

# BURKE VULLO REILLY ROBERTS

ATTORNEYS AT LAW

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1460 Wyoming Avenue  
Forty Fort, PA 18704  
Phone (570) 288-6441 + Fax (570) 288-4598

*Formerly Burke & Burke  
Thomas F. Burke, Sr. (1932-1972)*

*www.bvrrlaw.com*

JOSEPH L. VULLO  
[jlvullo@bvrrlaw.com](mailto:jlvullo@bvrrlaw.com)

July 1, 2019

***via Electronic Filing***

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
400 North Street, Filing Room  
Harrisburg, PA 17120

RE: Pennsylvania Public Utility Commission v. Peoples Natural Gas  
Company, LLC  
Docket No. R-2018-3006818

Dear Secretary Chiavetta:

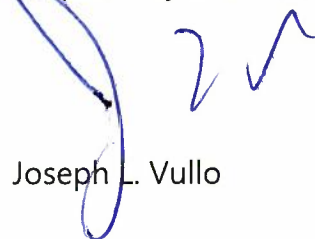
In accordance with 52 Pa. Code §5.412(a), please accept the following preserved testimony for filing with the Commission:

- CAAP Statement No. 1, the Direct Testimony of Susan A. Moore on behalf of the Community Action Association of Pennsylvania.

The testimony was duly admitted to the record on behalf of the Community Action Association of Pennsylvania in the above-referenced proceeding.

A copy of this letter is being served consistent with the attached Certificate of Service. Please contact me with any questions or concerns.

Respectfully submitted,



Joseph L. Vullo

JLV/jar  
encl.

cc: All Parties of Record



Tanya C. Leshko, Esquire  
Buchanan, Ingersoll & Rooney, PC  
409 North Second Street  
Suite 500  
Harrisburg, PA 17101-1357

Vasiliki Karandrikas, Esquire  
Pamela C. Polacek, Esquire  
McNees, Wallace & Nurick, LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166

Charis Mincavage, Esquire  
Alessandra L. Hylander, Esquire  
McNees, Wallace & Nurick, LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166

Michael A. Gruin, Esquire  
Stevens & Lee  
111 North Sixth Street  
Reading, PA 19601

Patrick M. Cicero, Esquire  
John W. Sweet, Esquire  
Elizabeth R. Marx, Esquire  
Kadeem G. Morris, Esquire  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101

Kevin J. Moody, Esquire  
Pennsylvania Independent Oil & Gas Assoc.  
212 Locust Street  
Suite 300  
Harrisburg, PA 17101

Linda R. Evers, Esquire  
Donald R. Wagner  
Stevens & Lee  
111 North Sixth Street  
Reading, PA 19601

Emily M. Farah, Esquire  
Tishekia Williams, Esquire  
Michael Zimmerman, Esquire  
411 7<sup>th</sup> Avenue, 15<sup>th</sup> Floor  
Pittsburgh, PA 16219

Brian Kalcic  
Excel Consulting  
225 South Meramec Avenue  
Suite 720-T  
St. Louis MO 63105

Glenn Watkins  
Technical Associates, Inc.  
1503 Santa Rosa Road  
Suite 130  
Richmond, VA 23229

Dante Mugrace  
PCMG & Associates  
90 Moonlight Court  
Toms River, NJ 08753

Kevin O'Donnell  
Nova Energy Consultants, Inc.  
1350 SE Maynard Road  
Suite 101  
Cary, NC 27511

Roger Colton  
Fisher, Sheehan and Colton  
34 Warwick Road  
Belmont, MA 02478

Diane Burgraff  
37 Whittakers Mill Road  
Williamsburg, VA 23185

James L. Crist  
Lumen Group, Inc.  
4226 Yarmouth Drive  
Suite 101  
Allison Park, PA 15101

**Via First Class Mail Only:**

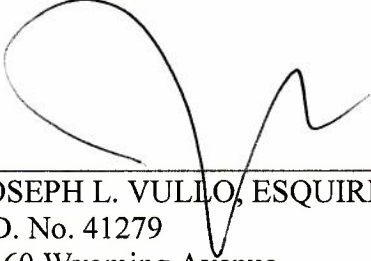
Daniel Killmeyer  
184 McKay Road  
Saxonburg, PA 16056

Charles F. Hagins  
420 Goucher Street  
Johnstown, PA 15905

Sean D. Ferris  
406 Laurie Drive  
Penn Hills, PA 15235

Samuel Givens  
132 Thunderbird Drive  
McKeesport, PA 15135

James E. Boudreau  
620 Rolling Meadows Road  
Waynesburg, PA 15370



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JOSEPH L. VULLO, ESQUIRE  
I.D. No. 41279  
1460 Wyoming Avenue  
Forty Fort, PA 18704  
(570) 288-6441  
e-mail: [jlvullo@bvrrlaw.com](mailto:jlvullo@bvrrlaw.com)  
Attorney for Community Action Association  
of Pennsylvania

COMMUNITY ACTION ASSOCIATION OF PENNSYLVANIA

CAAP Statement No. 1

Direct Testimony of Susan A. Moore

In Re: Pennsylvania Public Utility Commission v.  
Peoples Natural Gas Company, LLC

Docket Number: R-2018-3006818

1 **Q. Please state your name, title, and business address.**

2 **A.** My name is Susan A. Moore, Chief Executive Officer, Community Action Association of  
3 Pennsylvania, 222 Pine Street, Harrisburg, PA 17101.

4  
5 **Q. On whose behalf are you testifying?**

6 **A.** The Community Action Association of Pennsylvania (CAAP), a statewide association of  
7 local Community Action Agencies in Pennsylvania.

8  
9 **Q. What is your relevant experience in this case before the Commission?**

10 **A.** CAAP's membership covers each of the counties in the Company's service territory.  
11 CAAP was incorporated in 1975, more than forty four years ago and, as an integral part of its  
12 mission, has advocated for the low-income population of Pennsylvania. I have been the CEO of  
13 this agency for ten years. Prior to that, I worked as the CEO for The Florida Patient Safety  
14 Corporation, an organization dedicated to the continuous improvement of patient safety in  
15 Florida by serving as a learning and research organization, created and funded by the Florida  
16 Legislature in recognition of the need to improve patient safety and address skyrocketing liability  
17 insurance premiums in Florida. I also served on the Board of Directors for the Pennsylvania  
18 Hunger Action Center, an organization advocating against hunger insufficiency on a statewide  
19 basis. On behalf of our member agencies, CAAP has intervened in numerous rate and  
20 restructuring cases before the PUC including Peoples' Natural Gas rate case (R-2012-2285985)  
21 as well as the rate cases of Duquesne Light Company (R-2018-3000124) and PECO Energy  
22 Company (R-2018-3000164). CAAP also intervened in Columbia Gas' 2016 rate case. (R-2016-  
23 2529660).

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**Q. What is the interest of CAAP in this proceeding?**

A. The interest of CAAP in this proceeding is basically the same as it has been in those prior proceedings I mentioned above. Our general concern is the impact of the Company's proposals on low-income customers. We are concerned about the impact of the Company's proposed rate design on residential customers, particularly low-income customers and we are concerned with the proposed rate design's impact on the ability and motive of low-income customers to conserve energy. We are also in this case to address the availability, design and funding of the Company's low-income, or universal service programs. We want to insure that the legislature's directive in the Natural Gas Customer Choice and Competition Act Gas Restructuring Act that universal service programs are 'appropriately funded and available' is followed.

**Q. Apart from universal service, does CAAP take a position on whether the Company's rate increase should be granted?**

A. No, we do not take a position on whether a rate increase should be granted. However, we do address some rate design issues and their impact on conservation and low-income customers.

**Q. What issues regarding rate design would you like to address?**

A. Initially I want to address the Company's proposal to increase the fixed monthly customer charge for residential customers. The Company is proposing to increase the fixed monthly charge to \$20.00 for its residential customers. For its Equitable customers the Company is proposing an increase from \$13.25 to \$20.00 which represents an increase of over 50% and for its Peoples' division an increase from \$13.95 to \$20.00, an increase of over 43%. Together these

1 proposals will increase the distribution revenue that the Company receives from the fixed portion  
2 of a residential customer's bill from 32% to 38%. These proposed increases to the fixed portion  
3 of a residential customer's bill are substantial. CAAP opposes any increase to the fixed monthly  
4 customer charge.

5

6 **Q. Why does CAAP oppose an increase to the fixed monthly customer charge?**

7 **A.** The more a consumer's bill is comprised of fixed charges, the less motive, and  
8 opportunity, the consumer has to reduce consumption and therefore save money. One of the only  
9 defenses a family, particularly a poor family, has against increases in energy costs is to conserve  
10 – lower the thermostat, seal air leaks, change filters regularly, add more insulation, get a more  
11 efficient heating unit, etc. The Company's proposal to increase that fixed cost would negatively  
12 impact a customer's motive to conserve and the ability to save money.

13

14 **Q. Before addressing the specifics of your testimony, do you have general concerns**  
15 **regarding this rate case?**

16 **A.** Yes, the Company is requesting a rate increase that will impact a typical residential  
17 customer's monthly bill. A typical residential customer of Equitable using 86 Mcf per year will  
18 see their bill increase by approximately 19.7% while a typical residential customer of Peoples  
19 will see an increase of over 14%. Despite this increase and its impact on low-income customers,  
20 the Company is not proposing any changes to its universal program funding; funding designed to  
21 help its low-income residential customers. There is nothing proposed here that will help low-  
22 income customers deal with the impact of this substantial proposed rate increase.



1           The combined effect of an increase in rates, an increase in fixed monthly charges, and  
2 changes in rate design that impact a customer's ability and motive to conserve, without any  
3 changes to universal service funding, not only results in higher rates but also lessens the ability  
4 customers to deal with those increases. In particular, the negative impact would be particularly  
5 harsh on the Company's low-income customers. The Gas Choice Act requires that the  
6 Commission ensure that universal service programs are 'appropriately funded and available' and  
7 the result of this proceeding will impact the question of whether the Company's universal service  
8 programs are appropriately funded and available.

9  
10 **Q.     How does the effect of the Company's requests impact upon your testimony in this**  
11 **case?**

12 **A.**     I do not believe that the Commission should allow an increase in rates, allow an increase  
13 in the fixed monthly customer charge, a change in rate design that impacts a customer's ability  
14 and motive to conserve, without requiring an increase in universal service funding that would  
15 allow relief to low-income customers. For a typical residential customers, increases of 20% and  
16 over 14% are substantial, but for a low-income customer, the effects can be dramatic. High  
17 utility costs are not the only challenge for a poor person. Our members have been helping low-  
18 income people for years and know firsthand that they face financial challenges on many fronts --  
19 housing, energy costs, food and health care -- and a dramatic increase in any of those areas can  
20 have a devastating impact. That negative impact goes beyond just an increase in rates in this case  
21 because the increase in the fixed monthly charge makes it more difficult for a consumer to lessen  
22 the impact of an increase in rates through conservation. Accordingly, the company's proposals in

1 this proceeding should be accompanied by greater measures to help its low-income customers  
2 deal with those proposals.

3

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

5 **A.** I want to address the Company's low-income usage reduction program (LIURP). Annual  
6 LIURP annual funding for its Peoples division is set at \$1,250,000 and for Equitable it is  
7 \$800,000 for combined funding of \$2,050,000. This funding was established for the Peoples'  
8 division in its 2012 rate case and Equitable's funding was established in 2013 for the years 2014-  
9 2017 when Peoples acquired Equitable. In this current case the Company is requesting a rate  
10 increase that would increase rates for a typical Equitable residential customers by nearly 20% and  
11 for an Equitable customer by 14.7%; yet again the Company is not proposing any increase in  
12 LIURP funding. CAAP believes that more funding is needed to begin to address the great need  
13 for LIURP services in the Company's service territory in light of the fact that residential  
14 customers may see their rates increase substantially without any increase in LIURP funding  
15 proposed.

16

17 **Q. Are there additional reason why is CAAP proposing increased funding for LIURP?**

18 **A.** In addition to the substantial rate increases proposed we are proposing greater funding  
19 for LIURP because there is an unmet need for LIURP services. The Company has estimated it  
20 has 111,333 low-income customers as of March 2019. A needs assessment conducted by  
21 Apprise in 2017 estimates low-income customers at 168,322. In its most recent Universal  
22 Service Plan same filing (M-2014-2432515) the Company estimates that there are 23,923  
23 households eligible to receive LIURP services. Despite annual targets of serving 410 households

1 per year the Company weatherized just 268 homes in 2018. This combination of nearly 24,000  
2 customers eligible for LIURP, missed targets and flat funding despite what is likely to be a  
3 substantial rate increase, requires a substantial increase in LIURP funding.

4  
5 **Q. Do you have any recommendations regarding the funding level for LIURP?**

6 **A.** Yes. As I stated above, funding for LIURP has remained the same for many years and no  
7 additional funding is proposed here despite a proposed substantial increase in rates. And with  
8 nearly 24,000 customers in need of LIURP services it is clear that there is a great need for those  
9 services. I am recommending that the number of customers served annually be increased from  
10 the 410 targeted to 550 and with an average LIURP cost of approximately \$4,700, I am  
11 recommending additional annual LIURP funding of \$675,000.

12  
13 **Q. Do you have any other recommendations regarding the LIURP program?**

14 **A.** Yes. The increased funding for LIURP and the increased number of households targeted  
15 represents a need to ‘ramp up’ the LIURP program. CAAP believes that there will be a need for  
16 more partnerships with agencies experienced in the providing of services to poor people,  
17 including weatherization services. Our member agencies have the expertise in developing and  
18 operating programs that benefit people and communities. These organizations serve thousands of  
19 low income and disadvantaged members of the community; they have direct knowledge of the  
20 barriers and impediments to self-sufficiency, and continually innovate and evolve the service  
21 delivery system to better meet the needs of the population they serve. Community based  
22 organizations are governed by volunteer Boards of Directors; accountable to the communities  
23 they serve, and are not conflicted by a duty to shareholders and investors. The focus and active

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

10  
11 **Q. Do you have any other recommendations regarding the Company’s Universal Service**  
12 **Programs?**

13 A. Yes. The Company’s Hardship Program is comprised of customer contributions and a  
14 Company match of up to \$550,000. In light of the likely rate increase in this case the Company  
15 should increase its contribution to the Hardship Fund to a minimum of \$550,000 annually.

16  
17  
18 **Q. Can you please summarize your recommendations?**

19 A. Yes. CAAP is recommending the following:

20 1. That the Company’s request to increase its fixed residential monthly customer  
21 charges be denied;

22 2. That annual funding for LIURP be increased to \$2,725,000 annually and that any  
23 unused funds be carried over and added to the following year’s funding;

1           3.     That the Company partner with member agencies of the Community Action  
2 Association of Pennsylvania and Pennsylvania Weatherization Providers Task Force in the  
3 development, implementation and administration of its LIURP program;

4           4.     That the Company be required to contribute a minimum of \$550,000 annually to  
5 the Hardship Fund.

6

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

8 **A.    Yes**