Pennsylvania Public Utility Commission
Technical Conference – Compliance of Pennsylvania with Section 410(a) of the American Recovery and Reinvestment Act of 2009
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Equitable Gas Company, LLC

- Headquartered in Pittsburgh
- 255,000 Pennsylvania gas distribution customers
- Service territory consists of communities in 10 southwestern Pennsylvania counties
Customer Interest in Energy Conservation

- J.D. Power and Associates survey results indicate the offering of energy efficiency and conservation programs influence customer satisfaction.

- Companies with established conservation programs rank higher in customer satisfaction.

- Equitable is interested in providing programs and services which increase customer satisfaction.
Benefits of Conservation

- Promotes efficient use of natural resources
- Reduces upward pressure on natural gas prices
- Increases the availability of existing pipeline and distribution capacity
- Distribution capacity available for alternative uses
  - NGVs
Current Rate Design: Conflict With Conservation

- NGDCs provide 24/7/365 service through investment in distribution pipeline infrastructure and human resources

- Earnings directly related to usage of natural gas, not distribution service

- Reduced earnings limit job growth and reduce the LDCs Corporate Citizenship role
Typical NGDC Residential Customer

Annualized October 2009 residential bill using 95 Mcf
Resolving the Conflict

- Establish a policy to ensure financial incentives are aligned with helping customers use natural gas more efficiently.

Options:
1. Allow utilities the option to modify existing rate design to remove the disincentive of promoting natural gas conservation.
   - Rate Decoupling
   - Revenue stabilization mechanism
   - Straight-fixed variable rate design

2. Increased base rate case filings.
Conclusion

- Customers of gas utilities desire ideas and input in reducing natural gas usage to reduce their monthly bills.

- Under current rate structures, gas utilities are penalized financially for promoting conservation.

- PUC’s policy should remove disincentives and create a rate structure balancing the interests of consumers and companies.