

PENNSYLVANIA WEATHERIZATION PROVIDERS TASK FORCE

PWPTF Statement No. 1

Direct Testimony of Eugene M. Brady

In Re: Columbia Gas of Pennsylvania, Inc.  
Request for a Rate Increase

Docket Number: R-2022-3031211

1 **Q. Please state your full name and business address.**

2 A. Eugene M. Brady, 165 Amber Lane, PO Box 1127, Wilkes-Barre, Pennsylvania  
3 18703-1127.

4  
5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by the Commission on Economic Opportunity (CEO) as Executive  
7 Director. I am submitting this testimony on behalf of the Pennsylvania Weatherization  
8 Providers Task Force as Chair of the Task Force.

9  
10 **Q. What are the interests of the Task Force in this rate case?**

11 A. The Pennsylvania Weatherization Providers Task Force, Inc., is a Pennsylvania  
12 non-profit corporation and a statewide association of thirty-seven (37) organizations  
13 providing utility assistance and energy conservation services in each of the  
14 Commonwealth's sixty-seven counties. The Task Force, through its member agencies, a  
15 number of which are Pennsylvania community-based organizations, administers universal  
16 service programs for a number of utility companies, including Columbia Gas. The Task  
17 Force members serve low-income ratepayers and it is part of our responsibility to our  
18 constituency to advocate for their interests in regulatory proceedings and this proposed  
19 request will certainly have an impact upon those low-income ratepayers. In addition to  
20 the affordability of transmission and distribution rates, the Task Force is particularly  
21 interested in the adequacy and operation of a company's universal service program.

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1 **Q. What background and experience in energy issues qualify you to submit**  
2 **testimony in this case?**

3 **A. I have served as the Executive Director of the Commission on Economic**  
4 **Opportunity since 1978. During my tenure, CEO's experience and the expertise of its**  
5 **staff in energy programs has been recognized on state and national levels. CEO's energy**  
6 **related programs have been acknowledged by receipt of a Superior Achievement Award**  
7 **from the United States Department of Energy. CEO has weatherized more than 25,000**  
8 **homes under the U.S. Department of Energy Weatherization Assistance Program. CEO,**  
9 **like a number of Task Force members, also serves as a subcontractor for universal**  
10 **programs operated by a number of Pennsylvania gas and electric utility companies.**

11 CEO is also the PA Department of Public Welfare's contracted operator of the  
12 crisis component of the Low Income Home Energy Assistance Program (LIHEAP) in  
13 Luzerne and Wyoming Counties. CEO was also a major contractor for PPL in the Low  
14 Income Renewable Energy Pilot, and secured funding and installed several solar thermal  
15 water heating systems for the former PG Energy and UGI Gas Division.

16 Throughout my career I have served on numerous Boards, Committees and Task  
17 Forces in the energy field under the auspices of the US Department of Energy, The PA  
18 Department of Community & Economic Development and the PA Public Utility  
19 Commission. Presently, I serve on the Board of Directors of the National Center for  
20 Appropriate Technology; I am on the Board of the National Community Action  
21 Foundation, Chair of the Department of Community & Economic Development  
22 Weatherization Policy Advisory Council and, as indicated above, I am the Chair of the  
23 Pennsylvania Weatherization Providers Task Force.

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**Q. Before addressing the specifics of your testimony, does the Task Force take a position on whether the Company’s rate increase should be granted?**

**A.** Our main focus is on the funding and availability of universal service programs and opposing rate designs that discourage conservation. In this case, we do not necessarily oppose a rate increase, but do oppose any rate increase unless it is accompanied by measures that would provide additional relief to the Company’s customers, particularly low-income customers, from the effects of a rate increase.

**Q. Please describe the other areas of your testimony.**

**A.** My testimony will address the Company’s proposal to increase the fixed monthly charge for residential customers as well as proposals to help low-income customers deal with any resulting rate increase.

In its request for a rate increase the Company does not propose any additional increase in funding or measures that would help low-income customers deal with the proposed rate increase. Further, an increase in the fixed monthly charge, as requested by the Company, would negatively impact a customer’s motive and ability to conserve energy. The company’s proposal if granted would increase rates, discourage conservation and leave a customer with less ability to conserve energy and less ability to reduce their bills. Despite the impact of its proposal on residential customers, and in particular low-income customers, the Company’s proposal offers nothing in the way of changes or increases in funding to its low-income programs, programs that would help

1 mitigate the negative impact of the Company's proposals especially considering these  
2 difficult economic times.

3 Despite these difficult financial times for all, including ratepayers, the Company  
4 is requesting an increase in annual distribution revenues of \$82.2 million. A residential  
5 customer using an average 70 therms per month would see an increase from \$123.24 to  
6 \$135.67 per month, or 10.09%. Further, this Company was granted a rate increase in  
7 2020 (R-2020-3018835) without any increase in funding that would help ratepayers deal  
8 with that rate increase and again in 2021 (R-2021-3024296), with a minimal increase in  
9 funding that would help ratepayers deal with that rate increase. In this case, the Company  
10 requests another rate increase and again offers nothing additional to help low-income  
11 customers

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13 **Q. What rate design issue would you like to address?**

14 **A.** In this case the Company is proposing to increase its fixed monthly charge, from  
15 \$16.75 to \$24.75, an increase of nearly 50%. I am concerned about this proposal and the  
16 Task Force opposes any increase to the fixed monthly customer charge.

17 Part of the proposed increase to residential customer's rates will be due to this  
18 increase in the fixed monthly customer charge. This increase in the monthly fixed charge  
19 concerns me, as it has the Commission, because it discourages conservation and impacts  
20 a customer's ability to save money through conservation; as the Company moves towards  
21 charging customers based upon the Company's fixed costs and away from a customer's  
22 consumption there is less incentive, and ability, to conserve. One of the only defenses a  
23 family, particularly a poor family, has against the sharp increases in energy costs is to

1 conserve – lower the thermostat, seal air leaks, change filters regularly, add more  
2 insulation, get a more efficient heating unit, etc. The Company’s proposal to increase the  
3 fixed costs greatly impacts a customer’s motive to conserve and the ability to lessen the  
4 impact of any rate increase. The combined effect of an increase in rates and an increase  
5 in fixed monthly charges, without any changes to universal service funding or other  
6 measures to help low-income customers, not only results in higher rates but also lessens  
7 the ability of customers to deal with those increases. In particular, the negative impact  
8 would be particularly harsh on the Company’s low-income customers and the Company’s  
9 proposed request ignores the interests of its low-income customers.

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11 **Q. How does the effect of the Company’s requests impact upon your testimony**  
12 **in this case?**

13 A. I believe that should a rate increase be granted there should be relief offered in the  
14 form of increases to universal funding programs and other relief that would help low-  
15 income customers deal with any increase granted. For a typical residential customer, a  
16 10.09% increase is substantial, but for a low-income customer, the effects can be  
17 dramatic, especially in this economic climate. High utility costs are not the only  
18 challenge for a poor person. Our agencies have been helping low-income people for  
19 years and know firsthand that they face financial challenges on many fronts -- housing,  
20 energy costs, food and health care -- and a dramatic increase in any of those areas can  
21 have a devastating impact.

22 It is for these reasons that if an increase is granted it should be conditioned upon  
23 an increase in funding and relief to the Company’s low-income customers.

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**Q. Should a request for a rate increase be granted what type of measures would you suggest be implemented for low-income customers?**

A. In discovery responses in this case the Company indicated as of April 2022 it had 71,740 confirmed low-income customers, an increase of over 2,000 from a year prior. The average annual income of its confirmed low-income customers is \$15,133. There are 96,648 estimated low-income customers. As a result of this proceeding rates are likely to increase, a customer's ability to conserve will decrease (if the fixed monthly charge is increased) yet no additional relief is being provided to customers that would allow them to increase their conservation of energy and decrease their monthly bills.

**Q. Turning now to universal service programs what issues would you like to address?**

A. I want to address the Company's low-income usage reduction program (LIURP), WarmWise. Annual funding for WarmWise for the years 2022 and 2023 is set at \$5,075,000.

We are proposing increased funding for LIURP because there is an unmet need for LIURP services. In its most recent need assessment, the Company estimated that there were 18,647 households eligible for LIURP services. The Company estimates that it would take 26 years to weatherize the home of those eligible for LIURP.

This combination of over 18,000 customers eligible for LIURP and what may be a significant rate increase, requires an increase in LIURP funding. Further, the current level of LIURP funding did not account for this anticipated rate increase.

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**Q: Do you have any recommendations regarding the funding level for LIURP?**

**A:** Yes. With over 18,000 customers in need of LIURP services it is clear that there is a great need for those services. I am recommending that should a rate increase be granted then the number of customers served annually be increased by 75. That would begin to meet the unmet need for LIURP services. The Company has indicated that its average cost of LIURP services per LIURP recipient in 2021 was \$11,280. With an average LIURP cost of approximately \$11,280, I am recommending additional annual LIURP funding of \$846,000 beginning in the 2023 program year.

**Q: Do you have any other recommendations regarding the LIURP program?**

**A:** Yes. The increased funding for LIURP and the increased number of households targeted represents a need to ‘ramp up’ the LIURP program. Additionally, the number of homes weatherized in 2020-2021 was reduced due to COVID restrictions which represents an additional need to ramp up services.

The Task Force believes that there will be a need for more partnerships with agencies experienced in the providing of services to poor people, including weatherization services. Our member agencies have the expertise in developing and operating programs that benefit people and communities. These organizations serve thousands of low income and disadvantaged members of the community; they have direct knowledge of the barriers and impediments to self-sufficiency, and continually innovate and evolve the service delivery system to better meet the needs of the population they serve. Community based organizations are governed by volunteer Boards of Directors;



1 accountable to the communities they serve, and are not conflicted by a duty to  
2 shareholders and investors. The focus and active experience of community-based  
3 organizations make them singularly suited to speak for the needs of the community. As  
4 such, the development and evolution of these programs should occur on a community  
5 level, by organizations that are experienced in these programs not on a utility staff level.  
6 These are “people” programs and community based organizations are best qualified to  
7 implement them. I am recommending that the Company partner with our member  
8 agencies in the administration and implementation of its LIURP program. Our member  
9 agencies are located throughout the Company’s service territory, have experience in the  
10 administration and implementation of LIURP programs and are needed because of the  
11 expansion of the Company’s LIURP funding.

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13 **Q. Are there any other universal service topics that you want to address?**

14 **A.** Yes. The Task Force recommends that the Company’s contribution to its hardship  
15 fund be increased commensurate with the percentage increase in rates to the residential  
16 class that results from this proceeding. Although modest in comparison to other universal  
17 service funding, the proposal will help customers deal with a rate increase in these  
18 difficult economic times.

19 I also recommend that hardship funding be distributed in accordance with the  
20 percentage of low-income customers in the counties served by the Company.

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24 **Q. Can you please summarize your recommendations?**

1    **A.**    Yes. The Task Force is recommending the following:

2           1.    That the Company's request to increase its fixed residential monthly  
3 customer charge be denied;

4           3.    That annual funding for LIURP be increased beginning in program year  
5 2023 to \$5,921,000 annually and that any unused funds be carried over and added to the  
6 following year's funding;

7           4.    That the Company partner with member agencies of the Task Force in the  
8 development, implementation and administration of its LIURP program;

9           5.    That the Company's contribution to its Hardship fund be increased  
10 commensurate with the percentage increase in residential rates that result from this  
11 proceeding;

12          6.    That Hardship funds be distributed in accordance with the percentage of  
13 low-income customers in the counties served by the Company.

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15    **Q.**    **Does this conclude your testimony?**

16    **A.**    Yes

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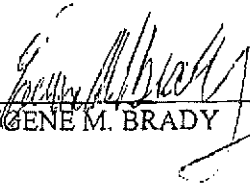
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## VERIFICATION

I, **EUGENE M. BRADY**, hereby state and verify the following:

1. I am the Chair of the Pennsylvania Weatherization Providers Task Force.
2. I have submitted in this proceeding, through counsel, written direct testimony, PWPTF Statement No. 1.
3. In lieu of my appearance at hearing in this matter, I am offering PWPTF Statement No. 1 into evidence at hearing through the statements set forth in this Verification.
4. If I were called to testify at hearing, the answers to the questions I gave in WPTF Statement No.1 would be the answers given by me at hearing in response to those same questions.
5. The facts set forth in my answers contained in WPTF Statement No. 1 are true and correct and represent my answers to those questions.
6. There are no additions, corrections or deletions I would propose to WPTF Statement No. 1.

  
EUGENE M. BRADY

Date: August 2, 2022