July 15, 2022

Via Electronic Filing
Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: 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 §5.412a and the July 13, 2022 Interim Order Adopting Joint Stipulation for Admission of Evidence, Admitting Evidence into the Record, and Cancelling Evidentiary Hearing, appended hereto, please find the following admitted testimony and exhibits on behalf of Tenant Union Representative Network (TURN) and Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA):

1. Direct Testimony of TURN/CAUSE-PA witness Harry S. Geller, dated May 13, 2022, which contains 19 pages, together with associated Schedules HG-1, HG-2, HG-3 and two Appendices (consisting of the Resume of Harry S. Geller and certain Discovery Responses) and Mr. Geller's signed verification.

2. Rebuttal Testimony of TURN/CAUSE-PA witness Harry S. Geller, dated June 17, 2022, consisting of 14 pages and Mr. Geller's signed verification.

Please contact me in the event you have any questions.

Sincerely,

Robert W. Ballenger

Enclosure

CC: Hon. Emily I. DeVoe (w/out enc.)
Hon. Mark A. Hoyer (w/out enc.)
Service List (w/out enc.)

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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

CERTIFICATE OF SERVICE

I hereby certify that I have this day served copies of **TURN/CAUSE-PA Letter Submitting Admitted Testimony and Exhibits** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54 in the manner and upon the persons listed below.

VIA EMAIL

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Counsel for TURN

July 15, 2022

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

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

DIRECT TESTIMONY OF HARRY S. GELLER
ON BEHALF OF

TENANT UNION REPRESENTATIVE NETWORK (TURN)

AND

COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICENCY IN PENNSLYVANIA (CAUSE-PA)

May 13, 2022

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PREPARED DIRECT TESTIMONY OF HARRY S. GELLER

I. INTRODUCTION AND BACKGROUND

Q: Please state your name, occupation, and business address.

A: My name is Harry Geller. I am an attorney. I am the former Director of the Pennsylvania Utility Law Project ("PULP"). I am currently retired but serve as Senior Counsel to PULP and as a consultant to legal aid programs and their clients. I maintain an office at 118 Locust St., Harrisburg, PA 17101.

Q: Briefly outline your education and professional background.

A: I received my B.A. degree from Harpur College, State University of New York at Binghamton in 1966, and a J.D. degree from Washington College of Law, American University in 1969. Upon graduation from law school, I entered the Volunteers in Service to America (VISTA) program, where I was assigned to the New York University Law School. I took courses in the Law School's Urban Affairs and Poverty Law program and worked with the Community In Action Program on the West Side of Manhattan in New York City from 1969-1971. In 1971, I started as a Staff Attorney for the New York City Legal Aid Society, Criminal Court and Supreme Court Branches in New York County. In 1974, I moved to Pennsylvania and began working for Legal Services, Incorporated (LSI). LSI was a civil legal aid program serving Adams, Cumberland, Franklin and Fulton Counties. I worked at LSI from 1974-1987 first as a Staff Attorney, then as Managing Attorney, and ultimately became Executive Director. Through a restructuring with other legal services programs, LSI became part of what is now known as MidPenn Legal Services and Franklin County Legal Services.

In 1988, I was hired to be the Executive Director of PULP, a statewide project dedicated to the rights of low income utility customers. At PULP, I represented low income individuals with utility and energy concerns, and supported organizations advocating for low income households in utility and energy matters. As the Executive Director of PULP, I consulted and co-counseled on a wide variety of individual utility consumer cases, and I participated in task forces, work groups and advisory panels, including as an appointed member of the Weatherization Assistance Program Policy Advisory Council to the Department of Community and Economic and the Consumer Advisory Council to the Public Utility Commission, and as the appointed Chairperson for the Low Income Home Energy Assistance Program (LIHEAP) Advisory Committee to the Department of Human Services. I frequently trained community organizations, legal aid staff and advocacy groups across Pennsylvania about the various utility and energy matters affecting Pennsylvania's low income population. I retired from PULP on June 30, 2015. Although no longer employed by PULP, I now serve as a Senior Counsel to PULP and as a consultant to legal aid programs and their clients. In sum, I have over 50 years' experience with households in poverty, including over 30 years focusing specifically on utility and energy issues affecting low income consumers. My resume is attached as Appendix A.

Q: For whom are you testifying in this proceeding?

A: I am testifying on behalf of Tenant Union Representative Network ("TURN") and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") (collectively, TURN/CAUSE-PA).

Q: Please describe the focus of your work over the years.

A: I have represented low income individuals and organizations serving low income populations in a wide variety of legal matters, including family law, public benefits, unemployment compensation, utility shut-offs, debtor/creditor, and housing related disputes. Over the past 32 years, both at PULP and in my current consulting work, my focus has been ensuring that low income households can connect to, afford, and maintain utility and energy services.

In all of these legal matters, I worked almost exclusively on behalf of low income individuals and households. Through this work, I have become intimately familiar with the daily lives of countless of our poorest citizens. I have spent hundreds, if not thousands, of hours assisting clients in combing through their budgets to attempt to assist them to make ends meet. Over the years, I have consistently had to address the issues which have arisen for the significant number of low income families who have an inability to pay for the most basic monthly necessities on the incomes they have. Almost every month, my clients faced the stark necessity of choosing which bills they could forego with the least drastic consequences.

In addition to my deep understanding of the daily monetary struggles facing poor families, I have an extensive knowledge of the array of programs designed to allow low income individuals to afford utility service. While at PULP, I was involved in numerous proceedings evaluating the effectiveness of required Universal Service Programs to assist low income families. I have spent thousands of hours identifying issues in Universal Services and making recommendations for changes to Universal Service programming to better serve low income consumers. This advocacy has strongly informed my awareness of the necessity of these programs as well as the recognition that successfully integrated programs for low income consumers were essential to their effectiveness. As director of PULP, I played an instrumental role in the development, oversight, and monitoring of the initial pilots and then the statutorily required low income Universal Service Programs, each of which is structured to provide a different and complementary form of assistance to low income customers, such that those customers have the ability to afford and maintain basic utility service. For example, the Customer Assistance Program ("CAP") provides alternatives to traditional collection methods for low income, payment troubled utility customers. The Low Income Usage Reduction Program ("LIURP") is a targeted weatherization program designed to assist low income households with the highest energy consumption, payment problems, and arrearages. The Customer Assistance and Referral Evaluation Service Program ("CARES") provides assistance and referrals to resources for special needs, low income customers. These programs work in tandem and are designed to assist low income households in maintaining affordable utility services and safe living environments while reducing utility collection costs, thereby benefitting other ratepayers.

Further, over the years I have advocated with utility providers and regulators to improve policies and practices that create barriers for low income customers' ability to access and afford utility service. This includes advocacy to improve how utilities administer their Universal Service programs and LIHEAP processes, but also advocacy to improve the ways that utilities interface with and respond to the needs of all of their low income customers, including those who are not enrolled in a utility Universal Service Program.

Q: Have you testified in any proceeding before the Pennsylvania PUC?

A: Yes. A full list of the proceedings in which I have testified is included in my resume, which is attached hereto as Appendix A.

Q: What information did you rely on in preparing your testimony for this proceeding?

A: In addition to publicly available information, compiled by the PUC and other sources, I relied on information provided by PGW in response to discovery requests and information included in PGW's direct testimony. I also reviewed and relied upon previous filings by TURN, CAUSE-PA, and others in this and related proceedings.

Q: Please provide an overview of your testimony.

A: My testimony provides a brief discussion of the PUC's revised energy burden standards, including a short overview of the process and review that led to their adoption and implementation by PGW. I also provide context regarding PGW's Petition and relevant prior proceedings. I then discuss PGW's pilot program to implement the PUC's revised energy burdens, and how this pilot has impacted low income participants in PGW's Customer Responsibility Program ("CRP"). I next discuss data regarding poverty and energy insecurity in Philadelphia, to provide context regarding PGW's pilot program and the energy burdens Philadelphians face. Finally, I conclude my testimony with a brief analysis of the projected and actual costs of PGW's pilot program.

On the basis of all of the factors I have examined, I conclude that the Petition to Amend Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2022 (Petition) should be granted and the pilot program should again be affirmed and continue without interruption.

II. OVERVIEW OF ENERGY BURDENS AND PGW'S PETITION

Q: Please summarize the PUC's energy burdens, PGW's petition, and the relevant background.

A. In May 2017, the PUC commenced two parallel stakeholder processes to study home energy burdens for CAP participants and engage in a comprehensive review of Universal Service and Energy Conservation programs. Utilities, associations, advocates, and other stakeholders submitted voluminous information to the PUC over a period in excess of two years, via multiple rounds of comments, responses to requests from PUC staff for information, and several stakeholder work group meetings. On November 5, 2019, the PUC issued its Final CAP Policy Statement, available at 52 Pa. Code §§ 69.261-69.267, establishing new, lower energy burden standards for CAP programs state-wide based on participating households' income within the Federal Income Poverty Guidelines (FPIG), as follows:

Household Income	Electric Nonheating Service	Natural Gas Heating	Electric Heating or Natural Gas Heating and Electric Nonheating Combined
0-50% FPIG	2%	4%	6%
51-100% FPIG	4%	6%	10%
101-150% FPIG	4%	6%	10%

PGW proposed to modify its 2017-2020 Universal Service and Energy Conservation Plan to implement the PUC's lower energy burden standards on a pilot basis. PGW first proposed these modifications by letter, then by petition for expedited review. Following its initial proposal, PGW reached out to stakeholders, including the Office of Consumer Advocate, Office of Small Business Advocate, TURN, and CAUSE-PA, among others, to discuss its proposed modifications and provide information. PGW also provided stakeholders with written responses to questions regarding cost estimates and consumption limits associated with the proposed pilot. On March 26, 2020, the Commission issued an Order approving PGW's pilot program, concluding that the benefits of improved affordability would likely be greater than the harm that could be caused by the increased costs of the program, and finding that PGW's pilot program was consistent with the CAP Policy Statement. Finally, the Commission reasoned that implementing the pilot would provide it with additional data to inform it in the future. Accordingly, the Commission ordered PGW to implement the pilot, by or before September 30, 2020. PGW reported that it had fully implemented it as of September 26, 2020.

Both OCA and OSBA appealed and, ultimately, by unreported memorandum decision, the Commonwealth Court vacated and remanded the Commission's Order approving PGW's Pilot Program. On remand, the Commonwealth Court directed the Commission to create a factual record and to issue a decision based on evidence relating to the Petition.[1]

On October 25, 2021, PGW filed a Petition for Commission Action, requesting an expedited proceeding on remand, with an order directing PGW to maintain its pilot program pending a final Commission order. PGW also proposed that the Office of Administrative Law Judge develop a certified record to be submitted to the Commission to make a final determination, without an initial decision. Following a December 20, 2021 prehearing conference, Deputy Chief Administrative Law Judge Mark A. Hoyer and Administrative Law Judge (ALJ) Emily I. DeVoe entered a prehearing order on December 28, 2021, approving a litigation schedule.

On January 4, 2022, ALJs Hoyer and DeVoe entered an Interim Order granting in part and dismissing in part PGW's Petition for Commission Action. Of significance, the Interim Order approved as uncontested the continuation of PGW's pilot program "*until the Commission enters a Final Order or the presiding officers or Commission otherwise direct*." The Interim Order also held that whether customer refunds were appropriate was reserved for litigation, if necessary. Finally, because PGW withdrew its request that this proceeding be conducted via a certified record, the Interim Order denied that request as moot. The litigation schedule was revised by Interim Order on February 2, 2022.

PGW submitted its Direct Testimony on March 29, 2022. PGW expert witness Dr. H. Gil Peach concluded that, while PGW is not currently proposing changes to the CRP Pilot Program or the overall Amended USECP, it is justifiable for PGW to implement even lower maximum energy

[1] Evans et al. v. PUC, 421 CD 2020, at 29-30 (Pa. Commw. Ct., Opinion & Order entered Sept. 29, 2021).

burden standards than those reflected in the CRP Pilot Program to achieve affordable bills for customers with income at or below 150% FPIG.[2]

III. PGW PILOT AND CRP PARTICIPANT IMPACTS

Q: Please describe PGW's pilot program.

A: PGW's pilot program implemented three changes to CRP. First, and most significantly, the pilot reduced the energy burden standards utilized to calculate CRP bills to reflect the Commission's revised CAP policy statement. Accordingly, from and after PGW's September 2020 implementation of the Commission's order, CRP customers have been receiving monthly bills for gas service calculated at either 4% or 6% of household income, unless they would receive more affordable service based on an average bill calculation. Additionally, the pilot eliminated a requirement for CRP customers to pay a $5 "copay" for earned forgiveness of pre-program arrearages, thereby reducing CRP bills by $60 on an annual basis for CRP participants with pre-program arrears. Finally, the pilot program implemented changes to PGW's CRP regarding consumption and conservation. Specifically, the pilot program implemented a consumption limit of 2,290 CCFs annually for CRP customers, which provides that upon reaching this limit, the CRP customer is switched to an average bill amount for the balance of the 12-months in the program year, and eliminated conservation incentive credits that were previously approved for CRP customers.

Q: Please explain how PGW's pilot program has affected CRP customers.

A: Based on the information available to me, I believe PGW's pilot program is significantly benefitting CRP customers. PGW's CRP Pilot Program Review, provided in response to

[2] PGW St. 2 at 8-9.

discovery,[3] demonstrates the extent to which implementation of the lower energy burdens is helping low income CRP customers. Without fully restating the contents of that document, a few observations seem particularly important. First, as shown in Table 3, the percentage of customers who were enrolled in CRP on an average bill basis declined significantly as a result of implementing the lower energy burdens. Roughly 10% of CRP participants who received no discount prior to the pilot program began receiving CRP discounts once the energy burdens were lowered. Likewise, there was a roughly 9% increase in CRP participants receiving the $25 minimum bill. As PGW correctly concludes, these customers were previously receiving bills in higher amounts, reflecting 8% of household income, but are now receiving deeper discounts. Finally, as shown in Table 5, the average monthly discount at all FPIG tiers has increased, ranging from $16 to $31 per month. Based on available data, CRP participants have realized significant improvements to affordability as a result of the Pilot Program and Amended USECP. These improvements are enabling PGW to better provide more affordable bills to its low income CRP customers and, in doing so, to more successfully advance its overarching universal service goals.

Q: Can you give an example of how a particular CRP participant may benefit from the pilot's use of the revised energy burdens?

A: Yes. For purposes of illustration, and ease of presentation, I have relied on average consumption and bill amounts as reported in PGW's March 1, 2022, notice of proposed gas cost rate decrease.[4] As noted therein, a typical General Service (GS) Residential Heating Customer using 78 thousand cubic feet (Mcf) of natural gas per year pays approximately $118 per month for PGW service. A family of three, with household income of $1,300 per month has income amounting to 67.74% of the 2022 FPIG. Under PGW's CRP program prior to the pilot, this family

[3] OCA I-41 (attachment)
[4] Available at: https://www.pgworks.com/uploads/pdfs/GCR_March_web.pdf.

would be expected to pay 9% of household income or an average bill, whichever is less. Assuming average consumption, as reported by PGW, this household would not qualify for a discount since 9% of income is $117, less than the average bill. However, under the pilot program, with reduced energy burdens, this family would now pay $78 per month, a savings of almost $40 per month. When combined with the elimination of the pre-program arrearage forgiveness copay of $5 per month, this hypothetical family would save ***more than $500 per year*** due to the implementation of the pilot. That is a significant savings that will enable Philadelphia's lowest income families to better afford to maintain service to their home – helping to reduce collections expenses, involuntary terminations, and the resulting consequences to that family and their surrounding community.

Low income customers struggle on a daily basis to make ends meet, and often make untenable choices between paying for utility services and other critical necessities – including food, medicine, and housing. FPIG is a measure of poverty based exclusively on the size of the household, but not the composition of the household (i.e., whether the household consists of adults or children) or a household's geography. As a baseline, a family of four at 150% FPIG has a gross annual income of just $41,625, while a family of four at 50% FPIG has a gross annual income of just $13,875.[5] For comparison, a full time (40 hour/week) worker making minimum wage ($7.25/hour) has a gross annual income of $15,080, assuming no time off. This is substantially less than a household needs to meet their basic expenses in PGW's service territory.[6] For PGW's low income customers, the savings realized as a result of the CRP Pilot Program changes represent a significant portion of their monthly incomes, and will help these customers to make ends meet.

[5] U.S. Dept. of Health and Human Services, 2022 U.S. Federal Poverty Guidelines, available at https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines.
[6] See Self Sufficiency Standard, http://www.selfsufficiencystandard.org/Pennsylvania.

Q: How do the energy burdens for participants in PGW's CRP pilot compare to the energy burdens experienced by non-CRP customers?

A: On a percentage of income basis, the monthly cost of PGW service to non-CRP customers are, on average, much lower. Again, utilizing PGW's reported average bill of $118 per month, a customer at median income would pay a much lower percentage of monthly income for PGW service. According to the 2020 American Community Survey, median household income in Philadelphia is just under $50,000 per year.[7] A $118 monthly bill represents approximately 2.85% of household income at that level – far less than the 4% and 6% energy burdens CRP consumers are charged under the pilot program.

I note that the energy burden for households over income for CRP is likely even lower than 2.85% for two reasons. First, the census does not exclude CRP participants, meaning that the median income for non-CRP customers would actually be higher than the median income of all Philadelphians as determined by the census. Furthermore, PGW's response to TURN I-1 reveals that the average usage of non-CRP residential heating customers is significantly lower than that of CRP customers.[8] As a result, although the typical bill for all residential heating customers is approximately $118 per month on an average basis, the typical bill for non-CRP residential customers is, on average, even lower. Accordingly, non-CRP residential customers, on average, pay significantly less as a percentage of income for gas service than either the 4% or 6% of household income charged to CRP customers under the pilot.[9]

[7] US Census Bureau, American Community Survey, T. B19001, available at: https://www.census.gov/programs-surveys/acs/data.html.
[8] See TURN-I-1 (attachment)
[9] See also PGW St. 2 at 11. Dr. Peach concluded that the average overall combined energy burden (inclusive of natural gas plus electricity) for households in Philadelphia that use natural gas for heating is 4%.

Even for households with income just over the income eligibility threshold for CRP, the average gas bill burden is still lower than the energy burden of CRP customers. A 2-person household at 151% FPIG has annual household income of no less than $27,466. If charged the average gas bill of $118 identified by PGW, a household at this income can expect to pay 5.2% of income for PGW service, less than the 6% of income charged to PGW's CRP PIPP customers with incomes between 51-150% FPIG.[10] A 4-person household at 151% FPIG has annual household income of no less than $41,626, and so if charged the average gas bill of $118 identified by PGW, would expect to pay 3.4% of income for PGW service, less than either the 4% of 6% of income charged to PGW's PIPP CRP customers.[11]

Based on an analysis of energy burdens of non-CRP households, the CRP Pilot Program represents a justifiable, reasonable, and moderate step towards improving low income customers' ability to afford natural gas service. As PGW witness Dr. Peach concluded, available data supports the implementation of even lower energy burdens than those set forth in the CRP Pilot Program. It is therefore imperative and supported by the weight of the evidence for PGW to maintain the revised energy burdens that it has implemented in the CRP Pilot - as outlined in the Commission's CAP Policy Statement - for the duration of its 2017-2022 USECP.

IV. POVERTY AND ENERGY INSECURITY IN PHILADELPHIA

Q: Please briefly explain poverty and energy insecurity in Philadelphia.

A: I have spent 48 years of my career working in civil legal aid, focusing on vitally important legal protections for low income Pennsylvanians. I am acutely aware of the challenges low income households experience, and the cascading impacts that the inability to afford basic and necessary

[10] ($118 * 12) / $27,466 = 0.052.
[11] ($118 * 12) / $41,626 = 0.034.

services can have on low income households, disproportionately comprised of persons of color, and disproportionately impacting children, elderly, and disabled household members. Unfortunately, these challenges and associated impacts are particularly high in Philadelphia. Energy insecurity, defined as having received a utility shut-off notice for failure to pay bills, forgoing some basic necessity like food or medicine in order to pay utility bills, or opting to keep their home at an unhealthy temperature in order to reduce energy bills, is a challenge far too many Philadelphians experience.

PGW provides service exclusively in Philadelphia, where children are approximately twice as likely to live in poverty than surrounding communities or the Commonwealth as a whole. Likewise, in Philadelphia, Seniors are approximately 75% more likely to live in poverty than in surrounding communities or the Commonwealth as a whole.[12] A majority of Philadelphians, over 65% of households with income below the federal poverty level, are tenants who lack access to the financial security and stability that home ownership can provide.[13] Available data from the U.S. Census Bureau's American Housing Survey appears to confirm the heightened risk of energy insecurity to tenants.[14] I note that TURN requested discovery from PGW to understand the rate of termination experienced by low income tenants, but did not receive responsive information.[15] Accordingly, I reserve the right to supplement my testimony with specific data from PGW when it becomes available.

In 2020, nearly 30% (27.5%) of PGW's residential customers were confirmed to be low income – meaning PGW has information on record indicating that the household has income at or

[12] See TURN/CAUSE-PA Schedule HG-1.
[13] See TURN/CAUSE-PA Schedule HG-2.
[14] See TURN/CAUSE-PA Schedule HG-3.
[15] See TURN I-11 (response).

below 150% FPIG.[16] In reality, the number of PGW customers with income below 150% FPIG is estimated to represent approximately 40% of PGW's residential customers.[17] Low income customers are disproportionately likely to be payment troubled, and have a disproportionate number of payment arrangements. In 2020, roughly 83.7% of PGW's confirmed low income customers are payment troubled – meaning they have broken one or more payment arrangements in the last one-year period.[18] In that same year, confirmed low income customers accounted for nearly 75% of all residential customers in an active payment arrangement with PGW.[19] Notably, this data excludes customers enrolled in PGW's CRP.[20]

PGW's low income customers are also far more likely than general residential consumers to have their service involuntarily terminated – a clear indication that low income families cannot afford to maintain service without substantial assistance. In 2019 – the last year where full-year, representative termination data was available – 68% of all involuntary terminations were for confirmed low income customers.[21] Indeed, PGW's confirmed low income customers were terminated at over two times the rate of general residential customers in that year.[22]

In March 2022, the U.S. Department of Energy released its 2020 Residential Energy Consumption Survey data, which revealed grim statistics regarding poverty and energy insecurity, and their disproportionate impacts on non-white households. In 2020, 52% of Black households reported facing energy insecurity for some part of the year, as compared to 23% of white

[16] Pa. PUC, BCS, Report on Universal Service Programs and Collections Performance, at 5 (Nov. 2021), https://www.puc.pa.gov/media/1709/2020-universal-service-report-final.pdf.
[17] Id. at 8.
[18] Id. at 10-11.
[19] Id. at 12.
[20] Id. at 11.
[21] Termination data in 2020 and 2021 was not representative, as the emergency moratorium and other extraordinary emergency utility programming was in place through the duration of the public health emergency.
[22] Id. at 17-18. In 2019, PGW's confirmed low income customers were terminated at a rate of 13.4%, compared to 6% for general residential consumers. Id.

households. Roughly 26% of Black households received a termination notice, as compared to 8% of white households. And roughly 40.2% of Black households reported foregoing food or medicine to pay for energy costs, compared to 16.8% of white households.[23]

According to the American Council for an Energy Efficient Economy, higher energy burdens disproportionately impact Black and Hispanic households, with 39% and 45% of such households, respectively, experiencing high energy burdens in the Philadelphia area.[24] Moreover, ACEEE reports the median energy burden of Black households in Philadelphia is 53% higher than that of non-Hispanic white households.[25] Ultimately, ACEEE finds that the median *low income* energy burden in Philadelphia is four times higher than the median energy burden for all households.[26]

V. PROJECTED AND ACTUAL COSTS OF CRP PILOT

Q: What is the cost of PGW's pilot on non-CRP customers?

A: The cost impact of PGW's CRP pilot on non-CRP customers, measured against the estimated pre-pilot costs for CRP without the pilot program changes, are just and reasonable compared to the substantial benefit to PGW's most economically vulnerable consumers. In addition, as I have already noted, the energy burden of non-CRP households continues to be lower than that of CRP customers, even after the implementation of the Pilot.

Data provided by PGW shows that costs as a result of pilot program changes are minimal – especially in comparison to initial cost projections of the CRP pilot. In revised cost impacts

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[23] U.S. Dep't of Energy, Energy Information Administration, 2020 Residential Energy Consumption Survey. https://www.eia.gov/consumption/residential/data/2020/.
[24] ACEEE, Energy Burdens in Philadelphia (2020), available at https://www.aceee.org/sites/default/files/pdfs/aceee-01_energy_burden_-_philadelphia.pdf
[25] Id.
[26] ACEEE, Energy Burdens in Philadelphia (2020), available at https://www.aceee.org/sites/default/files/pdfs/aceee-01_energy_burden_-_philadelphia.pdf

provided in response to discovery,[27] PGW projected that its CRP discounts and arrearage forgiveness would have cost ratepayers approximately $51,856,631 in 2021 *without* the pilot program. [28] In comparison, over the twelve months from October 2020 through September 2021, the actual cost of PGW's CRP discounts and arrearage forgiveness totaled $60,748,500.[29] These actual costs were significantly lower than PGW's initial $87 million projection to implement the CRP Pilot Program in 2021.[30]

I note that several factors affected my ability to quantify what PGW's CRP discounts and arrearage forgiveness costs would have been had PGW not implemented the pilot. For instance, PGW's implementation of the CRP pilot program does not correspond exactly to the calendar or fiscal year, and PGW's estimates (described above) vary based on numerous factors. Moreover, because participation levels in CRP fluctuate over time, due to a number of factors which cannot be isolated or attributed entirely to the existence or nonexistence of the pilot, such as gas pricing and consumption levels (both of which can and do change from time to time), even the cost data provided by PGW is imperfect. Notwithstanding these limitations, available data shows that the actual increases to CRP costs in 2021 as a result of pilot implementation were far below initial

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[27] See TURN-I-8 (incorporating response to OSBA I-1).
[28] In January 2020, PGW projected that implementation of the PUC's lower energy burdens in the CRP pilot program would increase the costs of CRP by approximately $27 million in FY 2021. (See January 6 Addendum and Amended USECP at 18 (Table 4)). At the time, the Commission found this projected cost to be just and reasonable. Subsequently, PGW's Petition for Expedited Approval provided different and lower estimates of CRP program costs without the pilot.[28] (PGW Petition for Expedited Approval at ¶11). In other words, PGW provided an estimate for what CRP would have cost if it had not implemented the pilot. PGW again revised this estimate in response to discovery requests in this proceeding to rectify a calculation error. (See TURN-I-8 (incorporating response to OSBA I-1)). These estimates provide two different starting points from which one could theoretically estimate the cost impacts of PGW's pilot program, either the $58,270,560 in CRP discounts and arrearage forgiveness costs estimated in PGW's approved plan for 2020 (set forth in PGW's addendum and amended USECP) (See January 6 Addendum and Amended USECP at 18 (Table 4). Note that this does not include administrative costs), or the $51,856,631 in CRP discounts and arrearage forgiveness costs PGW estimates would have been incurred in 2021 *without* the pilot program.
[29] See OCA I-35 (attachment).
[30] PGW St. 1 at 7.

projections, and only represented minimal increases to CRP costs between October 2020 and September 2021.

In addition to showing minimal costs increases as a result of implementation of the CRP Pilot Program, the data PGW has provided clearly demonstrates the effectiveness of the pilot and that its benefits outweigh its costs. As PGW reported in its CRP Pilot Program Review:

> Customers in the 0-50 percent of the federal poverty level guidelines saw their monthly bill decrease, on average $16, from $45 per month to $29 per month, or 36 percent. The 51-100 percent of FPL group saw a $24 decrease in their month bill, representing a 29 percent drop, and the 101-150 percent of FPL saw their bills decrease by, on average, $31, representing a 25 percent drop in their monthly CRP bill amount.[31]

These significant decreases in monthly bills for CRP participants have not produced the program cost increase of $27 million which PGW projected in its January 6 addendum.

Q. Are there any other factors that should be considered in evaluating CRP program costs?

A. Yes, importantly, the discussion of program cost has not taken into account the ways in which providing affordable bills reduces PGW's collection costs and produces additional customer benefits. CAP evaluations should be based on appropriate data to support the bedrock principles that underpin CAP Policy, namely that an appropriately designed and well-implemented CAP, as an integrated part of a company's rate structure, is in the public interest and that CAPs can be a more cost effective approach for dealing with issues of customer inability to pay than traditional collection methods. For example, when provided lower, more affordable bills, customers are more likely to be able to pay and avoid being placed in the collection pathway. Early data from the CRP Pilot appears to support this.[32] If customers who would otherwise not be able to afford to pay their bills, can pay them, avoiding collections efforts by PGW represents an additional cost savings to the enterprise. Of

[31] OCA I-41 (attachment).
[32] As shown in PGW's response to OCA I-12, over the period September 2020 through January 2022, PGW's CRP customers actually paid approximately $9 million more than the CRP amounts billed to them.

course, in my experience, the ability to maintain vital utility services produces additional social cost savings associated with housing stabilization, family unity, educational continuity and the like.

Q. Do you have any other recommendations?

A. Yes, I believe PGW should improve data collection, tracking and storage practices to enable a third-party evaluation to more accurately determine the ways in which the pilot program has benefited CRP customers. The following data, at a minimum, should be obtained and preserved: payment frequency and bill coverage rates for each CRP tier, as well as the average bill feature; collections data, including non-payment shut off notice frequency and actual shut offs for customers in each CRP tier, as well as the average bill feature; PGW's operating expenses associated with collections efforts, ideally separately quantified for each CRP tier and the average bill feature.

VI. CONCLUSION

Q: What do you conclude?

A. Based upon my review, I concur with the PUC's conclusion in its initial decision approving PGW's pilot program that the benefits of the pilot's improved affordability for CRP customers outweigh the cost impacts experienced by non-CRP customers. As discussed, PGW implemented the improved energy burdens in the CRP Pilot Program as a result of the CAP Policy Statement which concluded after extensive investigation that the energy burdens for low income customers, and the resulting CAP rates, were categorically unaffordable. With pilot costs to date falling far below projections, it is unjust to strip PGW's low income customers from significantly improved affordability. Based on these factors and the factors that I describe throughout my direct testimony, I conclude that the Petition to Amend Philadelphia Gas Works Universal Service and Energy

Conservation Plan for 2017-2022 (Petition) should be granted and the pilot program should again be affirmed and continue without interruption.

Q: Does this conclude your direct testimony?

A: Yes.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

SCHEDULES (HG-1, HG-2 AND HG-3) ACCOMPANYING THE

DIRECT TESTIMONY OF HARRY S. GELLER
ON BEHALF OF

TENANT UNION REPRESENTATIVE NETWORK (TURN)

AND

COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICENCY IN PENNSLYVANIA (CAUSE-PA)

May 13, 2022

SCHEDULE HG-1

Children < 100% FPIG		
Phila	Area	State
7.05%	3.52%	3.51%
Seniors < 100% FPIG		
Phila	Area	State
2.47%	1.41%	1.50%

B17001 **Poverty Status in the Past 12 Months by Sex by Age**

	United States		Pennsylvania		Philadelphia		Phila Metro Area	
	Value	Error	Value	Error	Value	Error	Value	Error
Total:	100.00%	0.00%	100.00%	0.02%	100.00%	0.11%	100.00%	0.06%
Income in the past 12 months below poverty level:	12.84%	0.08%	11.95%	0.15%	23.07%	0.61%	11.88%	0.23%
Male:	5.70%	0.04%	5.27%	0.08%	10.31%	0.31%	5.20%	0.12%
Under 5 years	0.59%	0.01%	0.51%	0.02%	0.98%	0.09%	0.51%	0.03%
5 years	0.11%	0.00%	0.11%	0.01%	0.22%	0.05%	0.10%	0.01%
6 to 11 years	0.69%	0.01%	0.62%	0.02%	1.30%	0.11%	0.62%	0.03%
12 to 14 years	0.32%	0.00%	0.28%	0.01%	0.62%	0.06%	0.29%	0.02%
15 years	0.11%	0.00%	0.09%	0.01%	0.19%	0.04%	0.10%	0.01%
16 and 17 years	0.20%	0.00%	0.17%	0.01%	0.32%	0.04%	0.16%	0.01%
18 to 24 years	0.78%	0.01%	0.74%	0.02%	1.35%	0.10%	0.68%	0.03%
25 to 34 years	0.68%	0.01%	0.62%	0.02%	1.30%	0.10%	0.63%	0.03%
35 to 44 years	0.55%	0.00%	0.48%	0.02%	0.97%	0.08%	0.49%	0.03%
45 to 54 years	0.53%	0.00%	0.50%	0.02%	1.05%	0.08%	0.53%	0.03%
55 to 64 years	0.61%	0.01%	0.62%	0.02%	1.19%	0.08%	0.62%	0.03%
65 to 74 years	0.33%	0.00%	0.31%	0.01%	0.54%	0.05%	0.27%	0.02%
75 years and over	0.21%	0.00%	0.21%	0.01%	0.29%	0.04%	0.20%	0.01%
Female:	7.14%	0.04%	6.68%	0.08%	12.76%	0.35%	6.67%	0.13%
Under 5 years	0.57%	0.01%	0.50%	0.02%	0.91%	0.07%	0.47%	0.03%
5 years	0.11%	0.00%	0.10%	0.01%	0.21%	0.04%	0.09%	0.01%
6 to 11 years	0.67%	0.01%	0.59%	0.02%	1.23%	0.10%	0.61%	0.03%
12 to 14 years	0.30%	0.00%	0.26%	0.01%	0.54%	0.06%	0.28%	0.02%
15 years	0.10%	0.00%	0.09%	0.01%	0.21%	0.03%	0.10%	0.01%
16 and 17 years	0.20%	0.00%	0.17%	0.01%	0.32%	0.04%	0.17%	0.01%
18 to 24 years	0.96%	0.00%	0.87%	0.02%	1.43%	0.08%	0.80%	0.03%
25 to 34 years	1.06%	0.01%	0.98%	0.02%	2.08%	0.10%	1.01%	0.03%
35 to 44 years	0.82%	0.01%	0.73%	0.02%	1.51%	0.11%	0.78%	0.04%
45 to 54 years	0.67%	0.01%	0.66%	0.02%	1.31%	0.08%	0.68%	0.03%
55 to 64 years	0.74%	0.01%	0.73%	0.02%	1.35%	0.07%	0.73%	0.03%
65 to 74 years	0.48%	0.00%	0.46%	0.02%	0.88%	0.11%	0.47%	0.03%
75 years and over	0.47%	0.00%	0.52%	0.02%	0.76%	0.07%	0.47%	0.03%

Schedule HG-2

Label	**Estimate**	**Margin of Error**
Label (Grouping)	Philadelphia County, Pennsylvania!!Estimate	Philadelphia County, Pennsylvania!!Margin of Error
Total:	338,852	±6,407
Income in the past 12 months below poverty level:	62,756	±5,811
Owner occupied	21,795	±2,773
Renter occupied	40,961	±4,854
Income in the past 12 months at or above poverty level:	276,096	±7,479
Owner occupied	186,158	±6,200
Renter occupied	89,938	±6,274

Schedule HG-3

American Housing Survey Utility Notice/Shut Offs

PHILA METRO (000s)

		2013	2017
Owner			
	Households	1350.9	1574
	DNP Notice	78	210.1
	Notice Rate	5.77%	13.35%
	Shut Off	8.3	13.6
	Shut Off Rate	10.64%	6.47%
Tenant			
	Households	614.8	734.2
	DNP Notice	91.5	112
	Notice Rate	14.88%	15.25%
	Shut Off	13.8	24.4
	Shut Off Rate	15.08%	21.79%

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

APPENDIX A TO THE

DIRECT TESTIMONY OF HARRY S. GELLER
ON BEHALF OF

TENANT UNION REPRESENTATIVE NETWORK (TURN)

AND

COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICENCY IN PENNSLYVANIA (CAUSE-PA)

RÉSUMÉ OF HARRY S. GELLER

May 13, 2022

RESUME OF HARRY S. GELLER

EDUCATIONAL BACKGROUND:

Harpur College, State University of New York at Binghamton, B.A. 1966
Washington College of Law, American University, J.D. 1969
New York University Law School, courses in Urban Affairs and Poverty Law, as part of Volunteers in Service to America (VISTA) Program 1969-1971

EMPLOYMENT:

1988 – 2015 Executive Director, Pennsylvania Utility Law Project (PULP), a project of the civil non-profit Pennsylvania Legal Aid Network. PULP is dedicated to providing technical support, information sharing, and representation to low-income individuals and organizations, assisting and advocating for the low income in utility and energy matters. Responsibilities include project oversight, case consultation, co-counseling, and participation on task forces, work groups and advisory panels, community education and training in utility and energy matters affecting the low income.

While at PULP, served in the following capacities:

- Chairman, Low-Income Home Energy Assistance Program (LIHEAP) Advisory Committee to the Secretary, Pennsylvania Department of Human Services
- Member, Pennsylvania Public Utility Commission, Consumer Advisory Council Coordinator, Pennsylvania Legal Services Utility/Energy Work Groups
- Member, Weatherization Policy Advisory Committee to the Department of Community and Economic Development
- Member, PECO Universal Service Advisory Committee and LIURP Subcommittee

1974-1987 Staff Attorney, Managing Attorney and ultimately, Executive Director of Legal Services, Incorporated (LSI), a civil legal services program serving Adams, Cumberland, Franklin and Fulton Counties. Through a restructuring with other legal services programs, LSI became part of what is now known as MidPenn Legal Services and Franklin County Legal Services.

1971-1972 Staff Attorney, New York City Legal Aid Society, Criminal Court and Supreme Court Branches, New York County.

1969-1971 Volunteer in Service to America (VISTA) assigned to the New York University Law School Project on Urban Affairs and Poverty Law.

BAR ADMISSIONS

New York State
Commonwealth of Pennsylvania
United States District Court, Middle District of Pennsylvania

Cases in which Harry S. Geller has participated as a witness before the Pennsylvania Public Utility Commission since July 1, 2015

- Joint Petition of MetEd, Penelec, Penn Power, and West Penn Power for Approval of their Default Service Programs for the Period Commencing June 1, 2023 through May 31, 2027, Docket Nos. P-2021-3030012, -13, -14, -21
- Pennsylvania Public Utility Commission v. Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc., Docket Nos. R-2021-3027385, R- 2021-3027386.
- Pennsylvania Public Utility Commission v. Pittsburgh Water and Sewer Authority, R-2021-3024773, R-2021-3024774, R-2021-3024779.
- Pennsylvania Public Utility Commission v. Duquesne Light Company, R-2021- 3024750.
- Pennsylvania Public Utility Commission v. PECO Energy – Electric Division, R-2021-3024601.
- Pennsylvania Public Utility Commission v. Columbia Gas of Pennsylvania, Inc., R-2021-3024296.
- Tenant Union Representative Network v. PECO Energy Company, C-2020-3021557
- Pennsylvania Public Utility Commission v. Philadelphia Gas Works, R-2020-3017206.
- Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program for the Period of June 1, 2021 through May 31 , 2025, Docket No. P-2020-3019356.
- Petition of PECO Energy Company for Approval of Its Default Service Program for the Period from June 1, 2021 through May 31, 2025, Docket No. P-2020-3019290.
- Petition of Duquesne Light Company For Approval of Default Service Plan For The Period June 1, 2021 Through May 31, 2025, Docket No. P-2020-3019522.
- Joint Application of Aqua America, Inc., Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC and Peoples Gas Company LLC for all of the Authority and Necessary Certificates of Public Convenience to Approve a Change in Control of Peoples Natural Gas Company LLC, and Peoples Gas Company LLC by way of the Purchase of all of LDC Funding LLC's Membership Interests by Aqua America, Inc., Docket Nos. A-2018-3006061, A-2018-3006062, A-2018-3006063.
- Pennsylvania Public Utility Commission v. Aqua Pennsylvania, Inc. et al. Docket Nos. R2018-3003558 et seq.
- Pennsylvania Public Utility Commission v. Duquesne Light Company, Docket No. R-2018-3000124.
- Pennsylvania Public Utility Commission v. PECO Energy Company- Electric Division, Docket No. R-2018-3000164.
- Joint Petition of MetEd, Penelec, Penn Power, and West Penn Power for Approval of their Default Service Programs for the period commencing June 1, 2019 through May 31, 2023, Docket Nos. P-2017-2637855, P-2017-2637857, P-2017-2637858; P-2017-2637866.
- Pennsylvania Public Utility Commission et al. v. Philadelphia Gas Works, Docket No. R-2017-2586783.
- PECO Energy Company's Pilot Plan for an Advance Payments Program and Petition for Temporary Waiver of Portions of the Commission's Regulations with Respect to that Plan, Docket No. P-2016-2573023.

- Petition of PECO Energy Company for Approval of a Default Service Program for the Period of June 1, 2017 through May 31, 2019, Docket No. P-2016-2534980.
- Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period of June 1, 2017 through May 31, 2021, Docket No. P-2016-2526627.
- Petition of Duquesne Light Company for Approval of a Default Service Program for the Period of June 1, 2017 through May 31, 2021, Docket No. P-2016-2543140.
- Pennsylvania Public Utility Commission et al. v. Columbia Gas of Pennsylvania, Inc., Docket No. R-2016-2529660.
- Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company,
- Pennsylvania Power Company, and West Penn Power Company for Approval of their Default Service Programs for the period commencing June 1, 2017 through May 31, 2019, Docket Nos. P-2015-2511333, P-2015-25113351, P-2015-2511355, P-2015-2511356.
- Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan, Docket No. M-2015-2515642.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

APPENDIX B TO THE

DIRECT TESTIMONY OF HARRY S. GELLER
ON BEHALF OF

TENANT UNION REPRESENTATIVE NETWORK (TURN)

AND

COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICENCY IN PENNSLYVANIA (CAUSE-PA)

DISCOVERY RESPONSES

May 13, 2022

Philadelphia Gas Works
Case Name: Universal Service and Energy Conservation Plan for 2017-2022
Docket No(s): P-2020-3018867

Response to Discovery Request: TURN Set I-1
Date of Response: 3/28/2022
Response Provided By: Florian Teme

Question:
Please provide, in an excel spreadsheet, a table setting forth for each calendar year 2019, 2020 and 2021 the annual average household natural gas usage for each of the following:
a. Residential heating PGW customers;
b. Non-CRP residential heating PGW customers;
c. CRP heating customers; and
d. Confirmed low-income residential heating customers.

Attachments: 1
TURN_Set_I_1_TURN- I 1.xlsx

Response:

a. Please refer to Turn I -1 -1.xlsx.

b. Please refer to Turn I -1 -1.xlsx.

c. Please refer to Turn I -1 -1.xlsx.

d. There is no data for annual average household natural gas usage for Confirmed low-income residential heating customers.

AVG Usage Mcf

	1/1/2019	1/1/2020	1/1/2021
a. Residential heating PGW customers	79.61	74.79	77.80
b. Non-CRP residential heating PGW customers	73.49	69.89	73.74
c. CRP heating customers	116.12	106.57	105.50

Philadelphia Gas Works
Case Name: Universal Service and Energy Conservation Plan for 2017-2022
Docket No(s):P-2020-3018867

Response to Discovery Request: TURN Set I-8
Date of Response: 4/21/2022
Response Provided By: Denise Adamucci

Question:

Reference Paragraph 11 of PGW's February 11, 2020 Petition for Expedited Approval of PGW's Letter Request to Amend its Universal Service and Energy Conservation Plan Pursuant to 2019 Amendments to Policy Statement at Docket No. M-2019-3012599. Please explain how PGW estimated the amount in each of the cost categories and provide the workpapers, in Excel format with all formulae in tact, used in determining PGW's costs and budgets of CRP without the Pilot Program for 2021 and 2022.

Response:

See response to OSBA I-1.

Philadelphia Gas Works
Case Name: Universal Service and Energy Conservation Plan for 2017-2022
Docket No(s): P-2020-3018867

Response to Discovery Request: TURN Set I-11
Date of Response: 3/28/2022
Response Provided By: Denise Adamucci

Question:
Please provide the following in an excel spreadsheet: By month, from March 2019 through December 2021:
a. The number of residential customers whose service was terminated for non-payment, separately indicating how many of such customers were tenants.
b. The number of confirmed low-income residential customers whose service was terminated for non-payment, separately indicating how many of such customers were tenants.
c. The number of CRP customers whose service was terminated for non-payment, separately indicating how many of such customers were tenants.

Attachments: 0

Response:

a. Please see OCA I-12.

b. PGW provided the number of PUC confirmed low-income disconnections in response to OCA I-10. Below is the information for CY 2021. Additionally, PGW does not track customers by tenancy status.

Total Number (#) Terminations - By Month:	Residential	Confirmed Low Income
January 2021	0	0
February	0	0
March	0	0
April	0	0
May	828	332
June	3492	1379
July	685	153
August	3649	1272
September	3417	2081
October	2841	1858
November	757	408
December 2021	0	0

c. Please see OCA I-23 (a).

Philadelphia Gas Works
Case Name: Universal Service and Energy Conservation Plan for 2017-2022
Docket No(s): P-2020-3018867

Response to Discovery Request: OCA Set I-12
Date of Response: 3/28/2022
Response Provided By: Daniel Furtek

QUESTION:
In Excel format, for each month January 2018 to present, provide:
a. The number of bills for current service rendered to CRP participants;
b. The dollars of bills for current service rendered to CRP participants;
c. The number of bills rendered to CRP participants with an in-program arrearage balance;
d. The dollars of bills rendered to CRP participants comprising an in-program arrearage forgiveness balance.
e. The number of bill payments received by CRP participants;
f. The dollars of bill payments received by CRP participants.

Response:

a. The attached excel file contains the total CRP accounts receiving bills for the time period from September 2020 to January 2022. PGW did not store data in this format prior to September 2020.

b. The attached excel file contains the aggregate amount of CRP monthly amounts for the time period from September 2020 to January 2022. PGW did not store data in this format prior to September 2020.

c. PGW does not store data in this manner

d. PGW does not store data in this manner

e. The attached excel file contains the total CRP accounts posting payments for the time period from September 2020 to January 2022. PGW did not store data in this format prior to September 2020.

f. The attached excel file contains the aggregate amount of payments by CRP accounts for the time period from September 2020 to January 2022. PGW did not store data in this format prior to September 2020.

Month	Bills to CRP Participants	Amount of Bills to CRP Participants	Payments Received by CRP Participants	Amount of Payments Received by CRP Participants
September 2020	54,499	$3,716,657	32,097	$3,731,740
October 2020	55,161	$3,343,565	31,605	$3,388,786
November 2020	55,475	$3,328,665	30,407	$3,844,428
December 2020	55,886	$3,368,781	28,820	$4,243,666
January 2021	56,463	$3,451,572	25,311	$3,199,070
February 2021	57,286	$3,529,529	22,484	$2,674,693
March 2021	58,228	$3,541,054	27,887	$3,939,368
April 2021	58,876	$3,540,900	27,063	$3,136,706
May 2021	59,575	$3,551,512	26,703	$2,602,231
June 2021	60,529	$3,613,584	30,248	$2,696,751
July 2021	60,934	$3,624,807	31,011	$2,806,554
August 2021	61,207	$3,609,740	33,672	$3,782,968
September 2021	60,054	$3,500,523	41,530	$8,477,778
October 2021	59,821	$3,472,472	30,308	$6,530,796
November 2021	58,892	$3,437,068	27,878	$6,485,887
December 2021	53,152	$3,180,495	21,781	$4,750,979
January 2022	52,249	$3,212,084	18,552	$2,560,251

Philadelphia Gas Works
Case Name: Universal Service and Energy Conservation Plan for 2017-2022 7
Docket No(s): P-2020-3018867

Response to Discovery Request: OCA Set I-35
Date of Response: 1/6/2022
Response Provided By: Florian Teme

Question:
In Excel format, by month since January 2018 to present, provide the total cost of CRP including the sum of CRP credits, CRP arrearage forgiveness credits, and administration.

Attachments: 1
OCA_Set_I_35_OCA-I 35.xlsx

Response:

See the attached OCA Set I-35.xlsx

CRP Expenses (Fiscal)

CRP Expenses	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	FY18 Total
CRP Discount	$ (1,713,498)	$ (1,406,870)	$ 2,023,880	$ 8,006,203	$ 15,365,947	$ 11,933,868	$ 9,345,516	$ 6,545,968	$ 1,181,194	$ (1,246,795)	$ (1,769,297)	$ (1,978,385)	$ 46,287,732
CRP Forgiveness	$ 662,258	$ 712,670	$ 636,542	$ 585,157	$ 597,001	$ 540,512	$ 679,760	$ 582,734	$ 710,387	$ 579,338	$ 1,874,354	$ 1,075,449	$ 9,236,162
Total	$ (1,051,240)	$ (694,200)	$ 2,660,421	$ 8,591,360	$ 15,962,948	$ 12,474,380	$ 10,025,276	$ 7,128,702	$ 1,891,581	$ (667,457)	$ 105,057	$ (902,935)	$ 55,523,894

CRP Expenses	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	FY19 Total
CRP Discount	$ (1,871,956)	$ (1,297,656)	$ 3,128,211	$ 7,808,615	$ 11,588,988	$ 11,907,633	$ 9,811,597	$ 5,175,059	$ 624,546	$ (1,514,700)	$ (2,382,929)	$ (2,602,428)	$ 40,374,980
CRP Forgiveness	$ (109,542)	$ 711,525	$ 862,430	$ 663,925	$ 812,018	$ 637,832	$ 836,884	$ 934,174	$ 1,010,977	$ 823,621	$ 823,224	$ 769,330	$ 8,776,396
Total	$ (1,981,499)	$ (586,131)	$ 3,990,641	$ 8,472,540	$ 12,401,006	$ 12,545,465	$ 10,648,481	$ 6,109,233	$ 1,635,522	$ (691,079)	$ (1,559,705)	$ (1,833,098)	$ 49,151,376

CRP Expenses	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	FY20 Total
CRP Discount	$ (2,403,563)	$ (1,749,547)	$ 2,348,336	$ 7,501,644	$ 10,903,197	$ 10,457,560	$ 6,628,267	$ 3,525,469	$ 749,769	$ (1,829,089)	$ (2,596,908)	$ (2,774,156)	$ 30,760,979
CRP Forgiveness	$ 988,896	$ 1,121,236	$ 1,031,915	$ 880,406	$ 890,992	$ 788,561	$ 946,916	$ 758,533	$ 877,485	$ 791,483	$ 921,875	$ 3,677,656	$ 13,675,954
Total	$ (1,414,667)	$ (628,311)	$ 3,380,251	$ 8,382,050	$ 11,794,190	$ 11,246,121	$ 7,575,183	$ 4,284,002	$ 1,627,254	$ (1,037,606)	$ (1,675,033)	$ 903,500	$ 44,436,934

CRP Expenses	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	FY21 Total
CRP Discount	$ (1,656,782)	$ (430,516)	$ 3,202,962	$ 8,297,918	$ 12,742,126	$ 14,514,248	$ 9,456,313	$ 4,625,538	$ 934,412	$ (784,693)	$ (1,376,321)	$ (1,473,083)	$ 48,052,122
CRP Forgiveness	$ 989,799	$ 998,895	$ 674,746	$ 827,227	$ 898,374	$ 812,943	$ 1,120,746	$ 1,159,265	$ 910,362	$ 913,383	$ 782,897	$ 1,018,140	$ 11,106,777
Total	$ (666,983)	$ 568,379	$ 3,877,707	$ 9,125,145	$ 13,640,500	$ 15,327,191	$ 10,577,059	$ 5,784,803	$ 1,844,774	$ 128,690	$ (593,424)	$ (454,943)	$ 59,158,900

CRP Expenses	Sep-21	Oct-21	Nov-21										FY22 Total
CRP Discount	$ (1,198,272)	$ (403,005)	$ 4,063,623										$ 2,462,346
CRP Forgiveness	$ 2,120,890	$ 1,261,234	$ 1,433,164										$ 4,815,287
Total	$ 922,617	$ 858,229	$ 5,496,787										$ 7,277,634

Includes $2,829,211 CRP Forgiveness adjustment for June 2018 through August 2019

CRP Expences (Calendar)

CRP Expenses	2018	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	TOTAL
CRP Discount		$ 15,365,947	$ 11,933,868	$ 9,345,516	$ 6,545,968	$ 1,181,194	$ (1,246,795)	$ (1,769,297)	$ (1,978,385)	$ (1,871,956)	$ (1,297,656)	$ 3,128,211	$ 7,808,615	$ 47,145,231
CRP Forgiveness		$ 597,001	$ 540,512	$ 679,760	$ 582,734	$ 710,387	$ 579,338	$ 1,874,354	$ 1,075,449	$ (109,542)	$ 711,525	$ 862,430	$ 663,925	$ 8,767,872
Total		$ 15,962,948	$ 12,474,380	$ 10,025,276	$ 7,128,702	$ 1,891,581	$ (667,457)	$ 105,057	$ (902,935)	$ (1,981,499)	$ (586,131)	$ 3,990,641	$ 8,472,540	$ 55,913,104

CRP Expenses	2019	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	TOTAL
CRP Discount		$ 11,588,988	$ 11,907,633	$ 9,811,597	$ 5,175,059	$ 624,546	$ (1,514,700)	$ (2,382,929)	$ (2,602,428)	$ (2,403,563)	$ (1,749,547)	$ 2,348,336	$ 7,501,644	$ 38,304,636
CRP Forgiveness		$ 812,018	$ 637,832	$ 836,884	$ 934,174	$ 1,010,977	$ 823,621	$ 823,224	$ 769,330	$ 988,896	$ 1,121,236	$ 1,031,915	$ 880,406	$ 10,670,512
Total		$ 12,401,006	$ 12,545,465	$ 10,648,481	$ 6,109,233	$ 1,635,522	$ (691,079)	$ (1,559,705)	$ (1,833,098)	$ (1,414,667)	$ (628,311)	$ 3,380,251	$ 8,382,050	$ 48,975,148

CRP Expenses	2020	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	TOTAL
CRP Discount		$ 10,903,197	$ 10,457,560	$ 6,628,267	$ 3,525,469	$ 749,769	$ (1,829,089)	$ (2,596,908)	$ (2,774,156)	$ (1,656,782)	$ (430,516)	$ 3,202,962	$ 8,297,918	$ 34,477,692
CRP Forgiveness		$ 890,992	$ 788,561	$ 946,916	$ 758,533	$ 877,485	$ 791,483	$ 921,875	$ 3,677,656	$ 989,799	$ 998,895	$ 674,746	$ 827,227	$ 13,144,168
Total		$ 11,794,190	$ 11,246,121	$ 7,575,183	$ 4,284,002	$ 1,627,254	$ (1,037,606)	$ (1,675,033)	$ 903,500	$ (666,983)	$ 568,379	$ 3,877,707	$ 9,125,145	$ 47,621,860

CRP Expenses	2021	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21		TOTAL
CRP Discount		$ 12,742,126	$ 14,514,248	$ 9,456,313	$ 4,625,538	$ 934,412	$ (784,693)	$ (1,376,321)	$ (1,473,083)	$ (1,198,272)	$ (403,005)	$ 4,063,623		$ 41,100,886
CRP Forgiveness		$ 898,374	$ 812,943	$ 1,120,746	$ 1,159,265	$ 910,362	$ 913,383	$ 782,897	$ 1,018,140	$ 2,120,890	$ 1,261,234	$ 1,433,164		$ 12,431,398
Total		$ 13,640,500	$ 15,327,191	$ 10,577,059	$ 5,784,803	$ 1,844,774	$ 128,690	$ (593,424)	$ (454,943)	$ 922,617	$ 858,229	$ 5,496,787		$ 53,532,284

Includes $2,829,211 CRP adjustment for June 2018 through August 2019

Philadelphia Gas Works
Case Name: Universal Service and Energy Conservation Plan for 2017-2022 7
Docket No(s): P-2020-3018867

Response to Discovery Request: OCA Set I-41
Date of Response: 1/6/2022
Response Provided By: Denise Adamucci

Question:
Please provide a copy of all written documents of any nature, prepared since the Commission approval of PGW's "pilot" assessing, projecting, estimating, or otherwise discussing the extent of any increased cost of arrearage forgiveness due to increased payment compliance attributable to lower CRP percentage of income burdens.

Attachments: 1
OCA_Set_I_41_CRP Pilot Evaluation FINAL_10_15_21.doc

Response:

Please see the attached.

CRP Pilot Program Review

Background

The petition to amend PGW's Universal Service and Energy Conservation Plan 2017-2022 (USECP) included a proposal for a pilot program which outlined modifications to PGW's Customer Responsibility Program (CRP) to align certain aspects of the program with modifications made to the PUC's CAP Policy Statement. Given that the PUC policy required a set % of income with no adders, the pilot program that was approved by the PUC removed the five dollar forgiveness co-pay. It also reduced the percentage of income payment plans to align with the PUC's new energy burden goals. These changes went into effect in September of 2020.

The purpose of this document is to examine the effects these changes on customers who participate in CRP and related costs. Unfortunately, the ongoing COVID-19 pandemic complicates this analysis. Typically, such analysis would examine customer payment behavior, collections activity, program participation, and customer retention rates.

Since the transition to the new program occurred throughout September of 2020 (depending on the bill cycles of customers) the time frame for the beginning of the analysis is October 2020, the first month all customers were on the new program. As of this report, the most recently available data is June 2021, resulting in nine months of data. Since heating bills are weather dependent, and due to the existence of other external policies (such as the winter termination moratorium) to make the comparison more "apples to apples," pilot program data will be compared to pre-pilot program data from the same span of months in the year prior, covering October 2019 through June 2020.

Unfortunately, this means the analysis covers periods of time both before and during the COVID-19 pandemic and the associated policy changes made in response. This includes a PUC emergency moratorium on terminations and changes to the CRP recertification process.[1] During the pilot program time period analyzed here, no CRP customer was suspended from the program for failure to recertify, and no customer (CRP or non-CRP) had their service shut-off or non-payment. It is impossible to measure the effect the pilot program had on terminations and re-certifications as a result.

Furthermore, the underlying economic situation changed dramatically during the time period under analysis due to the pandemic. For example, there were drastic changes to the unemployment level. Companies furloughed many workers, and entire sectors of the economy came to a near total halt during the pandemic lock-downs. In response, there were also major changes to government programs. The duration of unemployment insurance was extended, the benefit level increase, and the government issued stimulus checks. Crisis benefits were increased, and due to the lack of terminations, eligibility

[1] During the pandemic, CRP customers who failed to recertify were not suspended from the program.

was modified, and a summer Crisis program was put in place. PGW offered a $300 Covid-19 grant, and a federal rental and utility assistance program was created and implemented in Philadelphia.

The changes in the underlying economic and employment environment, and response to them means that the economic and financial situation over the months included in this analysis changed drastically for the customers examined. Customers may have lost employment and income, and/or may have seen an increase in social safety net benefits. Fully disentangling the effects of these underlying economic and financial changes from the effects of the CRP pilot program would be challenging, particularly when the pandemic's impacts are ongoing. There are many factors that would require a possibly unavailable identification strategy to separate out the causes and effects of these numerous, concurrent factors. For this reason, at this point in time, the approach herein was to study the combined effect of concurrent factors that can be examined in PGW customer data.

What is presented here compares program data from before and after implementation of the pilot.

Analysis Periods

Existing CRP Customers were transitioned to the CRP pilot program in mid-September, 2020. This analysis begins after the transition was completed and includes data from the pilot program from October, 2020 through June, 2021. To insure accurate comparisons, the data for the pre-Pilot CRP program is taken from the same nine month period the year prior, covering October 2019 through June, 2020.

PUC Policy Change

This section briefly explains the change in the CRP monthly bill amounts under the prior PUC policy and under the pilot program. It also shows the distribution of customers by income level and by CRP agreement plan at the beginning of the two periods examined.

Table 1 shows both the old and current PIPP rates by the participating households' income as a percentage of the Federal Poverty Level (FPL) under both the old policy and the pilot program.

Table 1: PIPP Rates

Federal Poverty Level	PIPP Rate – Old Policy	PIPP Rate – Pilot Program
0-50%	8%	4%
51-100%	9%	6%
101-150%	10%	6%

As shown in Table 2, the distribution of customers by poverty level was nearly identical in October of 2019 as October of 2020. The increase in enrollment was more or less proportional across income levels.

Table 2: Percent of Enrollment by Poverty Level

Federal Poverty Level	Old Policy	Pilot Program
0-50%	22.5%	23%
51-100%	53.5%	53.4%
101-150%	24.1%	23.6%

Although there was little change in the distribution of incomes, the percentage of customers on the various agreement types did change. It was not as straight forward as moving customers from the old PIPP rates to the new PIPP rates.

Customers who had monthly bills above $25 under the 8% PIPP rate may have seen their bill calculation fall to an amount that was below $25 when transitioned to the 4% PIPP plan, resulting in them being moved over to the $25 Minimum payment plan. As a result, they may not have seen their bill drop to the 4% of income one may expect. Similarly, while a customer's average bill may have been more advantageous than the previous PIPP rates, the average bill may not have been the most advantageous under the new lower PIPP rates. Table 3 below shows the percentage of customers on each payment agreement type in October of each year examined.

Table 3: Distribution by Agreement Plan

Old Policy – Oct. 2019 Agreement Plan	 Customers (%)	Pilot Program – Oct. 2020 Agreement Plan	 Customers (%)
$25 Min	5.7%	**$25 Min**	15.1%
8% PIPP	16.3%	**4% PIPP**	8.4%
9% PIPP	42.9%	**6% PIPP**	61.2%
10% PIPP	9.4%	**-**	-
Average Bill	25.7%	**Average Bill**	15.3%

Table 3 shows the percent of customers (in October of their respective years) on each plan under both the old policy and under the pilot program. The ten percent drop in the Average Bill group represents customers where their average bill was less than the old PIPP rate but more than the new PIPP rate. This group was comprised nearly entirely of customers in the 51-100% and the 101-150% of Federal Poverty groups who had energy burdens below 9 and 10 percent, but above 6 percent. Under the old policy, their Average Bill was less than 9 or 10 percent of their income, but above 6 percent of their income, thus causing a switch from Average Bill to a PIPP plan when the new PIPP rates were implemented. There was a 9.4 percent increase in the $25 minimum group, mostly from the 0-50% group (this appears to be consistent with a PUC CAP goal of benefitting the lowest income customers). This represents customers for whom 8 percent of their income was more than $25, but 4 percent of their income was less than $25, necessitating a change to the minimum payment plan. Note that this implies that their monthly household income must be below $625 (or less than $7,500 a year).

Monthly Bill Amounts

Table 4 shows the average monthly CRP bill amount for October participants from 2019 with the previous PIPP rates, and the CRP monthly bill amounts with the new PIPP rates under the pilot program.

As noted in the section about the percentage of customers in each group, when customers were transitioned, some customers switched categories. Customers who were paying above $25 under the 8% PIPP rate fell under $25 when switched to the 4% rate. One may have thought that a switch from 8 percent to 4 percent would lead to the mean bill being half the size, such that if the mean bill was $51 per month under 8 percent, it would be $26 under the 4 percent plan. That would only happen if customers could have bills below $25. Because of the $25 minimum, the reduction was not as large.

Table 4 also shows that the mean bill for an “Average Bill” customer also decreased as many of the customers with higher average monthly bills who did not benefit under an 8 or 9 percent PIPP plan did benefit under the new lower rates associated with the 6 percent PIPP plan. As these higher bill Average Bill customers moved out of this category, the mean bill for those who remained decreased.

Table 4: Monthly CRP Bill Amount by Agreement Type

Old Policy – Oct. 2019 Agreement Plan	Average Monthly Bill Amount	Pilot Program – Oct. 2020 Agreement Plan	Average Monthly Bill Amount
$25 Min	$25	**$25 Min**	$25
8% PIPP	$51	**4% PIPP**	$34
9% PIPP	$82	**6% PIPP**	$65
10% PIPP	$135	-	
Average Bill	$103	**Average Bill**	$86

As the previous section showed, what did not change much between these the two Octobers was the percentage of customers in each Federal Poverty Level grouping. By comparing mean monthly CRP bills by these groups, we get a clearer sense of how bill amounts changed for PGW's participating low-income Philadelphia families.

Table 5 below shows the average monthly CRP Bill amount by poverty level. Customers in the 0-50 percent of the federal poverty level guidelines saw their monthly bill decrease, on average $16, from $45 per month to $29 per month, or 36 percent. The 51-100 percent of FPL group saw a $24 decrease in their month bill, representing a 29 percent drop, and the 101-150 percent of FPL saw their bills decrease by, on average, $31, representing a 25 percent drop in their monthly CRP bill amount.

Table 5: Monthly CRP Bill Amount by Poverty Level

Federal Poverty Level	Old Policy – Oct. 2019 Avg Monthly Bill Amount	Pilot Program – Oct. 2020 Avg Monthly Bill Amount	YoY Change Difference
0-50%	$45	$29	$16
51-100%	$83	$59	$24

101-150%	$122	$91	$31

Participation Levels and Customer Retention

This section looks at the number of customers participating in CRP at the start of October through June for both the pilot and pre-pilot program.

Table 6: Enrollment

	October Enrollment	June Enrollment	Change (#)	Change (%)
Old Policy (2019-20)	53,520	55,638	2,118	3.9%
Pilot (2020-21)	55,925	60,941	5,016	8.9%

As shown in Table 6, the nine month period from October through June saw an overall increase in enrollment of 2,118 customers, nearly a 4 percent increase, whereas over that same nine month period under the pilot program, enrollment increased by 5,016 customers, a nearly 9 percent increase. The rate of participation growth nearly doubled after the pilot program was instituted.[2]

The overall enrollment increases shown in Table 6 are the result of monthly movements. Every month new customers join CRP while others leave the program. They may leave for non-payment, for failure to recertify, because they closed their account, moved outside of the service area, were removed for fraud or because they felt they did not benefit from the program.[3]

Table 7 and Table 8 show the monthly churn of customers who enter and leave the program under both the old policy and the pilot program. The total enrollment change shown in Table 6 is the sum of the enrollment changes shown in Tables 7 and 8 from November through June.[4]

Table 7: Customer Churn - Original Program (2019-20)

2019-2020	New Customers	Left from Prior Month	Net Enrollment Change
October	2,556	1,752	804
November	1,171	1,515	-344
December	1,531	669	862

[2] This increase in participation could be due to various factors, such as the more generous terms of the program, or due to changes in the underlying economic and financial situation of some customers due to the COVID-19 pandemic.

[3] While CRP does provide an overall lower bill over the course of a year, during the summer months when gas usage is often low, customers may experience higher bills than what those would be based on actual usage.

[4] Tables 7 and 8 show enrollment gains each month, including October's gains over the prior month, whereas Table 6 shows enrollment gains since October and does not include the enrollment gains from September to October.

January	1,414	385	1,029
February	1,825	3,051	-1,226
March	747	339	408
April	976	341	635
May	686	246	440
June 2020	598	284	314
Total	**11,504**	**8,582**	**2,922**

Table 7 shows the customer churn prior to the pilot program. March 2020 corresponds to the beginning of many changes resulting from the Covid-19 pandemic, both in terms of general economic factors, customer financial situations, as well as operational and policy changes. Amongst these changes were changes to CRP policies, including no longer suspending customers for failure to re-certify. The PUC also issued an Emergency Covid-19 moratorium on terminations for non-payment.

The moratorium on service terminations and CRP suspensions likely explain the drop in the number of customers who typically leave CRP in any given month. There is also a drop in new customers. This too could be due to the pandemic. Given the moratorium on terminations and cessation of non-payment termination notices, customers may not have felt the urgency to sign up for a bill payment assistance program since they were not in danger of losing service.

Table 8 shows customers who joined and left CRP under the Pilot Program. The lower monthly bills for participants enrolled in the CRP pilot program may have played a role in customer CRP retention. However, the monthly enrollment losses under the pilot program are similar to those observed prior to the start of the pilot in September 2020, but after the pandemic related policies were put into effect in March 2020. This suggests the decrease in customers leaving CRP each month is more likely to be the result of the end of terminations (CPR terminations restarted in July 2021) and suspensions, and not because of the lower bill amounts.

Table 8: Customer Churn - Pilot Program (2020-21)

2020-2021	New Customers	Left from Prior Month	Net Enrollment Change
October	491	314	177
November	640	339	301
December	725	374	351
January	682	237	445
February	880	284	596
March	1,298	367	931
April	1,110	361	749
May	1,145	377	768
June 2021	1,241	366	875
Total	**8,212**	**3,019**	**5,193**

While new enrollments also dropped off during the start of the COVID-19 pandemic, monthly enrollment began increasing in March of 2021 to levels not seen since prior to the pandemic. This coincides with some CRP outreach,[5] but may also reflect customer knowledge that the Emergency Covid-19 moratorium on terminations would not be extended past the winter moratorium (as it was the year prior).

Comparing the two periods, gross monthly enrollment gains under the Pilot program were lower than under the old program (8.2k vs. 11.5k), but because fewer customers left CRP each month, total net enrollment increased at a higher rate over the nine-month period under the Pilot program (3k lost customers during the Pilot versus 8.5k lost customers in the prior year). Termination noticing generally restarts in February of each year and terminations for non-payment restart in April. For CRP customers, termination results in removal from CRP.

Table 9: Retention Rate of Original October Participants

Months in Program	Old Policy	Pilot Program
1 - October	100%	100%
2 - November	98%	99%
3 - December	97%	99%
4 - January	96%	98%
5 - February	91%	98%
6 - March	91%	97%
7 - April	90%	97%
8 - May	89%	96%
9 - June	88%	95%

Table 9 looks at customers enrolled in CRP as of October and tracks the percentage of these October participants who stayed enrolled through the nine month period examined under each policy. The number of customers who were enrolled in October who stayed enrolled for at least 6 months increased from 91% to 97% under the pilot. The number of customers who remained enrolled for the entire nine month period from October through June increased from 88% to 95% under the pilot program.

CRP Discount

This section compares the effects the pilot program had on the discount customers receive by participating in CRP.

The CRP *discount* is the difference between the CRP monthly payment amount and what the customer's monthly bill would be based on the customer's actual energy usage. Since CRP provides customers with a consistent monthly bill amount for every month of the year, but bills based on actual usage will change

[5] PGW sent ~29,000 CRP outreach letters to potentially eligible customers towards end of March, 2020.

month-to-month, the discount is not constant. Customers may receive large discounts in the winter when actual usage is high, but in the summer, the bill based on actual usage could be lower than the CRP monthly amount, resulting in a *reverse discount* in warm weather months.

The previous section demonstrated that the new lower PIPP rates resulted in lower CRP monthly amounts for customers across all income groups for participating low-income customers. By lowering customer bills, this also will increase the CRP discount customers receive every month

Table 10: CRP Discount – Old Policy

Month	Total Discount	Customers	Average Discount
October	-$1,749,545	53,395	-$33
November	$2,348,336	53,177	$44
December	$7,501,644	54,040	$139
January	$10,903,197	55,069	$198
February	$10,457,560	53,843	$194
March	$6,628,267	54,250	$122
April	$3,525,469	54,885	$64
May	$749,769	55,324	$14
June	-$1,829,089	55,638	-$33
Nine Month Total	**$38,535,608**	**54,402**	**$708 ($79/mo)**

Table 10 above shows the total and average discount by month under the previous policy. Table 11 below shows the total and average discount for the nine months under the pilot program.

Table 11: CRP Discount - Pilot Program

Month	Total Discount	Customers	Average Discount
October	-$430,516	55,925	-$8
November	$3,202,962	56,226	$57
December	$8,297,918	56,577	$147
January	$12,742,126	57,022	$223
February	$14,514,248	57,618	$252
March	$9,456,313	58,549	$162
April	$4,625,538	59,298	$78
May	$934,412	60,066	$16
June	-$784,693	60,941	-$13
Nine Month Total	**$52,558,038**	**58,025**	**$906 ($101/mo)**

Together, tables 10 and 11 show that due to the lower ask-to-pay amounts, as expected, customers receive larger discounts under the pilot program. The discount can be as much as $250 per month, on average, during the coldest winter months.[6] The Pilot Program has not operated during all of the warm summer months yet, but for the less-cool months covered in the analysis, the reverse discount of -$33 observed in both October and June has shrunk to -$8 and -$13 respectively. That is, the amount by which CRP "over charges" customers during the warmer months has decreased. Over the nine month period of October through June, the average month discount increased by $22 for a total discount increase of nearly $200 for those nine months. Between the increase in the per person discount and the increase in enrollment, over this nine month period, the total discount of the CRP program is over $14 million more compared to the same nine-month period last year.

Table 12 shows the year-over-year change in the average monthly CRP discount for each of the nine months the pilot has been fully implemented compared to the same nine month period in the year prior.

Table 12: CRP Discount - Year over Year Change by Month

Month	Old Policy	Pilot Program	Year Over Year Change
October	-$33	-$8	$25
November	$44	$57	$13
December	$139	$147	$8
January	$198	$223	$25
February	$194	$252	$58
March	$122	$162	$39
April	$64	$78	$14
May	$14	$16	$2
June	-$33	-$13	$20
9 Month Total	**$710**	**$913**	**$204**

Of course, the discount is dependent upon costs based on actual usage, which will vary depending on weather and gas costs. Unfortunately, nine months of data (and less than that for individuals who joined later) is not enough to provide reliable weather-normalized estimates.

Table 13 shows the change in average total discount over the 9 month period by federal poverty level. Since the decrease in monthly payment amounts were inversely correlated with income, the change in the total discount (on average) for the 9 month period was largest for the 101-150% of FPL group, and smallest for the 0-50% FPL group. This is mostly due to the fact that many of the customers in the 0-50% group are bound by the $25 minimum payment. Some were already at the $25 minimum payment under the old policy, and some switched to it under the Pilot Program PIPP rates. Both of these limit

[6] Discounts for individual high-usage customers can be substantially more than the averages shown in tables 10 and 11.

how much the lower PIPP rates can decrease the monthly CRP bill, and in turn, limit how much more of a discount CRP can provide.

Table 13: Total Discount Over 9 Month Period by FPL

Federal Poverty Level	Old Policy Total Discount (9 mo)	Pilot Program Total Discount (9 mo)	Discount Increase
0-50%	$1,054	$1,176	$122
51-100%	$722	$941	$219
101-150%	$435	$713	$278

The numbers in Table 13 show totals for the nine months of available data for the Pilot program. Since the three months excluded are summer months when reverse discounts are possible, the total annual discount will likely be smaller than the total discount shown for nine months. Despite this, the increase in the discount from the old to the new policy will likely be larger. This is because while the summer months have a negative discount (aka a reverse discount), under the new lower monthly CRP rates of the Pilot Program, the reverse discount is likely *less negative* than the negative discounts under the old policy. We can see this in the discounts for October and June in Table 12, which, while negative, are less negative under the Pilot Program. As shown in Table 12, because they are less negative, these "reverse discount months" still add to the overall increase in the customer's discount. As a similar dynamic is to be expected for the three summer months not included, the increase in the discount shown for the nine month period in Table 13 is less than the total increase in discounts one should expect for all twelve months.

Payment Behavior

This section looks at the payment behavior of CRP participants under the Pilot Program and under the previous policy.

The COVID-19 Pandemic

As expressed above, one must keep in mind numerous events and policies changes that occurred during this time period before ascribing all payment behavior changes to the new PUC policy. For example, unemployment rose drastically. Also, the PUC issued an Emergency COVID-19 moratorium on terminations. Further, local, state, and federal governments created new assistance programs, created or made changes to existing programs that extended program durations, increased program eligibility, and increased program benefits to everything from unemployment insurance, rental assistance, utility grants, etc. Both the underlying economic factors and the policy responses to those factors likely had effects on customer payment behavior.

Data Sample

This section uses data for customers who participated in CRP for the duration of the nine month period being examined. Looking at how many payments a participating customer made, what percentage of bills these payments covered, and other relevant measures only makes sense for customers who participated for full (and equal) lengths of time. For example, a customer who only participated for one month cannot have paid more than one CRP bill during the analysis period.

As shown in the previous section on enrollment and retention, there is usually a fair amount of customer churn, with hundreds of customers leaving and joining the program each month. Table 14 below shows the starting and ending enrollment for each analysis period as well as the number of participants for whom a full nine months of data was available. As discussed in the section on participation and customer retention, customer retention was higher during the pilot program, leading to a larger number of customers having a full nine months of data.

Table 14: Participant Counts and Available Data

Analysis Period	Old Policy	Pilot Program
Date Range	October 2019 - June 2020	October 2020 - June 2021
Starting Enrollment	53,520	55,638
Ending Enrollment	55,925	60,941
Full 9 Months of Data	40,770	50,410

One potential reason for the higher rates of customer retention during the pilot program period is the absence of terminations for non-payment. As a result, it's possible that customers who may have otherwise been terminated for non-payment in the previous year stayed in the program during the Pilot period. As a result, the pilot program may include more payment-troubled participants who would have been removed from the program in a more typical year.

Number of Customer Payments

Table 15 below looks at the average number of payments made by participants, by Federal Poverty Level category, both under the previous policy and under the pilot program. The payment counts do not include grants such as LIHEAP or Crisis. The number of payments was lower under the pilot program at all income levels (and overall).

Table 15: Total Number of Non-Grant Payments

Federal Poverty Level	Old Policy # of Payments (9 mo)	Pilot Program # of Payments (9 mo)	Change
0-50%	4	3.7	-0.3
51-100%	5.7	5.1	-0.6
101-150%	6.3	5.8	-0.5
All Groups	5.5	5.0	-0.5

There could be numerous reasons why the number of payments fell. This could reflect the lack of termination notices for non-payments, or pandemic related economic hardships faced by the customers. It is also possible that between the lower payment amounts and new federal and other aid, customers may not have need to make as many payments in order to cover their bills.

Dollar Amount of Customer Payments

Table 16 shows the dollar amounts of customer payments over the 9 month period. These payment totals exclude any grants customers may have received. Across all income levels, on average, customers paid less. This may reflect the fact that their bill amounts went down, as well as the possibility that they received more grants.

Table 16: Total Non-Grant Payments

Federal Poverty Level	Old Policy Payment Totals (9 mo)	Pilot Program Payment Totals (9 mo)	Change
0-50%	$292	$206	-$86
51-100%	$541	$388	-$153
101-150%	$873	$643	-$230
All Groups	$567	$412	-$155

Bills, Grants, and Payments

Analyzing the number of payments and the dollar value of payments in isolation can be misleading since lower bills and an increase in grants can both lead to customers pay less for the simple reason that they don't need to pay as much via out of pocket payment.

This section looks at three interrelated data points. It looks at the total bills faced by CRP participants, the grant payments (does not include ERAP grants since they had not yet begun being issued), and the customer payments.

Bills, Grants, and Payments under Old CRP Policy

Table 17 presents data for the bills, payments, and grants for customers who participated in CRP for the entire nine months in the analysis period of the previous policy, covering October 2019 through June 2020. The table also shows these measures for two subgroups, CRP participants who received grants, and participants who did not.

Table 17: Bills, Payments, and Grants - Old Policy

Measure (over 9 months)	Participants with Grants	Participants without Grants	All Participants
Average Total Bills	$741	$764	$751
Average Total Bills (after Grants)	$432	$764	$577
Average Total Payments (including Grants)	$778	$661	$727
Average Total Payments (excluding Grants)	$468	$661	$553

Average Grant Total	$309	$0	$174
Average Percentage of Bill Amount Paid	115%	87%	103%
Average Amount of Bill Paid by Customer	59%	87%	71%
Average Amount of Bill Paid by Grants	56%	0%	31%

As Table 17 shows, under the old policy, over the nine month period, customers faced total CRP bills around $751 dollars for the 9 month period being examined. Customers who ultimately did get a grant had slightly lower bills than those who did not. Higher bills do not seem to explain who pursued a grant. Since the average grant total for grant recipients was $309, and their bills were, on average $23 less over the nine months than non-grant recipients, the *after-grant* bill amount was $332 less for the grant recipients. On average, these grants covered 56 percent of their bill total. Likely because grants covered much of their bills, grant recipients paid less out of their own pocket ($468 on average, versus $661 for non-grant recipients).

While the non-grant recipients paid more out their own pocket, on average, their payments only covered 87 percent of their bill total. While customer payments only covered 59 percent of the bill for those with grants, the total percent of the bill that was paid exceeded 100 percent once grants were factored in. Investigating individual accounts, this excess seems to typically be the result of a timing issue. For example, a customer may pay some bills out of pocket, then receive a grant, leaving the customer with a credit that is used for the remainder of bills, with some credit still remaining at the end of the nine month period, resulting in grants + customer payments exceeding 100 percent of their bill total.[7]

Bills, Grants, and Payments during the Pilot Program

Table 18 shows the bills, payments, and grants for the customers who participated in CRP for the entire nine months in the analysis period for the pilot program. Because of the new lower PIPP rates, the total bills for the nine month period of October through June fell by $224, on average. As with before, customers who received grants had *lower* bills than those who did not receive grants by $30 over the nine month period.

Table 18: Bills, Payments, and Grants - Pilot Program

Measure (over 9 months)	Participants with Grants	Participants without Grants	All Participants
Average Total Bills	$511	$541	$527

[7] For LIHEAP grants, customers have until the end of the following grant season to use credits, at which point DHS and PUC policy require that unused funds must be returned to DHS. For the FY20 grants season corresponding to the old policy examined here, the refund was ~470k for LIHEAP Cash grants and ~ $24k for Crisis grants. The refund associated with the FY21 grants corresponding to the Pilot Program months examined here will not be known until the conclusion of the FY22 grant season.

Average Total Bills (after Grants)	$212	$541	$382
Average Total Payments (including Grants)	$584	$459	$520
Average Total (excluding Grants)	$286	$459	$375
Average Grant Total	$299	$0	$145
Average Percentage of Bill Amount Paid	125%	85%	105%
Average Amount of Bill Paid by Customer	52%	85%	69%
Average Amount of Bill Paid by Grants	73%	0%	36%

For those who received Grants, the average grant total decreased from $309 (Table 17) to $299.[8] Despite the smaller grant amount compared to the year prior, the average amount of these nine months of bills covered by grants increased to 73 percent (from 56 percent) since the bill total fell by a much larger amount. As PGW has previously identified, PUC CAP programs in Pennsylvania do not appear to work efficiently with Commonwealth administered grants, particularly given the refund requirements.

With smaller bills, both grant recipients and non-grant recipients paid less over the nine month period. Payments (excluding grants) for grant recipients fell from $468 to $286 over the nine month period (a decrease of $182) while payments fell from $661 to $459 for customers who did not receive grants. For grant recipients, the combined amount (grants plus customer payments), on average, still covered their entire bill (in fact, it increase to 125 percent), but the reduction in total bills did not lead to a higher percentage of the bills being paid for by the non-grant recipients.

Under the old PUC policy, over the nine month period, non-grant recipients faced bills totaling $764 on average. The $661 in payments they made covered 87 percent of this. When the bill total decreased to $541, their payments also decreased. While the $661 they paid on average in the previous year would have more than covered the new lower bills, their payments fell to $459, and the percentage of their bills covered by payments actually *decreased* slightly from 87 percent to 85 percent. It is not clear if the proportional decrease in payments that accompanied the lower bills is merely a coincidence, with the lower payments due to external economic factors related to the pandemic, or if this is evidence of an under-payment, perhaps related to the PUC's Covid-19 Emergency Moratorium on terminations for non-payment.

Bills, Grants, and Payments by Poverty Level

This section looks at the bills, grants, and payments for customers who participated in the whole nine months from October through June under either the old policy, or the pilot program, broken out by poverty level. Table 6 suggests that the distribution of enrollees by poverty level did not change much

[8] The average LIHEAP grant for all PGW customers who received grants was around $290 for both years.

with the introduction of the pilot program.[9] The differences in outcomes across the two years are unlikely to be driven by changes in the composition of enrollees.

Table 19 shows the nine month average bill amount, grant receipts, and payment totals for participants who participated for the whole analysis period who have incomes in the 0 to 50 percent of the federal poverty level. It shows that on average, the bills for the nine months covered went down by $170 per person. Of course, under the old policy, this group was already, on average, covering over 100 percent of their bill through a combination of grants and payments. With the reduced bill amounts, this did not change. Customer still covered over 100 percent of their bills, under the lower bills rates customers both got fewer grants, and paid less out of pocket.[10] With, on average, $170 less to pay, customers reduced their payments by $120 and average grant amounts dropped by $50 percent.

Table 19: Bills, Grants, and Payments for Participants in the 0-50% of FPL Group

0-50%	Old Policy	Pilot Program	Change
Average Total Bills	$432	$262	-$170.10
Average Total Bills (after Grants)	$227	$108	-$119.37
Average Total Payments (including Grants)	$487	$317	-$170.05
Average Total Payments (excluding Grants)	$282	$163	-$119.32
Average Grant Total	$205	$154	-$50.72
Average Percentage of Bill Amount Paid	125%	124%	-1%
Average Amount of Bill Paid by Customer	63%	61%	-2%
Average Amount of Bill Paid by Grants	62%	62%	1%

Table 20 shows the bills, grants, and payments for participants in the 51-100 percent of FPL income bracket. Customer bills over the nine month period decreased by $224, on average. Customers decreased their total payments by $198.61, on average. Of this, $173 was in the form of less money paid directly by the customer, and $25 was due to a decrease in average grant amounts. Yet, because the drop in the bill amount was larger than the drop in payments, customers, on average, saw their bill coverage rate increase from 97 percent to 102 percent. In other words, on average, between grants and payments, customers were able to pay 100 percent of their bills. Since the savings from the lower bills materialized primarily as smaller non-grant payment amounts, the percentage of bills covered by grants increased by 6 percent to 32 percent.

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[9] Table 6 compares October Enrollments. This section looks at customers with a full nine months of data for the nine month period.

[10] Remember, this is not a causal analysis. While customers paid less and got fewer grants, it is not necessarily because their bills were less. These could be in response to the pandemic.

Table20: Bills, Grants, and Payments for Participants in the 51-100% of FPL Group

51-100%	Old Policy	Pilot Program	Change
Average Total Bills	$746	$522	-$224.72
Average Total Bills (after Grants)	$569	$370	-$199.23
Average Total Payments (including Grants)	$715	$517	-$198.61
Average Total Payments (excluding Grants)	$538	$365	-$173.12
Average Grant Total	$177	$152	-$25.49
Average Percentage of Bill Amount Paid	97%	102%	4%
Average Amount of Bill Paid by Customer	71%	69%	-2%
Average Amount of Bill Paid by Grants	26%	32%	6%

Table 21 shows the bills, grants, and payments for the 101-150 percent of FPL income group. Unlike the two lower income groups, this group saw no change in the percentage of the bill their payments covered (93 percent in both years) despite a $279 drop in the bill amount. This decrease in billed amounts was almost entirely offset by a reduction in payments (-$18 in average grant amount, and -$247 in customer payments), although there was a slight shift in the percentage of their bills covered by grants versus customer payments, with grants covering 2 percent more of the bills and customer payments covering 2 percent less.

Table21: Bills, Grants, and Payments for Participants in the 101-150% of FPL Group

101-150%	Old Policy	Pilot Program	Change
Average Total Bills	$1,088	$809	-$279.48
Average Total Bills (after Grants)	$952	$691	-$260.86
Average Total Payments (including Grants)	$1,000	$734	-$265.97
Average Total Payments (excluding Grants)	$863	$616	-$247.35
Average Grant Total	$137	$118	-$18.62
Average Percentage of Bill Amount Paid	93%	93%	0%
Average Amount of Bill Paid by Customer	79%	77%	-2%
Average Amount of Bill Paid by Grants	14%	16%	2%

Across all income brackets, customers saw bills drop, paid less out of their own pocket, and saw a drop in grant amounts. It is unclear if the drop in grants was due to factors related to the pandemic (e.g., less incentive to apply for grants) or reflective of the fact that grants were less needed due to the lower bill amounts. Table 22 shows the percentage of participants who received grants out of those who participated for the full nine months in each analysis period. Across all income groups, there was a drop in the number of customers who received grants under the pilot program. While this may be due to less need for grants, it could also be a reflection of difficulties in obtaining grants during the pandemic, due to things like the closure of DHS' county assistance office, or difficulties in getting UESF grants given their requirement to have a termination notice during a time when there was an emergency moratorium on terminations.

Table22: Percent of Participants with and without Grants by Income Level

FPL Category	Grant Status	Old Policy	Pilot Program	Change
0-50%	Rec'd Grant	11%	9%	-2%
0-50%	No Grant	12%	14%	2%
51-100%	Rec'd Grant	35%	30%	-4%
51-100%	No Grant	21%	25%	4%
101-150%	Rec'd Grant	11%	9%	-2%
101-150%	No Grant	11%	13%	2%

Forgiveness

This section looks at the amount and frequency of pre-program arrearage forgiveness earned by customers under the old and new PUC policies. Under the old policy, customers were required to pay a $5 co-pay along with their monthly payment in order to receive forgiveness on their pre-program arrearages. Under the Pilot, this $5 co-pay was removed, and customers could earn forgiveness by paying their monthly bill.

Total Forgiveness

This section looks at the total forgiveness for the two nine month periods examined. Table 23 shows the total forgiveness for the nine-month period examined under the old policy. Over the nine months, nearly $8.1 million in arrearage forgiveness was awarded to CRP participants.

Table23: Total Forgiveness - Old Policy

Month	Total Forgiveness	Customers	Average Forgiveness
October	$1,121,237	53,395	$21.00
November	$1,031,915	53,177	$19.41
December	$880,406	54,040	$16.29
January	$890,993	55,069	$16.18
February	$788,562	53,843	$14.65
March	$946,916	54,250	$17.46
April	$758,533	54,885	$13.82
May	$877,485	55,324	$15.86
June	$791,483	55,638	$14.23
Nine Month	**$8,087,529**	**54,402**	**$16.54**

Table 24 shows the total forgiveness for the nine-month period examined under the pilot program. Over the nine months, over $8.3 million in arrearage forgiveness was awarded to CRP participants. While the total is higher than under the old policy, enrollment also increased, so on a per-participant level, forgiveness declined. This is due to the lower number of payments discussed in the payment behavior section.

Table 24: Total Forgiveness - Pilot Program

Month	Total Forgiveness	Customers	Average Forgiveness
October	$998,895	55,925	$17.86
November	$674,746	56,226	$12.00
December	$827,227	56,577	$14.62
January	$898,374	57,022	$15.76
February	$812,943	57,618	$14.11
March	$1,120,746	58,549	$19.14
April	$1,159,265	59,298	$19.55
May	$910,362	60,066	$15.16
June	$913,383	60,941	$14.99
Nine Month	**$8,315,941**	**58,024**	**$15.91**

Customer Level Analysis

This section looks at forgiveness at the participant level.

Table 25 shows the average monthly forgiveness for all CRP participants. This is calculated by taking the total forgiveness in each month and dividing by the number of CRP participants for that month.

Table 25: Average Monthly Forgiveness

Month	Old Policy	Pilot Program
October	$21.00	$17.86
November	$19.41	$12.00
December	$16.29	$14.62
January	$16.18	$15.76
February	$14.65	$14.11
March	$17.46	$19.14
April	$13.82	$19.55
May	$15.86	$15.16
June	$14.23	$14.99
Nine Month Average	**$16.54**	**$15.91**

Table 26 differs from the rest of the analysis in that other tables only look at the subset of customers who had data for all months in the analysis period. Table 26 shows various forgiveness measures for customers who participated in CRP for all nine months in either of the analysis periods.

Table 26: Forgiveness Measures

Forgiveness Measure (over 9 months)	Old Policy	Pilot Program	Change
Median Number of Forgiveness Transactions	1	0	-1
Average Number of Forgiveness Transactions	2.7	2.1	-0.6
Median Total Forgiveness (9 months)	$22	$0	-$22
Average Total Forgiveness (9 months)	$119	$125	+$6

Table26 shows that the median customer received one instance of forgiveness under the old policy, but zero under the pilot program. For the latter this means that over 50 percent of the customers participating in CRP did not receive any forgiveness. This can occur if a customer makes zero payments (by grant or self) *or* a customer has no pre-program arrears eligible to be forgiven. Since the median participant did not receive any forgiveness, the median forgiveness amount is also zero. Because of this increase in the percentage of customers who received no forgiveness, the average number of forgiveness transactions per participant also decreased from 2.7 to 2.1. Despite this, the average amount of total forgiveness received over the nine month period was higher under the pilot program, with customers receiving an average of $125 in arrearage forgiveness versus $119 under the old policy. This suggests that while fewer people received forgiveness, those that did had larger amounts forgiven.

The forgiveness numbers in tables 25 and 26 include participants who received forgiveness and those who did not. Table 27 looks at the subset of customers who received forgiveness. It reports the average monthly forgiveness amounts *for those who received forgiveness.* It shows that the average forgiveness amount increased by $14 from$46.50 to $60.50.

Table 27: Average Forgiveness Payment for Customers with Forgiveness

Monthly Forgiveness Amount	Old Policy	Pilot Program	Change
Average Forgiveness Amount	$46.50	$60.50	+$14

Since forgiveness amounts represent 1/36th of the customer's pre-program arrearages, the amounts shown in table 27 implies that amongst those who received forgiveness, the pre-program arrearage amounts increase from $1,674 to $2,178, with one caveat. The methodology for Table 27 is based on forgiveness transactions. Customers with more instances of forgiveness will add more weight to this implied level of arrearages than customers with fewer instances of forgiveness.

To summarize, customers who participated in CRP during the Pilot Program were less likely to receive forgiveness, but if they did, they received larger forgiveness amounts.

Again, it is hard to ascribe this observed difference to the changes in the program itself. One quite plausible explanation is that due to the Emergency Moratorium on terminations for non-payment and the underlying negative economic conditions of the pandemic, customers accrued more debt before entering the program, and customers who entered the program were less likely to be terminated for non-payment, or to be suspended for failure to recertify. As such, more payment troubled customers entered *and remained enrolled in* CRP, leading to fewer people receiving forgiveness, but higher forgiveness amounts to those who did. This may change when terminations resume for CRP customers. The threat of termination may lead to an increase in payments, including payments to cover past due amounts from past unpaid bills. When customers make large payments to cover previously unpaid bills, they receive an instance of forgiveness for each of those past bills that get paid off. If customers do make back payments to cover previously unpaid bills when collections activity resumes, we may see a spike in forgiveness as the past due bills are paid off. We may also see a sustained future increase in future forgiveness if the resumption of collections activity results in more customers paying their monthly bills moving forward.

Removal of the $5 Co-Pay to Meet Energy Burdens

As shown in the previous section, there was no observed increase in the number of customers who received forgiveness associated with the removal of the co-pay, but due to the extraordinary circumstances surrounding the pandemic, it is difficult to ascertain whether this implied the co-pay removal had no effect, or if it was over-ridden by the numerous other effects caused by the circumstances surrounding the pandemic and changes to policies regarding terminations and recertifications.

Unfortunately, PGW's system does not establish payments as co-pays. Table 28 shows the sum of all customer payments in the amount of $5. It can be reasonably assumed that the vast majority of these are $5 co-pays, although it is possible customers made non-co-pay payments in the amount of $5. This may explain the $5 payments observed during the Pilot. Another explanation is that customers may have continued to make $5 payments out of habit, unaware that the policy had changed.

Table 28: Sum of $5 Payments by Month

Month	Old Policy	Pilot Program	Change
October	$62,440	$21,735	-$40,705
November	$53,405	$6,320	-$47,085
December	$48,260	$4,110	-$44,150
January	$45,400	$3,355	-$42,045
February	$45,450	$2,520	-$42,930
March	$50,330	$2,835	-$47,495
April	$54,460	$2,105	-$52,355
May	$55,935	$1,255	-$54,680
June	$56,600	$1,175	-$55,425
Nine Month Total	**$472,280**	**$45,410**	**-$426,870**

Table 28 also shows the difference in the sum of the $5 payments made each month, which is assumed to be due to the change in policy removing the $5 co-pay as a condition of receiving forgiveness. Year-over-year, this difference amounts to $426,870 over the course of the nine month period being examined. The average monthly difference is $47,730. Assuming that the three months not included in the nine-month period examined each had lost $5 copayments in the amount of that monthly average, one can estimate that the annual value resulting from the removal of the $5 co-pay was that CRP customers were not responsible to pay $570,060 in direct co-payments in addition to their energy burden based bill.

Terminations

Due to the COVID-19 Pandemic, the PUC issued an Emergency COVID-19 Moratorium on terminations for non-payment that extended from the moratorium of the winter of 2019-2020 to the 2020-2021 winter moratorium. While this did expire after the end of the 2020-2021winter, PGW had not yet resumed collections activity for CRP customers in the months examined. As such, PGW is presently unable to assess and potential effect the change in the CRP program had on terminations for non-payment.

Total Program Costs

The three primary costs affected by the changes to the costs of the CRP program are forgiveness, the discount, and the change to the co-pay policy. However, the co-pay "costs" are included in forgiveness. Table 29 shows the surcharge costs of the CRP program in the 9 months analyzed. Forgiveness increased by $229k. The discount increased by $14 million over the nine month period examined. In total, for the nine month window examined, the cost increase in CRP has been $14.2 million.

Table 29: Program Costs – Nine Month Total

Cost Factors	Old Policy	Pilot Program	Difference
Forgiveness	$8,087,976	$8,316,621	$228,645
Discount	$38,535,608	$52,558,308	$14,022,700
Nine Month Total	**$46,623,584**	**$60,874,929**	**$14,251,345**

The difference shown in Table 29 shows the difference in program costs across the two years. It cannot be interpreted as the cost increase *due to the policy change* as many other factors may have affected costs that cannot be isolated or disentangled from the concurrent policy changes. These other factors include, but are not limited to, individual participant usage and payments, economic situations caused by the pandemic, government aid programs created in response to the pandemic, policy changes (e.g., the Covid-19 Emergency Moratorium; not suspending customers for failure to re-certify), as well as differences in weather and gas prices across the two periods examined.

Summary and Conclusion

In September of 2020 PGW augmented the Customer Responsibility Program (CRP) in a pilot status to align the program with the PUC's CAP Policy Statement which was modified, notably, to lower the energy burdens of participants. This document analyzed the changes in the CRP program since the implantation of that pilot program by comparing program costs and customer outcomes from the nine month period of October, 2020 through June, 2021. These data points were compared to the outcomes observed under the old policies for the same nine month period in the previous year (October, 2019 through June, 2020).

Unfortunately, the periods being examined coincided with the COVID-19 pandemic. This pandemic has had profound changes on the world, the economy, and the lives of PGW customers. As a result of the pandemic, governments and regulatory authorities made numerous policy changes, instituted new forms of government aid, and created policies to help alleviate the financial hardships of the general populace. These changes make it near impossible to attribute many of the observed differences exclusively to the changes in CRP policy. However, one focus of the PUC in its energy burden proceeding was on the cost of providing low income Pennsylvanians with its new policy to provide a lower energy burden.

What was observed is that customers joined CRP at a slower rate, but left at an even slower rate, leading to a net increase in enrollment. Both of these may have been affected by exogenous changes and may have impacted the increase in costs. The Emergency moratorium may also explain the drop in customer payments, which in turn may explain the drop in the average level of forgiveness. Given that payment behavior was likely strongly affected by the pandemic, both due to individual level financial situations, and the PUC's emergency moratorium on shut-offs, conclusions regarding the effect of the policy change on forgiveness totals must be taken with a grain of salt. The expectation of the policy chance was that lower bills and the removal of the co-pay would lead to more bill payments and more forgiveness. This expectation may ultimately bear out once the effects of the pandemic subside and collection activities resume.

The emergency and winter moratoria also make it impossible to examine the effect of the policy changes on service terminations and restorations. The effects of the changes on maintaining and restoring services will have to be re-examined after regular collections activity has resumed and been maintained for at least one collection season.

The noticeable effects most likely attributable to the policy changes are the increase in the size of the customer discount as a result of the new lower percentage of income payments (as expected). This resulted in an average increase of $204 in customer discounts over the 9 month period.

Unfortunately, the ultimate conclusion is that there is not much one can say for certain at this point in time. The COVID-19 pandemic had profound effects on the economy and PGW's low-income customers. These effects likely over-shadowed many aspects of the PUC's policy change. Since these pandemic effects occurred concurrently with the policy change, one cannot assume the PUC's policy change is the primary driver of any observed differences.

Philadelphia Gas Works
Case Name: Universal Service and Energy Conservation Plan for 2017-2022
Docket No(s):P-2020-3018867

Response to Discovery Request: OSBA Set I-1
Date of Response: 4/21/2022
Response Provided By: Denise Adamucci

Question:

Reference: Addendum to Philadelphia Gas Works Universal Service Plan for 2017-2020, dated January 6, 2020, with attached Second Amended Universal Service and Energy Conservation Plan 2017-2022 ("Jan6 Addendum") at Table 4, page 18; and Philadelphia Gas Works' Petition for Expedited Approval of Its Letter Request to Amend its Universal Service and Energy Conservation Plan Pursuant to 2019 Amendments to Policy Statement at Docket No. M-2019-3012599 dated February 21, 2020 ("Feb21 Petition") at paragraph 11, page 8:

a. Please reconcile the arrearage forgiveness cost of $1.2 million for FY 2021 without the "Pilot Program" in the Feb21 Petition with the arrearage forgiveness cost of $13.0 million for FY 2020 under the currently approved plan in the Jan6 Addendum.

b. Please provide a version of the table in the Feb21 Petition under the proposed plan including the pilot. Please specify all assumptions, provide all analyses and include all supporting workpapers.

c. Please provide an updated version of Table 4 from the Jan6 Addendum with the most recent "projected budget costs and enrollment" values as of December 2021, including updated values in the footnotes to that table. Please provide explanations for any substantive changes.

d. Please provide an updated version of the table at paragraph 11 in the Feb21 Petition as of December 2021, and provide an explanation for any substantive changes.

Response:

a. The FY 2020 costs were from the prior PUC approved USECP for 2017-2020. Those PUC approved forecasts would have been outdated at the filing of the Petition. The Feb21 Petition amount for forgiveness was incorrect. See attachment for an explanation. Regarding USECP budgets, unlike in the PUC's energy burden proceeding and PGW's related analyses, and GCR proceedings, PGW's estimates in USECP filings are based on enrollment estimates. The enrollment estimate is then calculated against current averages for forgiveness and discounts. This is consistent with historical estimates in Universal Service filings. For the USECP 2021-2022 forecast, PGW utilized its normal USECP enrollment forecasting and added an additional estimated 12,718 customers per month who were projected to enroll as a result of the pilot program.

b. See Table 4 in the USECP for 2017-2022 and the response to subsection a above. Additionally, see attachment.

c. PGW has not performed an updated version creation, other than what is presented in the USECP 2023-2027. The actual discount and arrearage forgiveness costs of CRP since implementation of the CRP Pilot Program have been reported on the USECP 2021-2022 docket.

d. PGW has not performed an updated version creation. The actual discount and arrearage forgiveness costs of CRP have been reported on the USECP 2021-2022 docket.

Explanation of Calculations

<u>February 21, 2020, PGW's Petition for Expedited Approval.</u>

Table from Feb 21 Petition, Para. 11, CRP Projections Without Pilot

Customer Responsibility Program	2021	2022
Administrative costs	$3,000,000	$3,000,000
CRP Discount	$41,433,218	$43,956,395
Arrearage Forgiveness	$1,206,192	$1,279,646
Total costs	$45,639,410	$48,236,041
Average monthly participation	62,400	66,200

The CRP Discount was calculated using the average discount based on historical data (annual $663.99) multiplied by the average monthly participants. The average monthly participants used in this forecast was from a five-year projection which indicated that there would be 62,400 CRP participants as of the end of December 2021. The average discount ($663.99) was multiplied by the estimated average enrollment, thus providing the 2021 CRP discount in the chart above (ex. $663.9938756 x 62,400= $41,433,217.80).

With respect to the Arrearage Forgiveness above, there was an error in the table provided in Paragraph 11 of the Feb21 Petition. With respect to the table above, the average forgiveness as of 2019 ($19.33 per customer per month), was used to calculate forgiveness in a manner similar to the CRP Discount. $19.33 was multiplied by 12 to obtain the yearly forgiveness amount of $231.96. This amount was multiplied by the estimated average number of CRP participants (62,400) and would have resulted in a total forgiveness amount of $14,474,304. The amount shown in the table above was only for one month ($14,474,304 divided by 12 for 2021 is $1,206,192 as shown above) rather than for the full year.

However, for consistency with the full plan, the original plan average forgiveness ($13.92 per customer per month) should have been used, as shown below. (Importantly, as explained in Paragraph 11 of the Feb21 Petition, this table reflects the costs and budgets of CRP *without* the pilot program.)

Customer Responsibility Program	2021	2022
Administrative costs	$3,000,000	$3,000,000
CRP Discount	$41,433,218	$43,956,395
Arrearage Forgiveness	$10,423,413	$11,058,172
Total costs	$54,856,631	$58,014,567
Average monthly participation	62,400	66,200

<u>April 10, 2020, Philadelphia Gas Works' Further Revised 2017-2022 Universal Service and Energy Conservation Plan.</u>

CRP Projections with Pilot

Customer Responsibility Program	2021	2022
Administrative costs	$3,000,000	$3,000,000
CRP Discount	$69,961,425	$71,289,413
Arrearage Forgiveness	$14,056,832	$14,390,915
Total costs	$87,018,257	$88,680,328
Average monthly participation	75,118	77,118

Source: Table 4 of Further Revised USECP 2017-2022.

An additional 12,718 customers were added to the 2021 average monthly CRP participation count to reflect additional customers projected to enroll as a result of the pilot program. See response to OCA I-12 for the monthly numbers of CRP participations for the period between September 2020 and January 2022. For example, this change increased the total participation in 2021 from 62,400 to 75,118. In addition, there was an additional $20,083,533 added to the total discount. This amount was calculated as part of the APPRISE/PGW study which estimated an increase in the discount due to the change in subsidy. See response to OSBA Set I-2. This increase was calculated using 2017 CRP customer data estimate.

For Arrearage Forgiveness, the original UESCP average (~$13.92 per customer per month/$167.04 per year) was multiplied by the average participation (for 2021, $167.041877 x 75118 = $12,547,852). This analysis also determined that the subsidy change would cause an increase in CRP forgiveness in the amount of $1,508,980. This amount was added to the overall CRP forgiveness totals for each year (for 2021, $12,547,852 + $1,508,980 = $14,056,832 as shown above).

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

VERIFICATION

I, Harry S. Geller, hereby state that the facts set forth in my Direct Testimony labelled TURN/CAUSE-PA Statement No. 1 and associated Schedules HG-1, HG-2, HG-3 and Appendices (consisting of the Resume of Harry S. Geller and certain Discovery Responses) 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).

Harry S. Geller

Date: May 13, 2022

Harry S. Geller, Esq.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

REBUTTAL TESTIMONY OF HARRY S. GELLER
ON BEHALF OF

TENANT UNION REPRESENTATIVE NETWORK (TURN)

AND

COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICENCY IN PENNSYLVANIA (CAUSE-PA)

June 17, 2022

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PREPARED REBUTTAL TESTIMONY OF HARRY S. GELLER

I. INTRODUCTION AND BACKGROUND

Q: Please state your name, occupation, and business address.

A: My name is Harry Geller. I am an attorney. I am the former Director of the Pennsylvania Utility Law Project (PULP). I am currently retired but serve as Senior Counsel to PULP and as a consultant to legal aid programs and their clients. I maintain an office at 118 Locust St., Harrisburg, PA 17101.

Q: Have you testified previously in this proceeding?

A: Yes, I provided testimony on May 13, 2022 on behalf of Tenant Union Representative Network (TURN) and Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA).

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to respond to the testimony of Roger D. Colton on behalf of the Office of Consumer Advocate (OCA) and the testimony of Robert D. Knecht on behalf of the Office of Small Business Advocate (OSBA). In response to OCA, I address Mr. Colton's recommendations regarding achieving measurable outcomes, data collection, as well as his testimony about future proceedings and potential cost control mechanisms. In response to OSBA, I address Mr. Knecht's testimony concerning CRP costs and cost recovery, as well as his assumptions regarding CRP customer usage and conservation efforts.

II. REBUTTAL TO OCA WITNESS COLTON

Q: Please summarize OCA witness Colton's testimony.

A: On behalf of OCA, Mr. Colton proposes a number of outcome-based metrics for consideration in assessing PGW's Customer Responsibility Program (CRP) implementation, via the ongoing pilot program, of the lower energy burdens set forth in the Commission's CAP Policy Statement.[1] Mr. Colton submits that if PGW meets the outcome objectives he proposes, it would further a "continuous improvement process" for PGW's CRP. Regarding continuation of the pilot, Mr. Colton submits:

> Given the reduced cost of the PGW pilot, OCA does not oppose adoption of the PGW pilot on the condition that the outcome measurements proposed below are adopted such that PGW, the Commission, the OCA, and other stakeholders can continue to recognize and measure the ongoing cost impacts of the program, and the extent to which the expenditure of ratepayer dollars on CRP is achieving the outcomes which the program is intended to achieve.[2]

Q: Please describe the outcomes Mr. Colton identifies for PGW's CRP.

A: Mr. Colton's first recommended outcome is related to program participation. He submits that PGW's "program objective should be to achieve a CRP participation rate of no less than 40% of its estimated low-income population."[3] Next, Mr. Colton recommends that PGW attain both a "percentage of CAP dollars paid" and a "CAP payment rate" that places it in the top quartile of Pennsylvania natural gas utilities. Mr. Colton also recommends that PGW achieve a percentage of CRP participants with in-program arrears that does not exceed the percentage of residential customers with arrears.[4] Regarding pre-program arrearage (PPA) forgiveness, Mr. Colton recommends that arrearages eligible for forgiveness in each year (in dollars) should be forgiven at

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[1] 52 Pa. Code § 69.265(2)(i).
[2] OCA St. 1 at 10.
[3] Id. at 18.
[4] Id. at 21.

a rate that equals or approaches 100%.[5] Finally, Mr. Colton recommends a three-step process to assess the reasonableness of overall CRP costs.[6]

Q: Generally, what are your views regarding Mr. Colton's recommended outcomes?

A: There are several underlying themes to Mr. Colton's recommendations with which I concur. Primarily, I support the use of measurable outcomes to determine PGW's success in achieving the expansion of CRP to reach more eligible customers, as well as its success in reaching other measurable goals related to PGW's success at achieving participant affordability.

Like Mr. Colton, I also support increasing the extent to which CRP customers make payments that can help retire their pre-program arrears, which would contribute to achievement of Mr. Colton's outcomes.[7] However, proper analysis of low-income customer utility payment patterns is more nuanced and cannot be achieved by simply comparing CRP households at equal income levels to other NGDC CAP households, as Mr. Colton suggests.[8] Rather, CAP payment patterns are influenced by geography and location, household composition, quality and construction of housing, and other economic and population-driven factors that can vary significantly across Pennsylvania. Payment rates can also vary based on the utility's billing practices, customer service standards, universal service referral policies, and other policies and practices which may be tangential to assessing the design of a utility's universal service program. These factors make it challenging to measure the success of PGW's CRP relative to other NGDCs. As a result, while I disagree with the specific measurements and outcomes he proposes regarding CRP payment, I concur that PGW should seek to improve CRP customer payment patterns and develop a measurable standard to determine its success at achieving this goal.

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[5] Id. at 32.
[6] Id. at 37.
[7] Id. at 26.
[8] Id. at 26.

I concur with Mr. Colton that PGW should be doing a better job in assisting customers in attaining PPA forgiveness, although I note that the specific CRP pilot remanded for review in this proceeding does not propose any changes to PGW's PPA practices. Additionally, it is not clear to me how Mr. Colton's proposal that PGW implement an outcome metric of attaining 100% forgiveness of eligible arrears each year is to be applied to PGW's CRP, which has a 36-month PPA forgiveness cycle.

Generally, while I believe Mr. Colton suggests methods to enhance and improve the measurement of valid CRP goals, which are worthy of further consideration and development, his specific proposals are procedurally challenging in the narrow context of PGW's CRP pilot. PGW has already filed its Universal Services and Energy Conservation Plan for 2023-2027 (2023 USECP).[9] The Commission commenced its process for review and comment of that Plan by issuing an Order on June 16, 2022 unanimously adopting without comment the BCS recommendations. It would appear to be a process of questionable probative and economic value to implement significant new and additional obligations in the context of this remand proceeding regarding amendment to PGW's 2017-2022 USECP while PGW pending 2023 USECP is concurrently moving ahead.

Q: Do you have concerns regarding Mr. Colton's Three-Step Process to assess the reasonableness of CRP costs?

A: Yes. Mr. Colton proposes a three-step process to assess the reasonableness of overall CRP costs, as follows:

> (1) identifying the discrete groups of customers for whom the question of cost impact will be assessed; (2) identifying the level of costs which, when considered for each those

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[9] PGW Universal Service and Energy Conservation Plan 2023-2027 (Nov. 1, 2021), available at: https://www.puc.pa.gov/pcdocs/1723959.pdf.

groups, give rise for concern; and (3) identifying the cause of (or contributing factors to) the cost increase of concern.[10]

This three-step process is premised upon his opinion that CRP discount costs should not be justified by their attainment of the affordability standards set forth in the Commission's CAP policy statement.[11] Accordingly, under Mr. Colton's approach, whether or not CRP continues to utilize the energy burden standards adopted by the Commission is subject to reevaluation not based on whether CRP results in affordable bills for low-income customers participating in the program, but instead on the cost impacts such reforms would have on other customers.[12] Mr. Colton recommends adoption of an arbitrary standard to assess relative cost impacts.[13]

I submit that it is not consistent with Pennsylvania statute or Commission policy to introduce or apply program-wide cost-based limitations to CAP that would arbitrarily limit the adequacy and accessibility of assistance through CAP. CAPs are statutorily mandated to be appropriately funded and available to low income households to ensure they can maintain reasonably affordable service to their home.[14]

Further, if the arbitrary and, I believe, inappropriate, program-wide cost thresholds are reached, Mr. Colton's proposed review process would be initiated to determine the cause of the increase – which may not be due to the energy burdens which are the subject of this proceeding, but could instead be based on other drivers of program costs.[15] While I agree that each of the company's universal service programs should be operated by its management in a manner that achieves its goals for low income customers cost-effectively, Mr. Colton's recommendations

[10] OCA St. 1 at 37.
[11] Id. at 40.
[12] Mr. Colton suggests a three-year average per-participant cost increase of 20% or more should trigger scrutiny. Id. at 41. He provides no analysis in support of utilizing this standard.
[13] Id. at 41 (proposing consideration of reasonableness of cost impacts if the three-year average per-participant cost increases by 20% or more).
[14] 66 Pa. C.S. §2203(8).
[15] OCA St. 1 at 42-43.

don't align with the narrow subject matter of this proceeding (adoption of the energy burdens in the CAP policy statement), as the circumstances potentially triggering review may be driven by base rate increases, arrearage forgiveness costs, reduced LIURP spending, CRP participation levels, colder than anticipated weather, and numerous other factors unrelated to PGW's implementation of the Commission's reduced CAP energy burden standards.

Even if this issue were part of the limited scope on remand, I nevertheless strongly disagree with this narrow cost-based approach as the sole determinant factor imposed as a condition for achieving affordable energy burdens. To the best of my knowledge no such qualification has been applied to any other natural gas or electric utility in Pennsylvania. While Mr. Colton supports outcome-based metrics designed to assess success in increasing CRP enrollment in connection with PGW's achievement of a more affordable natural gas bill for its low-income population,[16] he nonetheless appears to condition his support of PGW's adoption of the Commission's energy burdens upon the imposition of a cost-based, rather than affordability-based, outcome. For that purpose, he proposes that PGW be subject to different procedural requirements than apply to all other PUC-regulated utilities. His recommendation would impose different filing obligations, separate review processes to determine whether "responsive actions are appropriate," and a modified form of petition[17] that is inconsistent with the Commission's formal proceedings regulations and historical universal service and energy conservation program review procedures. Again, in the context of the limited issues raised by PGW's CRP pilot, Mr. Colton's recommendations appear to extend far beyond the effective boundaries of the Commission's order

[16] Id. at 17-18.
[17] Id. at 41, n. 19 (requiring such petition to meet two proposed 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.")

regarding this remand proceeding regarding amendment to PGW's 2017-2022 USECP and which will be superseded when the Commission acts on PGW's 2023 USECP.

As I explained in my testimony, the core objective of CRP, and of the CRP pilot, is to deliver affordable bills to low-income PGW customers.[18] While the examination of CRP program costs may provide useful information to understand the scope of need, and how CRP customers are benefitting from participation, such cost data is of limited significance in evaluating the effectiveness of a customer assistance program structured as a PIPP, as is the case with PGW's CRP. A PIPP is inherently efficient, delivering precisely the level of discount necessary to reduce the bill to an affordable energy burden, subject to minimum bill standards and applicable usage limitations. This is to be contrasted with programs structured to provide fixed discounts based, for example, on average household size and average income. Such program designs are inefficient, because in the majority of circumstances they provide a discount that is either more or less than is needed to deliver a monthly bill that is affordable based on a percentage of household income adopted by policy.[19]

Q: Do you have any comments regarding Mr. Colton's observations concerning PGW data collection and use?

A: Yes. Mr. Colton identifies a number of instances in which responses to data requests in this proceeding revealed that PGW does not track or store responsive data.[20] As a result, and rather than disapproving the proposed pilot, Mr. Colton recommends that PGW be required to track and store program data that will be useful in the future. As I stated in my direct testimony, "I believe PGW should improve data collection, tracking and storage practices to enable a third-party

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[18] TURN/CAUSE-PA St. 1 at 9,
[19] A good discussion of this distinction, applied in the context of examining affordable water rate proposals, is available at: https://www.phila.gov/media/20200127143129/PA-St3-Colton.pdf.
[20] OCA St. 1 at 50-51.

evaluation to more accurately determine the ways in which the pilot program has benefited CRP customers."[21] At that time, I recommended, at a minimum, data collection regarding payment frequency and bill coverage rates for each CRP tier, as well as the average bill feature; collections data, including non-payment shut off notice frequency and actual shut offs for customers in each CRP tier, as well as the average bill feature; and, PGW's operating expenses associated with collections efforts, ideally separately quantified for each CRP tier and the average bill feature.[22] I concur with Mr. Colton's data tracking and storage recommendations, which are largely consistent with my testimony.

III. REBUTTAL TO OSBA WITNESS KNECHT

Q: Please summarize OSBA witness Knecht's testimony.

A: On behalf of OSBA, Mr. Knecht raises concerns about the absence of an evaluation of cost impacts of the CRP pilot on other, non-participating customers. In particular, he contends that PGW has failed to provide adequate cost data specific to small business customers. Mr. Knecht also submits that IT and GTS class customers should not be exempt from bearing the costs of PGW's low-income programs. He opines that conservation incentives for CRP customers are inadequate. Finally, he submits that CRP costs are likely to increase, and that costs associated with the CRP pilot should be borne by PGW.[23]

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[21] TURN/CAUSE-PA St. 1 at 18.
[22] Id.
[23] Mr. Knecht also appears to fundamentally misinterpret and/or mischaracterize Dr. Peach's testimony as proposing that the energy burdens for CRP customers be reduced below the levels set forth in the CAP policy statement. OSBA St. 1 at 14-15. Since I do not read Dr. Peach's testimony in this way, I will not respond more fully to Mr. Knecht's statements in this regard.

Q: Please respond to Mr. Knecht's statements regarding the absence of cost data.

A: Mr. Knecht posits that PGW did not develop separate cost impact figures for small business customers because PGW's calculations of cost impacts identify typical small business customer CRP cost in an amount identical to the typical non-participating residential customer CRP cost.[24] On this basis, Mr. Knecht concludes that "[i]t does not appear that the Company is not [sic] taking its responsibility to evaluate the impact of the proposed changes seriously."[25] Although not commenting on PGW's underlying seriousness in evaluating the impacts on small business customer CRP cost, I note that this proceeding has offered all participants the ability to conduct discovery, evaluate the early data regarding PGW's CRP pilot, and present evidence in support of their positions, on the record, for the Commission's ultimate determination. Inherent in Mr. Knecht's criticism is a lack of information, on his part, to substantiate the position that PGW's small business customers *do not* pay for CRP costs in an amount, on average, equivalent to the amount paid by non-CRP residential customers.

The record of this proceeding contains no data to indicate if an average small business customer utilizes more or less natural gas service from PGW, or bears more or less costs to support CRP, than an average non-CRP residential customer. Mr. Knecht doesn't identify any evidence OSBA had developed, or discovery requested, in support of his theory that CRP costs may be, on average, higher for small business customers.

Q: Do you agree with Mr. Knecht that IT and GTS customers should contribute to the cost of CRP?

A: Yes, I do. For the same reasons that the Commission has determined that it is appropriate for all firm customers to contribute to the costs of PGW's universal service programs, it would be

[24] Compare Attachment to OCA-I-39(a) and (e) with Attachment to OCA-I-39 (b) and (f).
[25] OSBA St. 1 at 7.

appropriate for PGW's IT and GTS customers to also contribute to those costs. As the Commission explained in its November 8, 2017 Opinion and Order, approving a Joint Petition for Partial Settlement regarding a PGW rate increase:

> PGW is unique in that it is a large, municipal natural gas utility situated within the City of Philadelphia and serves more low-income customers than any other jurisdictional gas utility. As pointed out by the ALJs, several Parties cited that participation in PGW's CRP program has declined by 24,262 customers from 2010 to 2015 even though the number of confirmed low-income customers served by PGW has increased by more than 22,000 customers. It is most significant to consider that the Parties opposing the reallocation of universal service costs in this proceeding estimated that the OSBA proposal would result in the transfer of an additional $11.6 million in universal service costs to the residential class, which would be in addition to the $33 million base rate increase established by the Partial Settlement. Such a result is simply not reasonable, could potentially result in rate shock to this class and would exacerbate the problems PGW experiences with the low-income customer population's inability to pay issues. Also, as several of the Parties pointed out, the Commission approved LIME program provides benefits to a small, designated segment of the small business community and, as such, the universal service costs are not exclusively expensed to only benefit the residential class. We also find merit in the argument of the opposing Parties that *all firm customers, including commercial and industrial customers, benefit indirectly from PGW's extensive low-income assistance programs.*[26]

Nonetheless, Mr. Knecht's recommendation is beyond the scope of this proceeding, which entails review of PGW's CRP pilot and implementation of the Commission's revised energy burdens. As set forth in the Commission's CAP policy statement, determining the classes of customers who contribute to universal service program costs is an issue for rate proceedings:

> In rate cases, parties may raise the issue of recovery of CAP costs, whether specifically or as part of universal service program costs in general, from all ratepayer classes. No rate class should be considered routinely exempt from CAP and other universal service obligations.[27]

[26] Pa. PUC v. Philadelphia Gas Works, R-2017-2586783 at 74 (Nov. 8, 2017), available at https://www.puc.pa.gov/pcdocs/1543224.docx (emphasis added).
[27] 52 Pa. Code §69.266(b).

Q: Please respond to Mr. Knecht's testimony regarding conservation incentives and programs for CRP customers.

A: Mr. Knecht appears to submit that CRP customers are knowingly and wastefully consuming more natural gas in their homes.[28] Although he recognizes that CRP customers are not ignorant (a point with which I agree), he concludes that CRP customers are acting upon incentives to over-consume. His conclusion is based solely on usage data. Mr. Knecht's testimony reflects a fundamental misunderstanding of the living conditions of low-income Philadelphians participating in CRP. High energy burdens among low-income customers have been studied extensively, revealing very clear and troubling patterns. Among them, energy burdens are higher among communities of color, families with children and older adults, and tend to be closely associated with inadequate housing conditions.[29] Philadelphia has significantly older housing stock than many service territories in Pennsylvania and the nation and studies indicate 45% of Philadelphia homes built before 1940 are in need of repair.[30] That low-income Philadelphians, including CRP participants, tend to utilize more energy than non-low income households is not indicative of a *choice* made by those customers. Instead, it is the consequence of the inability to afford to maintain and improve housing conditions, including appliances and fixtures, insulation and weatherization, and other conditions which contribute to a *need* to use more energy.

Furthermore, other universal service programs, most notably PGW's Home Comfort/LIURP, specifically target weatherization services to CRP customers having high usage

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[28] OSBA St. 1 at 9.

[29] Ariel Drehobl *et al.*, How High Are Household Energy Burdens? available at: https://www.aceee.org/sites/default/files/pdfs/u2006.pdf.

[30] The State of the Nation's Housing 2021, Joint Center for Housing Studies of Harvard University, at 5, available at: https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf. Notably, *the majority* of homes in Philadelphia were constructed before 1950. Nora Tooher, Census: Most Philly Homes Built Before 1950, The Philadelphia Inquirer, available at: https://www.inquirer.com/philly/business/real_estate/zillow/20140915_ZILLOW_Census__Most_Philly_Homes_Built_Before_1950.html.

for the purpose of further enabling and incentivizing energy reduction. CRP customers refusing these services can be removed from CRP. Likewise, multiple program offerings available through PGW's demand side management (DSM) program, including the rebates for home heating equipment and smart thermostat offerings, can help CRP customers reduce energy consumption.

Q: Please comment on Mr. Knecht's contention that PGW's USECP costs are likely to significantly increase.

A: Mr. Knecht's testimony includes his calculation that rate changes, including GCR and base rate increases, have increased CRP costs "on a static basis" by $17 to $20 million per year since 2016 and 2017. However, this calculation does not align with the available information regarding PGW actual CRP costs. According to the PUC's 2018 Report on Universal Service Programs & Collections Performance,[31] PGW's CRP costs were $47,310,248, $49,005,928, and $59,549,654 in 2016, 2017, and 2018 respectively. As explained in my testimony, over the 12-month period from October 2020 through September 2021, the actual costs of PGW's CRP (discounts and arrearage forgiveness) were $60,748,500.[32] This shows that, in recent years, CRP costs increased primarily over the 2017-2018 timeframe and have only slightly increased thereafter. I do not find it reasonable, based on this data, to assume that implementation of the reduced energy burdens will produce significantly higher program costs. I note that Mr. Knecht also acknowledges, and appears not to contest, PGW's conclusion that many factors (not limited to the implementation of the Commission's revised energy burdens) have affected program costs.[33]

[31] https://www.puc.pa.gov/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2018.pdf
[32] TURN/CAUSE-PA St. 1 at 16.
[33] OSBA St. 1 at 7 (citing PGW St. 1 at 7; OCA-I-41 (attachment)).

Q: Do you agree that the CRP pilot has generated inappropriate costs that should be borne by PGW?

A: No, I do not. I agree with PGW's conclusion that increased CRP costs cannot be attributed solely to implementation of the lower energy burdens. As I indicated in my testimony, fluctuating participation, gas prices, consumption levels, and other factors contribute to the cost of the CRP pilot.[34] Furthermore, overall pilot program cost increases have been minimal.[35] On this basis, I do not find that Mr. Knecht has demonstrated that any costs associated with the CRP pilot have been inappropriately incurred, or that CRP imposed "an additional tax"[36] on PGW customers. Rather, as I conclude in my testimony, the CRP pilot has effectively delivered significantly deeper discounts to CRP customers, with minimal increased cost.[37]

IV. CONCLUSION

Q: What do you conclude?

A. I believe that a number of Mr. Colton's recommendations are worthy of consideration, particularly those related to improvements to data collection, tracking, storage, and developing of outcome-based measurements and incentives for universal service program growth and success towards achieving affordable service for pilot participants. However, other of his recommendations are beyond the limited scope associated with the CRP pilot, not relevant to this specific remand, and would need to be more fully developed and considered in a separate proceeding in the future. Aside from Mr. Knecht's recommendation for IT and GTS customers to contribute to the cost of PGW's universal service programs, which is also beyond the scope of this

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[34] TURN/CAUSE-PA St. 1 at 16.
[35] Id. at 16-17.
[36] OSBA St. 1 at 11.
[37] TURN/CAUSE-PA St. 1 at 17.

proceeding, I disagree with his testimony in virtually every respect. None of his recommendations should be adopted. As before, I conclude that the Petition to Amend Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2022 (Petition) is just, reasonable, and squarely in the public interest. As such, it should be granted, and the pilot program should again be affirmed and continue without interruption.

Q: Does this conclude your rebuttal testimony?

A: Yes.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

VERIFICATION

I, Harry S. Geller, hereby state that the facts set forth in my Rebuttal Testimony labelled TURN/CAUSE-PA Statement No. 1R is 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).

Harry S. Geller

Date: June 17, 2022

Harry S. Geller, Esq.