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**From:** Knipe, Brian J. [brian.knipe@bipc.com]

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**Sent:** Friday, April 18, 2008 3:01 PM

**To:** Smith, Michael; Burket, Patricia; Page, Cyndi

INDEPENDENT REGULATORY  
REVIEW COMMISSION

**Subject:** Proposed Rulemaking re Universal Service; Docket No. L-00070186 - Comments of Columbia Gas of Pennsylvania, Inc.

Good afternoon. Per Secretary McNulty's April 4, 2008 Notice of Extension of Comment Period, I am attaching Word and pdf copies of the Comments of Columbia Gas of Pennsylvania, Inc. The original and fifteen copies were filed today with the Secretary's Bureau. Please contact me if you have any questions.

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April 18, 2008

**VIA HAND DELIVERY**

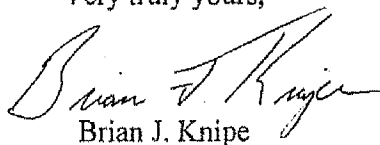
James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
Harrisburg, PA 17120

Re: *Re: 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*

Dear Secretary McNulty:

I have enclosed the original and sixteen (16) copies of *Comments of Columbia Gas of Pennsylvania, Inc*. Please file the original and fifteen (15) copies and date stamp the extra copy. Thank you for your assistance.

Very truly yours,



Brian J. Knipe

For BUCHANAN INGERSOLL & ROONEY, P.C.

BJK/asm

Enclosures

cc: Michael Smith (via e-mail [michasmit@state.pa.us](mailto:michasmit@state.pa.us), w/encl.)  
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Cyndi Page (via e-mail [cypage@state.pa.us](mailto:cypage@state.pa.us), w/encl.)

#1024486-v1

California :: Delaware :: Florida :: New Jersey :: New York :: Pennsylvania :: Virginia :: Washington, DC

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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**COMMENTS OF COLUMBIA GAS OF PENNSYLVANIA, INC.**

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**A.    INTRODUCTION**

Columbia Gas of Pennsylvania, Inc. ("Columbia"), by and through its attorneys, submits its comments in response to the Commission's Proposed Rulemaking Order and Annex A attached thereto, entered on September 4, 2007, and published in the *Pennsylvania Bulletin* on February 9, 2008 ("Proposed Rulemaking Order"). Columbia appreciates this opportunity to comment on the Commission's proposed revisions to its regulations for Universal Service and Energy Conservation Reporting Requirements, at 52 Pa. Code §§ 54.74-54.78 (electric distribution companies) and §§ 62.1-62.8 (natural gas distribution companies), as well as its proposed new regulations relating to Customer Assistance Programs, at 52 Pa. Code §§ 76.1-76.6.

The purpose of the Commission's rulemaking is to establish a unified process by which the level of funding for each natural gas distribution company's ("NGDC") and electric distribution company's ("EDC") universal service and energy conservation programs could be determined on a case-by-case basis, in conjunction with the Commission's triennial review of the utility's universal service and energy conservation plan. (Proposed Rulemaking Order at 1). In its Final Investigatory Order in *Customer Assistance Programs: Funding Levels and Cost*

*Recovery Mechanisms*, Order entered December 18, 2006 at Docket No. M-00051923 ("Final Investigatory Order"), the Commission explained that its primary rationale for moving toward a comprehensive, integrated consideration of CAP designs and CAP cost recovery is cost containment. "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." (Final Investigatory Order at 19-20). Columbia commends the Commission for undertaking this rulemaking designed to benefit all residential customers.

To assist the Commission in achieving a careful balancing of the interests described above, and to avoid the imposition of significant cost increases on non-CAP residential customers, the Energy Association of Pennsylvania ("EAPA") has filed detailed comments on the Commission's proposed revisions and new regulations. Columbia supports the EAPA's comments and commends them to the Commission's attention, and further submits these comments to specifically address a few of the issues raised by the EAPA.

Columbia is committed to maintaining a successful CAP program. Its CAP program ranks first in the Commonwealth in affordability when compared to its NGDC peers. Columbia has been an active participant in the Commission's proceedings concerning CAP programs. Most recently, Columbia filed comments on the Commission's *Proposed Revisions to Policy Statement on Customer Assistance Programs 52 Pa. Code §§ 69.261-69.267*, at Docket No. M-00072036.

Columbia shares the Commission's concern, however, that the paying customers who fund these programs be charged affordable rates. As explained in greater detail in the EAPA's comments, expenditures for universal service programs are increasing rapidly and are primarily driven by CAP costs. Columbia is concerned that certain proposed revisions to the

Commission's regulations, as well as the proposed new regulations on CAP programs, would unnecessarily increase the number of customers in these programs and create other unnecessary reporting costs. The following comments are intended to assist the Commission in achieving its delicate balancing of interests while continuing to offer the benefits of CAP participation to Pennsylvania's most vulnerable utility customers.

**B. COMMENTS – PROPOSED RULEMAKING ORDER**

**1. 52 Pa. Code §§ 54.72, 62.2, 76.2. Definitions.**

**"Customer Assistance Program"**

The Commission proposes to revise the definition of "Customer Assistance Program" in sections 54.72, 62.2 and 76.2 by, among other things, deleting the term "payment troubled." This revision would open CAP programs to all low income customers based on income criteria alone and regardless of need, creating a tremendous cost burden on non-CAP residential customers. As the EAPA explains, CAP programs were established to help the low income customer who failed to pay a monthly bill maintain utility service through responsible bill payment and energy conservation. A low income customer who receives LIHEAP assistance is not necessarily payment troubled. It is critical to ensure that CAP programs are available to customers who truly need the help provided through a reduced utility bill. Therefore Columbia recommends that the Commission retain the term "payment troubled" in the definition of "Customer Assistance Program."

### **"Confirmed Low Income Residential Account"**

The revised definition of "confirmed low income residential account" would allow customer income verification not only through receipt of LIHEAP funds but also through self-certification by the customer. Self-certification might occur, for example, if the customer calls the utility and gives income information while negotiating a payment arrangement. Columbia is concerned that self-certification is subject to fraud and an unreliable means of verifying low income.

The EAPA's comments describe the Commission's requirement in the telephone industry that self-certification include some form of reasonable independent income verification (*e.g.*, enrollment in a public assistance program), and recommend the Commission adopt a similar self-certification procedure in this proceeding. Columbia suggests that a customer confirm low income status through receipt of LIHEAP funds or by making application and being approved for CAP.

### **"Outreach Referral Contacts"**

Consistent with the EAPA's comments, Columbia recommends that the Commission further revise the definition of "outreach referral contacts" to include information posted on the NGDC's or EDC's website, in addition to an address and telephone number.

- 2. 52 Pa. Code §§ 54.74(a), 62.4(a). Review of universal service and energy conservation plans, funding and cost recovery.**

The proposed revised regulations describe an NGDC's or EDC's triennial filing of a universal service and energy conservation plan and the required content of the filing. Columbia

recommends that the regulations specify a period of time for the Commission to review and approve the plan. Consistent with the EAPA's comments, Columbia suggests that the regulations further provide that the Commission will act on the plan within 180 days of the NGDC's or EDC's filing of its revised tariff. In addition, the regulations should provide that an approved plan becomes effective on the date the Commission enters its final order. This is particularly important if there is a significant delay at the Commission which is not attributable to the NGDC or EDC. These additions will give NGDCs and EDCs the benefit of having their approved plans in effect for three years prior to submitting new plans for review.

**3. 52 Pa. Code §§ 54.74(b)(3), 62.4(b)(3). Documentation in support of funding and cost recovery for universal service and energy conservation.**

Columbia strongly supports the EAPA's suggestion that the Commission delete the proposed requirement that an NGDC's or EDC's three-year tariff filing include documentation of cost savings resulting from customer participation in universal service programs. As an initial matter, it is unclear what this category of cost savings would include. There is certainly no empirical basis for determining a utility's reduction in uncollectibles as a result of these programs. As the EAPA explains, the determination of these costs would be highly subjective and promises to generate disputes.

**4. 52 Pa. Code §§ 54.75, 62.5. Annual residential collection and universal service and energy conservation program reporting requirements.**

Revised sections 54.75(2)(i)(E) and 62.5(2)(i)(E) would require the NGDC or EDC to report the number of program participants participating in two or more of the utility's universal

service and energy conservation programs. Columbia agrees with the EAPA's recommendation that the Commission delete this requirement. While Columbia presently reports this information, it is not aware that the information is providing any value to the Commission or customers.

In addition, Columbia suggests the Commission also delete proposed sections 54.75(2)(i)(D) and 62.5(2)(i)(D), which would require the utility to report the number of program participants by source of intake. Again, Columbia is not aware that there is sufficient value in capturing this information to justify the cost.

**5. 52 Pa. Code § 76.4. Recovery of costs of customer assistance programs.**

The proposed new section 76.4(d) provides that the Commission, in evaluating the reasonableness of CAP program costs a utility claims for recovery, shall consider the timeliness of a distribution company's collection activities. Columbia urges the Commission to delete this provision. As an initial matter, "timeliness" is undefined and its meaning would be subjective. Even if a time frame were defined, however, a utility should not have to issue CAP termination notices within a specific time frame or forfeit cost recovery, particularly since CAP collections implicate the utility's most vulnerable customers. Columbia already institutes CAP termination proceedings expeditiously and prioritizes CAP terminations. However, the prioritization of CAP customer terminations should be left to the discretion of the utility, which has the most expertise in implementing collections policies.



**6. 52 Pa. Code § 76.6. Restoration of service after termination for nonpayment of CAP bills.**

This proposed new section provides that when a CAP customer's service has been terminated for nonpayment, restoration of service is to be governed by 66 Pa.C.S. § 1407 and applicable Commission regulations and orders. The application of section 1407(c)(2)(iii) to restoration of a CAP customer's service essentially provides the CAP customer with a 24-month payment agreement. This directly conflicts with the prohibition against payment agreements for CAP customers in 66 Pa.C.S. § 1405(c).

Columbia strongly opposes payment agreements for CAP customers. CAP programs already provide the best payment agreement available. Payment agreements for restoration of service to CAP customers would substantially increase collections costs, to the detriment of non-CAP residential customers. Therefore, section 76.6 should be revised to require CAP customers to pay the distribution company's reconnection fee, if required, along with any missed CAP payments prior to restoration of service. In addition, upon payment of a required reconnection fee and any missed CAP payments, the utility should continue to follow the reconnection time frames set forth in 66 Pa.C.S. § 1407(b).

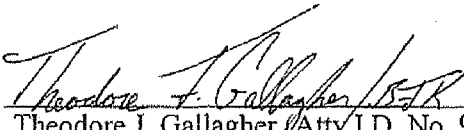
C. CONCLUSION

For the reasons discussed above, Columbia Gas of Pennsylvania, Inc. respectfully requests that the Commission revisit and reconsider some of the changes that it has proposed to its regulations on universal service and energy conservation programs, as well as its proposed new regulations on Customer Assistance Programs. Again, in addition to the specific matters discussed herein, Columbia commends to the attention of the Commission the Energy Association of Pennsylvania's comments filed in this matter. The changes described above and in greater detail in the Energy Association of Pennsylvania's comments are necessary for the delicate balancing of interests the Commission seeks to achieve.

Respectfully submitted,

COLUMBIA GAS OF PENNSYLVANIA, INC.

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Its Attorneys

Dated: April 18, 2008

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Re: Proposed Rulemaking Relating to** :  
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**C. CONCLUSION**

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Its Attorneys

Dated: April 18, 2008