

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

 @pa_oa

 /pennoca

FAX (717) 783-7152
consumer@paoca.org

July 15, 2022

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Addendum to Philadelphia Gas Works
Universal Service and Energy Conservation
Plan for 2017-2020
Docket No. M-2016-2542415

Petition to Amend Philadelphia Gas Works
Universal Service and Energy Conservation
Plan for 2017-2022
Docket No. P-2020-3018867

Dear Secretary Chiavetta:

Consistent with 52 Pa. Code Section 5.412a of the Commission's regulations, which requires the electronic submission of pre-served testimony, and per Administrative Law Judges Hoyer and DeVoe's attached Interim Order Adopting Joint Stipulation for Admission of Evidence, Admitting Evidence into the Record, and Cancelling the Evidentiary Hearings dated July 13, 2022, enclosed for electronic filing please find the following "Admitted Evidence" on behalf of the Office of Consumer Advocate ("OCA") in the above-referenced proceedings.

Office of Consumer Advocate's Direct Testimony

OCA Statement 1 - Direct Testimony of Roger D. Colton, Appendix: Colton Abbreviated Vitae, and Verification

Office of Consumer Advocate's Rebuttal Testimony

OCA Statement 1-R - Rebuttal Testimony of Roger D. Colton and Verification

Office of Consumer Advocate's Surrebuttal Testimony

OCA Statement 1-SR - Surrebuttal Testimony of Roger D. Colton and Verification

Rosemary Chiavetta, Secretary
July 15, 2022
Page 2

All testimony is accompanied by a witness verification. The OCA's submission also addresses the requirements of the Commission's January 10, 2013 Implementation Order at Docket M-2012-2331973, which requires electronic access to pre-served testimony.

All parties and the presiding officers have been served previously with the testimony and exhibits and copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Christy M. Appleby
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAAppleby@paoca.org

Enclosures:

cc: The Honorable Mark A. Hoyer (cover letter and Certificate of Service only - **via email only**)
The Honorable Emily I. DeVoe (cover letter and Certificate of Service only - **via email only**)
Certificate of Service

*332306

CERTIFICATE OF SERVICE

Re: Addendum to Philadelphia Gas Works :
Universal Service and Energy Conservation : Docket No. M-2016-2542415
Plan for 2017-2020 :
:
Petition to Amend Philadelphia Gas Works :
Universal Service and Energy Conservation : Docket No. P-2020-3018867
Plan for 2017-2022 :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Pre-Served Testimony, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 15th day of July 2022.

SERVICE BY E-MAIL ONLY

Richard A. Kanaskie, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120
rkanaskie@pa.gov

Sharon E. Webb, Esquire
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101-1923
swebb@pa.gov

Elizabeth R. Marx, Esquire
Ria M. Pereira, Esquire
Lauren N. Berman, Esquire
John W. Sweet, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
pulp@pautilitylawproject.org

Lauren M. Burge, Esquire
Eckert Seamans Cherin & Mellott, LLC
600 Grant Street
44th Floor
Pittsburgh, PA 15219
lburge@eckertseamans.com

Deanne M. O'Dell, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
dodell@eckertseamans.com

Graciela Christlieb, Esquire
Philadelphia Gas Works
800 West Montgomery Ave.
Philadelphia, PA 19122
graciela.christlieb@pgworks.com

SERVICE BY E-MAIL ONLY (continued)

Robert W. Ballenger, Esquire
Kintéshia S. Scott, Esquire
Joline R. Price, Esquire
Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102
rballenger@clsphila.org
kscott@clsphila.org
jprice@clsphila.org

/s/ Christy M. Appleby
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAAppleby@paoca.org

Darryl A. Lawrence
Senior Assistant Consumer Advocate
PA Attorney I.D. # 93682
E-Mail: DLawrence@paoca.org

Counsel for:
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: July 15, 2022
*332307

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Addendum to Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2020	:	
	:	Docket No. M-2016-2542415
	:	
	:	
Petition to Amend Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2022	:	
	:	Docket No. P-2020-3018867
	:	

Direct Testimony of
Roger D. Colton

On Behalf of:
Office of Consumer Advocate
OCA Statement 1

May 13, 2022

Table of Contents

Summary of Recommendations	4
Part 1. An Overview of the Proceeding	7
Part 2. An Overview of the Use of Outcome Measurements in Program Planning	11
Part 3. Identifying and Enrolling Low-Income Customers	16
Part 4. Improving the Ability of Low-Income Customers to Pay Current Bills	20
Part 5. Allowing Low-Income Customers a Fresh Start from Pre-Existing Arrearages	31
Part 6. Protecting Non-Participating Customers	35
Part 7. Additional Data Reporting that should be Required of PGW	48
Appendices	53

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

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

3 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?**

4 A. I am a principal in the firm of Fisher Sheehan & Colton, Public Finance and General
5 Economics of Belmont, Massachusetts. In that capacity, I provide technical assistance to
6 a variety of federal and state agencies, consumer organizations, and public utilities on
7 utility rates, and customer service issues, involving water/sewer, natural gas and electric
8 utilities.

9 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

10 A. I am testifying on behalf of the Office of Consumer Advocate.

11 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND.**

12 A. I work primarily on low-income utility issues. This involves regulatory work on utility
13 rates and customer service issues, as well as research into low-income usage, payment
14 patterns, and affordability programs. At present, I am working on various projects in the
15 states of New Hampshire, Maryland, Pennsylvania, Ohio, Michigan, Tennessee, Kansas,
16 Wisconsin and Washington. My typical clients include state agencies (e.g., Pennsylvania
17 Office of Consumer Advocate, Maryland Office of People's Counsel, Illinois Office of
18 Attorney General), federal agencies (e.g., the U.S. Department of Health and Human
19 Services), community-based organizations (e.g., National Housing Trust, Natural
20 Resources Defense Council, Advocacy Centre Tenants Ontario), and private utilities
21 (e.g., Eversource, Toledo Water, Entergy Services). In addition to state-specific and

1 utility-specific work, I engage in national work throughout the United States. For
2 example, in 2011, I worked with the U.S. Department of Health and Human Services (the
3 federal LIHEAP office) to advance the review and utilization of the Home Energy
4 Insecurity Scale as an outcomes measurement tool for the federal Low-Income Home
5 Energy Assistance Program (“LIHEAP”). In 2007, I was part of a team that performed a
6 multi-sponsor public/private national study of low-income energy assistance programs. In
7 2020, I completed a study of water affordability in twelve U.S. cities for the London-
8 based newspaper, The Guardian. In 2020, in my capacity as an attorney, I prepared
9 comments on behalf of a coalition of state, regional and national consumer organizations
10 presented to the U.S. Environmental Protection Agency (EPA) with respect to the EPA’s
11 guidance on community financial capabilities to pursue clean water strategies. A brief
12 description of my professional background is provided in Appendix A.

13 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

14 A. After receiving my undergraduate degree in 1975 (Iowa State University), I obtained
15 further training in both law and economics. I received my law degree in 1981 (University
16 of Florida). I received my Master’s Degree (Regulatory Economics) from the
17 MacGregor School at Antioch University in 1993.

18 **Q. HAVE YOU EVER PUBLISHED ON PUBLIC UTILITY REGULATORY**
19 **ISSUES?**

20 A. Yes. I have published three books and more than 80 articles in scholarly and trade
21 journals, primarily on low-income utility and housing issues. I have published an equal

1 number of technical reports for various clients on energy, water, telecommunications and
2 other associated low-income utility issues. My most recent publication is a chapter in the
3 book “Energy Justice: US and International Perspectives,” published by Edward Elgar
4 Publishing in London. My chapter was titled “The equities of efficiency: distributing
5 usage reduction dollars.” It offers an objective definition of “equity” based on established
6 legal and economic doctrine.

7 **Q. HAVE YOU EVER TESTIFIED BEFORE THIS OR OTHER UTILITY**
8 **COMMISSIONS?**

9 A. Yes. I have testified before the Pennsylvania Public Utility Commission (“PUC” or
10 “Commission”) on numerous occasions regarding utility issues affecting low-income
11 customers and customer service. I have also testified in regulatory proceedings in more
12 than 300 proceedings in 43 states and various Canadian provinces on a wide range of
13 utility issues. A list of the states and provinces in which I have testified is listed in
14 Appendix A.

15 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR DIRECT TESTIMONY.**

16 A. The overall purpose of my Direct Testimony is to consider the establishment of
17 measurable metrics by which to determine the outcomes of PGW’s proposed reductions
18 in natural gas burdens as set forth in PGW’s Customer Responsibility Program (“CRP”).¹
19 The “outcomes” I propose to be considered, by which PGW’s proposed pilot should be
20 assessed, include not only the outcomes for CRP participants, but the impacts on non-

¹ CRP is PGW’s Customer Assistance Program (CAP).

1 participating customers as well. More specifically, the purposes of my Direct Testimony
2 include the following:

- 3 ➤ First, I provide an overview of the use of outcome measurements in program
4 planning for affordability programs such as PGW's CRP;
- 5 ➤ Second, I examine the degree to which PGW identifies its low-income
6 customers and enrolls those customers in its CRP;
- 7 ➤ Third, I examine the impact that offering the CRP discount has on the ability
8 of program participants to pay their bill for current service;
- 9 ➤ Fourth, I examine the impact that offering the CRP discount has on the ability
10 of program participants to earn forgiveness toward their pre-program arrears
11 and to prevent the development of new in-program arrears;
- 12 ➤ Fifth, I examine the impact that offering the CRP discount has on residential
13 ratepayers who are not participating in CRP; and
- 14 ➤ Finally, I examine certain data reporting that should be required as an
15 essential part of any operation of a pilot CRP with revised home energy
16 burdens.

17 **Summary of Recommendations**

18 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.**

19 **A.** Based on the data and discussion presented below, I recommend as follows:

- 20 1. The Commission should express its intention that PGW engage in a continuous
21 improvement process, rather than addressing potential program improvements
22 only when it is required by regulation to file a new Universal Service and Energy
23 Conservation Plan (USECP).
- 24 2. To the extent that PGW provides a deeper CRP discount, in order to achieve a
25 more affordable natural gas bill for its low-income population, it should also be

1 required to meet outcome objectives with respect to the level of program
2 participation.

3 3. The outcome measurements I recommend should be used by PGW in a process of
4 continuous improvement for the administration of its CRP. In addition, however,
5 PGW should be directed to include in each future amended USECP a report of the
6 outcome measurements, along with: (1) its assessment of the outcomes; and (2) an
7 identification of which elements of the proposed USECP have been included to
8 respond to the outcome results.

9 4. PGW should be directed to adopt the following outcome objectives for its CRP:

10 ➤ PGW's program objective should be to achieve a CRP participation rate of no
11 less than 40% of its estimated low-income population.

12 ➤ As a means of measuring an improvement in the ability of PGW CRP
13 participants to pay their bills, PGW should be directed to adopt the following
14 outcome objectives:

15 1) The "percentage of CAP dollars paid" of CRP participants should
16 place PGW's performance in the top quartile of Pennsylvania natural
17 gas utilities. According to BCS, "the percentage of CAP bills paid by
18 CAP customers is calculated by dividing the total annual CAP
19 payments (\$) by the total annual CAP amount billed (\$)."

20 2) The "CAP payment rate" of CRP participants should place PGW's
21 performance in the top quartile of Pennsylvania natural gas utilities.
22 According to BCS, "the CAP payment rate is calculated by dividing
23 the total number of full monthly CAP payments by the total number of
24 monthly CAP bills rendered. The CAP payment rate reflects overall
25 program totals and is not a household average or broken out by
26 poverty level."

27 3) The percentage of CRP participants with in-program arrears should not
28 exceed the percentage of residential customers with arrears.

29 ➤ As a means of measuring the extent to which it is providing its CRP
30 participants a fresh start regarding arrears that have accrued on their accounts
31 during the time before they begin to receive an affordable bill, PGW should
32 adopt the following outcome objective: arrearages eligible for forgiveness in
33 each year (in dollars) should be actually forgiven at a rate that equals or
34 approaches 100%.

1
2 5. PGW should be directed to track and report on the reasonableness of its CRP
3 expenditures through the following process:

4 ➤ The reasonableness of the bill impact of PGW’s CRP burdens on PGW
5 customers should be assessed for a minimum of three discrete groups: (1)
6 those who are income-eligible for CRP (at or below 150% of Poverty) but
7 who do not participate; (2) those whose income exceeds 150% of Poverty, but
8 does not exceed 300% of Poverty; and (3) those whose income exceeds 300%
9 of Poverty.

10 ➤ If the three-year average per-participant cost increases by 20% or more, PGW
11 should be required to: (1) make an informational filing with the Commission
12 explaining the basis for the cost increases and the steps that PGW is doing to
13 control costs; (2) convene its Universal Service Advisory Committee (USAC)
14 to assess the extent to which additional responsive actions are appropriate; (3)
15 if a mutually agreed-upon course of action is not determined within the
16 USAC, stakeholders could petition the Commission to amend the USECP
17 with specifically-stated proposed demonstrably responsive actions;² and (4)
18 propose in its next filed USECP cost containment measures that seek to
19 protect non-participants.

20 ➤ The results of PGW’s monitoring should be completed within 30 days after
21 the close of PGW’s Fiscal Year each year.

22 6. The Commission should require that PGW engage in prescribed data collection
23 and reporting as it implements the new burdens pursuant to its “pilot” CRP
24 project. PGW should be directed to annually file this information to this docket,
25 with copies to each of the parties to this proceeding. PGW should also be directed
26 to include this data in each future amended USECP filed with the Commission.

² This response has both enabling language and restrictive language. It authorizes a stakeholder to petition the Commission proposing an amendment to the USECP prior to PGW filing its next USECP. However, such a petition must meet two tests: (1) that the petition ask not merely for an “investigation” but rather proposes a specific action for the Commission to approve or not; and (2) that the proposed action not simply be an amendment to the USECP, but rather be an action that is “demonstrably responsive” to the increased cost burden at issue.

1 **Part 1. An Overview of the Proceeding.**

2 **Q. PLEASE DESCRIBE THE NATURE OF THIS PROCEEDING.**

3 A. This proceeding arises out of the Pennsylvania Public Utility Commission (PUC or
4 Commission) decision in 2019 to adopt a Revised CAP Policy Statement in Docket M-
5 2019-3012559. Among the decisions included in that Revised CAP Policy Statement
6 was the PUC’s decision to reduce the maximum energy burdens that it would use to
7 define an “affordable” bill in reviewing Customer Assistance Programs (CAPs)
8 administered by Pennsylvania’s natural gas and electric distribution utilities. In adopting
9 reduced burdens, the PUC made clear that while the provisions of the CAP Policy
10 Statement, including the maximum burdens contained therein, were not to be viewed as
11 mandatory. it *encouraged* utilities to implement program changes consistent with the
12 CAP Policy Statement as quickly as possible.

13 PGW is a city natural gas distribution operation and, for the purposes of Universal
14 Service and Energy Conservation Plans (USECPs), of which CAPs are one part, is
15 subject to the same requirements as the state’s natural gas distribution utilities. On
16 January 6, 2020, PGW filed an Addendum to its 2017-2022 USECP wherein PGW
17 requested permission to implement a Pilot Program adopting some of the specific
18 provisions of the CAP Policy Statement Amendments, including the reduction in energy
19 burdens on its CAP customers. The Cover Letter accompanying the proposed
20 amendments acknowledged that the increased costs of the Pilot Program on PGW’s
21 ratepayers “could be significant and . . . create a financial burden for Philadelphians.”

1 OCA opposed the proposed changes, arguing that the changes “should not be approved
2 until a full review [was] completed,” which could not occur in 30 days. In addition, OCA
3 argued that the anticipated increase of \$27.5 million in costs for the USECP, from \$69.6
4 million in 2020 to \$97.1 million in 2021, required a full and complete analysis of the
5 impact on ratepayers, especially where PGW had just filed a request to increase its
6 distribution rates by approximately \$70 million.³ OCA asserted that such a significant
7 change in PGW’s program design and increase to the costs of the program should not be
8 confined to a short timeframe. OCA maintained that PGW’s proposals raised significant
9 questions as to the cost of the program, the increased costs related to the proposed
10 amendments, the impact of the amendments on the overall plan, and the continued cost-
11 effectiveness of PGW’s plan.

12 The Commission granted PGW’s request for the matter to be expedited, reasoning that
13 PGW had made “compelling argument[s] in favor of having actual experience with the
14 new CAP Policy Statement [Amendments’] recommendations prior to making the
15 changes a regular part of its next USECP.” (March 26, 2020 Op. and Order at 9.) The
16 Commission acknowledged OCA’s concerns, which were “also compelling,” but was
17 persuaded to address the merits of PGW’s amendment request by the fact that the
18 proposed “changes [were] strictly . . . a Pilot Program.” (*Id.*)

19 The Commission then turned to the merits of the Petition. The Commission concluded
20 that the proposed changes in the Pilot Program relating to the new energy burdens of

³ Pennsylvania Public Utility Commission v. Philadelphia Gas Works, Docket R-2020-3017206 (filed February 28,2020). .

1 CAP customers were consistent with the CAP Policy Statement Amendments. The
2 Commission agreed with PGW that approving the Pilot Program would “provide a
3 starting point” for PGW’s future USECP.⁴

4 The Commission noted that the changes were only being approved as a Pilot Program,
5 and the Commission would further examine the impact of the increased costs in PGW’s
6 next USECP filing to determine if cost control measures or changes would be necessary.
7 It did not directly address OCA’s requests for additional information regarding the costs,
8 impact, and cost-effectiveness of the proposed program and time to analyze that data
9 beyond its statements that it was approving PGW’s changes as a Pilot Program and that
10 the impacts could be analyzed in future proceedings.

11 OCA appealed the PUC’s decision to approve the PGW petition arguing that a full
12 evidentiary record should have been developed. The Commonwealth Court agreed,
13 reversing the PUC decision and remanding the proceeding to the Commission for further
14 proceedings.⁵ The instant proceeding is the consideration of PGW’s pilot petition on that
15 remand.

⁴ Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2022, Docket No. Docket No. M-2016-2542415, Petition to Amend Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2022, Docket No. Docket No. P-2020-3018867 (consolidated), Order, at 15 (March 26, 2020).

⁵ Evans v. Pennsylvania Public Utility Commission, No. 421 C.D. 2020; McCloskey v. Pennsylvania Public Utility Commission, No. 422 C.D. 2020 (consolidated), In the Commonwealth Court of Pennsylvania, Memorandum Opinion by Judge Cohn Jubelirer, filed September 29, 2021.

1 **Q. DOES OCA STILL HAVE CONCERNS ABOUT THE PGW PETITION?**

2 A. Yes. PGW reports that its pilot project to date has substantially fewer costs than the
3 Company first estimated would arise from its adoption of the reduced energy burdens.

4 PGW witness Adamucci stated in her Direct Testimony

5 that the actual costs and enrollment to date with the CRP Pilot Program in place have
6 been much lower than projected. PGW originally projected that its total CRP costs
7 would increase to approximately \$87.0 million in 2021 after implementing the CRP
8 Pilot Program, with an average monthly participation of approximately 75,000
9 customers. This is as compared to projected total costs of \$59.7 million in 2020 prior
10 to implementation. In reality, actual costs in FY 2021 were approximately \$59.2
11 million, as opposed to the projected \$87.0 million. Average monthly participation in
12 FY 2021 was approximately 59,000, rather than the projected 75,000. While various
13 factors - including the pandemic and related economic impacts - may have affected
14 these outcomes, to-date the actual costs and participation in CRP with the revised
15 energy burdens have been significantly lower than originally projected.

16 (PGW St. 1, at 7 – 8). Given the reduced cost of the PGW pilot, OCA does not oppose
17 adoption of the PGW pilot on the condition that the outcome measurements proposed
18 below are adopted such that PGW, the Commission, the OCA, and other stakeholders can
19 continue to recognize and measure the ongoing cost impacts of the program, and the
20 extent to which the expenditure of ratepayer dollars on CRP is achieving the outcomes
21 which the program is intended to achieve. As I will describe in detail, the reasonableness
22 of ongoing costs, as well as both the cost-effectiveness and cost-efficiency of the program
23 remain ongoing concerns.

1 **PART 2. An Overview of the Use of Outcome Measurements in Program Planning.**

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

4 A. In this section of my testimony, I examine the need for PGW to establish measurable
5 outcome objectives for its CRP. Having established the outcome *objectives*, PGW should
6 also establish quantifiable *metrics* by which it can determine the extent to which, if at all,
7 those outcomes are being achieved. It should finally identify the data that it needs to
8 collect in order to track those metrics. Any evaluation of the extent to which, if at all,
9 PGW’s CRP accomplishes its program objectives can only be measured through an analysis
10 of program outcomes. While activity measures may be relevant to a discussion of how the
11 CRP operates, a consideration only of CRP activities does not contribute to a determination
12 of whether the CRP program’s objectives are being met. Accordingly, the discussion below
13 identifies the CRP’s outcome objectives, and discusses metrics and data to determine
14 whether those objectives are being achieved.

15 **Q. PLEASE EXPLAIN THE TERMINOLOGY YOU ARE GOING TO USE IN**
16 **YOUR TESTIMONY.**

17 A. Measuring “outcomes” is to be distinguished from measuring “activities.” An “activity”
18 is defined as the work performed that directly produces products or services. The
19 “outcome” of a program is the accomplishment of program objectives attributable to
20 having performed those activities.

21 Performance measurement has been growing now for nearly 30 years in both public and
22 private programs. Perhaps the best-known application is the federal Government

1 Performance and Results Act of 1993 (GRPA). GPRA was designed to address the same
2 conceptual issues that PGW must address for its low-income pilot program: to grapple
3 with how best to improve effectiveness and service quality while limiting costs. It shifts
4 the focus from program activities to program results.

5 **Q. PLEASE EXPLAIN WHY YOU PRESENT THIS DISCUSSION OF OUTCOMES**
6 **IN THIS PROCEEDING TO REVIEW PGW’S PILOT PROGRAM TO REDUCE**
7 **NATURAL GAS BURDENS WITHIN CRP.**

8 A. One critical element of implementing a program such as CRP is deciding what the
9 program seeks to accomplish. Too often, program planners jump to the question
10 of “what do we want to do” before answering the question “what do we want to
11 accomplish.” In developing an appropriate pilot program, not only does PGW
12 need to ask both questions, but PGW needs to develop the *connection* between the
13 two answers.

14 This problem is acutely presented in this proceeding. The question that appears to be
15 presented is: what natural gas burden should be offered to PGW’s low-income
16 customers? That is an activity-based question, asking what PGW should do. The answer
17 to that question cannot be rationally developed until PGW first decides what it wants to
18 accomplish.

19 PGW offers its reduced energy burdens as a pilot program. Given the pilot nature of the
20 reduced burdens, I believe that the guidance of the Comptroller General of the United

1 States formulated the need for outcome measurement when Congress enacted GPRA is
2 applicable to PGW as well. The Comptroller’s *Executive Guide: Effectively*
3 *Implementing the Government Performance and Results Act*⁶ explained: “These vital few
4 measures should cover the key performance dimensions that will enable an organization
5 to assess accomplishments, make decisions, realign processes, and assign
6 accountability.”⁷ All four of those purposes (assess accomplishments, make decisions,
7 realign processes, assign accountability) apply to PGW’s decisions on how, if at all, to
8 restructure PGW’s CRP energy burdens through its proposed pilot program.

9 **Q. HAS THE PENNSYLVANIA PUC DISCUSSED THE IMPORTANCE OF**
10 **IDENTIFYING AND MEASURING “OUTCOMES” WITH RESPECT TO LOW-**
11 **INCOME CAPS?**

12 A. Yes. The Commission has previously expressed its interest in reviewing outcomes with
13 respect to CAPs. In the Final Policy Statement and Order in Docket M-2019-3012599,
14 for example, the Commission said:

15 While the most common reason customers are removed from a CAP is due to
16 failure to recertify, we acknowledge that frequency of recertification is a
17 significant but not sole determinant of this suboptimal outcome. Another
18 barrier is the process itself. Utilities should endeavor to find more effective
19 ways of communicating their recertification policies and procedures and
20 develop more efficient ways of collecting appropriate income information
21 from customers in order to minimize disruption in CAP participation.

22 (Final Policy Statement and Order, at 71 – 72, Docket M-2019-3012599). As can be
23 seen, in this Commission discussion, the Commission did not direct *what* “ways of

⁶ Comptroller General of the United States, U.S. General Accounting Office, GAO/GGD-96-118 (June 1996).

⁷ *Id.*, at 25.

1 communicating recertification policies and procedures” should be adopted, nor did it
2 direct *what* “ways of collecting appropriate income information from customers” were
3 appropriate. Instead, it identified the “suboptimal outcome” that it stated utilities should
4 avoid (i.e., “customers are removed from CAP. . .due to failure to recertify”).

5 Moreover, in its Final Policy Statement and Order, the Commission noted “the need for
6 increased awareness.” The Commission, in particular, noted the need “to reach
7 customers, particularly the very marginal, for enrollment in universal service programs.”
8 (Final Policy Statement and Order, at 78 – 79). The Commission said that utilities should
9 “develop more robust efforts to reach customers. . .” (Id.) Again, the Commission did not
10 direct utilities to pursue any particular “robust efforts to reach customers.” Instead, it
11 identified the *outcome* to be achieved (i.e., reach customers, particularly the very
12 marginal for enrollment in universal service programs).

13 **Q. HOW DOES PGW TALK ABOUT THE NEED FOR OUTCOME**
14 **MEASUREMENT AS IT RELATES TO THIS PILOT?**

15 A. While PGW witness H. Gil Peach does not define, let alone address, the outcomes that
16 PGW seeks to accomplish through the particular CRP burdens it proposes in this
17 proceeding, he does acknowledge the role of outcome measurement. Dr. Peach states
18 that “the process here is one of production of useful and relevant applied knowledge for
19 iterative program improvement. These procedures, are simply parts of knowledge
20 production *to produce evidence-based results.*” (PGW St. 2, at 17). (emphasis added).
21 Dr. Peach asserts that the PGW “pilot program” is appropriate in that after the pilot

1 period, “the PUC can and should review its overall energy burden findings and determine
2 whether any changes are necessary on a going forward basis.” (PGW St. 2, at 16).

3 While PGW witness Peach references “evidence-based results,” he never defines or
4 describes the “results” that the burdens he proposes are intended to accomplish.

5 Moreover, Dr. Peach asserts that the PUC should undertake a review of PGW’s program
6 only *after* a “pilot period.” What should occur, instead, is for PGW to engage in an
7 ongoing process of continuous review to determine how, if at all, it might improve the
8 operation of its CRP. Performance outcome review is intended to be a part of continuous
9 improvement, not merely a “periodic” review. My testimony below seeks to remedy
10 these shortcomings.

11 **Q. ARE THE OUTCOME MEASUREMENTS YOU RECOMMEND BELOW**
12 **SIMPLY INTERNAL REPORTING REQUIREMENTS?**

13 A. No. As I discuss, the outcome measurements I recommend should be used by PGW in a
14 process of continuous improvement for the administration of its CRP. In addition,
15 however, PGW should be directed to include in each future amended USECP a report of
16 the outcome measurements, along with: (1) its assessment of the outcomes; and (2) an
17 identification of which elements of the proposed USECP have been included to respond
18 to the outcome results.

1 **Q. PLEASE EXPLAIN YOUR BACKGROUND IN PLANNING WITH RESPECT**
2 **TO GOALS, STRATEGIES, AND OUTCOMES.**

3 A. I worked directly with the federal LIHEAP office⁸ in helping that office implement
4 GPRA.⁹ I also worked with various public utilities to help them develop outcome
5 measurements to apply to their own low-income assistance programs.¹⁰

6 **PART 2. Identifying and Enrolling Low-Income Customers.**

7 **Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR**
8 **TESTIMONY.**

9 A. In this section of my testimony, I examine whether, and how, PGW should measure the
10 extent to which it is serving its “low-income population.” PGW’s argument that its
11 revised CRP burdens are appropriate is based on its assertion that the utility’s “low-
12 income population” (or low-income customer base) needs to experience PGW burdens
13 that are no higher than those proposed in order for low-income bills to be affordable.
14 PGW consistently argues as though its CRP fully serves the “low-income” population of
15 the PGW service territory. PGW witness Peach, for example, asserts that:

⁸ LIHEAP Advisory Committee on Managing for Result, U.S. Department of Health and Human Services Administration for Children and Families Division of Energy Assistance, Office of Community Services.

⁹ See e.g., Colton (2003). Measuring the Outcomes of Home Energy Assistance through a Home Energy Insecurity Scale (prepared for federal LIHEAP office); Colton (1999). Measuring LIHEAP’s Results: Responding to Home Energy Unaffordability (prepared for federal LIHEAP office); Colton (1999). Monitoring the Impact of Electric Restructuring on Low-Income Consumers: The What, How and Why of Data Collection (prepared for federal LIHEAP office).

¹⁰ See e.g., Colton (2005). Impact Evaluation of NIPSCO Winter Warmth Program, prepared for Northern Indiana Public Service Company; Colton (2009). An Outcomes Planning Approach to Serving TPU Low-Income Customers, prepared for Tacoma Public Utilities, Tacoma (WA); Colton (2012). Public Service Company of Colorado’s (PSCo) Pilot Energy Assistance Program (PEAP) and Electric Assistance Program (EAP) 2011 Final Evaluation Report, prepared for Xcel Energy (Denver CO).

- 1 ➤ “[E]nergy burdens that are even lower than those reflected in the PUC’s Revised
2 CAP Policy Statement and implemented by PGW would be justified and
3 reasonable *to provide affordable bills to low-income customers.*” (PGW St. 2, at
4 14) (emphasis added).
- 5 ➤ “At a general level, bringing *low-income households* down to the average energy
6 burden in the state seems inherently fair. . .” (PGW St. 2, at 13) (emphasis added).
- 7 ➤ “[T]here is no basis for arguing that the energy burdens should apply differently
8 to *low-income customers who live in the City of Philadelphia.*” (PGW St. 2, at
9 15). (emphasis added).
- 10 ➤ “There is nothing about *a low-income PGW customer* that makes them more or
11 less in need than customers of other Pennsylvania utilities in identical economic
12 situations with respect to ability to pay and to energy needs.” (PGW St. 2, at 15).
13 (emphasis added).

14 **Q. WHAT IS THE PROBLEM WITH THIS TESTIMONY?**

15 A. Setting aside any disagreement with the substance of these comments (e.g., whether it is
16 “inherently fair” to bring the low-income burden down to the average energy burdens in
17 the state; or whether energy burdens that “are even lower than those reflected in the
18 PUC’s Revised CAP Policy Statement and implemented by PGW would be justified and
19 reasonable”), the problem with these statements by PGW witness Peach is that he equates
20 PGW’s population of “low-income customers” with PGW’s population of “CRP
21 participants.”

22 If the objective sought (i.e., the outcome sought) is to provide affordable PGW bills to
23 Philadelphia’s low-income population, as argued by Dr. Peach, there are *two* –not one—
24 factors that must be taken into account. The first, but only the first, factor is whether the
25 burden that is being used is an affordable burden. The second factor is whether PGW is

1 reasonably enrolling its low-income population into CRP. If the first factor is achieved,
2 but the second is not, PGW cannot be said to be accomplishing the program objective of
3 providing affordable natural gas bills to its low-income customers.

4 **Q. WHAT MEASURABLE OUTCOME OBJECTIVE DO YOU RECOMMEND AS A**
5 **COROLLARY TO ESTABLISHING AN AFFORDABLE BURDEN FOR PGW'S**
6 **CRP POPULATION?**

7 A. To the extent that PGW provides a deeper CRP discount, in order to achieve a more
8 affordable natural gas bill for its low-income population, it should *also* be required to
9 meet outcome objectives with respect to the level of program participation. Only if
10 participation rates within PGW's low-income population improves will the offer of
11 deeper discounts, and thus lower burdens, truly improve the affordability of service to
12 Philadelphia's "low-income population" (PGW's low-income customer base). At a
13 minimum, PGW's program objective should be to achieve a CRP participation rate of no
14 less than 40% of its estimated low-income population.

15 **Q. WHAT IS PGW'S CURRENT PERFORMANCE REGARDING PROGRAM**
16 **PARTICIPATION?**

17 A. According to the PUC's Bureau of Consumer Services (BCS) annual report on and
18 Universal Service Programs and Collections Performance,¹¹ PGW had 197,855 estimated
19 low-income customers in 2019. (BCS, at 9). PGW had 53,722 CRP participants in 2019.

¹¹ Available at <https://www.puc.pa.gov/media/1709/2020-universal-service-report-final.pdf> (last accessed May 3, 2022).

1 (BCS, at 59).¹² This represents a CRP participation rate of 27.2% (53,752 / 198,855 =
2 0.2715).

3 Despite its current participation rate of 27%, the recommended 40% participation rate is
4 not an unreasonable objective. According to PGW witness Denise Adamucci, “PGW
5 originally projected that its total CRP costs would increase to approximately \$87.0
6 million in 2021 after implementing the CRP Pilot Program, with an average monthly
7 participation of approximately 75,000 customers.” (PGW St. 1, at 7) (emphasis added).

8 An average monthly participation of 75,000 low-income customers would be a
9 participation rate of 38.2% given the 2020 number of estimated low-income customers of
10 195,215 (37.9% given the 2019 number of estimated low-income customers of 197,855).
11 The 40% participation rate, in other words, is a participation rate that PGW has
12 previously stated to be achievable.

13 **Q. WHAT IMPROVEMENTS IN OUTREACH AND ENROLLMENT DO YOU**
14 **RECOMMEND PGW PURSUE?**

15 A. Recommending “improvements” in what PGW should “do” is not the purpose here.
16 Increasing participation may result from improved outreach; decreased exits due to a
17 failure to re-enroll; easing information exchange in the intake process; or a host of other
18 PGW activities. The choice of those activities is left to PGW based on a process of
19 continuous improvement. As the Comptroller of the United States noted with respect to
20 GPRA (as I quote above), the purpose of the outcome measurement is to “enable an

¹² I use 2019 as the base case to avoid any atypical variation in results attributable to COVID-19.

1 organization to assess accomplishments, make decisions, realign processes, and assign
2 accountability.”

3 **PART 3. Improving the Ability of Low-Income Customers to Pay Current Bills.**

4 **Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR**
5 **TESTIMONY.**

6 A. In this section of my testimony, I examine whether, and how, PGW should measure the
7 extent to which it is improving the ability of its low-income customers to pay their
8 current bills. Given PGW’s proposal to reduce its CRP burdens in order to “improve
9 affordability,” that improved affordability should manifest itself in some measurable
10 fashion. While PGW witness Peach devotes much of his testimony to efforts to justify
11 the particular burdens he proposes, he never addresses the *outcomes* that those reduced
12 burdens would generate. In contrast, PGW witness Adamucci refers to at least two
13 outcome measurements: (1) the prevention of nonpayment disconnections (PGW St. 2, at
14 7, lines 9-11); and (2) encouraging customers “to pay their bills.” (PGW St. 2, at 7, lines
15 11 – 12). These are both objectives (customers paying their bills; customers avoiding
16 nonpayment disconnections) that the OCA strongly supports.

17 **Q. WHAT MEASURABLE OUTCOME OBJECTIVE DO YOU RECOMMEND AS A**
18 **MEANS OF MEASURING AN IMPROVEMENT IN THE ABILITY OF PGW**
19 **CRP PARTICIPANTS TO PAY THEIR PGW BILLS?**

20 A. To the extent that PGW provides a deeper CRP discount, in order to achieve a more
21 affordable natural gas bill, it should also be required to meet outcome objectives with
22 respect to the level of payments by program participants receiving the lower burdens. If

1 the lower burden implemented through PGW’s pilot is, as testified to by PGW witness
2 Peach, intended to “produce evidence-based results” (PGW St. 2, at 17) (emphasis
3 added), an outcome measurement would place some substance on this assertion. My
4 testimony proposes to identify the “results” that PGW should seek to “produce.” It
5 proposes to identify the “evidence” that will be produced and presented in order to
6 determine whether those results have been achieved.

7 Given this introduction, I recommend the following three measurable outcome objectives
8 by which to measure the performance of PGW’s CRP burdens as it relates to improving
9 the ability to pay:

10 (1) The “percentage of CAP dollars paid” of CRP participants should place
11 PGW’s performance in the top quartile of Pennsylvania natural gas utilities.
12 According to BCS, “the percentage of CAP bills paid by CAP customers is
13 calculated by dividing the total annual CAP payments (\$) by the total annual
14 CAP amount billed (\$).” (BCS 2020, at 65).

15 (2) The “CAP payment rate” of CRP participants should place PGW’s
16 performance in the top quartile of Pennsylvania natural gas utilities.
17 According to BCS, “the CAP payment rate is calculated by dividing the total
18 number of full monthly CAP payments by the total number of monthly CAP
19 bills rendered. The CAP payment rate reflects overall program totals and is
20 not a household average or broken out by poverty level.” (BCS 2020, at 66).

21 (3) The percentage of CRP participants with in-program arrears should not exceed
22 the percentage of residential customers with arrears.

23 **Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN THE “PERCENTAGE OF**
24 **CAP BILLS PAID” AND THE “CAP PAYMENT RATE.”**

25 A. The first two metrics I recommend not only track CRP performance in different units of
26 measurement, but are directed toward distinctly different underlying questions. On the

1 one hand, the “percentage of CAP bills paid” is measured in dollars. It measures, on an
2 annual basis, how complete CRP payments have been. If CRP customers are billed \$100,
3 and make payments of \$60, they have a “percentage of CAP bills paid” of 60%. On the
4 other hand, the “CAP payment rate” is measured in terms of the number of bills and the
5 number of payments. The CAP payment rate measures how regularly CRP customers are
6 making complete payments. If CRP customers receive 100 bills and make 35 payments,
7 they have a CAP payment rate of 35%.

8 The two metrics are intended to measure distinctly different levels of performance. To
9 illustrate, two customers might both receive 12 bills of \$50 in a year (\$600 total), and, at
10 the end of the year, might both have made \$400 in payments. They both have a “percent
11 of CAP bills paid” of 67% ($\$400 / \$600 = 0.666$). However, if Customer A has made 12
12 payments of \$50 (one in response to each bill), while Customer B has made two
13 payments of \$200, Customer A has a far better “CAP payment rate.”

14 The two metrics used by BCS, and which I recommend as outcome measures for PGW,
15 differ from this explanation only in that the metrics I proposed are applied in the
16 aggregate to the CRP population rather than to individual CRP customers. The aggregate
17 results for each Pennsylvania utility are reported to, and published by, the Bureau of
18 Consumer Services each year. Consistent with my explanation above, Table 1 focuses on
19 the percentage of dollars paid. In contrast, Table 2 focuses on the number of payments
20 made (as a percentage of the number of bills issued).

1 **Q. WHAT IS PGW’S CURRENT CRP PERFORMANCE REGARDING PAYMENTS**
2 **(IN DOLLARS)?**

3 A. Pennsylvania’s natural gas utilities report their performance relative to the dollars of
4 payment by their CAP customers through the metric “percentage of CAP bills paid” as
5 that term is defined above. PGW tends to under-perform the state’s other utilities relative
6 to this performance metric. The annual data reported by BCS is set forth in Table 1
7 below. Rather than being amongst the top performers, the BCS data shows that of
8 Pennsylvania’s eight natural gas utilities (counting UGI North and UGI South as separate
9 utilities):¹³

- 10 ➤ In 2018, PGW had the lowest percentage of CAP dollars paid of any of the
11 eight natural gas utilities;
- 12 ➤ In 2019, PGW had the lowest percentage of CAP dollars paid of any of the
13 eight natural gas utilities; and
- 14 ➤ In 2020, PGW had the third lowest percentage of CAP dollars paid of the five
15 natural gas utilities reporting data (Peoples Equitable, UGI North, and UGI
16 South did not report 2020 data).¹⁴

¹³ The two UGI gas utilities were listed as separate utilities because data was presented on a pre-merger basis. [D]ue to the UGI Gas merger, UGI Utilities - Gas began reporting combined data as of Jan. 1, 2020; therefore, the 2020 UGI Utilities – Gas data includes the rate districts formerly served by UGI South, UGI North, and UGI Central.” Bureau of Consumer Services, 2020 Report on Universal Service Programs and Collections Performance, at 1, available at <https://www.puc.pa.gov/media/1709/2020-universal-service-report-final.pdf> (last accessed May 10, 2022).

¹⁴ According to BCS, “On Oct. 3, 2019, at Docket No. R-2018-3006818, *et al.*, the Commission approved the merger of People Natural Gas’ separate Peoples and Equitable rate districts into a single rate district known as Peoples Natural Gas LLC. Although this change took effect when Peoples Natural Gas LLC’s amended tariff became effective on Oct. 29, 2019, data reported based on the combined rate districts did not begin until Jan. 1, 2020. “ BCS further stated that “On Oct. 4, 2019, at Docket No. R-2018-3006814, *et al.*, the Commission approved the merger of of the UGI Utilities, Inc. separate rate districts – UGI South, UGI North, and UGI Central – into one rate district existing as UGI Utilities, Inc. – Gas Division. Although this change took effect when UGI’s amended

Utility	2018	2019	2020
Columbia	73.5%	77.0%	70.4%
NFG	67.2%	72.0%	65.2%
PECO-Gas	86.0%	93.0%	77.0%
Peoples	67.6%	93.2%	84.1%
Peoples-Equitable	65.7%	93.0%	n/a
PGW	62.5%	56.0%	72.9%
UGI South	74.5%	89.9%	n/a
UGI North	69.3%	90.2%	n/a
Total/Industry Average	68.2%	77.0%	77.4%

1

2 **Q. IS THERE A DIRECT MEASUREMENT OF THE CAP PAYMENT RATE BY**
3 **PGW?**

4 A. Yes. Data reported to BCS indicates that PGW CRP participants do not perform as well
5 in making payments as the CAP participants of other Pennsylvania natural gas utilities.

6 The 2020 BCS annual report on Universal Service Programs and Collections

7 Performance reports annual data on “CAP Payment Rate” (as that term is defined above).

8 The BCS data shows:

- 9 ➤ In 2018, PGW had the highest CAP payment rate of Pennsylvania’s eight
10 natural gas utilities;
- 11 ➤ In 2019, PGW compared to four Pennsylvania natural gas utilities with higher
12 CAP payment rates, and two lower (with one the same); and

tariff became effective on Oct. 11, 2019, data reported based on the combined rate districts did not begin until Jan. 1, 2020.” BCS, 2020 Report on Universal Service Programs and Collections Performance, at 1, notes 7, 9.

1 ➤ In 2020, PGW had the next to lowest CAP payment rate (50.6%), with three
2 natural gas utilities (Peoples Equitable, UGI North, UGI South) not reporting
3 data.

Utility	2018	2019	2020
Columbia	53.4%	57.0%	51.5%
NFG	69.4%	76.2%	72.1%
PECO-Gas	59.0%	59.6%	56.4%
Peoples*	46.5%	49.1%	47.4%
Peoples-Equitable	42.4%	45.2%	n/a
PGW	89.3%	57.3%	50.6%
UGI South	57.5%	87.0%	n/a
UGI North	54.1%	86.9%	n/a
Total/Industry Average	65.2%	57.0%	57.4%

4
5 My conclusion is that PGW has substantial room for improvement in the CAP Payment
6 Rate. Aside from the room for performance improvement, however, I find that this
7 metric, as with the first metric, is based on data that is routinely reported by PGW (and
8 other gas utilities) to the BCS. It would not be difficult for PGW to implement either of
9 the first two performance metrics I recommend above.

10 **Q. WHY IS IT REASONABLE TO COMPARE PGW TO OTHER PENNSYLVANIA**
11 **NATURAL GAS UTILITIES ON THESE METRICS?**

12 A. While not all CAPs offered by Pennsylvania utilities are designed precisely the same,
13 they should all share the same objectives: reducing CAP customers’ pre-program arrears,
14 improving CAP customers’ payment behavior, reducing the number of times a CAP

1 customer faces disconnection for non-payment, etc. Thus, despite some differences in the
2 CAPs themselves, the outcomes of the various CAPs should be reasonably comparable to
3 each other. Two customers who have incomes of 100% of Federal Poverty Level,
4 whether they are PECO Gas customers, Columbia Gas customers, or PGW customers, are
5 similarly situated with respect to their natural gas bills if they are billed at the same
6 burden as proposed in the PUC's Revised CAP Policy Statement. Even PGW witness
7 Peach acknowledged this, when he testified in this proceeding that "There is nothing
8 about a low-income PGW customer that makes them more or less in need than customers
9 of other Pennsylvania utilities in identical economic situations with respect to ability to
10 pay and to energy needs." (PGW St. 2, at 15).

11 **Q. HAVE YOU EXAMINED CRP BILL PAYMENT PERFORMANCE (IN**
12 **DOLLARS) FROM THE PERSPECTIVE OF THE THIRD METRIC YOU**
13 **RECOMMEND ABOVE?**

14 A. No. If CRP burdens are reduced to an affordable level, it should be reasonable to expect
15 that CRP participants will be making their bill payments each month. Whether bill
16 payments are made can be measured by whether CRP participants have in-program
17 arrears that are equal to or less than the arrearage balances of residential customers as a
18 whole. This does not mean that arrearages should necessarily be \$0. If bills are made
19 affordable, however, the unaffordability of bills should be removed as a reason that CRP
20 participant bills are not paid. While even residential customers (not participating in CAP)
21 miss payments at times, the degree to which CRP participants have in-program arrears
22 after receiving an affordable bill, both in terms of the number of accounts with in-

1 program arrears and the depth of in-program arrears, should reasonably reflect the
2 residential customer base as a whole after receiving an affordable bill.

3 Unfortunately, PGW does not collect data either: (1) on the number (and thus percentage)
4 of CRP participants with in-program arrears, or (2) on the dollars of in-program arrears.
5 When PGW was asked to provide “The number of bills rendered to CRP participants with
6 an in-program arrearage balance; [and] [t]he dollars of bills rendered to CRP participants
7 comprising an in-program arrearage balance,” PGW replied that “PGW does not store
8 data in this manner.” (OCA-I-12(c) – (d)).

9 However, PGW, as with Pennsylvania’s other natural gas utilities, do routinely report the
10 percentage of residential customers in arrears. (see e.g., 2020 BCS Report, at 28). In
11 2018, 17.9% of PGW’s residential customers were in arrearages; in 2019, 16.2% were; in
12 2020, 17.8% of PGW’s residential customers were in arrears.

13 The proposed metric would measure whether PGW’s CAP customers are performing as
14 well as PGW’s residential customers as a whole are performing.

1 **Q. IS THERE COMPARABLE DATA THAT CAN BE COMPARED FOR**
 2 **CONFIRMED LOW-INCOME CUSTOMERS GENERALLY?**

3 A. Data exists that would allow PGW, the Commission, and other stakeholders to compare
 4 the performance of PGW’s Confirmed Low-Income customers to the Confirmed Low-
 5 Income customers of other Pennsylvania natural gas distribution companies. BCS reports
 6 this data on an annual basis (percent of residential natural gas customers in debt: 2020
 7 BCS: page 28; percent of confirmed low-income natural gas customers in debt: 2020
 8 BCS: page 29). That BCS data for 2018 through 2020 is set forth in Table 3 below.
 9

**Table 3. Percentage of Accounts in Debt (Residential vs. Confirmed Low-Income)
 (BCS annual Report on Universal Service Programs and Collections Performance)
 (2018 – 2020)**

Utility	Percent of Accounts in Debt (Residential)			Percent of Accounts in Arrears (Confirmed Low-Income) (includes CAP)		
	2018	2019	2020	2018	2019	2020
Columbia	6.9%	6.9%	7.6%	15.9%	16.3%	17.8%
NFG	13.6%	15.5%	17.3%	30.6%	35.6%	39.9%
PECO-Gas	5.6%	5.4%	7.2%	9.8%	9.2%	8.3%
Peoples*	7.8%	7.4%	8.4%	15.9%	13.0%	15.8%
Peoples-Equitable	8.0%	7.7%	n/a	15.7%	15.4%	n/a
PGW	17.9%	16.2%	17.8%	13.3%	10.3%	6.9%
UGI South	13.1%	11.2%	10.6%	36.2%	37.4%	33.4
UGI North	14.2%	12.7%		32.5%	33.6%	
Total/Industry Average	10.6%	10.0%	10.8%	18.1%	17.5%	17.9%

10
 11 The data reported by BCS does not really allow for a meaningful comparison of the
 12 performance of the different natural gas utilities. For example, PGW has a higher
 13 percentage of total residential accounts in arrears than other Pennsylvania natural gas

1 utilities. However, PGW serves one of the poorest geographic regions in the state. In
2 contrast, PGW reports that the percent of its Confirmed Low-Income accounts in arrears
3 is lower than most other natural gas utilities. However, the BCS includes CAP customers
4 in its data reporting of Confirmed Low-Income customers. Given that PGW uses receipt
5 of LIHEAP and participation in CAP as the means by which it “confirms” the low-
6 income status of customers, its data relates almost exclusively to program participants.
7 Customers who use other mechanisms to confirm low-income status may have a higher
8 percentage because they have customers not receiving assistance in their low-income
9 customer counts.

10 While examining data on the number of residential, and number of confirmed low-
11 income accounts in arrears might present interesting questions for examination (e.g., why
12 cannot UGI Gas or NFG reduce their respective percentages of Confirmed Low-Income
13 accounts in arrears over time; what happened in Philadelphia to allow PGW to reduce its
14 percentage of Confirmed Low-Income accounts in arrears in 2020, during the midst of
15 COVID-19), the data does not provide a good basis upon which to base a measurement of
16 CAP program performance.

17
18 **Q. WHY DO YOU NOT SIMPLY MEASURE THE DIFFERENCES IN THE**
19 **NUMBER OF NONPAYMENT DISCONNECTIONS BETWEEN**
20 **PENNSYLVANIA’S NATURAL GAS UTILITIES?**

21 A. The decision not to measure (and compare) the rates of nonpayment disconnections
22 between natural gas utilities is a conscious and intentional decision on my part. I do not
23 find the number (or rate) of nonpayment disconnections to be a valid measurement of

1 payment difficulties. Nor do I find the lack of nonpayment disconnections to be a valid
2 measurement of the lack of payment difficulties. Whether customers have service
3 disconnected for nonpayment is frequently a result of utility policy rather than the
4 underlying payment difficulties facing customers. For example, each utility chooses
5 what is called the “treatment amount.” The treatment amount is that level of arrears
6 which will trigger responsive collection activity. The treatment amount is generally a
7 combination of the amount of an arrearage and the age of an arrearage. For example (and
8 hypothetically), PGW might choose to not direct collection activity toward customers
9 who are no more than 60-days and \$300 in arrears. Or, in contrast, PGW may choose to
10 not direct collection activity toward customers who are no more than \$500 in arrears and
11 90-days behind. In either case, the number of disconnections does not reflect the number
12 of customers in arrears.

13 Even after adopting a treatment amount, however, whether customers who might
14 “qualify” for disconnections through application of the treatment amount may not be
15 subject to the disconnection of service due to resource constraints. Utilities generally do
16 not disconnect service to every account that qualifies for disconnection by application of
17 the treatment amount. Far more customers are in arrears than are disconnected for
18 nonpayment. The resources that are available can be limited by something as unrelated to
19 the underlying payment difficulties of customers as a union contract specifying by whom,
20 and under what circumstances, a nonpayment service disconnection may occur.

1 In sum, the number (or rate) of nonpayment disconnections are not a good measure of
2 payment difficulties. Nonpayment disconnections are a measure of a utility's choice of
3 collection activity, not a measure of underlying customer payment difficulties.

4 **Part 4. Allowing Low-Income Customers a Fresh Start from Pre-Existing Arrearages.**

5 **Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR**
6 **TESTIMONY.**

7 A. In this section of my testimony, I examine whether, and how, PGW should measure the
8 extent to which it is providing its CRP participants a fresh start regarding arrears that
9 have accrued on their accounts during the time before they begin to receive an affordable
10 bill. As with other Pennsylvania natural gas utilities, PGW offers this fresh start by
11 offering arrearage forgiveness credits in exchange for complete payments toward bills for
12 current service. The metric I recommend in this section measures the success that PGW
13 is experiencing in offering CRP participants this fresh start.

14 **Q. WHAT MEASURABLE OUTCOME OBJECTIVE DO YOU RECOMMEND?**

15 A. To the extent that PGW provides a deeper CRP discount in order to achieve a more
16 affordable natural gas bill, the impact of that deeper discount should manifest itself in the
17 ability of PGW customers to make complete payments and thus earn complete
18 forgiveness for the arrears they had incurred prior to entering the program. The total
19 arrears subject to forgiveness should decline over time as CRP participants make their
20 payments and earn their forgiveness.

1 Given this introduction, I recommend the following measurable outcome objective by
2 which to measure the performance of PGW's CRP burdens: Arrearages eligible for
3 forgiveness in each year (in dollars) should be actually forgiven at a rate that equals or
4 approaches 100%. .

5 This proposed metric has several advantages. Primarily, by making the denominator of
6 the metric the dollars of arrears eligible for forgiveness, the metric compares the actual
7 forgiveness against the possible forgiveness. As a result, this metric would not punish
8 PGW for having a greater number of customers with pre-program arrears subject to
9 forgiveness. In fact, PGW is neither rewarded nor punished for expanding its CRP. To
10 the extent that PGW might expand its CRP participation, it would expand both the
11 numerator and the denominator if program participants are successfully earning
12 forgiveness of their pre-program arrears. Whatever the number of CRP participants, the
13 metric measures the percentage of dollars actually being forgiven.

14 Moreover, similarly, the metric does not punish PGW for having customers who may
15 enter CRP with a higher dollar amount of pre-program arrears (and does not reward PGW
16 for having customers enter the CRP with lower amounts of arrears subject to
17 forgiveness).

18 Finally, the metric rewards PGW for having customers reduce their pre-program arrears
19 to \$0. The closer PGW comes to 100% with this metric, the more likely, and the more
20 quickly, CRP participants with pre-program arrears will reduce those arrears to \$0. In

1 even the medium-term, therefore, those arrears will be removed from PGW's books and
2 the costs of CRP to non-participants will be reduced.

3 **Q. HOW MIGHT PGW INCREASE THE PERCENTAGE OF ARREARS SUBJECT**
4 **TO FORGIVENESS THAT ARE ACTUALLY FORGIVEN?**

5 A. As I explain in detail above, the choice of strategies and tactics (i.e., activities) which
6 PGW might pursue to improve the rate at which CRP participants successfully earn their
7 arrearage forgiveness credits is a management choice for PGW to exercise. PGW might
8 rely on the reduced burdens to incentivize CRP participants to make full payments. PGW
9 might increase its effort to promote LIHEAP to bring in additional funds to apply to CRP
10 participant bills, thus earning forgiveness. PGW might increase its collection activity
11 directed toward CRP participants. PGW might make a greater effort to ensure that CRP
12 participants who are successfully earning forgiveness remain on CRP and are not
13 removed from the program due to a failure to recertify. By adopting the metric, PGW is
14 not told what to do. It is merely being advised of the outcome that it is expected to
15 achieve.

16 **Q. WHY IS IT APPROPRIATE TO IMPLEMENT A PERFORMANCE METRIC**
17 **WITH RESPECT TO ARREARAGE FORGIVENESS?**

18 A. Non-participating ratepayers are paying a substantial dollar amount each year to cover the
19 costs of the arrearage forgiveness program. For the four 12-month program years
20 (September – August) reported by PGW, arrearage forgiveness was between roughly
21 20% and 30% of the combined cost of providing credits toward pre-program arrears and
22 toward current bills. (OCA-I-35, OCA-I-36). In PGW's fiscal years (September through

1 August), on an annual basis, arrearage forgiveness cost non-participating ratepayers: (1)
2 \$18.28 in FY17-18; (2) \$17.24 in FY18-19; (3) \$26.68 in FY19-20; and (4) \$21.45 in
3 FY20-21. (OCA-I-39(c)). It is important to remember, however, that these are arrearage
4 forgiveness credits standing alone. Arrearage forgiveness comprised 16.5% of total CRP
5 costs in 2018; 23.5% of total CRP costs in 2019; and 22.4% of CRP costs in 2020. (2020
6 BCS Report, at 70).

7 The payment toward arrearage forgiveness is intended to provide CRP participants a
8 fresh start after incurring arrearages during the time before they entered CRP, i.e., the
9 time in which they faced an unaffordable burden. Given the dollars they that non-CRP
10 customers are paying for the arrearage forgiveness program, it is appropriate to measure
11 whether the program is actually delivering the intended results - a fresh start for CRP
12 participants. If, instead, PGW simply churns its old CRP participants for new CRP
13 participants, while giving a certain level of forgiveness but without having CRP
14 participants reduce their pre-program arrears to \$0, this raises a concern about program
15 effectiveness that should be evaluated and corrected. Directly measuring the percentage
16 of CRP participants who reduce their pre-program arrearage balance to \$0, however,
17 would punish PGW for expanding its CRP and bringing new participants, with new
18 balances, into the program. Measuring the percentage of arrears eligible for forgiveness
19 that are actually earned is the better metric.

1 **Part 5. Protecting Non-Participating Customers.**

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

4 A. In this section of my testimony, I examine the question of how to measure the need to
5 protect customers who do not participate in CAP from any unreasonable increase in costs
6 associated with reducing maximum CRP natural gas burdens. The approach I
7 recommend stands in sharp contrast to the approach articulated by PGW witness Peach,
8 who states that:

9 It would be inherently unfair, and discriminatory, for the Commission to find
10 a certain level of energy burden applied in PGW’s service territory but then
11 to refuse to implement those levels because of a general sense that the
12 increase in costs to non-CRP customers is too high. . .Costs are simply the
13 known costs for implementing the new policy guidance and, from an overall
14 perspective, are necessary.

15 (PGW St. 2, at 15-16, 17). Under this approach, no level of costs would be cause for
16 concern so long as those costs are “necessary” for the program as proposed. That
17 principle would be inappropriate if established for utility universal service programs.
18 And, establishing that principle for universal service programs would be inappropriate if
19 the principle (i.e., no level of costs can be deemed to be “too high” so long as they are
20 “from an overall perspective, necessary”) were used as precedent for other utility costs in
21 other circumstances.

22 **Q. DO YOU HAVE A PRELIMINARY CAUTION ABOUT YOUR DISCUSSION**
23 **BELOW?**

24 A. Yes. I begin with a caution about what the discussion below does and does *not* say. The
25 discussion does not present a mechanism for assessing whether the cost of CRP is “too

1 much” (using the terminology used by PGW witness Peach). As I will discuss below,
2 CRP costs may increase for very positive reasons. CRP credits may increase because
3 overall participation may increase. That’s a good thing. Arrearage forgiveness may
4 increase because more CRP participants are paying their bills. That’s a good thing. CRP
5 credits may increase because, as in the winter of 2021-2022, natural gas prices
6 substantially increase. That is not a factor that is under the direct control of PGW. What
7 the outcome measure proposed in this Part of my testimony does is simply to trigger a
8 consideration of whether, and how, to engage in cost control measures should total costs
9 per nonparticipant, over a period of time, increase materially and unreasonably as defined
10 below.

11 Moreover, nothing I say in my Direct Testimony should be construed to be in
12 contravention of the statutory requirement that natural gas utility universal service
13 programs be “cost-effective” pursuant to the Natural Gas Competition Act (66 PA.
14 C.S.A. Public Utilities, sec. 2202) (“Definition: "UNIVERSAL SERVICE AND
15 ENERGY CONSERVATION." Policies, practices and service that help residential low-
16 income retail gas customers and other residential retail gas customers experiencing
17 temporary emergencies, as defined by the Commission, to maintain natural gas supply
18 and distribution services. The term includes retail gas Customer Assistance Programs,
19 termination of service protections and consumer protection policies and service that help
20 residential low-income customers and other residential customers experiencing temporary
21 emergencies to reduce or manage energy consumption in a cost-effective manner. . .”)

1 **Q. WHAT OUTCOME OBJECTIVE DO YOU PROPOSE TO BE USED TO ASSESS**
2 **THE REASONABLENESS OF OVERALL CRP COSTS?**

3 A. The outcome objective I propose involves application of a three-step process: (1)
4 identifying the discrete groups of customers for whom the question of cost impact will be
5 assessed; (2) identifying the level of costs which, when considered for each those groups,
6 give rise for concern; and (3) identifying the cause of (or contributing factors to) the cost
7 increase of concern.

8 **Q. WITH RESPECT TO STEP ONE, HAVE YOU IDENTIFIED DISCRETE**
9 **GROUPS OF RESIDENTIAL NON-PARTICIPANTS FOR WHOM THE**
10 **QUESTION OF COST-IMPACT SHOULD BE ASSESSED?**

11 A. Yes. Cost impacts on three discrete groups of residential non-participants should be
12 considered in assessing the bill impact of PGW's reduced CAP natural gas burdens: (1)
13 customers who are income-eligible for CRP but who do not participate; (2) customers
14 who are *not* income-eligible for CRP, but who have insufficient income to be self-
15 sufficient; and (3) customers who have income that is generally considered to be
16 adequate for the household to be self-sufficient.¹⁵

17 The first group includes those customers who are income-eligible for CRP but who do
18 not participate in CRP. As I discuss in detail above, there are substantial numbers of
19 customers on the PGW system who fall into this group. Indeed, there are *more* income-

¹⁵ My focus on residential customers is not intended to indicate that the bill impacts to other PGW customers who may bear some portion of CAP costs is unimportant. I simply acknowledge that other stakeholders believe that their constituency is not adequately considered by Group 3, they might offer their own metrics by which to assess whether the bill impacts on their respective constituency become sufficiently high to be of concern.

1 eligible customers who do not participate in CRP than there are income-eligible
2 customers who do participate. According to the most recent BCS annual report on
3 Universal Service Programs and Collections Performance (2020), PGW had 197,855
4 estimated low-income customers in 2019. (BCS, at 9). According to PGW witness
5 Adamucci, average monthly CRP participation in 2021 was “approximately 59,000.”
6 (PGW St. 1, at 8). Witness Adamucci testified that “While various factors –including the
7 pandemic and related economic impacts—may have affected these outcomes, to-date, the
8 actual costs and participation in CRP with the revised energy burdens have been
9 significantly lower than originally projected.” (PGW St. 1, at 8). While 59,000 low-
10 income customers benefit from the CRP, two-and-a-half times that many (197,855 –
11 59,000 = 138,855) equally low-income customers pay the costs of the program but do not
12 participate. PGW witness Peach documented in detail the affordability problems facing
13 these roughly 140,000 low-income PGW customers who do not participate in CRP.
14 (PGW St. 2, at 11 – 13).

15 The second group includes customers who are not sufficiently low-income to be income-
16 eligible for CRP, but who are sufficiently low-income to lack sufficient resources to
17 consistently avoid payment difficulties for their natural gas or other home expenses. This
18 second group can be defined by reference to Pennsylvania’s Self-Sufficiency Standard.¹⁶
19 The Self-Sufficiency Standard varies not only by geographic location and family size, but
20 also by family composition. A 3-person family with an adult, an infant and a school-age

¹⁶ The Self-Sufficiency Standard determines the amount of income required for working families to meet basic needs at a minimally adequate level, taking into account family composition, ages of children, and geographic differences in costs.

1 child, for example, has a different self-sufficiency income (\$62,010), than a 3-person
 2 family with an adult, a school-age child, and a teenager does (\$45,855). For each county,
 3 the Self-Sufficiency Standard provides the costs of a minimum quality of life for 719
 4 different family sizes and compositions. Table 4 below presents the Self-Sufficiency
 5 Standard for a 3-person household with a single adult and various family compositions.
 6 It then compares that Self-Sufficiency Income to 150% of the Federal Poverty Level, the
 7 maximum income-eligibility for CRP. As can be seen, the Self-Sufficiency Income in
 8 Philadelphia County for a 3-person household –I chose a 3-person household as being a
 9 reasonably “typical” household—is equal to an income of up to roughly 300% of Poverty
 10 Level.

Table 4. Self-Sufficiency Standard (SSS) (2021)
3-person family with one-adult and various compositions of children
(Philadelphia County, PA)¹⁷

	Adult infant	Adult infant	Adult infant	Adult infant	Adult Preschool	Adult Preschool	Adult preschool	Adult school- age	Adult school- age	Adult teen
	infant	preschool	school- age	teen	preschool	school-age	Teen	school- age	teen	Teen
SSS	\$68,613	\$66,398	\$62,010	\$52,488	\$64,183	\$59,795	\$50,273	\$55,407	\$45,885	\$34,009
3-person 100% FPL	\$21,960	\$21,960	\$21,960	\$21,960	\$21,960	\$21,960	\$21,960	\$21,960	\$21,960	\$21,960
SSS as pct of FPL	312%	302%	282%	239%	292%	272%	229%	252%	209%	155%

11 I conclude that in assessing the bill impact of paying for PGW’s reduced CRP burdens,
 12 and the associated costs (e.g., increased arrearage forgiveness), a second discrete group
 13 that should be considered is that group of customers who have income that exceed the
 14 maximum CRP income eligibility but below the Self-Sufficiency Standard for
 15 Philadelphia County. Defining this second group as households with income exceeding

¹⁷ Available at <https://selfsufficiencystandard.org/pennsylvania/> (last accessed May 4, 2022).

1 150% of Poverty, but not exceeding 300% of Poverty would reasonably capture these
2 households.

3 The discrete third group of customers for whom the bill impact arising from paying the
4 increased costs arising from PGW's reduced CRP burdens is that population with income
5 that would not place customers in financial instability. That third group includes
6 households whose income exceeds the maximum income of Group 2 (300% of Poverty).

7 **Q. WHAT IS YOUR FIRST RECOMMENDATION BASED ON THE DISCUSSION**
8 **ABOVE?**

9 A. I recommend that the Commission reject PGW witness Peach's proposal that CRP costs
10 be deemed "justified" so long as they are found to be "necessary" for whatever burdens
11 are proposed. (PGW St. 2, at 17). I recommend further that when any future assessment
12 is undertaken to examine the reasonableness of the bill impact of PGW's CRP burdens on
13 PGW customers, the bill impacts be assessed for a minimum of three discrete groups: (1)
14 those who are income-eligible for CRP (at or below 150% of Poverty) but who do not
15 participate; (2) those whose income exceeds 150% of Poverty, but does not exceed 300%
16 of Poverty; and (3) those whose income exceeds 300% of Poverty.¹⁸

¹⁸ Note this third group is *not* customers who are *at* 300% of Poverty, but rather those whose income *exceeds* 300% of Poverty.

1 **Q. PLEASE EXPLAIN THE SECOND STEP IN ASSESSING THE**
2 **NONPARTICIPANT BILL IMPACT OF REDUCED CRP BURDENS.**

3 A. The more difficult step in assessing the bill impact on CRP nonparticipants arising from
4 the reduction of CRP maximum burdens is defining when the bill impact merits a
5 consideration of responses. I recommend that if the three-year average per-participant
6 cost increases by 20% or more, PGW should be required to: (1) make an informational
7 filing with the Commission explaining the basis for the cost increases and the steps that
8 PGW is doing to control costs; (2) convene its Universal Service Advisory Committee to
9 assess the extent to which additional responsive actions are appropriate; (3) agree that, if
10 a mutually agreed-upon course of action is not agreed to within the Universal Service
11 Advisory Committee, stakeholders could petition the Commission to amend the USECP
12 with specifically-stated proposed demonstrably responsive actions;¹⁹ and (4) propose in
13 its next filed USECP cost containment measures that seek to protect non-participants..

14 The 20% figure is selected to be sufficiently large that it will not trigger a response
15 simply due to normal fluctuations in program costs, but is not so large that the trigger is
16 never exercised. The 20% figure should be considered in the context of each of the three
17 discrete groups I identify above. While a 20% increase in total CRP costs may not give
18 rise for concern for the third group (i.e., those over 300% of Poverty), it may well give
19 rise for concern for either the first or second group.

¹⁹ This response has both enabling language and restrictive language. It authorizes a stakeholder to petition the Commission proposing an amendment to the USECP prior to PGW filing its next USECP. However, such a petition must meet two tests: (1) that the petition ask not merely for an “investigation” but rather proposes a specific action for the Commission to approve or not; and (2) that the proposed action not simply be an amendment to the USECP, but rather be an action that is “demonstrably responsive” to the increased cost burden at issue.

1 **Q. WHAT IMPACT DOES THE REDUCTION OF CRP BURDENS HAVE ON THE**
2 **NATURAL GAS BILLS OF RESIDENTIAL NONPARTICIPANTS?**

3 A. The annual bill impact of the CRP program to nonparticipants is presented in Table 5.
4 The annual cost of CRP per nonparticipant is roughly \$100, with some years a bit more
5 and some years a bit less. With the decreased burdens implemented (on a pilot basis) in
6 late Calendar Year 2020 (OCA-I-41, page 2) (“[e]xisting CRP Customers were
7 transitioned into the CRP pilot program in mid-September 2020”), whether compared to
8 the immediately preceding Fiscal Year, or either of the two preceding years, it is evident
9 that the cost per nonparticipant has increased.

	CRP Credit	CRP Arrearage Forgiveness	Annual Total	3-Year Average
FY2018	\$90.62	\$18.28	\$108.90	---
FY2019	\$78.62	\$17.24	\$95.86	---
FY2020	\$59.65	\$26.68	\$86.35	\$97.03
FY2021	\$92.11	\$21.45	\$113.56	\$98.58

10 **Q. WHAT IS THE THIRD STEP IN ASSESSING THE NONPARTICIPANT BILL**
11 **IMPACT OF REDUCED CRP BURDENS?**

12 A. The third step in assessing the impact of the costs of CRP on nonparticipant bills is a
13 determination of the cause of the bill impact. An increased cost of CRP may, but need
14 not be, related to an increase in CRP credits. However, an increased cost of CRP may, in
15 the alternative, be attributable to an increase in arrearage forgiveness costs. For example,
16 compare the combined costs (CRP credits + arrearage forgiveness) of PGW’s Fiscal Year
17 2018 (September 2017 – August 2018) to the combined costs in Fiscal Year 2021. The

1 FY2021 costs were \$3.635 million higher than the FY2018 costs (\$59,158,899 vs.
2 \$55,523,894). The increase, however, occurred not in the CRP credits, but in the
3 arrearage forgiveness. The CRP credits increased by \$1.764 million (roughly 3%), while
4 the arrearage forgiveness credits increased by \$1.871 million (20%). In contrast, from
5 FY20 to FY21, total CRP costs increased by \$14.7 million (from \$44,436,933 to
6 \$59,158,899). In that instance, the increase included an increase in CRP credits of
7 \$17,291,143, but a decrease in arrearage forgiveness credits of \$2,569,177.

8 Changes in CRP program costs may involve many different contributing factors. For a
9 natural gas utility such as PGW, an extremely cold winter may result in higher CRP
10 credits. In contrast, an economic downturn may result in an increase in CRP credits (as
11 more customers enroll) but a decrease in arrearage forgiveness credits (as fewer CAP
12 customers make full payments). An increase in program participation may result in an
13 increase in both CRP credits and arrearage forgiveness credits.

14 Determining the cause of any increase is important to assessing the appropriate response,
15 if any. If cold weather causes a spike in CRP credits, the appropriate response may be to
16 do nothing, since the change would be temporary. If, however, a substantial increase is
17 attributable to substantial increases in participation, or in substantial long-term increases
18 in natural gas prices, there may be more cause to consider cost control measures. For
19 purpose of this proceeding to consider PGW's proposed pilot, there is simply a need for
20 PGW to be directed to track the outcome, i.e., the impact of CRP costs on non-participant
21 bills. It is not possible for PGW to consider what, if any, response is appropriate if PGW
22 is not even tracking the impacts.

1 **Q. DOES PGW PROACTIVELY TRACK THE IMPACTS OF FACTORS THAT**
2 **MAY INFLUENCE THE COST OF CRP?**

3 A. No. In the Fall of 2021, the U.S. Department of Energy (DOE) released its October 2021
4 “Short Term Energy Outlook.” That October 2021 price projection stated in relevant
5 part:²⁰

6 “As we head into the winter of 2021–22, retail prices for energy are at or near
7 multiyear highs in the United States. The high prices follow changes to energy
8 supply and demand patterns in response to the COVID-19 pandemic. We expect that
9 households across the United States will spend more on energy this winter compared
10 with the past several winters because of these higher energy prices and because we
11 assume a slightly colder winter than last year in much of the United States.

12 “Even when we vary weather expectations, we expect the increase in energy prices
13 as the United States returns to economic growth to mean higher residential energy
14 bills this winter:

- 15 • We expect that the nearly half of U.S. households that heat primarily with natural
16 gas will spend 30% more than they spent last winter on average—50% more if
17 the winter is 10% colder-than-average and 22% more if the winter is 10%
18 warmer-than-average.”

19 Even though the Short Term Energy Outlook projected an increase in natural gas heating
20 costs of between 30% and 50% for the winter of 2021 – 2022, depending on the weather,
21 when PGW was asked if it had considered the impact of such projected increases on
22 either the cost of providing CRP credits, or on the level of CRP participation, PGW
23 responded that it had not. (OCA-I-48). It is not possible for PGW to consider potential
24 cost control measures if it does not consider the impact of such dramatic natural gas price
25 increases.

²⁰ Available at: <https://www.eia.gov/outlooks/steo/report/WinterFuels.php> (last accessed May 4, 2022).

1 **Q. WHAT IS THE APPROPRIATE RESPONSE SHOULD THE COMMISSION**
2 **FIND THAT THE COSTS OF CRP GIVE CAUSE FOR CONCERN?**

3 A. Determining the appropriate actions to be taken should PGW (or the Commission) find
4 the cost of providing CRP benefits (CRP credits, arrearage forgiveness credits) has
5 reached a level of concern is not within the purview of my recommendation. My
6 recommendation is to establish the outcome metric to be used to trigger responsive
7 action, not to define what that responsive action should be.

8 The responsive action that would be appropriate would depend on the factors that have
9 contributed to the level of costs that have triggered concern. It would not, however,
10 necessarily be *ipso facto* appropriate to respond to these high costs by increasing the CRP
11 burdens or by reducing CRP participation. Any number of “cost control” mechanisms
12 exist that might possibly be appropriately available to PGW. PGW, for example, might
13 modify the maximum usage for which it would provide a CRP credit. It might lengthen
14 the period of time over which pre-program arrearages are forgiven. It might increase
15 targeted energy efficiency measures directed toward high-credit CRP participants.

16 In various USECP reviews since the PUC adopted the reduced affordable burdens, the
17 OCA has identified numerous steps through which a utility might control CAP costs.

18 These include, without limitation:

- 19 ➤ Imposing maximum limits on annual CAP benefits that will be provided to
20 individual CAP participants;
- 21 ➤ Imposing minimum payment requirements on individual CAP participants;

- 1 ➤ Creating annual “budgets” for total CAP costs that may not be exceeded without
2 Commission approval;
- 3 ➤ Closely integrating CAP and LIURP by using LIURP targeted to high CAP credit
4 customers to reduce CAP costs;
- 5 ➤ Limiting the receipt of CAP benefits by customers who receive other federal
6 energy assistance benefits (e.g., HUD utility allowances);
- 7 ➤ Limiting CAP expenditures as a percentage of jurisdictional revenues;
- 8 ➤ Limiting the number of CAP customers by creating a “hard ceiling” on CAP
9 participants;
- 10 ➤ Limiting CAP participants to customers who are also LIHEAP recipients;
- 11 ➤ Limiting CAP participants to customers who are “payment-troubled”;
- 12 ➤ Lengthening the period of time over which pre-program arrears are to be forgiven;
- 13 ➤ Imposing a minimum level of dollars of pre-program arrears which a customer
14 must have before qualifying for arrearage forgiveness.

15 I do not provide this list as a proposed list of alternatives from which PGW should select
16 in the event that the costs of CAP become sufficiently high to be of concern. Nor do I
17 submit this list as a list that OCA would endorse in any particular circumstances, let alone
18 all circumstances. I submit this list merely to illustrate the facts that: (1) the potential
19 mechanisms available to control CAP costs is lengthy (and the above-stated list is not
20 comprehensive); (2) the potential mechanisms available to control CAP costs extend well
21 beyond the single action of reducing maximum CAP burdens; and (3) the propriety of
22 potential mechanisms available to control CAP costs are highly dependent on the level of
23 the CAP costs, the cause of the high CAP costs, and whether high CAP costs are
24 permanent or temporary. Based on this list, additional CAP cost controls, if any, should

1 be specifically targeted to the factual circumstances that are extent at the time. It is not
2 possible to determine, in advance, which, if any, CAP cost control mechanism is
3 appropriate.

4 PGW's appropriate response should also include efforts to assist the customers found to
5 be in Group 2 (e.g., extended payment plans, additional shutoff protections, additional
6 hardship grants). In fact, the appropriate PGW response to excessive CRP costs, if due to
7 a temporary fluctuation of some sort, might be to do nothing other than to ride out the
8 storm. Not only whether to adopt a cost-control measure, but what cost control measure
9 (if any) to adopt, would depend on the cause of the costs and the duration of the increased
10 costs.

11 **Q. PLEASE EXPLAIN WHAT YOU MEAN BY “CONTINUOUS MONITORING.”**

12 A. Given the test that I propose above --that responsive action be taken if the three-year
13 average annual cost imposed on non-participants be greater than 20% of the three-year
14 average annual cost from the preceding year—I recommend that the PGW monitor, and
15 report to both the Commission, to its Universal Service Advisory Committee (USAC)
16 and (upon request) to other stakeholders not a member of the USAC, the results of that
17 monitoring within 30 days after the close of PGW's Fiscal Year each year. In this
18 fashion, PGW would consider the impacts in a “shoulder month” before the beginning of
19 the next winter heating season. This recommendation stands in contrast to reporting on a
20 calendar year basis. Reporting on a calendar year basis would include costs over *parts* of
21 two *different* heating seasons, which does not seem to be the most reasonable approach.

22 Given this annual reporting, PGW should meet with its USAC by the end of the same

1 calendar year the report is prepared in order to determine the appropriate responsive
2 action step (which, as I indicate above, could be to take no responsive action step).

Q. WHAT DO YOU CONCLUDE?

3 A. Based on the data and discussion I present above, I reach the following five conclusions:

4 (1) There needs to be a continuous monitoring of the costs which CRP imposes on
5 non-participating ratepayers as I define that term above.

6 (2) There needs to be a monitoring not simply of “nonparticipants” generally as a
7 whole, but of the three distinct groups identified above.²¹

8 (3) There needs to be an agreed-upon principle to apply in determining whether costs
9 have become sufficiently substantial to trigger a consideration of whether
10 responsive action is necessary, and what that response might be. and

11 (4) The inquiry is not whether the costs of CRP are “too much,” but rather whether
12 (depending on the group being assessed), the costs of CRP have increased to an
13 amount to give rise for concern.

14 (5) An annual report to the Commission, to PGW’s Universal Service Advisory
15 Committee (USAC), and to other stakeholders not a member of that group, should
16 occur at the end of each PGW Fiscal Year, with responsive actions, if any,
17 determined by the end of the same calendar year.

18 **Part 6. Additional Data Reporting that should be Required of PGW.**

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

21 A. In this section of my testimony, I recommend certain data reporting that PGW should be
22 required to provide as it implements the new burdens pursuant to its “pilot” CRP project.
23 PGW witness Peach testifies that “The process here is one of production of useful and
24 relevant applied knowledge for iterative program improvement. These procedures are

²¹ I note my comments above with respect to non-residential classes. Those comments are equally applicable here.

1 simply parts of knowledge production to produce evidence-based results.” (PGW St. 2, at
2 17). I agree with Dr. Peach’s reference to “the production of useful and relevant applied
3 knowledge for iterative program improvement.” Where PGW witness Peach and I
4 disagree is the timing of producing such “useful and relevant applied knowledge” and the
5 timing of the pursuit of such “iterative improvement.” I recommend that the Commission
6 express its intention that PGW engage in a continuous improvement process, rather than
7 addressing potential program improvements only when it is required by regulation to file
8 a new Universal Service and Energy Conservation Plan (USECP). One cannot be said to
9 be engaged in “iterative program improvement” if such “improvement” only occurs once
10 every three or four years (when a revised USECP is filed and reviewed). The fact that
11 PGW does not engage in such a continuous improvement process is evidenced by PGW’s
12 admission that it has not updated its evaluation of the CRP pilot since the PUC approved
13 the pilot. (OCA-I-46).

14 **Q. IS THERE DATA THAT PGW DOES NOT NOW COLLECT WHICH IT**
15 **SHOULD COLLECT AND USE IN A CONTINUOUS IMPROVEMENT**
16 **PROCESS?**

17 A. Yes. As I discuss above, I agree with the testimony of PGW witness Peach that approval
18 of this CRP pilot should, if nothing else, be viewed as a new opportunity for PGW to
19 engage in “the production of useful and relevant applied knowledge for iterative program
20 improvement.” For PGW to ensure that such knowledge is not only “produced,” but
21 captured as well, there should be some common agreement on data that is not now
22 collected which should be collected. In the absence of such an agreement at the inception,

1 PGW runs the risk of operating its pilot with the end result being that it has not produced
2 “useful and relevant applied knowledge for iterative program improvement.”

3 Consider, for example, the fact that, as PGW witness Peach testifies, “PGW has
4 implemented the revised energy burdens through its CRP Pilot Program and now has
5 approximately 1.5 years of experience with these energy burdens in place. . .” (PGW St.
6 2, at 16). Despite this “1.5 years of experience” with its pilot program, when asked for
7 information about the results of its pilot, PGW could not produce:

- 8 ➤ Despite PGW witness Peach’s focus on the affordability of natural gas by
9 Poverty Level (PGW St. 2, at 11 - 13), PGW does not “store” data on the
10 number of bills rendered to CRP participants by CRP tier; the average or
11 aggregate CRP credit by CRP tier; or the average or aggregate CRP bill by
12 CRP tier. (OCA-I-16, OCA-I-17).
- 13 ➤ Despite PGW witness Peach’s focus on the affordability of natural gas by
14 Poverty Level, PGW does not track either the existence of in-program arrears
15 or the level of in-program arrears by CRP tier. (OCA-I-12(c) – (d), OCA-I-18,
16 OCA-I-19).
- 17 ➤ Despite the importance PGW attributes to the receipt of LIHEAP in the
18 success of CRP bill payment, and the overall importance of the receipt of
19 LIHEAP to the well-being of its low-income customers (see, Attachments 1
20 through 3 to OCA-I-32), PGW does not “store” information either on the
21 number of LIHEAP recipients who do not participate in CRP (OCA-I-30(a))
22 or the number of CRP participants who do not receive LIHEAP (OCA-30-(c)).
23 PGW “store” information on the receipt of LIHEAP by CRP tier. (OCA-I-
24 26(g) – (i)).
- 25 ➤ Despite spending between 20% and 30% of its total program costs on
26 arrearage forgiveness credits, PGW does not “track” the number of new CRP
27 entrants with or without a preprogram arrears, or the dollars of preprogram
28 arrears that new CRP entrants bring into the program (OCA-I-14, OCA-I-20),
29 let alone the new pre-program arrears subject to forgiveness brought into CRP
30 by different CRP tiers. (OCA-I-15). If such data is not tracked, it cannot be
31 stored or reported, let alone used for “iterative program improvement.”

- 1 ➤ Despite witness Peach’s testimony that, in his opinion, PGW’s CRP “Costs
2 are simply the known costs for implementing the new policy guidance and,
3 from an overall perspective, are necessary,” (PGW St. 2, at 17), PGW
4 acknowledges that it “does not track the budgeted or actual CRP credit
5 expenditures and arrearage forgiveness expenditures as stated in the question
6 by income CRP tier.” (OCA-I-36).
- 7 ➤ Despite asserting that the primary purpose of CRP is to improve the
8 affordability of natural gas payments, PGW states that it does not track the
9 number of full and timely payments it receives from CRP participants. (OCA-
10 I-37).
- 11 ➤ Despite asserting that it is important to reduce CRP burdens to particular
12 maximum levels in order to ensure bill affordability, PGW does not track the
13 number of CRP participants who are disconnected for nonpayment by income
14 tier, or the level of arrears at the time of disconnection. (OCA-I-23, OCA-I-
15 24).

16 The importance of PGW’s responses to these data requests lies in the fact that if
17 information is neither “tracked” nor “stored” on a contemporaneous basis, it would not be
18 possible to retroactively access that information at some future point in time. No-one can
19 access information that has not been “tracked.” Nor can one can access information that
20 has not been “stored.” Unless PGW asserts that: (1) knowing the level of pre-program
21 arrears being brought into CRP; (2) knowing the number of accounts with in-program
22 arrears, or the level of such in-program arrears; and, (3) knowing program operation data
23 by CRP tier are not “useful and relevant applied knowledge” to be applied to future
24 “iterative program improvements” for the program as a whole, PGW’s failure to “track”
25 and “store” this information is a fatal flaw in its pilot program. The appropriate remedy,
26 however, is to require PGW to “track” and “store” foreseeably “useful and relevant
27 applied knowledge” rather than to disapprove the proposed pilot.

1 I recommend that PGW be directed to begin tracking and storing each of the data
2 elements which I identify above. PGW should be directed to annually file this
3 information to this docket, with copies to each of the parties to this proceeding. PGW
4 should also be directed to include this data in each future amended USECP filed with the
5 Commission.

6 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

7 A. Yes, it does.

Appendix: Colton Abbreviated Vitae

Roger Colton
Fisher, Sheehan & Colton
Public Finance and General Economics
Belmont, MA

* * * * *

EDUCATION:

J.D. (Order of the Coif), University of Florida (1981)

M.A. (Regulatory Economics), McGregor School, Antioch University (1993)

B.A. Iowa State University (1975) (journalism, political science, speech)

PROFESSIONAL EXPERIENCE:

Fisher, Sheehan and Colton, Public Finance and General Economics: 1985 - present.

As a co-founder of this economics consulting partnership, Colton provides services in a variety of areas, including: regulatory economics, poverty law and economics, public benefits, fair housing, community development, energy efficiency, utility law and economics (energy, telecommunications, water/sewer), government budgeting, and planning and zoning.

Colton has testified in state and federal courts in the United States and Canada, as well as before regulatory and legislative bodies in more than three dozen states. He is particularly noted for creative program design and implementation within tight budget constraints.

PROFESSIONAL AFFILIATIONS:

- Past Chair: Belmont Zoning By-law Review Working Committee (climate change)
- Member: Board of Directors, Massachusetts Rivers Alliance
- Columnist: Belmont Citizen-Herald
- Producer: Belmont Media Center: BMC Podcast Network
- Host: Belmont Media Center: Belmont Journal
- Member: Belmont Town Meeting
- Vice-chair: Belmont Light General Manager Screening Committee
- Past Chair: Belmont Goes Solar
- Coordinator: BelmontBudget.org (Belmont’s Community Budget Forum)
- Coordinator: Belmont Affordable Shelter Fund (BASF)

Past Chair: Belmont Solar Initiative Oversight Committee
Past Member: City of Detroit Blue Ribbon Panel on Water Affordability
Past Chair: Belmont Energy Committee
Member: Massachusetts Municipal Energy Group (Mass Municipal Association)
Past Chair: Housing Work Group, Belmont (MA) Comprehensive Planning Process
Past Chair: Board of Directors, Belmont Housing Trust, Inc.
Past Chair: Waverley Square Fire Station Re-use Study Committee (Belmont MA)
Past Member: Belmont (MA) Energy and Facilities Work Group
Past Member: Belmont (MA) Uplands Advisory Committee
Past Member: Advisory Board: Fair Housing Center of Greater Boston.
Past Chair: Fair Housing Committee, Town of Belmont (MA)
Past Member: Aggregation Advisory Committee, New York State Energy Research and Development Authority.
Past Member: Board of Directors, Vermont Energy Investment Corporation.
Past Member: Board of Directors, National Fuel Funds Network
Past Member: Board of Directors, Affordable Comfort, Inc.
Past Member: National Advisory Committee, U.S. Department of Health and Human Services, Administration for Children and Families, Performance Goals for Low-Income Home Energy Assistance.
Past Member: Editorial Advisory Board, International Library, *Public Utility Law Anthology*.
Past Member: ASHRAE Guidelines Committee, GPC-8, *Energy Cost Allocation of Comfort HVAC Systems for Multiple Occupancy Buildings*
Past Member: National Advisory Committee, U.S. Department of Housing and Urban Development, Calculation of Utility Allowances for Public Housing.
Past Member: National Advisory Board: Energy Financing Alternatives for Subsidized Housing, New York State Energy Research and Development Authority.

PROFESSIONAL ASSOCIATIONS:

National Association of Housing and Redevelopment Officials (NAHRO)
National Society of Newspaper Columnists (NSNC)
Association for Enterprise Opportunity (AEO)
Iowa State Bar Association
Energy Bar Association
Association for Institutional Thought (AFIT)
Association for Evolutionary Economics (AEE)
Society for the Study of Social Problems (SSSO)
Association for Social Economics

BOOKS

Colton, *et al.*, *Access to Utility Service*, National Consumer Law Center: Boston (4th edition 2008).

Colton, *et al.*, *Tenants' Rights to Utility Service*, National Consumer Law Center: Boston (1994).

Colton, *The Regulation of Rural Electric Cooperatives*, National Consumer Law Center: Boston (1992).

BOOK CHAPTERS

Colton (2018). The equities of efficiency: distributing energy usage reduction dollars, Chapter in *Energy Justice: US and International Perspectives* (Edited by Raya Salter, Carmen Gonzalez and Elizabeth Ann Kronk Warner), Edward Elgar Publishing (London, England).

JOURNAL PUBLICATIONS

65 publications in industry and academic journals, primarily involving utility regulation and affordable housing. (list available upon request)

TECHNICAL REPORTS

200 technical reports for public-sector and private-sector clients (list available upon request)

JURISDICTIONS IN WHICH EXPERT WITNESS PROVIDED

1. Maine	17. Mississippi	33. Colorado
2. New Hampshire	18. Tennessee	34. New Mexico
3. Vermont	19. Kentucky	35. Arizona
4. Massachusetts	20. Ohio	36. Utah
5. Massachusetts	21. Indiana	37. Idaho
6. Rhode Island	22. Michigan	38. Nevada
7. Connecticut	23. Wisconsin	39. Washington
8. New Jersey	24. Illinois	40. Oregon
9. Maryland	25. Minnesota	41. California
10. Pennsylvania	26. Iowa	42. Hawaii
11. Washington D.C.	27. Missouri	43. Kansas
12. Virginia	28. Arkansas	Canadian Provinces
13. North Carolina	29. Texas (Federal Court)	1. Nova Scotia
14. South Carolina	30. South Dakota	2. Ontario
15. Florida (Federal Court)	31. North Dakota	3. Manitoba
16. Alabama	32. Montana	4. British Columbia

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re: Addendum to Philadelphia Gas Works	:	
Universal Service and Energy Conservation	:	Docket No. M-2016-2542415
Plan for 2017-2020	:	
	:	
Petition to Amend Philadelphia Gas Works	:	
Universal Service and Energy Conservation	:	Docket No. P-2020-3018867
Plan for 2017-2022	:	

VERIFICATION

I, Roger D. Colton, hereby state that the facts set forth in my Direct Testimony, OCA Statement 1, are true and correct (or are true and correct to the best of my knowledge, information, and belief) 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).

DATED: May 13, 2022
*328622

Signature:



Roger D. Colton

Consultant Address: Fisher, Sheehan, & Colton
34 Warwick Road
Belmont, MA 02478

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Addendum to Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2020	:	
	:	Docket No. M-2016-2542415
	:	
	:	
Petition to Amend Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2022	:	
	:	Docket No. P-2020-3018867
	:	

Rebuttal Testimony of
Roger D. Colton

On Behalf of:
Office of Consumer Advocate

June 17, 2022

Table of Contents

Part 1.	Reply to OSBA Witness Robert Knecht	1
Part 2.	Reply to TURN/CAUSE-PA Witness Harry Geller	7

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

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

3 **Q. ARE YOU THE SAME ROGER COLTON WHO PREVIOUSLY PREPARED**
4 **DIRECT TESTIMONY FOR THE OFFICE OF CONSUMER ADVOCATE IN**
5 **THIS PROCEEDING?**

6 A. Yes.

7 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR REBUTTAL TESTIMONY.**

8 A. The purpose of my Rebuttal Testimony is to respond to the Direct Testimony of the
9 following two witnesses:

- 10 ➤ First, I respond to the Direct Testimony of Robert Knecht, prepared on behalf
11 of the Office of Small Business Advocate; and
- 12 ➤ Second, I respond to the Direct Testimony of Harry Geller, prepared on behalf
13 of TURN and CAUSE-PA.

14 **Part 1. Response to OSBA Witness Robert Knecht.**

15 **Q. PLEASE DESCRIBE THE ASPECTS OF MR. KNECHT'S TESTIMONY TO**
16 **WHICH YOU RESPOND.**

17 A. There are three related aspects of Mr. Knecht's Direct Testimony to which I respond
18 below.

- 1 ➤ First, Mr. Knecht objected to PGW’s proposal to reduce its home energy
2 burdens, arguing that PGW made no attempt to consult with the “ratepayers
3 who will be required to pay for the proposed change.” (OSBA St. 1, at 8).
- 4 ➤ Second, Mr. Knecht testified as follows: “[A]s a practical matter, my
5 experience in regulatory proceedings would suggest that PGW should have at
6 least considered options for mitigating the impact of the proposed changes on
7 ratepayers, particularly in the context of a rising GCR, rising base rates, and
8 an ongoing pandemic.” (OSBA St. 1, at 8 – 9).
- 9 ➤ Finally, Mr. Knecht asserts that PGW witness Peach did not consider the
10 impact of his proposal for energy burdens on non-participating residential
11 and/or small business customers. (OSBA St. 1, at 15).

12 **Q. HOW DO YOU RESPOND TO MR. KNECHT?**

13 A. Mr. Knecht’s concerns are not reasons to disallow the proposed changes, but as outlined
14 more fully below, they support my proposed outcome metrics. On the one hand, Mr.
15 Knecht broadly asserts that the cost of PGW’s proposed reduction in the burdens
16 incorporated into the Customer Responsibility Program (CRP) is too much. More
17 specifically, he asserts that there are “reasons to believe” that ratepayers will face
18 “significant increases” in USECP costs. (OSBA St. 1, at 6). However, he offers no
19 metric or measurement by which to determine whether the cost of the CRP is “too much”
20 or whether any growth in the cost of the CRP is too high. Mr. Knecht also proposes no
21 remedy to accommodate his first objection (i.e., no consultation) and third objection (no
22 consideration of impact on non-participants). Mr. Knecht does float three different ideas
23 on how to respond to his concerns about excess costs. (OSBA St. 1, at 8 – 11).

1 **Q. HOW DO YOU ASSESS MR. KNECHT’S OBJECTIONS IN LIGHT OF YOUR**
2 **DIRECT TESTIMONY?**

3 A. Mr. Knecht’s Direct Testimony provides additional support for why the three Outcome
4 Objectives that I recommend in my Direct Testimony should be adopted. In particular,
5 Outcome Objective #3 directly addresses each of the concerns raised by Mr. Knecht and
6 offers a specific, reasonable remedy to address such concerns.

7 **Q. HOW DOES YOUR DIRECT TESTIMONY ADDRESS MR. KNECHT’S**
8 **CONCERN ABOUT INCREASING COSTS?**

9 A. With respect to Mr. Knecht’s concern about increasing CRP costs, my third Outcome
10 Objective proposes that specific actions be taken by PGW, at the close of each Fiscal
11 Year, to determine whether “the three-year average per-participant cost increases by 20%
12 or more. . .” (OCA St. 1, at 6). I further recommended that if such cost increases were
13 found to have occurred, “PGW should be required to: (1) make an informational filing
14 with the Commission explaining the basis for the cost increases and the steps that PGW is
15 doing to control costs.” (Id.) Finally, my recommendation proposed that “the results of
16 PGW’s monitoring should be completed within 30 days after the close of PGW’s Fiscal
17 Year each year.” (Id.)

18 My proposal virtually mirrors the Statement of PUC Vice-Chair John Coleman in the
19 Peoples Natural Gas USECP proceeding. Commissioner Coleman stated:

20 The proposed Order before us today directs the Peoples Companies to track
21 data related to these CAP payment changes for review during their next
22 USECP. I agree with the proposed Order, but I also encourage the Peoples

1 Companies to take more immediate action if CAP costs increase beyond the
2 projected budgets. The Commission recently approved a Joint Petition for
3 Settlement in Duquesne Light Company's 2020-2025 USECP which
4 contained a provision whereby Duquesne Light Company will notify the
5 parties to their proceeding and seek their input if USECP costs will exceed
6 the projected budget by 10% and file a petition with the Commission
7 explaining the cost increase and outlining possible programmatic cost-
8 containment measures.

9 I believe similar provisions should be considered for inclusion in all
10 USECPs. The Peoples Companies' Proposed 2019 USECP will be in effect
11 for at least five years after it is approved. The Peoples Companies' next
12 proposed USECP is not due until April 1, 2028, for the five years starting
13 January 1, 2029. The Commission should not wait until five years, or more,
14 have passed to address any disproportionate cost impact to the residential
15 customers who are paying for the Peoples Companies' CAPs. To that end, I
16 encourage the Peoples Companies to notify the parties to this proceeding and
17 seek their input if CAP costs will exceed the annual projected budget by 10%
18 and to file a petition with the Commission explaining the cost increase and
19 outlining possible cost-containment measures.

20 Peoples Natural Gas Company LLC and Peoples Gas Company LLC 2019-2024
21 Universal Service and Energy Conservation Plan submitted in compliance with 52 Pa.
22 Code § 62.4, Docket Nos. M-s018-3003177, et al., Statement of Vice Chairman John
23 Coleman, May 12, 2022). While Vice Chairman Coleman's Statement was issued just
24 the day before Direct Testimony was filed in this proceeding, my recommendation
25 closely mirrors his recommendation.

26 **Q. HOW DOES YOUR DIRECT TESTIMONY ADDRESS MR. KNECHT'S**
27 **CONCERN ABOUT THE LACK OF STAKEHOLDER CONSULTATION?**

28 A. Mr. Knecht's second concern, the lack of consultation with affected stakeholders with
29 respect to increasing CRP costs, is directly addressed by the recommendations regarding

1 my Outcome Objective #3 as well. I recommended that should the objective metric (3-
2 year average increase of 20%) be found to exist, PGW should “convene its Universal
3 Service Advisory Committee (USAC) to assess the extent to which additional responsive
4 actions are appropriate; (3) if a mutually agreed-upon course of action is not determined
5 within the USAC, stakeholders could petition the Commission to amend the USECP with
6 specifically-stated proposed demonstrably responsive actions.” (OCA St. 1, at 6). My
7 recommendation, in other words, not only provides for consultation with stakeholders,
8 the lack of which was Mr. Knecht’s concern, but it also provides a remedy to ensure that
9 stakeholders have the ability to pursue their concerns should they find the consultation
10 process to be ineffective.

11 My Direct Testimony also specifically referenced the need to include non-residential
12 stakeholders should they wish to participate. (OCA St. 1, fn. 15, p. 37).

13 **Q. HOW DOES YOUR RECOMMENDED OUTCOME OBJECTIVE #3 ADDRESS**
14 **MR. KNECHT’S CONCERN ABOUT COST CONTROL MEASURES?**

15 A. My Direct Testimony specifically addressed the way to generate and consider cost
16 control measures that might be appropriate to the nature of the cost increases that give
17 rise to the need for such measures. As I stated in my Direct Testimony:

18 Changes in CRP program costs may involve many different
19 contributing factors. For a natural gas utility such as PGW, an
20 extremely cold winter may result in higher CRP credits. In contrast,
21 an economic downturn may result in an increase in CRP credits (as
22 more customers enroll) but a decrease in arrearage forgiveness credits
23 (as fewer CAP customers make full payments). An increase in
24 program participation may result in an increase in both CRP credits
25 and arrearage forgiveness credits.

1
2 Determining the cause of any increase is important to assessing the
3 appropriate response, if any. If cold weather causes a spike in CRP
4 credits, the appropriate response may be to do nothing, since the
5 change would be temporary. If, however, a substantial increase is
6 attributable to substantial increases in participation, or in substantial
7 long-term increases in natural gas prices, there may be more cause to
8 consider cost control measures. For purpose of this proceeding to
9 consider PGW's proposed pilot, there is simply a need for PGW to be
10 directed to track the outcome, i.e., the impact of CRP costs on non-
11 participant bills. It is not possible for PGW to consider what, if any,
12 response is appropriate if PGW is not even tracking the impacts.
13

14 (OCA St. 1, at 43). My Direct Testimony differs from Mr. Knecht's in that I explain in
15 detail why the choice of a cost control measure depends for its reasonableness on a
16 determination of what is causing the increased costs in the first instance. As I explain, it
17 is not possible to choose a remedy until one identifies the cause of the problem. My
18 Direct Testimony, however, recommends a specific process for each of those steps: (1) to
19 decide *whether* there is a problem with increased costs; (2) to determine *why* there is a
20 problem with increased costs; and (3) to determine an appropriate response to the
21 problem, if any, of increased costs.

22 **Q. WHAT DO YOU CONCLUDE?**

23 A. I conclude that the concerns raised in Mr. Knecht's Direct Testimony are not reasons to
24 deny PGW's recommended changes to its CRP. I conclude further, however, that while
25 his testimony does not address my recommended Outcome Objectives (which was not
26 possible given that his testimony and my testimony were filed simultaneously), Mr.
27 Knecht's Direct Testimony provides further support for my Outcome Objective #3 in
28 particular.

1 **PART 2. Response to TURN/CAUSE-PA Witness Harry Geller.**

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

4 A. In this section of my testimony, I examine the Direct Testimony of CAUSE-PA witness
5 Harry Geller. There are certain aspects of Mr. Geller’s testimony that I respond to.

6 **Q. HOW DO YOU RESPOND TO MR. GELLER’S DIRECT TESTIMONY?**

7 A. Mr. Geller supports PGW’s proposal to modify the home energy burdens associated with
8 PGW’s CRP. Where Mr. Geller and I differ is largely on the same grounds I previously
9 discussed with respect to the testimony of PGW witness H. Gil Peach. Mr. Geller asserts,
10 for example, that:

11 Low income customers struggle on a daily basis to make ends meet, and
12 often make untenable choices between paying for utility services and other
13 critical necessities – including food, medicine, and housing. For PGW’s low
14 income customers, the savings realized as a result of the CRP Pilot Program
15 changes represent a significant portion of their monthly incomes, and will
16 help these customers to make ends meet.

17 (CAUSE-PA St. 1, at 10).

18 **Q. DO YOU DISAGREE WITH MR. GELLER’S STATEMENTS IN THIS**
19 **REGARD?**

20 A. No. I absolutely agree with Mr. Geller’s statements in as far as they go. However, I do
21 take exception with what Mr. Geller does *not* acknowledge. Mr. Geller, like PGW
22 Witness Peach, tends to equate “CRP participants” with “low-income households.” For
23 example, when he asserts that “For PGW’s low income customers, the savings realized as

1 a result of the CRP Pilot Program changes represent a significant portion of their monthly
2 incomes, and will help these customers to make ends meet,” he does not acknowledge
3 that that statement is true if, but only if, the “low-income customers” he references are
4 participating in CRP. Unfortunately, most low-income customers do not participate in
5 CRP. This lack of participation is particularly acute in the lowest income ranges.

6 In addition, I differ from Mr. Geller’s testimony in that he focuses only on those
7 customers who are defined to be low-income by Commission regulation. As I discuss,
8 there are additional economically vulnerable customers who live with incomes above the
9 CRP eligibility level, but below the level needed to be self-sufficient in Pennsylvania.

10 As I describe in detail in my Direct Testimony, there must be concern for both of *these*
11 groups of non-participating customers.

12 **Q. IS THE REMEDY THAT YOU PROPOSE TO DENY PGW’S REQUEST TO**
13 **MODIFY THE BURDENS UNDERLYING ITS CRP?**

14 A. No. My proposed response to what I just noted above is much more nuanced than that.
15 Denying PGW’s proposed modifications to its CRP burdens is not the only response, and
16 perhaps is not even the most reasonable response, to the observation that not all (or not
17 “enough”) low-income customers participate in CRP. Instead of recommending that
18 PGW’s proposed modification be denied, I recommend that PGW establish measurable,
19 “Outcome Objectives” and to track those Outcome Objectives through a process of
20 “continuous improvement.” I stated that “I recommend that the Commission express its
21 intention that PGW engage in a continuous improvement process, rather than addressing

1 potential program improvements only when it is required by regulation to file a new
2 Universal Service and Energy Conservation Plan (USECP).” (OCA St. 1, at 49).

3 In particular, given that the CRP (irrespective of what burdens are used to define
4 “affordability” for the program) assists low-income customers only if they are identified
5 as low-income, and enrolled as participants in the program, I recommend:

6 ➤ PGW should establish objective measures by which to assess whether eligible
7 customers are participating in the program. (“PGW’s program objective
8 should be to achieve a CRP participation rate of no less than 40% of its
9 estimated low-income population.” OCA St. 1, at 5); and

10 ➤ PGW should establish objective measures by which to assess whether those
11 customers that are participating, are successfully participating as measured by
12 whether they stay on the program and make sufficient payments to earn the
13 arrearage forgiveness which is a critical aspect of the program. (OCA St. 1, at
14 5).

15 In short, Mr. Geller’s testimony is supportive of both my recommended Outcome
16 Objective #1 and my recommended Outcome Objective #2. Given Mr. Geller’s
17 testimony, it is important for PGW to enroll low-income customers on CRP and to help
18 those customers successfully remain on CRP.

19 Despite these two Outcomes, however, there will always be some portion of the low-
20 income population that does not participate in CRP. It is for this reason, that Mr. Geller’s
21 testimony supports the approval of my recommended Outcome Objective #3. Given the
22 dire circumstances facing low-income customers who do not participate in CRP, it is

1 essential that there be careful, constant, attention to helping to control the CRP costs that
2 will be paid by those income-eligible non-participants (as well as to other non-
3 participants). That is why the first two groups of non-participants that I identify as
4 needing protection from increased costs include: “(1) those who are income-eligible for
5 CRP (at or below 150% of Poverty) but who do not participate; [and] (2) those whose
6 income exceeds 150% of Poverty, but does not exceed 300% of Poverty. . .” (OCA St. 1,
7 at 40).

8 **Q. WHAT DO YOU CONCLUDE WITH RESPECT TO MR. GELLER’S**
9 **TESTIMONY?**

10 A. In his Direct Testimony, Mr. Geller did not present diametrically opposite
11 recommendations from those which I presented in my Direct Testimony. In fact, Mr.
12 Geller’s Direct Testimony provides compelling support for why each of the three
13 proposed Outcome Objectives I recommend in my Direct Testimony should be adopted.

14 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

15 A. Yes, it does.
16

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION


Re: Addendum to Philadelphia Gas Works :
Universal Service and Energy Conservation : Docket No. M-2016-2542415
Plan for 2017-2020 :
:
:
Petition to Amend Philadelphia Gas Works :
Universal Service and Energy Conservation : Docket No. P-2020-3018867
Plan for 2017-2022 :
:

VERIFICATION

I, Roger D. Colton, hereby state that the facts set forth in my Rebuttal Testimony, OCA Statement 1R, are true and correct (or are true and correct to the best of my knowledge, information, and belief) 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).

DATED: June 17, 2022
*330672

Signature:



Roger D. Colton

Consultant Address: Fisher, Sheehan, & Colton
34 Warwick Road
Belmont, MA 02478

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Addendum to Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2020	:	
	:	Docket No. M-2016-2542415
	:	
	:	
Petition to Amend Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2022	:	
	:	Docket No. P-2020-3018867
	:	

Surrebuttal Testimony of
Roger D. Colton

On Behalf of:
Office of Consumer Advocate
OCA Statement 1R

July 1, 2022

Table of Contents

Part 1.	Reply to PGW Witness Denise Adamucci	1
Part 2.	Reply to PGW Witness H. Gil Peach	6
Part 3.	Reply to TURN/CAUSE-PA Witness Harry Geller	8

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

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

3 **Q. ARE YOU THE SAME ROGER COLTON WHO PREVIOUSLY PREPARED**
4 **DIRECT AND REBUTTAL TESTIMONY FOR THE OFFICE OF CONSUMER**
5 **ADVOCATE IN THIS PROCEEDING?**

6 A. Yes.

7 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR REBUTTAL TESTIMONY.**

8 A. The purpose of my Rebuttal Testimony is to respond to the Rebuttal Testimony of the
9 following witnesses:

- 10 ➤ First, I respond to the Rebuttal Testimony of witness Denise Adamucci,
11 prepared on behalf of the Philadelphia Gas Works (PGW);
- 12 ➤ Second, I respond to the Rebuttal Testimony of witness Dr. H. Gil Peach,
13 prepared on behalf of PGW; and
- 14 ➤ Finally, I respond to the Direct Testimony of Harry Geller, prepared on behalf
15 of TURN and CAUSE-PA.

16 **Part 1. Response to PGW Witness Denise Adamucci.**

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

19 A. In this section of my testimony, I respond to PGW witness Adamucci's rebuttal testimony
20 regarding establishing measurable outcomes metrics for PGW's pilot Customer
21 Responsibility Program (CRP).

1 **Q. PLEASE EXPLAIN THE FIRST ASPECT OF MS. ADAMUCCI’S TESTIMONY**
2 **TO WHICH YOU RESPOND.**

3 A. Ms. Adamucci asserts that my proposed metrics are “entirely outside the scope of this
4 limited remand proceeding. . .” (PGW 1-R, at 10). This argument should be rejected.
5 The purpose of this proceeding is to determine whether PGW’s pilot program can move
6 forward at the reduced energy burdens. The only way to evaluate whether the reduced
7 energy burdens are working is to have measurable outcomes. The goal is to ensure that
8 the new energy burdens are effective at keeping households connected to service and help
9 improve payment performance.

10 This inquiry is inherently based in the responsibilities that PGW has to ensure that low-
11 income households can maintain reasonably affordable service to their home. (66 Pa. C.S.
12 sec. 2203(8). The purpose of a universal service program such as PGW’s proposed CRP
13 pilot, in other words, is not simply to reduce costs to low-income customers. There is a
14 more specific, and measurable, purpose stated in the statute. The only way to determine
15 whether that statutory purpose is being served is through the adoption of measurable
16 outcome objectives regarding that purpose.

17 The Commission noted the role of energy burdens in its Final Order in Docket M-2019-
18 3012599. The Commission said that it agreed in discussing a 10% burden that “such a
19 high energy burden for the lowest income customers will fail to satisfy the statutory
20 objectives of universal service and continue to lead to disproportionate termination
21 numbers.” (Final Order, at 31 – 32). Setting a burden correctly, in other words, is a
22 means to an end, not the end unto itself. Measuring whether the energy burdens proposed

1 in this proceeding are accomplishing the statutory objectives is part and parcel of the
2 scope of this proceeding. The Commission has identified the “continuation of utility
3 service to CAP participants” as a program objective. It is, therefore, entirely appropriate
4 to assess a mechanism (i.e., the adoption of measurable outcome objectives) by which to
5 determine whether the statutory objectives will be achieved through the proposed energy
6 burdens.

7 Ms. Adamucci argues that PGW should not need to adopt measurable outcome objectives
8 unless all utilities do so. I agree with Ms. Adamucci that my recommendation to adopt
9 measurable outcome objectives would be useful for all utilities, even though the specific
10 objectives may well differ between utilities based on the specific circumstances of each
11 utility’s program. As I note above, Pennsylvania’s universal service statute requires that
12 “universal service and energy conservation programs” be “appropriately funded”. 66 Pa.
13 C.S. Sec. 2203(8). The question presented by my recommendation here ties specifically
14 to the goal of what a “universal service and energy conservation program” is. According
15 to the statute, a universal service program is a series of “[p]olicies, protections and
16 services that help residential low-income . . . customers . . . to maintain natural gas supply
17 and distribution services.” 66 Pa. C.S. Sec 2202. The metrics that I have recommended
18 are about ensuring that PGW’s programs are calibrated to keep people connected to
19 service, not simply to reduce costs for low-income households. The point of reducing
20 costs to low-income customers is to pursue the objective that people have a better chance
21 of staying connected. Moreover, as I discussed in detail in my Direct Testimony, there
22 are groups of customers who do not participate in CRP about which the Commission
23 should nonetheless have concern. These groups include income-eligible nonparticipants;

1 customers who are not income-eligible, but who have income insufficient to pay their
2 home utility bills without difficulty; and all other residential customers.

3 This response to Ms. Adamucci’s assertion that the adoption of measurable outcome
4 objectives is equally applicable to the same argument advanced by PGW Witness Peach
5 (PGW St. 2-R, at 2 – 3) and to the same argument advanced by TURN/CAUSE-PA
6 Witness Harry Geller (Geller Rebuttal, at 6).

7 **Q. IS THERE A SECOND ASPECT OF MS. ADAMUCCI’S REBUTTAL**
8 **TESTIMONY TO WHICH YOU WISH TO RESPOND?**

9 A. Yes. Ms. Adamucci asserts that it would be inappropriate for the Commission to adopt
10 metrics that apply only to PGW. (PGW St. 1-R, at 11). The use of metrics need not apply
11 to every utility to be appropriate. There need not even be a reason for the same metrics to
12 apply to every utility. The different programs of different utilities may well present
13 different performance issues for the utility (and the Commission) to track. The purpose
14 of adopting measurable outcome objectives is not to create a “scorecard” by which to
15 compare utilities. As I explained in my Direct Testimony, the purpose of adopting
16 measurable outcome objectives is “to grapple with how best to improve effectiveness and
17 service quality while limiting costs.” (Colton Direct, at 12). As I said in my Direct
18 Testimony, the use of performance metrics is to help the utility “to assess
19 accomplishments, make decisions, realign processes, and assign accountability.” (Id., at
20 13). Different utilities, with different programs, may well have different needs on these
21 elements.

1 **Q. IS THERE A FINAL ASPECT OF MS. ADAMUCCI'S REBUTTAL TESTIMONY**
2 **TO WHICH YOU WISH TO RESPOND?**

3 A. Yes. Ms. Adamucci argues that there is no need for a cost control measure because “the
4 USECP already includes appropriate cost controls.” (PGW St. 1-R, at 12). That
5 argument should be dismissed. It is not possible, in the abstract, to assess whether there
6 is even a need for additional “cost controls” let alone to determine which cost controls are
7 “appropriate” in the circumstances. Indeed, as I explain in my Direct Testimony, whether
8 particular cost levels present “concerns” may well differ based on the group of customers
9 from whose perspective the costs are being assessed. One of the steps involved in the
10 assessment includes identifying the cause of (or contributing factors to) the cost increase
11 of concern. This step cannot be generically addressed in a utility’s USECP. As I
12 explained in my Direct Testimony:

13 Determining the cause of any increase is important to assessing the
14 appropriate response, if any. If cold weather causes a spike in CRP credits,
15 the appropriate response may be to do nothing, since the change would be
16 temporary. If, however, a substantial increase is attributable to substantial
17 increases in participation, or in substantial long-term increases in natural gas
18 prices, there may be more cause to consider cost control measures. For
19 purpose of this proceeding to consider PGW’s proposed pilot, there is simply
20 a need for PGW to be directed to track the outcome, i.e., the impact of CRP
21 costs on non-participant bills.

22 (Colton Direct, at 43). As I noted, “it is not possible for PGW to consider what, if any,
23 response is appropriate if PGW is not even tracking the impacts.” (Id., at 43). For Ms.
24 Adamucci to assert that PGW has “already included cost controls” in its USECP misses
25 the entire point of my recommendation.

1 In addition, contrary to Ms. Adamucci’s assertion, the USC riders, and their periodic
2 reconciliations, do not serve the function which I recommend be undertaken. The USC
3 rider calculations are not sufficient to know why costs have increased or decreased over a
4 period, let alone sufficient to determine whether those costs present concerns to any of
5 the three specific populations I identified in my Direct Testimony (income-eligible
6 customers who do not participate; those who are not income-eligible but have incomes
7 sufficiently low to have difficulty paying their bills; other program non-participants).
8 Moreover, given that USECPs will now be in place for five years or more, there needs to
9 be some interim periodic checks on cost increases (if they occur). This is particularly
10 true given that the energy burdens are new.

11 **Q. WHAT DO YOU CONCLUDE WITH RESPECT TO MS. ADAMUCCI’S**
12 **REBUTTAL TESTIMONY?**

13 A. Ms. Adamucci’s Rebuttal Testimony provides no basis for rejecting the proposed
14 measurable outcome objectives I recommended in my Direct Testimony.

15 **PART 2. Response to PGW Witness H. Gil Peach.**

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

18 A. In this section of my testimony, I examine certain statements advanced in the Rebuttal
19 Testimony of PGW Witness H. Gil Peach. First, PGW Witness Peach asserts that he did
20 “not propose that any level of program costs, no matter how high, are justified in order to
21 implement a particular energy burden.” (PGW St. 2-R, at 2). If he did not make that

1 assertion, then his testimony must be supportive of a proposal to adopt an objective
2 measurable metric by which to determine what level of programs costs are too high.

3 PGW witness Peach also argues that “the PUC reviewed PGW’s projected costs and did
4 not find them to be unreasonable. . .” (PGW St. 2-R, at 2). Even if that statement is
5 accurate, it does not address the recommendation in my proposal. My recommendation
6 does not relate to the current level of PGW’s CRP costs. My recommendation is to
7 create a mechanism through which PGW, the Commission, and other stakeholders, may
8 assess any changes in the cost of the CRP. My recommendation goes further to
9 acknowledge that the process of reviewing changes in costs, one need not examine only
10 the level of the changes, but one needs to examine the cause of those changes. If one
11 does not understand the cause of changes in costs, it is not possible to develop
12 appropriate remedies (if any remedy is needed at all).

13 **Q. DO YOU HAVE A FINAL RESPONSE TO THE REBUTTAL TESTIMONY OF**
14 **PGW WITNESS PEACH?**

15 A. Yes. PGW Witness Peach argues that my Direct Testimony “misunderstands the use of
16 metrics.” (PGW St. 2-R, at 3). He states that “metrics can serve well as indicators to
17 permit both the company and the Commission to frame questions that can result in
18 program improvements.” (Id.). He does not explain how this formulation of the use of
19 metrics differs from my testimony that metrics are useful “to grapple with how best to
20 improve effectiveness and service quality while limiting costs.” (Colton Direct, at 12).
21 As I said in my Direct Testimony, the use of performance metrics is to help the utility “to
22 assess accomplishments, make decisions, realign processes, and assign accountability.”

1 (Id., at 13). In this regard, the criticism leveled by PGW Witness Peach is no criticism at
2 all.

3 **PART 3. Response to TURN/CAUSE-PA Witness Harry Geller.**

4 **Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR**
5 **SURREBUTTAL TESTIMONY.**

6 A. In this section of my testimony, I examine the Rebuttal Testimony of TURN/CAUSE-PA
7 Witness Harry Geller.

8 **Q. WHAT IS THE FIRST ASPECT OF MR. GELLER’S REBUTTAL TESTIMONY**
9 **TO WHICH YOU RESPOND?**

10 A. The Rebuttal Testimony of Harry Geller asserts that “Payment rates can also vary based
11 on the utility’s billing practices, customer service standards, universal service referral
12 policies, and other policies and practices which may be tangential to assessing the design
13 of a utility’s universal service program.” (CAUSE-PA/TURN 1R at 3). On this point, I
14 agree with Mr. Geller that all of these standards need to be evaluated in a USECP and
15 rate cases to ensure that low-income customers have the best chance of paying bills on
16 time and in full each month. However, simply because other factors impact the bill
17 payment behavior of low-income households does not negate the need for data about bill
18 payment metrics by which to measure whether PGW’s CRP is achieving the statutory
19 objective articulated in the statutory language defining a “universal service program.”

1 **Q. IS THERE A SECOND ASPECT OF MR. GELLER’S REBUTTAL TESTIMONY**
2 **TO WHICH YOU RESPOND?**

3 A. Yes. Mr. Geller questions my recommended outcome objective regarding arrearage
4 forgiveness. He asserts that it is not possible for CRP customers to have 100% of their
5 arrears forgiven in a particular year given that PGW has a 36-month forgiveness period.
6 (Geller Rebuttal, at 4). Mr. Geller simply misunderstood my recommendation. My
7 recommendation was not to measure whether 100% of all preprogram arrears were
8 forgiven. My recommendation was to measure whether 100% of the arrears subject to
9 forgiveness in a year had been forgiven. If a customer can achieve forgiveness 1/36th of
10 his or her pre-program arrears for each month of CRP participation, that would be the
11 basis for this outcome objective.

12 **Q. DO YOU HAVE ANY FINAL RESPONSE TO MR. GELLER’S REBUTTAL**
13 **TESTIMONY?**

14 A. Yes. Mr. Geller opposes my recommendation for PGW to annually track the
15 reasonableness of the costs of its CRP. He argues with respect to whether additional cost
16 control features are needed:

17 *Accordingly, under Mr. Colton’s approach, whether or not CRP continues to*
18 *utilize the energy burden standards adopted by the Commission is subject to*
19 *reevaluation not based on whether CRP results in affordable bills for low-*
20 *income customers participating in the program, but instead on the cost*
21 *impacts such reforms would have on other customers. Mr. Colton*
22 *recommends adoption of an arbitrary standard to assess relative cost impacts.*

23
24 * * *

25
26 Mr. Colton’s recommendations don’t align with the narrow subject matter of
27 this proceeding (adoption of the energy burdens in the CAP policy

1 statement), as the circumstances potentially triggering review may be driven
2 by base rate increases, arrearage forgiveness costs, reduced LIURP spending,
3 CRP participation levels, colder than anticipated weather, and numerous
4 other factors unrelated to PGW's implementation of the Commission's
5 reduced CAP energy burden standards.

6 (Geller Rebuttal, at 5). Mr. Geller errs on both of these points.

7 First, as I explain above, the scope of this proceeding is to determine what approach to
8 take with regard to the piloting of the energy burdens. This assessment should include an
9 evaluation of the costs of the program as a whole. I have agreed – and have testified to
10 this effect– that not all cost increases mean that the energy burdens should be
11 changed. The appropriate response to cost increases is situational. Some cost increases
12 are outside of the control of all parties – like commodity increases – but some are
13 not. The important point established by my Direct Testimony is to create a trigger to
14 look at this so that stakeholders are not “stuck” between USECPs or rate cases to evaluate
15 cost increases that might give rise to concern.

16 Second, the Commission has *never* said that the costs of a universal service program such
17 as CRP are reasonable no matter what level they might reach. The CAP Policy
18 Statement, for example, provides that the periodic evaluations are to assess the extent to
19 which “the program achieves the continuation of utility service to CAP participants *at*
20 *reasonable cost levels.*” (emphasis added). Given the reduced energy burdens proposed
21 in this pilot program, however, and the overall increases in costs, it is not unreasonable
22 for PGW to engage in a continuous (i.e., annual) assessment that is more frequent than at
23 the time (i.e., every six years) of the third-party evaluation.

1 **Q. WHAT DO YOU CONCLUDE WITH RESPECT TO MR. GELLER'S**
2 **TESTIMONY?**

3 A. I conclude that Mr. Geller's testimony presents no valid basis upon which to decide not to
4 adopt the measurable outcome objectives I recommend.

5 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

6 A. Yes, it does.

7

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition to Amend Philadelphia Gas Works	:	P-2020-3018867
Universal Service and Energy Conservation	:	
Plan for 2017-2022	:	

**INTERIM ORDER
ADOPTING JOINT STIPULATION FOR ADMISSION OF EVIDENCE,
ADMITTING EVIDENCE INTO THE RECORD,
AND CANCELLING EVIDENTIARY HEARING**

On February 2, 2022, the Commission issued a Telephonic Hearing Notice, scheduling an evidentiary hearing on the above-captioned matter for July 13 and 14, 2022.

On July 12, 2022, counsel for Philadelphia Gas Works (PGW) emailed the presiding Administrative Law Judges, advising the parties waived cross-examination of all witnesses and requested that the evidentiary hearing be cancelled. Administrative Law Judge Mark Hoyer (ALJ Hoyer) responded to all parties that the first day of hearing would be cancelled, but the second day would remain scheduled unless the parties filed a fully executed joint stipulation for admission of evidence.

On July 13, 2022, PGW, the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), the Tenant Union Representative Network (TURN), and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA) (collectively, Stipulating Parties), filed a Joint Stipulation for Admission of Evidence (Stipulation). The parties requested that the evidence listed in the Stipulation be admitted and that the evidentiary hearing be cancelled. The parties also indicated they waived cross-examination.

As this request is reasonable, it will be granted.

THEREFORE,

IT IS ORDERED:

1. That the Joint Stipulation for Admission of Evidence, filed on July 13, 2022, by Philadelphia Gas Works, the Office of Consumer Advocate, the Office of Small Business Advocate, the Tenant Union Representative Network, and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania is hereby adopted.

2. That the testimonies and exhibits listed in the Joint Stipulation are admitted into the record of this proceeding on the terms and conditions set forth in the Joint Stipulation as if the same were fully set forth in this ordering paragraph.

3. That, by **4:00 p.m. on July 15, 2022**, the parties shall submit the admitted evidence, with appropriate verifications, to the Commission's Secretary's Bureau pursuant to 52 Pa. Code § 5.412a.

4. That the parties shall, when submitting their evidence pursuant to Ordering Paragraph 3, include in each filing: (a) a copy of this Order, and (b) a cover letter referencing the caption and Docket Number of this proceeding, the specific evidence included in the filing, and the fact that the evidence included in the filing is "admitted evidence."

5. That the evidentiary hearings scheduled for July 13 and 14, 2022, are cancelled.

Date: July 13, 2022

_____/s/
Emily I. DeVoe
Administrative Law Judge

_____/s/
Mark A. Hoyer
Deputy Chief Administrative Law Judge

P-2020-3018867 - PETITION TO AMEND OR MODIFY UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN

LAUREN M BURGE ESQUIRE
DEANNE ODELL ESQUIRE
ECKERT SEAMANS CHERIN &
MELLOTT LLC
600 GRANT STREET 44TH FLOOR
PITTSBURGH PA 15219
412.566.2146
lburge@eckertseamans.com
dodell@eckertseamans.com
Accepts eService

JOLINE PRICE ATTORNEY
ROBERT W BALLENGER ESQUIRE
KINTESHA S SCOTT ESQUIRE
COMMUNITY LEGAL SERVICES
1424 CHESTNUT STREET
PHILADELPHIA PA 19102
215.981.3756
jprice@clsphila.org
rballenger@clsphila.org
kscott@clsphila.org
Accepts eService

ELIZABETH R MARX ESQUIRE
LAUREN BERMAN ESQUIRE
RIA PEREIRA ATTORNEY
JOHN SWEET ESQUIRE
PA UTILITY LAW PROJECT
118 LOCUST STREET
HARRISBURG PA 17101
717.236.9486
emarx@pautilitylawproject.org
lberman@pautilitylawproject.org
rpereira@pautilitylawproject.org
jsweet@pautilitylawproject.org
Accepts eService

RICHARD KANASKIE ESQUIRE
BUREAU OF INVESTIGATION AND
ENFORCEMENT
PA PUBLIC UTILITY COMMISSION
400 NORTH STREET
2ND FLOOR
HARRISBURG PA 17120
rkanaskie@pa.gov

CHRISTY APPLEBY ESQUIRE
DARRYL LAWRENCE ESQUIRE
OFFICE OF CONSUMER ADVOCATE
555 WALNUT STREET 5TH FLOOR
FORUM PLACE
HARRISBURG PA 17101
717.783.5048
cappleby@paoca.org
dlawrence@paoca.org
Accepts eService

SHARON E WEBB ESQUIRE
OFFICE OF SMALL BUSINESS
ADVOCATE
FORUM PLACE
555 WALNUT STREET 1ST FLOOR
HARRISBURG PA 17101
717.783.2525
swebb@pa.gov

GRACIELA CHRISTLIEB ESQUIRE
PHILADELPHIA GAS WORKS
800 WEST MONTGOMERY AVENUE
PHILADELPHIA PA 19122
215.684.6164
Graciela.Christlieb@pgworks.com
Accepts eService

CRAIG BERRY ATTORNEY
PHILADELPHIA GAS WORKS
800 W MONTGOMERY AVE
PHILADELPHIA PA 19122
Craig.berry@pgworks.com