeding for the approval of distribution company's CAP designs and funding levels, the determination of recoverable costs and the establishment of a cost recovery mechanism. The proposed revisions require that company plans include customer assistance program (CAP) rules and proposals for universal service cost recovery, and that the plans be submitted as a tariff filing consistent with 52 Pa. Code Chapter 53 (relating to tariffs for non-common carriers). Also it is proposed that the tariff contain rules for applying Low Income Home Energy Assistance Program (LIHEAP) grants to customer accounts.

Other proposed regulations address the implementation of CAPs and control of CAP costs. For example, proposed Section 76.3 (a) would require PUC approval before a company can implement a CAP plan or a permanent or temporary modification to an existing plan. Proposed Section 76.5 (relating to default provisions for failure to comply with program rules) mandates dismissal from CAP participation for the following: the failure to accept usage

reduction services; the failure to verify eligibility requirements; the failure to apply for the LIHEAP; the failure to report changes in income or household size; and the failure to accept free budget counseling offered by the utility. The proposed regulations also address CAP cost recovery and notify the companies that the PUC will consider timeliness of collection activities in evaluating costs claimed for recovery.

Housekeeping revisions are also proposed to make shared language mutually consistent in sections 54.71 - 54.78 (relating to universal service and energy conservation reporting requirements; electric) and similar regulations at sections 62.1- 62.8 (relating to universal service and energy conservation reporting requirements; natural gas). These proposed revisions are clearly marked in the Annex A.

The contact persons for this proposed rulemaking are Michael Smith, 717-705-0620 (technical), and Patricia Krise Burket, 717-787-3463 (legal).

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held August 30, 2007

Commissioners Present:

Wendell F. Holland, Chairman
James H. Cawley, Vice Chairman
Terrance J. Fitzpatrick
Tyrone J. Christy
Kim Pizzingrilli

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

Docket No. L-00070186

PROPOSED RULEMAKING ORDER

BY THE COMMISSION:

In the *Final Investigatory Order in Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms*, Order entered December 18, 2006 at Docket No. M-00051923, the Commission directed, *inter alia*, that a rulemaking be instituted to revise its regulations at 52 Pa. Code § 54.74 and § 62.4. The purpose of the rulemaking would be to establish a unified process by which the level of funding for each natural gas distribution company and electric distribution company could be determined in conjunction with the Commission's triennial review of the company's universal service and energy conservation plan. By this order, we initiate this rulemaking.

DISCUSSION

Background

On December 15, 2005, the Commission initiated an investigation with the purpose of developing general standards for appropriately funding universal service programs, including Customer Assistance Programs (“CAPs”) for electric distribution companies (“EDCs”) and natural gas distribution companies (“NGDCs”). In its December 15, 2005 order, the Commission requested comments on the types of cost recovery mechanisms that best allow utilities to “fully recover” universal service costs and on the following CAP design elements: consumption limits, maximum energy burdens, maximum CAP benefits, default provisions, restoration provisions, timely collections for delinquent CAP accounts, minimum CAP budgets, eligibility and income verification, arrearage forgiveness and coordination of energy assistance benefits. *See Policy Statement on Customer Assistance Programs*, 52 Pa. Code §§ 69.261-69.267.

Written comments were filed by 40 interested parties.¹

¹ The commenters were as follows: Energy Association of Pennsylvania, Office of Consumer Advocate, Department of Public Welfare, Office of Trial Staff, Dollar Energy Fund, Inc., Office of Small Business Advocate, City of Philadelphia - Mayor’s Office – Consumer Affairs, Action Alliance of Senior Citizens of Southeastern Pennsylvania, through counsel Community Legal Services, Inc. and the Pennsylvania Utility Law Project (collectively, “Action Alliance”), Allegheny Power, Duquesne Light Company, Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company, PECO Energy Company, PPL Electric Utilities Corporation and PPL Gas Utilities, Columbia Gas of Pennsylvania, Inc., Peoples Natural Gas Company d/b/a Dominion Peoples, Equitable Gas Company, National Fuel Gas Distribution Corporation, PG Energy, Philadelphia Gas Works, Valley Energy, Inc., Citizens’ Electric Company of Lewisburg PA, and Wellsboro Electric Company, UGI Utilities, Inc., T.W. Phillips Gas and Oil Co., Pennsylvania Association of Community Organizations for Reform Now, Energy Coordinating Agency of Philadelphia, Inc., AARP Pennsylvania, and the Industrial Energy Consumers of Pennsylvania, the Columbia Industrial Intervenors, the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance, the Philadelphia Area Industrial Energy Users Group, the Philadelphia Industrial and Commercial Gas Users Group, the PP&L Industrial Customer Alliance, the UGI Industrial Intervenors, the West Penn Power Industrial Intervenors, and Senator LeAnna M. Washington, 4th District.

On December 18, 2006, the Commission entered its *Final Investigatory Order* that directed *inter alia* that a rulemaking proceeding be initiated to amend:

[Commission] regulations at 52 Pa. Code § 54.74 and § 62.4 to establish a triennial review process that takes the form of a tariff filing and addresses CAP program funding, design criteria and cost recovery on a case-by-case basis. This proposed rulemaking will address surcharge adjustments, the types of costs to be included in the surcharge as well as the recognition of CAP savings, if any, as offsetting some of these costs. This proposed rulemaking will also address how utilities will provide for the application of LIHEAP cash grants.

Additionally, the proposed rulemaking will address the issues of Default Provisions for Failure to Comply with Program Rules and Timely Collections as discussed within the body of this order.

Final Investigatory Order, pp. 68-69.

The instant proposed rulemaking order has been drafted to revise current Commission regulations so that they are consistent with these directives.²

**Establishment of a Triennial Review Process
for Review of CAP Design, and
Tariff Filings Relating to Funding and Cost Recovery**

In the *Final Investigatory Order*, the Commission refrained from establishing a uniform level of universal service funding for every distribution company. Instead the Commission determined that the review of the adequacy of universal service funding for each company would be accomplished on a case-by-case basis in conjunction with the established triennial review of the company's universal service program under 52 Pa. Code §§ 54.74 and 62.4.

² In order to revise Sections 54.74 and 62.4 consistent with the direction given in the Final investigatory Order, it was necessary to revise other related regulations. Although these additional revisions are not expressly discussed in this order, they are clearly marked in Annex A and proposed subject to comment by interested parties.

Final Investigatory Order, p. 5. The rationale for this decision was cost containment:

It is critically important that the Commission move toward a comprehensive, integrated consideration of CAP designs and CAP cost recovery. The total statewide cost of CAP programs has increased dramatically over the past several years. Since the year 2000, this cost has risen from \$69.6 million in 2000 to \$242.8 million in 2005,³ an increase of 249 percent. To illustrate the cost impact on paying customers, in 2005 the average electric customer was billed an extra \$25.83 for universal service programs; the average natural gas customer paid an extra \$60.78 (CAP programs constitute roughly 90 percent of a utility's universal service costs). If energy prices continue to increase, so will the cost of these programs. In order to balance the interests of beneficiaries of CAP programs with the interests of paying customers, the Commission must begin to consider CAP designs and recovery of CAP costs at the same time.

In order to remedy this truncated consideration of CAP issues, we direct that Commission regulations be amended so that (1) a utility's CAP rules are placed in its tariff, (2) the triennial update filing take the form of a tariff filing and (3) adjustments to the CAP surcharge be addressed in the same tariff filing.

Using this process,⁴ the Commission can consider the rate implications of changes to a company's CAP proposed by affected parties and recommended by staff, and can establish with greater certainty the appropriate funding level to ensure availability of universal service throughout the company's service territory.

Final Investigatory Order, pp. 19-20 (footnote in the original).

These figures were provided by the Bureau of Consumer Services as supplied by the electric and gas utilities.

⁴ A similar process was adopted by the Commission in its order that consolidated a contested settlement in Dominion Peoples' tariff filing with its triennial CAP filing and assigned the proceeding for hearing to the OALJ. See Commission order entered July 31, 2006 re: *Dominion Peoples' Universal Service and Energy Conservation Plan Submission Pursuant to 52 Pa. Code § 62.4*, Docket No. M-00051880; *Pa. PUC, OSBA v. The Peoples Natural Gas Company d/b/a Dominion Peoples*, Docket No. R-00051093, R-00051093C0001.

Consistent with the discussion in the *Final Investigatory Order*, Sections 54.74 and 62.4 have been amended to establish the review process for CAP review and funding. These sections have also been revised to require that triennial filings, including CAP rules and proposals for cost recovery, be submitted as a tariff filing consistent with Commission regulations at 52 Pa. Code ch. 53 (relating to tariffs for noncommon carriers).⁵ These sections have also been revised to require that the tariff contain a method for applying LIHEAP grants.⁶ See Annex A, pp. 4-8, and 15-18.

Prior Commission Approval

Proposed Section 76.3 establishes that prior Commission approval is required before the distribution company can implement a CAP plan, or a revision or modification of an existing CAP program. This requirement for prior Commission approval also applies when there is a temporary modification to maintain the operation of an established CAP. Specifically, Section 76.3(b) requires that, when a temporary modification must be made, the distribution company must file an application for special permission to file a tariff revision or supplement on less than statutory notice consistent with the requirements of 52 Pa. Code § 53.102 (relating to exception to the requirement for statutory notice) and § 53.103 (relating to concurrently furnished information). To ensure due process, the distribution company is required to serve a copy of the application including the supporting information on the Office of Consumer Advocate, the Office of Trial Staff, and other advocates for low income customers, and to provide a copy of the filing to BCS. See Section 76.3, Annex A, p. 24.

⁵ Housekeeping and style changes have also been proposed to these sections. Because these changes are fairly obvious and clearly marked in Annex A, they are not discussed in detail here.

⁶ See *Final Investigatory Order*, p. 66.

Default Provisions for Failure to Comply with Program Rules

In the Final Investigatory Order, the Commission directed the promulgation of regulations that would establish rules for dismissal of customers from Customer Assistance Programs.

After reviewing the comments, we believe that failure to accept usage reduction services and failure to verify or certify eligibility are two of the reasons that may lead to dismissal from CAP for not complying with program rules. We believe that the following additional program rules should also be included and also should result in dismissal from the CAP if not complied with:

- (1) Failure to apply for LIHEAP;
- (2) Failure to report changes in income and household size; and
- (3) Failure to accept free budget counseling offered by the utility.⁷

We believe that each of the above-listed rules is justified on the basis that it makes the CAP programs more “cost effective.” They also seem to be fair requirements for customers receiving the benefits of CAP without placing an unreasonable burden upon them.

Final Investigatory Order, pp. 51-52.

The Commission did decide, however, that failure to allow for a meter reading will not be proposed as a reason for dismissal from a CAP. *See Final Investigatory Order* at p. 52, fn 34.

We have added the default provisions for failure to follow CAP rules in new section 76.5. *See Annex A*, pp. 25-26.

⁷ Failure to apply for LIHEAP is a newly-proposed default provision; however, the other two additional program rules are included in the existing CAP Policy Statement. 52 Pa. Code §69.265(7).

Coordination of Energy Assistance Benefits Application of LIHEAP Cash Payments

Coordination of benefits refers to the manner in which a LIHEAP (Low Income Heating Energy Assistance Program) grant is applied to a customer's account. In the *Final Investigatory Order* the Commission concluded that:

[d]irecting utilities on how to apply LIHEAP cash grants requires making a policy decision. The basic choice here affects who benefits and pays for these programs. By initiating a change directing that the LIHEAP cash benefits are used to reduce a customer's monthly CAP budget or a customer's preprogram arrearage allows the individual CAP customer to receive the benefit of such a grant, while the customers who are not beneficiaries of CAP programs will most likely end up contributing more to support CAP programs.

Instead of establishing an inflexible standard in a regulation directing how LIHEAP cash benefits are to be applied, the Commission will address this issue on a case-by-case basis in the tariff filing as part of the triennial review process. As a result, Section 69.265(9) of the CAP statement of policy should be amended accordingly. Additionally, with the tariff filing as part of the triennial review process, each utility's tariff must provide for the method of application of LIHEAP cash grants.

Final Investigatory Order, p. 66.

In accordance with this direction, Section 54.74 and 62.4 have been revised by adding new subsections 54.74(b)(2)(iv) and 62.4 (b)(2)(iv), respectively to require that a distribution company propose a tariff rule dealing with the application of LIHEAP grants to CAP customer accounts. *See Annex A*, pp. 7 & 17.

Timely Collection Efforts

Issues related to timely collection efforts on the part of the distribution companies are to be addressed in this proposed rulemaking. The *Final Investigatory Order* discusses the need for timely collection as follows:

Although we find that Chapter 14 cannot be used to limit the amount of termination notices or reconnection requirements, we believe that utilities should focus equally on both timely payments and timely collections. In most situations, failing to take timely collection action on multiple months of missed CAP payments is not cost effective and, therefore, is unreasonable. Therefore, while customers have the responsibility to consistently pay their monthly bills on time, utilities also should initiate timely collection actions when customers fall behind on their monthly CAP obligations. Failure to do so may result in a denial of cost recovery if the Commission were to conclude that certain costs were imprudent. A regulation consistent with the language delineated above should be proposed.

Final Investigatory Order, p. 58.

New Section 76.4 addresses categories of CAP costs that may be recovered by a distribution company. To qualify for recovery, the costs must be prudently incurred and reasonable in amount, as is standard under Pennsylvania law, and include the following cost categories: CAP credits given to participants, preprogram acreage forgiveness, administrative costs, and taxes and other costs that can be proven to be associated with the distribution company's CAP. *See* Section 76.4(b) at Annex A, p. 25. In addition, there may be cost savings to the distribution company as a consequence of a successfully operating CAP that should be considered. To address these potential cost savings, subsection (c) requires the distribution company to identify savings that would offset costs in certain operational areas, including collection. *See* Section 76.4(c), Annex A, p. 25. The timeliness of a distribution company's collection activities will be considered in evaluating the reasonableness of costs claimed for recovery. *See* Section 76.4(d), Annex A, p. 25.

The basis for proposed Section 76.4(d) is simple. The costs of CAPs are borne by all residential customers and timely collection of overdue customer accounts, including those of CAP customers, decrease the overall cost of these programs. In enacting Chapter 14 of the Public Utility Code, 66 Pa.C.S. §§ 1401-1418 (relating to responsible utility customer protection), the General Assembly recognized the need to provide

“protections against rate increases for timely paying customers resulting from other customers’ delinquencies.” 66 Pa.C.S. § 1402(2). To ensure this protection, the General Assembly provided the distribution companies with “an equitable means to reduce their uncollectible accounts by modifying the procedures for delinquent account collections and by increasing timely collections.” 66 Pa.C.S. § 1402(3). For these reasons, we have proposed that prudently incurred operational expenses related to collection activities may be recoverable by surcharge. However, consistent with 66 Pa.C.S. § 1408, we have specifically excluded the recovery by surcharge of uncollectible expenses. *See* Section 76.4(e), Annex A, p. 25.

CONCLUSION

As a result of our investigation into funding levels and cost recovery for Customer Assistance Programs, we propose to amend Commission regulations at 52 Pa. Code §§ 54.71-54.78 (relating to universal service and energy conservation reporting requirements for electric distribution companies) and § 62.1-62.8 (relating to universal service and energy conservation reporting requirements for natural gas distribution companies). We also propose to promulgate new regulations at 52 Pa. Code § 76.1-76.6 (relating to customer assistance programs) as set forth in Annex A. All interested parties are invited to submit comments on the proposals set forth in Annex A. Persons submitting comments are requested to provide supporting justification for requested revisions and proposed regulatory language.

Accordingly, under Sections 501, 1501, 2202, 2203 (8) and 2801-2812 of the Public Utility Code, 66 Pa. C.S. §§ 501, 1501, 2202, 2203 (8) and 2801-2812; Sections 201 and 202 of the Act of July 31, 1968, P.L. 769 No. 240, 45 P.S. §§ 1201-1202, and the regulations promulgated thereunder at 1 Pa. Code §§ 7.1, 7.2, and 7.5; section 204(b) of the Commonwealth Attorneys Act, 71 P.S. 732.204(b); Section 745.5 of the Regulatory Review Act, 71 P.S. § 745.5; and Section 612 of the Administrative Code of 1929, 71

P.S. § 232, and the regulations promulgated thereunder at 4 Pa. Code §§ 7.231-7.234, we are considering adopting the proposed regulations set forth in Annex A, attached hereto; **THEREFORE,**

IT IS ORDERED:

1. That the proposed amendments to 52 Pa. Code Chapters 54 and 62 and the proposed addition of 52 Pa. Code Chapter 76 as set forth in Annex A, be issued for comment.

2. That the Secretary shall submit this Order and Annex A to the Office of Attorney General for review as to form and legality and to the Governor's Budget Office for review of fiscal impact.

3. That the Secretary shall submit this Order and Annex A for review and comments to the Independent Regulatory Review Commission and the Legislative Standing Committees.

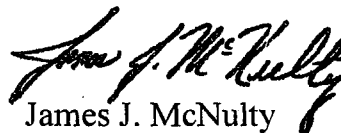
4. That the Secretary shall certify this Order and Annex A and deposit them with the Legislative Reference Bureau to be published in the *Pennsylvania Bulletin*.

5. That an original and 15 copies of written comments referencing the docket number of the proposed regulations be submitted within 60 days of publication in the *Pennsylvania Bulletin* to the Pennsylvania Public Utility Commission, Attn.: Secretary, P.O. Box 3265, Harrisburg, PA 17105-3265. To facilitate posting, all filed comments shall be forwarded via electronic mail to Michael Smith, at michasmit@state.pa.us, Patricia Krise Burket, at pburket@state.pa.us and Cyndi Page at cypage@state.pa.us.

6. That a copy of this Order and Annex A shall be served on all jurisdictional electric distribution companies, all natural gas distribution companies, all licensed electric generation suppliers, all licensed natural gas suppliers, the Office of Trial Staff, the Office of Consumer Advocate, and the Office of Small Business Advocate, and all other parties of record in the *Investigation into Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms* at Docket No. M-00051923.

. That the contact persons for this Proposed Rulemaking are Michael Smith, Consumer Policy Analyst, Bureau of Consumer Services, 717-783-3232 (technical), and Patricia Krise Burket, Law Bureau, 717-787-3464 (legal). Alternate formats of this document are available to persons with disabilities and may be obtained by contacting Sherri DelBiondo, Regulatory Coordinator, Law Bureau, 717-772-4597, sdelbiondo@state.pa.us.

BY THE COMMISSION,



James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: August 30, 2007

ORDER ENTERED: **SEP 04 2007**

ANNEX A

TITLE 52

PUBLIC UTILITIES

PART I. PUBLIC UTILITY COMMISSION

Subpart C. FIXED SERVICE UTILITIES

CHAPTER 54. ELECTRICITY GENERATION
CUSTOMER CHOICE

**Subchapter C. UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN:
REVIEW, FUNDING AND REPORTING REQUIREMENTS**

§ 54.71. Statement of purpose and policy.

The requirements of 66 Pa.C.S. § [Section] 2804(9) [of the code] (relating to standards for [restructuring] restructuring of electric industry) [mandates] mandate that the Commission ensure universal service and energy conservation policies, activities and services for residential electric customers are appropriately funded and available in each EDC territory. This subchapter establishes a unified process which allows the Commission, in the context of its review of an EDC's universal service and energy conservation plan, to approve an adequate level of program funding, to determine the types and amount of program costs recoverable from residential customers and to approve a mechanism for full cost recovery. This subchapter requires covered EDCs to establish uniform reporting requirements for universal service and energy conservation policies, programs and protections and to report this information to the Commission.

§ 54.72. Definitions.

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

BCS--Bureau of Consumer Services.

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 electric utility services] A plan implemented by a distribution company for the purpose of providing universal service and energy conservation services to low income customers, in which the customers shall:

- (i) Make monthly payments based on household income and household size.
- (ii) Comply with specific responsibilities in order to remain eligible for the program.

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 [and kinds] of referrals and number of customers accepted into [to] CARES.

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

Confirmed [low-income] low income residential account—Accounts where the EDC has obtained information that would reasonably place the customer in a [low-income] 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 in § 56.97(b) (relating to procedures upon rate-payer or occupant contact prior to termination).

Distribution company--A natural gas distribution company or an electric distribution company.

EDC—*Electric distribution company*—The [public utility] distribution company providing facilities for the jurisdictional transmission and distribution of electricity to retail customers, except building or facility owners/operators that manage the internal distribution system serving the building or facility and that supply electric power and other related electric power services to occupants of the building or facility.

LIHEAP – Low Income Home Energy Assistance Program—A federally funded program that provides financial assistance in the form of cash and crisis grants to low income households for home energy bills and is administered by the Department of Public Welfare.

LIURP—[Low-income usage reduction program] Low Income Usage Reduction Program— A [An energy usage reduction] program that assists [low-income] low income customers to conserve energy and reduce residential energy bills established by a distribution company consistent with 52 Pa. Code § 58.1- § 58.18.

[Low-income] Low income customer—A residential utility customer whose gross household income is at or below 150% of the Federal poverty guidelines. Gross household income does not include the value of food stamps or other noncash income.

Outreach referral contacts—[Addresses and telephone numbers] An 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 EDC's service territory, if applicable.

Payment rate—[Payment rate is the] 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 1-year period or has received a termination notice.

Residential account in arrears—A residential account that is at least 30 days overdue. This classification includes all customer accounts which have payment arrangements.

Successful payment arrangements—A payment arrangement in which the agreed upon number of payments have been made in full in the [preceeding] preceding 12 months.

Universal service and energy conservation—[Policies, protections and services that help low-income customers to maintain electric service. The term includes customer assistance programs, termination of service protection and policies and services that help low-income customers to reduce or manage energy consumption in a cost-effective manner, such as the low-income usage reduction programs, application of renewable resources and consumer education.] The term as defined in 66 Pa.C.S. § 2803.

§ 54.73. Universal service and energy conservation program goals.

(a) The Commission will determine if the EDC 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] low income customers maintain affordable electric service.

(2) To provide for affordable electric service by making available payment assistance to [low-income] low income customers.

(3) To assist [low-income] low income customers [conserve] in conserving energy and [reduce] reducing residential utility bills.

(4) To establish universal service and energy conservation programs that are operated in a cost-effective and efficient manner in order to minimize overall program costs.

§ 54.74. Review of universal [Universal] service and energy conservation plans, funding and cost recovery.

(a) *Plan submission.*

(1) An [Each] EDC shall submit to the Commission for approval an updated universal service and energy conservation plan in the form of a tariff filing every 3 years [beginning February 28, 2000, on a staggered schedule].

(2) The plan [should cover] shall provide for universal service and energy conservation for the next 3-calendar years.

(3) An EDC shall file its universal service and energy conservation plan in the form of a tariff filing. The tariff filing shall conform with applicable regulations at 52 Pa. Code §§ 53.1 - 53.103 (relating to tariffs for noncommon carriers) and §§ 76.1- 76.6 (relating to customer assistance programs). The plan should state how it differs from the previously approved plan.

(4) An EDC shall consult BCS for advice regarding the design and implementation of its plan at least 30 days prior to submission of the plan to the Commission for approval [The plan should include revisions based on analysis of program experiences and evaluations].

(5) In the proceeding on the plan, the Commission will establish a funding level that balances efforts to ensure the availability of universal service and energy conservation programs throughout an EDC's service territory with the cost of the programs and the rate impact on residential customers that are not enrolled in the programs, and will permit an EDC to recover costs related to universal service and energy conservation from residential customers. The Commission shall approve recovery of CAP costs consistent with 52 Pa. Code § 76.4 [If the Commission rejects the plan, the EDC shall submit a revised plan under the order rejecting or directing modification of the plan as previously filed. If the order rejecting the plan does not state a timeline, the EDC shall file its revised plan within 45 days of the entry of the order.

(6) The Commission will act on the plans within 90 days of the EDC filing date].

(b) [Plan] Tariff contents. The tariff shall include the following information:

(1) A [The components of] universal service and energy conservation plan that may include[the following:] a CAP, LIURP, CARES, Hardship Funds [and] or other programs, policies and protections consistent with Commission orders, regulations and other applicable law. For each component of [universal service and energy conservation,] the plan, [shall include, but not be limited to,] the following information shall be submitted:

[(1)] (i) [Program] The program description including an explanation of the manner and the extent to which the universal service or energy conservation component operates in an integrated manner with other components of the plan to accomplish the goals stated at section 54.73.

[(2)] (ii) [Eligibility] The eligibility criteria.

[(3)] (iii) [Projected] The projected needs assessment. The needs assessment shall include:

(A) The number of identified low income customers.

(B) An estimate of low income customers.

(C) The number of identified payment troubled, low income customers.

(D) An estimate of payment troubled, low income customers.

(E) The number of customers who still need LIURP services and the cost to serve that number.

(F) The enrollment size of CAP to serve all eligible customers.

[(4)] (iv) [Projected] The projected enrollment levels.

[(5)] (v) [Program] The program budget.

[(6)] (vi) [Plans] The plans to use community-based organizations.

[(7)] (vii) [Organizational] The organizational structure of staff responsible for universal service programs.

[(8)] (viii) [Explanation] An explanation of [any] differences between the EDC's approved plan and the implementation of that plan. The [EDC] plan must [should] include a proposal [plan] to address the identified [those] differences. When an EDC has not implemented all of the provisions of an approved plan, the EDC shall provide a justification for that failure and plans for corrective action. When an EDC is requesting approval of a revised plan, the EDC shall provide a justification of the revisions in its request for approval.

(ix) A description of outreach and intake efforts, including the specific steps used to identify low income customers with arrears and to enroll them in appropriate universal service and energy conservation programs.

(2) Program rules. The tariff shall contain rules that apply to the universal service and energy conservation programs. The rules shall be consistent with the Public Utility Code, applicable Commission regulations, orders, and other applicable law. The rules shall address:

- (i) Program eligibility.
- (ii) Enrollment process.
- (iii) Customer responsibilities for continued program participation.
- (iv) Coordination of energy assistance benefits including the application of LIHEAP grants.
- (v) Arrearage forgiveness.
- (vi) Dismissal from the program, including default rules at section 76.5.
- (vii) Re-instatement to the program.
- (viii) Termination of service.
- (ix) Restoration of service.
- (x) Treatment of CAP customers who become income ineligible for continued participation.
- (xi) Other matters required for the implementation and operation of the program.

(3) Documentation in support of funding and cost recovery for universal service and energy conservation. The tariff filing shall contain documentation of costs for the EDC's existing universal service and energy conservation program and a projection of costs for the next 3 years. The cost projection shall take into account changes proposed to be made to the programs and the impact of their implementation on costs. The tariff filing shall contain documentation of cost-savings that result from customer participation in these programs, to the extent such savings exist.

(4) Surcharge. An EDC may propose a surcharge pursuant to 66 Pa.C.S. § 1307 (relating to sliding scale of rates; adjustments to surcharge) to provide for full recovery of universal service and energy conservation costs. The surcharge may be subject to annual reconciliation or may be adjusted prospectively on a quarterly basis as required by

changes in the level of costs incurred. When a surcharge is proposed, the tariff filing shall contain:

(i) A description of the surcharge, a list of the specific costs proposed for recovery, and, when applicable, an adjustment mechanism. Consistent with 66 Pa.C.S. § 1408 (relating to surcharges for uncollectible expenses prohibited), the surcharge shall not recover uncollectible expenses.

(ii) A statement of the time period after which the surcharge becomes effective for service referenced from the date of the filing of the tariff.

(iii) Calculations based on current and projected costs that support the use of the surcharge and the adjustment mechanism, when applicable.

(iv) A statement that the surcharge is applicable only to residential customers.

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

[Each] An EDC 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 EDC 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, 2001]. Where noted, the data shall be reported by classification of accounts as total residential customers and confirmed low income residential customers. [Each] An EDC'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, EDCs should 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 12 months covered by the report, by classification of accounts.

(v) The total dollar amount of annual residential revenues by classification of accounts.

(vi) The total number of residential accounts in arrears and on payment agreements by month for the 12 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 12 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 12 months covered by the report, by classification of accounts.

[(vi)] (ix) The total dollar amount of residential accounts in arrears and not on payment agreements by month for the 12 months covered by the report, by classification of accounts.

[(vii)] (x) The total number of residential customers who are payment troubled by month for the 12 months covered by the report, by classification of accounts.

[(viii)] (xi) The total number of terminations completed by month for the 12 months covered by the report, by classification of accounts.

[(ix)] (xii) The total number of reconnections by month for the 12 months covered by the report, by classification of accounts.

[(x)] (xiii) The total number of [low-income] low income households. EDCs may estimate this number using census data or other information the EDC finds appropriate.

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

(i) For [each] a 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 [age] 18 years of age and [over age] 62 years of age or older, [family] household size, income and source of income.

(C) Participation levels by month for the 12 months covered by the report.

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

(E) The number of program participants participating in two or more of the EDC'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 at § 58.15 (relating to program evaluation).

(I) *LIURP* reporting data shall be due annually by April 30.

(II) Actual [production] number of completed jobs and spending data for the recently completed program year and projections for the current year shall be due annually by the end of February.

(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.

§ 54.76. Evaluation reporting requirements.

- (a) [Each] An EDC shall select, after conferring with BCS, [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 EDC.
- (b) [The first impact evaluation will be due beginning October 31, 2002, on a staggered schedule. Subsequent evaluation reports shall be presented to the EDC and the Commission at no more than 6 year intervals]. An EDC shall submit an impact evaluation report to the Commission every 6 years. When an EDC is required to submit an impact evaluation in the same year as it is required to file its universal service and energy conservation plan, the EDC shall file the impact evaluation report 6 months prior to the filing date for the universal service and energy conservation plan.
- (c) To ensure an independent evaluation, neither the EDC nor the Commission shall exercise control over content or recommendations contained in the independent evaluation report. The EDCs may [provide] submit to the Commission [with] a companion report that expresses where [they agree or disagree] there is agreement or disagreement with the independent evaluation report content or recommendations.
- [(d) An independent third-party evaluator shall conduct the impact evaluation.]

§ 54.77. Electric distribution companies with less than 60,000 residential accounts.

[Beginning March 1, 2000, each] An EDC with less than 60,000 accounts shall report to the Commission every 3 years the following information in lieu of the requirements in §§ 54.74—54.76 (relating to universal service and energy conservation plans; annual residential collection and universal service and energy conservation program reporting requirements; and evaluation reporting requirements):

- (1) The universal service and energy conservation plan.
- (2) Expenses associated with [low-income] low income customers.
- (3) A description of the universal service and energy conservation services provided to [low-income] low income residential customers.
- (4) The number of services or benefits provided to [low-income] low income residential customers.
- (5) The dollar amount of services or benefits provided to [low-income] low income residential customers.

CHAPTER 62. NATURAL GAS SUPPLY CUSTOMER CHOICE

**Subchapter A. UNIVERSAL SERVICE AND ENERGY CONSERVATION
PLAN: REVIEW, FUNDING AND 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 NGDC territory. This subchapter establishes a unified process which allows the Commission, in the context of its review of

a NGDC's universal service and energy conservation plan, to approve an adequate level of program funding, to determine the types and amount of program costs recoverable from residential customers and to approve a mechanism for full cost recovery. 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:

BCS--Bureau of Consumer Services.

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] A plan implemented by a distribution company for the purpose of providing universal service and energy conservation services to low income customers, in which the customers shall:

- (i) Make monthly payments based on household income and household size.
- (ii) Comply with specific responsibilities in order to remain eligible for the program.

[CARES benefits—The number of referrals and number of customers accepted into CARES.]

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 CARES.

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

Confirmed [low-income] low income residential account—Accounts where the NGDC has obtained information that would reasonably place the customer in a [low-income] low income designation. This information may include receipt of LIHEAP funds ([Low-Income] Low Income Home Energy Assistance Program), self-certification by the customer, income source or information obtained in § 56.97(b) (relating to procedures upon rate-payer or occupant contact prior to termination).

LIHEAP – Low Income Home Energy Assistance Program—A federally funded program that provides financial assistance in the form of cash and crisis grants to low income households for home energy bills and is administered by the Department of Public Welfare.

LIURP—[Low-income] Low Income Usage Reduction Program—An energy usage reduction program that helps [low-income] low income customers to conserve energy and reduce residential energy bills established by a distribution company consistent with 52 Pa. Code § 58.1 - § 58.18.

[Low-income] Low income customer—A residential utility customer whose gross household income is at or below 150% of the Federal poverty guidelines. Gross household income does not include the value of food stamps or other noncash income.

Payment troubled—A household that has failed to maintain one or more payment arrangements in a 1-year period or has received a termination notice.

§ 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] low income customers maintain affordable natural gas service.

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

(3) To [help low-income] assist low income customers [conserve] in conserving energy and [reduce] reducing residential utility bills.

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

§ 62.4. Review of [Universal] universal service and energy conservation plans, funding and cost recovery.

(a) *Plan submission.*

(1) A [Each] NGDC shall submit to the Commission for approval an updated universal service and energy conservation plan in the form of a tariff filing every 3 years [beginning February 28, 2002, on a staggered schedule].

(2) The plan [should cover] shall provide for universal service and energy conservation for the next 3-calendar years.

(3) A NGDC shall file its universal service and energy conservation plan in the form of a tariff filing. The tariff filing shall conform with applicable regulations at 52 Pa. Code §§ 53.1 – 53.103 (relating to tariffs for noncommon carriers) and §§ 76.1 – 76.6 (relating to customer assistance programs). The plan should state how it differs from the previously approved plan.

(4) A NGDC shall consult BCS for advice regarding the design and implementation of its plan at least 30 days prior to submission of the plan to the Commission for approval [The plan should include revisions based on analysis of program experiences and evaluations].

(5) In the proceeding on the plan, the Commission will establish a funding level that balances efforts to ensure the availability of universal service and energy conservation programs throughout a NGDC's service territory with the cost of the programs and the rate impact on residential customers that are not enrolled in the programs, and will permit a NGDC to recover costs related to universal service and energy conservation from

residential customers. The Commission shall approve recovery of CAP costs consistent with 52 Pa. Code § 76.4[The Commission will act on the plans within 90 days of the NGDC filing date.

(6) If the Commission rejects the plan, the NGDC shall 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 shall file its revised plan within 45 days of the entry of the order].

(b) [Plan] Tariff contents. The tariff shall contain the following information:

(1) A [The components of] universal service and energy conservation plan that may include [the following:] a CAP, LIURP, CARES, Hardship Funds [and] or other programs, policies and protections consistent with Commission orders, regulations and other applicable law. For each component of [universal service and energy conservation,] the plan, [shall include] the following information shall be submitted:

[(1)] (i) The program description [that includes a description of the program rules for each program component] including an explanation of the manner and the extent to which the universal service or energy conservation component operates in an integrated manner with other components of the plan to accomplish the goals stated at section 62.3.

[(2)] (ii) The eligibility criteria [for each program component].

[(3)] (iii) 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:

(A) [the] The number of identified [low-income] low income customers. [and]

(B) [an] An estimate of [low-income] low income customers.[, the]

(C) The number of identified payment troubled, [low-income] low income customers.[, an]

(D) An estimate of payment troubled, [low-income] low income customers.[, the]

(E) The number of customers who still need LIURP services and the cost to serve that number.[, and the]

(F) The enrollment size of CAP to serve all eligible customers.

[(4)] (iv) The projected enrollment levels [for each program component].

[(5)] (v) The program budget [for each program component].

[(6)] (vi) The plans to use community-based organizations [for each program component].

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

[(8)] (viii) An explanation of [any] differences between the NGDC's approved plan and the implementation of that plan. The plan must include a proposal to address the identified differences. [If an] When a NGDC has not implemented all of the provisions of an approved plan, the NGDC [should] shall provide a justification for that failure and plans for corrective action. [If an] When a NGDC is requesting approval of a revised plan, the NGDC [should] shall provide a justification of the revisions in its request for approval.

[(9)] (ix) A description of outreach and intake efforts, [for each program component.

(10) An identification of the] including the specific steps used to identify [low-income] 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.]

(2) Program rules. The tariff shall contain rules that apply to the universal service and energy conservation programs. The rules shall be consistent with the Public Utility Code, applicable Commission regulations, orders, and other applicable law. The rules shall address:

(i) Program eligibility.

(ii) Enrollment process.

(iii) Customer responsibilities for continued program participation.

(iv) Coordination of energy assistance benefits including the application of

LIHEAP grants.

- (v) Arrearage forgiveness.
- (vi) Dismissal from the program, including default rules at section 76.5.
- (vii) Re-instatement to the program.
- (viii) Termination of service.
- (ix) Restoration of service.
- (x) Treatment of CAP customers who become income ineligible for continued participation.

(xi) Other matters required for the implementation and operation of the program.

(3) Documentation in support of funding and cost recovery for universal service and energy conservation. The tariff filing shall contain documentation of costs for the NGDC's existing universal service and energy conservation program and a projection of costs for the next 3 years. The cost projection shall take into account changes proposed to be made to the programs and the impact of their implementation on costs. The tariff filing shall contain documentation of cost savings that result from customer participation in these programs, to the extent such savings exist.

(4) Surcharge. A NGDC may propose a surcharge pursuant to 66 Pa.C.S. § 1307 (relating to sliding scale of rates; adjustments to surcharge) to provide for full recovery of universal service and energy conservation costs. The surcharge may be subject to annual reconciliation or may be adjusted prospectively on a quarterly basis as required by changes in the level of costs incurred. When a surcharge is proposed, the tariff filing shall contain:

(i) A description of the surcharge, a list of the specific costs proposed for recovery, and, when applicable, an adjustment mechanism. Consistent with 66 Pa.C.S. § 1408 (relating to surcharges for uncollectible expenses prohibited), the surcharge shall not recover uncollectible expenses.

(ii) A statement of the time period after which the surcharge becomes effective for service referenced from the date of the filing of the tariff.

(iii) Calculations based on current and projected costs that support the use of the surcharge and the adjustment mechanism, when applicable.

(iv) A statement that the surcharge is applicable only to residential customers.

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

(a) [Each] A 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 as total residential customers and confirmed low income residential customers. [Each] A 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 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 12 months covered by the report, by classification of accounts.

(v) The total dollar amount of annual residential revenues by classification of accounts.

(vi) The total number of residential accounts in arrears and on payment agreements by month for the 12 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 12 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 12 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 12 months covered by the report, by classification of accounts.

(x) The total number of residential customers who are payment troubled by month for the 12 months covered by the report, by classification of accounts.

(xi) The total number of terminations completed by month for the 12 months covered by the report, by classification of accounts.

(xii) The total number of reconnections by month for the 12 months covered by the report, by classification of accounts.

(xiii) The total number of [low-income] 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] a 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 household members under 18 years of age and 62 years of age or older, household size, income and source of income.

(C) Participation levels by month for the 12 months covered by the report.

(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 program component.

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

(A) *LIURP* [reporting requirements]. [As] Reporting requirements as established in § 58.15 (relating to program evaluation).

(I) [*LIURP reporting data. Due*] LIURP reporting data shall be due annually by April 30.

(II) [*Actual 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] A NGDC shall select, after conferring with [the Commission's Bureau of Consumer Services] BCS, 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 6-year intervals]. A NGDC shall submit an impact evaluation report to the Commission every 6 years. When a NGDC is required to submit an impact evaluation in the same year as it is required to file its universal service and energy conservation plan, the NGDC shall file the impact evaluation report 6 months prior to the filing date for the universal service and energy conservation plan.

(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] submit to the Commission [with] a companion report that expresses where [they agree or disagree] there is agreement or disagreement with the independent evaluation report content or recommendations.

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

[(a) Beginning June 1, 2003, each] A NGDC with less than 100,000 accounts shall report to the Commission every 3 years the following information in lieu of the requirements in §§ 62.4—62.6 (relating to universal service and energy conservation plans; annual residential collection and universal service and energy conservation program reporting requirements; and evaluation reporting requirements):

- (1) The universal service and energy conservation plan.
- (2) Expenses associated with [low-income] low income customers.

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

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

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

CHAPTER 76. CUSTOMER ASSISTANCE PROGRAMS

§ 76.1. Purpose.

Universal service and energy conservation shall be made available to low income customers throughout a distribution company's territory. To ensure their availability, universal service and energy conservation programs shall be developed and funded individually for each distribution company. To ensure cost effectiveness and compliance with statutory requirements that protect all ratepayers, certain rules shall be consistent for all programs. These rules relate to costs that shall be recovered by the distribution company, customer actions or inactions that shall result in dismissal from participation in a CAP, and billing and collection practices that shall be observed for CAP customers.

§ 76.2. 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--A plan implemented by a distribution company for the purpose of providing universal service and energy conservation services to low income customers, in which the customers shall:

- (i) Make monthly payments based on household income and household size.
- (ii) Comply with specific responsibilities in order to remain eligible for the program.

Distribution company--A natural gas distribution company or an electric distribution company.

LIHEAP-Low Income Home Energy Assistance Program-A Federally funded program that provides financial assistance in the form of cash and crisis grants to low income households for home energy bills and is administered by the Department of Public Welfare.

§76.3 Approval process.

(a) A distribution company shall obtain Commission approval prior to implementing a CAP plan, or a revision or expansion of an existing CAP. A distribution company shall utilize the procedures set forth at section 54.74(a)(3) or section 62.4(a)(3).

(b) When an immediate temporary modification must be made to an existing CAP to maintain its operation, a distribution company shall submit an application for special permission to file a tariff revision or supplement on less than statutory notice consistent with the requirements of 52 Pa. Code § 53.102 (relating to exception to the requirement for statutory notice) and § 53.103 (relating to concurrently furnished information). A copy of the application, including the supporting information, shall be served on the Office of Consumer Advocate, the Office of Trial Staff, and other advocates for low income customers, and provided to BCS. A distribution company shall obtain Commission approval prior to implementing a temporary modification to an existing CAP.

§ 76.4. Recovery of costs of customer assistance programs.

The following considerations shall apply to the recovery of CAP costs by a distribution company:

- (a) CAP costs shall be recoverable only from residential customers.

(b) The following CAP costs are eligible for recovery, if prudently incurred and reasonable in amount:

(1) CAP credits .

(2) Administrative costs, including costs related to collection activities.

(3) Preprogram arrearage forgiveness to the extent that a distribution company can prove that recovery of these costs will not result in double recovery.

(4) Taxes that a distribution company is able to prove are attributable to its CAP.

(5) Other costs that a distribution company is able to prove are attributable to its CAP.

(c) The company shall include, as an offset to cost recovery, cost savings it incurred in the following areas:

(1) Cash working capital.

(2) Bad debt expense.

(3) Credit costs.

(4) Collection costs.

(d) The Commission shall consider the timeliness of a distribution company's collection activities in evaluating the reasonableness of costs claimed for recovery.

(e) A distribution company may propose a surcharge pursuant to 66 Pa.C.S. §1307 (relating to sliding scale of rates; adjustments to surcharge) to provide for full recovery of CAP costs as part of the surcharge permitted by 52 Pa. Code §§ 54.74(b)(4) and 62.4(b)(4)(relating to surcharges for universal service and energy conservation).

§ 76.5. Default provisions for failure to comply with program rules.

(a) The failure of a CAP customer to comply with the following shall result in dismissal from CAP participation:

(1) Failure to apply for LIHEAP.

(2) Failure to verify or certify eligibility.

(3) Failure to report changes in income and household size.

(4) Failure to accept free budget counseling offered by the distribution company.

(5) Failure to accept usage reduction services.

(b) The failure of a CAP customer to make payments shall result in dismissal from CAP participation and may lead to termination of service.

§ 76.6. Restoration of service after termination for nonpayment of CAP bills.

When a CAP customer's service has been terminated for nonpayment, restoration of service shall be governed by 66 Pa.C.S. § 1407 (relating to reconnection of service) and applicable Commission regulations and orders.



PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG, PENNSYLVANIA

WENDELL F. HOLLAND
CHAIRMAN

January 30, 2008

The Honorable Arthur Coccodrilli
Chairman
Independent Regulatory Review Commission
14th Floor, Harristown II
333 Market Street
Harrisburg, PA 17101

Re: L-00070186/57-257
Proposed Rulemaking
Universal Service and Energy Conservation
Reporting Requirements and Customer
Assistance Programs
52 Pa. Code, Chapters 54, 62 and 76

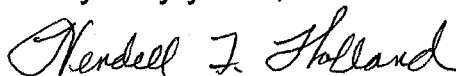
Dear Chairman Coccodrilli:

Enclosed please find one (1) copy of the proposed rulemaking and the Regulatory Analysis Form prepared in compliance with Executive Order 1996-1, "Regulatory Review and Promulgation." Pursuant to Section 5(a) of the Regulatory Review Act of June 30, 1989 (P.L. 73, No. 19) (71 P.S. §§745.1-745.15) the Commission is submitting today a copy of the proposed rulemaking and Regulatory Analysis Form to the Chairman of the House Committee on Consumer Affairs and to the Chairman of the Senate Committee on Consumer Protection and Professional Licensure.

The purpose of this proposal is to establish a unified process by which the level of funding for each NGDC and EDC could be determined in conjunction with the Commission's review of the company's universal service and energy conservation plan. The contact persons are Michael Smith, BCS, 783-3232 and Patricia Krise Burket, Law Bureau, 787-3464.

The proposal has been deposited for publication with the Legislative Reference Bureau.

Very truly yours,



Wendell F. Holland
Chairman

Enclosures

cc: The Honorable Robert M. Tomlinson
The Honorable Lisa Boscola
The Honorable Robert Godshall
The Honorable Joseph Preston, Jr.
Legislative Affairs Director Perry
Chief Counsel Pankiw
Assistant Counsel Burket
Mr. Smith
Regulatory Coordinator DelBiondo
Judy Bailets, Governor's Policy Office

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT
TO THE REGULATORY REVIEW ACT

ID Number: L-00070186/57-257

Subject: Rulemaking Relating to Universal Service and Energy
Conservation Reporting Requirements and Customer
Assistance Programs

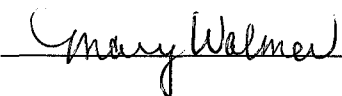
Pennsylvania Public Utility Commission

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

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FILING OF REPORT

<u>Date</u>	<u>Signature</u>	<u>Designation</u>
1/30/08		HOUSE COMMITTEE (Preston) Consumer Affairs
1/30/08		SENATE COMMITTEE (Tomlinson) Consumer Protection and Professional Licensure
1/30/08		Independent Regulatory Review Commission Attorney General Legislative Reference Bureau