

**BEFORE THE PENNSYLVANIA PUBLIC
UTILITY COMMISSION**

Pennsylvania Public Utility Commission, *et. al.* : R-2016-2537349, *et. al.*
:
v. :
:
Metropolitan Edison Company :

Pennsylvania Public Utility Commission, *et. al.* : R-2016-2537352, *et. al.*
:
v. :
:
Pennsylvania Electric Company :

Pennsylvania Public Utility Commission, *et. al.* : R-2016-2537355, *et. al.*
:
v. :
:
Pennsylvania Power Company :

Pennsylvania Public Utility Commission, *et. al.* : R-2016-2537359, *et. al.*
:
v. :
:
West Penn Power Company :

**SURREBUTTAL TESTIMONY
OF
ROGER D. COLTON
ON BEHALF OF
OFFICE OF CONSUMER ADVOCATE**

August 31, 2016

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Roger Colton. My business address is 34 Warwick Road, Belmont, MA
3 02478.

4
5 **Q. ARE YOU THE SAME ROGER COLTON WHO HAS PREVIOUSLY**
6 **SUBMITTED DIRECT AND REBUTTAL TESTIMONY ON BEHALF OF THE**
7 **OFFICE OF CONSUMER ADVOCATE IN THIS PROCEEDING?**

8 A. Yes.

9

10 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY.**

11 A. The purpose of my Surrebuttal Testimony is to respond to the Rebuttal Testimony of
12 FirstEnergy witness Gary Grant regarding universal service issues. In addition, I respond
13 to FirstEnergy Witness Siedt's discussion of the impact of the Companies' customer
14 charge proposals on low-income customers.

15

16 **Part 1. Confirmation of Low-Income Customers.**

17 **Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR**
18 **TESTIMONY.**

19 A. In this section of my testimony, I respond to FirstEnergy witness Gary Grant's Rebuttal
20 Testimony regarding the extent to which, and manner in which, the Companies use
21 Community-Based Organizations ("CBOs") to help confirm low-income customers.
22 Pursuant to Commission regulations, a "confirmed low-income customer" is a customer
23 that the utility has a reasonable belief to be low-income.

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Q. EXPLAIN WHY IT IS IMPORTANT FOR THE COMPANIES TO CONFIRM AS HIGH A PERCENTAGE AS POSSIBLE OF THEIR LOW-INCOME CUSTOMERS.

A. There are several reasons for the FirstEnergy Companies to be as complete as possible in confirming their low-income population. First, being a low-income customer is the stepping off point for enrolling in the Companies’ universal service programs such as the Customer Assistance Program (“CAP”) and the Low-Income Usage Reduction Program (“LIURP”). However, enrollment in these universal service programs is not the only reason to confirm low-income status. For example, winter shutoff restrictions imposed by the Commission extend to customers who are confirmed low-income, whether or not those customers are enrolled in CAP or LIURP. Witness Grant acknowledges that three of the four FirstEnergy Companies have confirmed fewer than half of their low-income customers (PN: 42.5%; PP: 49.6%; WP: 31.0%), while the fourth has confirmed almost exactly half (ME: 52.0%). (Statement 12-R, at 9). Under these penetrations, more than half of the Pennsylvania customers who are entitled to protections under Commission regulations are not identified for those protections.

Q. PLEASE RESPOND TO MR. GRANT’S REBUTTAL TO YOUR PROPOSAL ON HOW TO EXPAND THE IDENTIFICATION OF LOW-INCOME CUSTOMERS.

A. My Direct Testimony recommended that FirstEnergy engage in two steps to expand the confirmation of their low-income customers. First, I recommended that FirstEnergy encourage CBOs to maintain their own inventory of standard forms through which low-

1 income status can be confirmed. These CBOs should be encouraged to complete such
2 forms, and submit them to FirstEnergy, when the CBOs are working with low-income
3 customers on income-tested non-utility programs. For example, CBOs such as
4 Community Action Agencies (“CAAs”) provide job training, food assistance, health care
5 assistance, and financial literacy training unrelated to utility programs. When a CBO has
6 the occasion to confirm the low-income status of households known to be FirstEnergy
7 customers, those CBOs should be encouraged to use standard documentation to inform
8 the Companies of such status if the customer completes the form and agrees.

9
10 Second, I recommended that FirstEnergy encourage CBOs delivering income-tested
11 assistance in the FirstEnergy service territories to incorporate forms confirming low-
12 income status for FirstEnergy into their applications for such other assistance. No
13 reasonable justification exists to require a household that has verified its low-income
14 status for a public assistance program to separately and independently verify their income
15 for purposes of confirming low-income status for purposes of availing themselves of
16 PUC-prescribed regulatory protections.

17
18 Mr. Grant asserts in response that “the Companies already utilize CBOs and standard
19 forms to assist with confirming low-income customers.” (Statement 12-R, at 10). A
20 careful reading of Mr. Grant’s Rebuttal Testimony, however, reveals that FirstEnergy
21 does *not* do what I recommend. The Companies’ use of standard forms and CBOs are all
22 tied to the administration of utility-related programs. Mr. Grant refers to their use “when
23 administering the CAP enrollment process.” (Statement 12-R, at 10). Mr. Grant states

1 that “*as part of the Companies outreach efforts* discussed above,¹ “standard forms. . .are
2 provided at external events and external site visits.” (Statement 12-R, at 10) (emphasis
3 added). Mr. Grant states that “once a referral to a CBO is made,” the “CBO collects the
4 necessary documentation from the customer to verify low-income status. . .” (Statement
5 12-R, at 8). Mr. Grant acknowledges that CBOs are asked not to simply confirm low-
6 income status (and provided the means to do so), but rather to “assist the customers with
7 enrolling in CAP and other low-income programs. . .” (Statement 12-R, at 8).

8
9 In contrast to these limited situations identified by Mr. Grant, my recommendation is that
10 when a CBO can provide FirstEnergy with a “reasonable belief” that the customer is low-
11 income, they should not only be encouraged to confirm the customer’s low-income
12 status, but should be provided with the mechanism to do so. That “reasonable belief” may
13 arise in circumstances unrelated to the utility; for example, a household who is engaging
14 in job training through a CAA can be confirmed as “low-income.” They are no less low-
15 income because their income status was confirmed by a CAA in a non-utility-related
16 situation.

17
18 **Part 2. FirstEnergy’s Underspending of LIURP Budgets.**

19 **Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR**
20 **TESTIMONY.**

21 A. In this section of my testimony, I respond to FirstEnergy witness Grant’s rebuttal
22 testimony regarding the Companies’ routine under-spending of their LIURP budgets. Mr.

¹ Mr. Grant discusses how the Company participates in “educational seminars” “approximately a dozen times each year.” (Statement 12-R, at 8).

1 Grant acknowledges that Met-Ed, Penelec and Penn Power have under-spent their LIURP
2 budgets during the three year period 2012 through 2015. (Statement 12-R, at 21). As I
3 reported in my Direct Testimony, this under-spending was not by a little. Rather,
4 Metropolitan Edison under-spent its LIURP budget by \$751,018; Penelec under-spent its
5 LIURP budget by \$1,831,746; and Penn Power under-spent its LIURP budget by
6 \$1,961,584. (OCA Statement 4, at 33).

7
8 **Q. DOES MR. GRANT MISCHARACTERIZE YOUR REMEDY FOR THIS**
9 **UNDERSPENDING?**

10 A. Yes. Mr. Grant characterizes my recommendation that FirstEnergy replace these under-
11 spent dollars with dollars to be devoted to LIURP as an “increase” in the LIURP budget.
12 (Statement 12-R, at 22). In fact, I do not propose an increase in the approved LIURP
13 budget in this respect. What I have proposed in response to this under-spending is for
14 FirstEnergy to replace the unapproved reductions that FirstEnergy has unilaterally made
15 to its LIURP budgets that have been previously approved.

16
17 I understand that no utility will exactly spend their LIURP budgets each year. However,
18 the under-spending I identified in my Direct Testimony does not represent simply year-
19 to-year spending fluctuations. Rather, on a cumulative basis over the course of a four-
20 year period, Penn Power underspent its LIURP budget by 23%, while Penelec underspent
21 its LIURP budget by 11%. Met-Ed underspent its LIURP budget by 5% over that four
22 year period. Moreover, the response by Mr. Grant was not that the amount of under-

1 spending was a function of small year-to-year fluctuations in actual versus budgeted
2 expenditures, but rather was a long-term conscious choice by the Companies.

3
4 These unilateral reductions that FirstEnergy has made to its LIURP budgets is directly
5 contrary to Commission regulations. That Commission regulation, 52 Pa. Code Section
6 58.4, requires that “[p]roposed funding revisions that would involve a reduction in
7 program funding shall include public notice found acceptable by the Commission’s
8 Bureau of Consumer Services, and the opportunity for public input from affected persons
9 or entities.” No such BCS review and no such opportunity for public input has been
10 provided by FirstEnergy prior to its under-spending.

11
12 No demonstration of either a reduced need for LIURP spending, or a reduced ability to
13 reach LIURP-eligible homes, was presented by the FirstEnergy Companies before they
14 reduced their LIURP expenditures by under-spending their budget. In fact, the
15 Commission’s Final Order approving the LIURP budgets for FirstEnergy in the most
16 recent FirstEnergy proceeding reviewing the USECP of the Companies set forth the
17 “revised needs assessment” for LIURP as follows (Final Order, May 19, 2015, at 59):

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Table 6
Revised Needs Assessment Based on November 2014 Data

	Met Ed	Penelec	PennPower	WPP
Total Residential Customers	490,309	499,759	141,929	621,365
Number of Customers below 150% FPIG	119,018	166,193	37,838	172,091
Percent of residential customers below 150% FPIG	24.3%	33.3%	26.7%	27.7%
Customers over 30 days in arrears with incomes at or below 250% FPIG*	44,191	49,155	11,089	47,341
Number of low-income customers using at least 6,500 kWh of electricity annually**	72,333	105,565	24,038	115,422
Estimated number of potential LIURP participants***	57,947	85,052	19,777	92,103
Cost to serve customers needing LIURP****	\$185,546,294	\$214,756,300	\$57,867,502	\$404,516,376

- 4 *Based on company data from 2014.
- 5 **Excludes customers or homes already served by LIURP.
- 6 ***Assumes revised stay-out provision (5 vs. 7 years).
- 7 ***Excludes a percentage of customers unwilling or unable to participate in LIURP.
- 8 ***Excludes customers expected to be served by Act 129.
- 9 ***Assumes Act 129 will be in place through 2018.
- 10 ****Uses average cost per job throughout four-year plan period.

11
12 The circumstances Mr. Grant advances for the Companies routinely under-spending their
13 LIURP budgets (Statement 12-R, at 21 – 23) are simply not consistent with the
14 Commission-approved USECP. For example, while Mr. Grant states that the Companies’
15 Act 129 programs reduce the size of the potential LIURP population (Statement 12-R, at
16 23), as shown in Table 6 above (quoted from the Commission’s most recent USECP
17 Final Order for FirstEnergy, at 59), the Commission found that the estimated number of
18 LIURP participants was in the tens of thousands after excluding customers expected to be
19 served by Act 129.

20
21 **Q. PLEASE COMMENT ON MR. GRANT’S REBUTTAL TESTIMONY THAT**
22 **FIRSTENERGY IS ACHIEVING ITS LIURP TARGET PENETRATIONS.**

1 A. Mr. Grant seeks to justify the Companies unilaterally reducing their LIURP expenditures
 2 by stating that “overall, from 2012 to 2015, the programs achieved between 94% and
 3 114% of the participant goals that were approved in the Companies’ USECPs.”
 4 (Statement 12-R, at 21). The “participant goals” for LIURP are not simply annual goals,
 5 but are based on treating the full range of low-income customers eligible for LIURP. The
 6 annual projected number of LIURP participants identified for Met-Ed, Penelec and Penn
 7 Power (USECP Final Order, Table 7, at 60), compared to the total untreated LIURP
 8 population (USECP Final Order, Table 6, at 59), as set forth in the most recent USECP,
 9 are as follows:

	Estimated Number of Potential LIURP Participants	Projected LIURP Participants			
		2015	2016	2017	2018
Met-Ed	57,947	1,475	1,490	1,505	1,520
Penelec	85,052	2,255	2,270	2,285	2,300
Penn Power	19,777	835	845	855	865

11 Moreover, the annual production numbers included in the FirstEnergy USECPs are not
 12 production ceilings for each year of LIURP. They are instead projected participation
 13 rates designed to allow the Commission (and other stakeholders) to assess how quickly
 14 the Companies are moving toward completely serving their LIURP-eligible population.
 15

16

17 **Q. PLEASE COMMENT ON MR. GRANT’S ESTIMATE OF THE BUDGET**
 18 **IMPACT OF YOUR LIURP RECOMMENDATIONS.**

19 A. Mr. Grant asserts that the increase in LIURP budgets would range from \$7.5 million to
 20 \$12.7 million. (Statement 12-R, at 23). His calculation, however, assumes an increase in

1 the budget of “two times the proposed rate increase.” (Statement 12-R, at 23). That
2 budget increase far exceeds that which I recommended. Remember, however, that the
3 dollars I recommend be expended due to FirstEnergy routinely under-spending its budget
4 is not an increase in the LIURP budget, but instead is replacing those dollars from
5 previously approved budgets that FirstEnergy chose to reduce, which reductions were
6 contrary to the Companies’ approved LIURP needs assessment.
7

8 **Part 3. CAP Recertification Process.**

9 **Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR**
10 **TESTIMONY.**

11 A. In this section of my testimony, I respond to FirstEnergy witness Grant’s rebuttal
12 testimony regarding the Companies’ CAP recertification processes. In my Direct
13 Testimony (OCA Statement 4, at 27), I recommended that the annual recertification for
14 CAP participation be adjusted to allow customers with income that does not vary from
15 year-to-year to recertify their income, and maintain their CAP participation, on a biennial
16 basis. This biennial income recertification is in common use amongst Pennsylvania’s
17 CAP programs. Allowing biennial income recertification is not a new CAP program
18 mechanism. In addition, I recommended that customers who receive LIHEAP be
19 automatically recertified for CAP for a second year. While LIHEAP would not be used
20 year-in and year-out as the means for reverifying income, its use for a second year of
21 income verification is not unreasonable at all.
22

1 The only response Mr. Grant makes is that these proposed changes would require a
2 modification to the Commission-approved 2015 – 2018 Universal Service and Energy
3 Conservation Plans (USECPs). Mr. Grant avers that “the appropriate venue to consider
4 such a revision is a universal service proceeding.” (Statement 12-R, at 13).

5
6 The USECP modification approved by the Commission in the most recent FirstEnergy
7 universal service proceedings, however, has had unintended consequences not foreseen in
8 that proceeding. As even Mr. Grant acknowledges, “in 2015, approximately three-
9 quarters of all CAP exits for Met-Ed, Penelec and Penn Power were due to a failure to
10 recertify. . .Based upon an analysis of all 2014 and 2015 exits from CAP for Met-Ed,
11 Penelec and Penn Power, approximately 30% have reenrolled in CAP.” (Statement 12-R,
12 at 4). These unintended consequences are exacerbated by the substantial rate increase
13 sought by the Companies in these proceedings. It would be unreasonable to allow these
14 unintended removals from CAP, with the adverse consequences of such removal
15 heightened by the increase in rates to those low-income customers so removed, to
16 continue unabated. An appropriate adjustment can be made to the recertification process,
17 as I recommend, in these proceedings, with FirstEnergy incorporating those adjustments
18 into their next USECP proceedings.

19

1 **Part 4. Treatment of High CAP Credit Customers.**

2 **Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR**
3 **TESTIMONY.**

4 A. In this section of my testimony, I respond to the Rebuttal Testimony of FirstEnergy
5 witness Grant regarding treating high CAP Credit participants with LIURP services. Mr.
6 Grant first asserts that I failed to differentiate between Heating customers and Non-
7 Heating customers in my analysis. (Statement 12-R, at 16). While Mr. Grant’s statement
8 is accurate, as I noted when I did this (OCA Statement 4, footnote 10, page 16), this
9 simplifying assumption was merited because the Companies themselves had said that the
10 number of heating CAP participants was minimal. Mr. Grant’s Exhibit GWG-4 confirms
11 this statement in my Direct Testimony.

	ME	PN	PP	WP
Heating CAP at maximum	323	204	125	513
Non-heating CAP at maximum	4,492	6,335	1,455	8,788

12
13 Moreover, Mr. Grant’s data further supports both my recommendation that the CAP
14 credit ceiling be increased by an amount equal to the dollar increase in rates approved in
15 these proceedings and that the Companies should further target high CAP credit
16 customers with LIURP services. Mr. Grant’s Exhibit GWG-4 reports that, of the four
17 FirstEnergy Companies, the *lowest* percentage of CAP customers who had insufficient
18 room left to absorb the proposed rate increase before hitting the CAP credit ceiling was
19 37% (PN). In contrast, 42% of Penn Power CAP customers had insufficient room left to
20 absorb the proposed increase before hitting the CAP credit ceiling and 45% of West Penn

1 Power CAP customers had insufficient room left. The data reported by Mr. Grant is
2 presented below.

	ME	PN	PP	WP
CAP Participants	14,682	21,259	4,515	23,174
No. with not enough CAP credit to cover rate increase	5,645	7,943	1,887	10,518
Pct with not enough CAP credit to cover rate increase	38%	37%	42%	45%

SOURCE: Exhibit GWG-4

3
4 Mr. Grant did not dispute the fact, as I document in my Direct Testimony, that the failure
5 to have sufficient CAP credits to cover the proposed rate increase falls disproportionately
6 on the lowest income customers (OCA Statement 4, at 17). Those with the least ability to
7 afford the rate increase, in other words, will be those on whom the greatest burden will
8 fall despite the existence of the CAP program.

9
10 **Part 5. Impact of Customer Charge on Low-Income Customers.**

11 **Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR**
12 **SURREBUTTAL TESTIMONY.**

13 A. In this section of my testimony, I respond to FirstEnergy witness Siedt's rebuttal
14 testimony asserting that low-income customers would pay more if the increase were
15 applied on a volumetric basis than with a higher fixed charge. (Statement 3-R, at p.14).
16 Mr. Siedt's conclusions are in error. Because low-income customers disproportionately
17 tend also to be low-use customers, the increased fixed charge will disproportionately
18 raise rates to low-income customers.

19

1 **Q. DOES LOW-INCOME USAGE DIFFER FROM THE USAGE LEVELS OF**
 2 **RESIDENTIAL CUSTOMERS GENERALLY?**

3 A. Yes. While low-income households tend to have less efficient energy consumption than
 4 do residential customers generally on a per square foot of housing basis, because they
 5 live in much smaller housing units, they tend to have lower overall electricity
 6 consumption. The most recent data published by the U.S. Department of Energy
 7 (“DOE”) in its Residential Energy Consumption Survey (“RECS”) shows the following
 8 for total energy usage in the Northeast (RECS, Table CE1.2).

2009 Annual Household Income	Per Household (million Btu)	Per Square Foot (thousand Btu)
Less than \$20,000	83.3	65.0
\$20,000 to \$39,999	98.2	56.3
\$40,000 to \$59,000	98.9	49.8
\$60,000 to \$79,999	99.9	48.4
\$80,000 to \$99,999	119.2	48.4
\$100,000 to \$119,999	131.1	42.4
\$120,000 or More	154.8	45.9

9
 10 The same results appertain when the examination is limited exclusively to electricity
 11 usage. According to the DOE’s RECS (Table CE2.2), in the Northeast, which includes
 12 Pennsylvania, as incomes increase, electricity usage increases correspondingly.

2009 Annual Household Income	kWh Usage
Less than \$20,000	5,541
\$20,000 to \$39,999	6,922
\$40,000 to \$59,000	7,381
\$60,000 to \$79,999	8,443
\$80,000 to \$99,999	9,706
\$100,000 to \$119,999	10,503
\$120,000 or More	11,577

13

1 It does not matter which end-use is being examined. As income increases, so, too, does
 2 energy usage increase. The average household data by-end-use, in million BTU, for
 3 Northeast households (RECS, Table CE3.2) is presented immediately below.²

2009 Annual Household Income	Consumption by End-Use (mmBtu) (Northeast)					
	Total	Space Heating	Water Heating	Air Conditioning	Refrigerators	Other
Less than \$20,000	83.3	51.2	12.5	1.5	3.4	16.1
\$20,000 to \$39,999	98.2	57.2	16.4	1.8	3.5	20.6
\$40,000 to \$59,000	98.9	55.1	16.1	1.9	3.4	23.5
\$60,000 to \$79,999	99.9	55.1	16.5	2.0	3.7	24.2
\$80,000 to \$99,999	119.2	64.0	19.0	2.5	4.3	30.2
\$100,000 to \$119,999	131.1	65.9	22.6	3.3	4.5	35.8
\$120,000 or More	154.8	78.7	26.6	4.0	5.0	41.9

4

5 **Q. DOES THE DEPARTMENT OF ENERGY PROVIDE DATA THAT HELPS TO**
 6 **EXPLAIN WHY LOW-INCOME CUSTOMERS TEND ALSO TO BE LOW-USE**
 7 **CUSTOMERS?**

8 A. Yes. The RECS data clearly shows that electricity consumption increases as the size of
 9 the housing unit increases. The related housing characteristics support this conclusion.
 10 Residents of single family housing have greater electricity consumption than residents of
 11 multi-family housing. Residents of large multi-family dwellings (5+ units) have lower
 12 electricity consumption than residents of apartments in 2 – 4 unit buildings. Renters have
 13 lower consumption than do homeowners. And renters in multi-family dwellings have
 14 lower consumption than renters in single-family homes.

15

² “Other” includes end uses not shown separately (e.g., cooking appliances, clothes washers, dryers, dishwashers, televisions, computers, small electronic devices, pools, hot tubs, and lighting.)

1 **Q. DO THE UNDERLYING DEMOGRAPHICS IN PENNSYLVANIA PROVIDE**
2 **SUPPORT FOR THE APPLICABILITY OF THESE DEPARTMENT OF**
3 **ENERGY CONCLUSIONS TO FIRSTENERGY?**

4 A. Yes. There are two standard ways to measure the size of a housing unit when square
5 footage is not available. One way is to look at the number of rooms; the other way is to
6 look at the number of bedrooms. Both of these approaches document that lower-income
7 households live in smaller sized housing units. Schedule RDC-1SR shows that:

8 ➤ While the average income of a Pennsylvania household living in a unit with one
9 room is \$26,179, the average income of a household living in an eight-room unit
10 is \$91,085. By the time a house gets to have nine rooms, the average income is
11 \$111,238.

12 ➤ The same relationship holds true for housing size measured by the number of
13 bedrooms. While the average income for a Pennsylvania household living in a
14 unit with one bedroom is \$27,065, the average income of a household living in a
15 housing unit with three bedrooms is \$66,689; the average income of a household
16 living in a unit with five bedrooms is \$91,394.

17 In both instances (number of rooms and number of bedrooms), the average income
18 increases as the size of the housing unit increases.

19
20 In addition to this data, Schedule RDC-2SR presents a distribution of Pennsylvania
21 households by income and by the size of the housing unit in which they live, measuring
22 housing unit size by the number of bedrooms in the unit.³ The data shows that a higher
23 proportion of lower-income households live in smaller housing units and a higher

³ A similar measurement could be made using the total number of rooms rather than the number of bedrooms.

1 proportion of higher income households live in larger housing units. For example, while
2 roughly 25% to 32% of households with income less than \$20,000 live in units with one
3 bedroom or less, less than two percent (2%) of households with incomes greater than
4 \$150,000 live in units that small. Conversely, while roughly 55% to 65% of households
5 with incomes of \$150,000 or more live in units with four or more bedrooms, only 8% to
6 12% of households with incomes less than \$30,000 do. Consistently, the percentage of
7 households in each of the higher income ranges declines as the number of bedrooms
8 declines. In Pennsylvania, higher income households clearly tend to live in larger homes
9 than lower income households do.

10
11 While the data above reflects statewide Census data, the corresponding data limited to
12 FirstEnergy counties supports the same conclusions.

13
14 **Q. IS THERE ANY ADDITIONAL INFORMATION THAT SUPPORTS YOUR**
15 **CONCLUSION THAT LOW-INCOME AND LOW-USE ARE CLOSELY**
16 **RELATED?**

17 A. Yes. Low-income households are disproportionately tenants. The U.S. Census Bureau
18 reports that four times as many renters have income less than \$15,000 than do
19 homeowners. (American Community Survey, Table B25118). This distinction between
20 homeowners and tenants is important because tenant consumption is consistently found
21 to be lower than homeowner consumption. As reported by the U.S. Department of
22 Energy's RECS, while average annual electricity usage by homeowners in the Northeast
23 is 9,541 kWh, average annual electric usage by renters is 5,654 kWh. The lower

1 consumption of tenants (versus homeowner) occurs whether comparing the annual
2 consumption of single-family homeowners to that of single-family renters (10,011 kWh
3 vs. 8,985 kWh), or comparing the annual consumption of multi-family homeowners to
4 that of multi-family renters (5,718 kWh vs. 4,868 kWh). (2009 RECS, Table CE2.2).

5
6 **Q. WHY ARE THESE USAGE PATTERNS USEFUL IN ASSESSING THE**
7 **REASONABLENESS OF THE COMPANY'S PROPOSAL TO INCREASE ITS**
8 **CUSTOMER CHARGE?**

9 A. Contrary to what FirstEnergy Witness Siedt asserts in his rebuttal testimony, the
10 proposed increase in the customer charge imposes disproportionately high rate increases
11 on low-use customers. Low-use customers in the FirstEnergy service territories
12 disproportionately tend also to be low-income customers. As a result, through their
13 increased customer charges, the Companies' proposals increase rates the most to those
14 who can least afford to pay those rate increases.

15
16 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

17 A. Yes, it does.

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**SCHEDULES ACCOMPANYING THE
SURREBUTTAL TESTIMONY
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ROGER D. COLTON
ON BEHALF OF
OFFICE OF CONSUMER ADVOCATE**

August 31, 2016

Average Income by Number of Rooms or Number of Bedrooms in Housing Unit (Pennsylvania) American Community Survey (2013: 3-year data)		
Number of Rooms / Bedrooms	Average Income by Number of Rooms / Number of Bedrooms	
	Rooms	Bedrooms
0	Xxx	\$27,065
1	\$26,179	\$34,694
2	\$35,432	\$49,655
3	\$36,497	\$66,689
4	\$43,757	\$97,003
5 /a/	\$52,291	\$91,394
6	\$60,481	
7	\$74,182	
8	\$91,085	
9 /b/	\$111,238	
Total	\$63,777	\$63,777
NOTES:		
/a/ For bedrooms, data is top-coded at 5 bedrooms.		
/b/ For rooms, data is top coded at 10 rooms.		

Distribution of Housing Units by Income and Housing Unit Size (Number of Bedrooms): Pennsylvania

	\$1 - \$10,000	\$10 - \$20,000	\$20 - \$30,000	\$30 - \$40,000	\$40 - \$50,000	\$50 - \$75,000	\$75 - \$150,000	\$150 - \$250,000	\$250,000 or more
No bedroom	6.2%	3.6%	2.5%	1.6%	1.3%	0.5%	0.2%	0.3%	0.0%
1 bedroom	26.0%	21.7%	14.7%	11.4%	9.4%	5.9%	2.9%	1.7%	1.7%
2 bedrooms	29.5%	29.2%	29.7%	27.5%	27.4%	22.7%	13.7%	8.2%	7.9%
3 bedrooms	30.2%	35.9%	41.1%	45.8%	46.3%	51.8%	51.3%	36.6%	24.4%
4 bedrooms	6.4%	8.0%	10.1%	11.5%	13.1%	16.4%	27.4%	43.9%	48.2%
5 or more bedrooms	1.6%	1.6%	2.0%	2.2%	2.6%	2.7%	4.5%	9.4%	17.8%
Total bedrooms	100%	100%	100%	100%	100%	100%	100%	100%	100%

American Community Survey (2013: 3-year data)

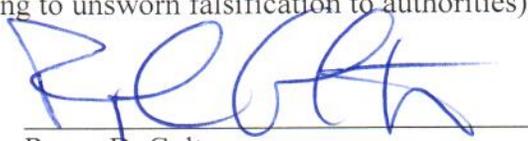
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, <i>et. al.</i>	:	R-2016-2537349, <i>et al.</i>
v.	:	
Metropolitan Edison Company	:	
Pennsylvania Public Utility Commission, <i>et. al.</i>	:	R-2016-2537352, <i>et al.</i>
v.	:	
Pennsylvania Electric Company	:	
Pennsylvania Public Utility Commission, <i>et. at.</i>	:	R-2016-2537355, <i>et. al.</i>
v.	:	
Pennsylvania Power Company	:	
Pennsylvania Public Utility Commission, <i>et. al.</i>	:	R-2016-2537359, <i>et al.</i>
v.	:	
West Penn Power Company	:	

VERIFICATION

I, Roger D. Colton, hereby state that the facts above set forth in my Surrebuttal Testimony, OCA Statement No. 4-SR, are true and correct and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Signature:



Roger D. Colton

Consultant Address: Fisher, Sheehan, and Colton
34 Warwick Road
Belmont, Ma 02478

DATED: August 31, 2016