

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Peoples Natural Gas Company, LLC

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Docket No. R-2018-3006818

Surrebuttal Testimony of  
Roger D. Colton

On Behalf of:  
Office of Consumer Advocate

June 12, 2019

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

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

3

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

7 A. Yes, I am.

8

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

10 A. The purpose of my Surrebuttal Testimony is to respond to the Rebuttal Testimony, as it  
11 addresses my previously prepared Direct Testimony, of the following Peoples Gas  
12 witnesses.

- 13 ➤ Carol A. Scanlon (Peoples Statement 5-R);
- 14 ➤ Russell Feingold (Peoples Statement 11-R);
- 15 ➤ Heather Doyle Conley (Peoples Statement 12-R);
- 16 ➤ Rita Black (Peoples Statement 13-R).

17

18 **Part 1. Response to Peoples Witness Carol Scanlon.**

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

21 A. In this section of my Surrebuttal Testimony, I respond to the Rebuttal Testimony of  
22 Peoples Gas witness Carol Scanlon. Ms. Scanlon responds to my Direct Testimony

1 regarding an appropriate “bad debt offset” for both CAP credits and for arrearage  
2 forgiveness credits.

3

4 **Q. PLEASE RESPOND TO MS. SCANLON’S PROPOSED PERCENTAGE BAD**  
5 **DEBT OFFSET.**

6 A. Ms. Scanlon proposes a bad debt offset of 3.86%. She bases her calculation on the net  
7 write-offs for confirmed low-income customers reported by the Peoples and Equitable  
8 Divisions in the universal service reporting to the Bureau of Consumer Services (“BCS”).  
9 Ms. Scanlon’s calculation is not substantively different from the result I would obtain by  
10 using the same fundamental methodology that supports the Company’s 3.86%.  
11 Accordingly, I accept Ms. Scanlon’s proposal for purposes of this proceeding.

12

13 **Q. PLEASE RESPOND TO MS. SCANLON’S DISCUSSION OF THE**  
14 **PARTICIPATION LEVEL OVER WHICH PEOPLES WILL APPLY THE BAD**  
15 **DEBT OFFSET?**

16 A. Ms. Scanlon testifies that the Company accepts my proposed combined base participation  
17 rate of 32,300 (Peoples St. 3-R, at 17). She states, however, that Peoples will no longer  
18 track CAP participation for the Peoples and Equitable divisions separately. Accordingly,  
19 she states, that the universal service cost recovery mechanism will only recognize a  
20 combined base participation level. I understand her testimony and accept that  
21 observation as reasonable.

22



1                   **Part 2. Response to Peoples Witness Russell Feingold.**

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

4   A.   In this section of my testimony, I respond to the Rebuttal Testimony of Russell Feingold.  
5       Mr. Feingold takes exception to my recommendations regarding Budget Billing. Mr.  
6       Feingold argues that “Budget billing only impacts the Company’s cash flow as the timing  
7       of cash provided by customers is more consistent throughout the year.” (Peoples St. 11-R,  
8       at 48). It continues, “*as a result*, it is not appropriate to consider Budget Billing as a  
9       ratemaking substitute for a monthly customer charge.” (Id.) (emphasis added). It is not  
10      clear what causal connection Mr. Feingold is addressing. At no place does my testimony  
11      propose to “consider Budget Billing as a substitute for a monthly customer charge.” Mr.  
12      Feingold’s testimony argues, as Mr. Feingold appears to accept, that Budget Billing  
13      removes one justification for *increasing* the fixed customer charge, that reason being to  
14      stabilize Company revenues throughout the year. Mr. Feingold appears to agree with that  
15      (“timing of cash provided by customers is more consistent throughout the year”).

16  
17      The fact that Budget Billing helps Peoples to level out its receipt of revenue through the  
18      year is an additional, and secondary, benefit to the primary benefit of Budget Billing. As I  
19      document in my Direct Testimony, and as Mr. Feingold does not respond to, Budget  
20      Billing is an effective mechanism to use to help residential customers (low-income or  
21      otherwise) prevent and respond to nonpayment associated with the substantial variation  
22      in monthly bills during cold weather months. My Budget Billing recommendations, in

1 other words, are appropriate, and should be adopted, whether or not Peoples accepts my  
2 conclusion that there is a cash flow benefit that arises from such recommendations.

3  
4 Mr. Feingold then makes the unsupported assertion that “in fact, if the Company’s  
5 proposed increase to the monthly customer charge for its residential customers was  
6 reduced. . .it would likely cause larger annual true-ups for customers under the budget  
7 billing plan.” (Company St. 11-R, at 48). Given the Company’s statement that its  
8 standard procedures is that it “automatically reviews budget amounts in comparison to  
9 actual usage and adjusts the budget amount if over-or under-collecting on a quarterly  
10 basis” (OCA-III-23), this concern by Mr. Feingold is not well-founded. No reason exists  
11 for there to be “larger annual true-ups” under Budget Billing with smaller customer  
12 charges. This argument in favor of larger customer charges should be rejected.

13  
14 Finally, Mr. Feingold’s arguments (Company St. 11-R, at 49) responding to the  
15 testimonies of CAUSE-PA witness Harry Geller and CAAP witness Susan Moore miss  
16 the relationship between the adverse impact that an increased customer charge has on  
17 conservation and the presence of low-income arrearages. To the extent that the Company  
18 makes its overall bill less avoidable, by increasing the fixed monthly customer charge,  
19 the Company will increase the dollars of nonpayment by those customers. By definition,  
20 nonpayment occurs at the margin. By definition, a customer would not pay the fixed  
21 monthly customer charge while not paying the volumetric charges. Any increase in the  
22 unavoidable fixed monthly customer charge would thus contribute to an increase in  
23 arrearages. Second, by making a higher proportion of an unpaid bill unavoidable, the

1 Company not only places the incremental increase in the bill at greater risk, it also places  
2 at risk a portion of what had been paid in the past. The more a customer falls short of  
3 being able to pay the entire bill, the more the customer will be inclined to make no  
4 payment at all. Mr. Feingold's failure to address these combined impacts lead to the  
5 conclusion that his arguments supporting an increased fixed monthly customer charge  
6 should be rejected.

7  
8 **Part 3. Response to Peoples Witness Heather Doyle-Conley.**

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

11 A. In this section of my Surrebuttal Testimony, I respond to the Rebuttal Testimony of  
12 Peoples witness Heather Doyle-Conley.

13  
14 **Q. PLEASE RESPOND TO THE FIRST ISSUE THAT MS. CONLEY ADDRESSES.**

15 A. Ms. Conley's Rebuttal Testimony responds to my recommendation that Peoples Gas  
16 should not disconnect service to a confirmed low-income customer without first  
17 providing a Plain English notice that the customer can enroll in the Company's Customer  
18 Assistance Program ("CAP") and, through that program, gain the benefit of arrearage  
19 forgiveness. (Company St. 12-R, at 2 – 3). Ms. Conley, however, does not directly  
20 respond to my proposal, or to the basis for my proposal. She instead relies on the fact  
21 that the Company's shutoff notice "includes details about protections from shut off."  
22 (Company St. 12-R, at 3). She does not engage the problem that, even the Company does  
23 not understand, why its disconnect notices are ineffective in educating customers. She

1 does not acknowledge that when asked to provide any research “identifying, evaluating  
2 or otherwise discussing why non-paying residential customers do not make contact with  
3 the utility when, in response to bill nonpayment, those nonpaying customers receive a  
4 request or notice to contact a utility to avoid the disconnection of service,” the Company  
5 responded that “Peoples Natural Gas has not done any research on this topic.” (OCA-III-  
6 36). Ms. Conley does not engage the evidence presented in my Direct Testimony on why  
7 customers do not respond to written notices such as shutoff notices. (OCA St. 4, at 35 –  
8 38).

9  
10 The proposal I advanced in my Direct Testimony regarding a requirement that Peoples,  
11 prior to the disconnection of a confirmed low-income customer, should provide a Plain  
12 English offer to enroll such a customer in CAP, along with the arrearage forgiveness  
13 benefit appurtenant thereto, should be adopted.

14  
15 **Q. PLEASE RESPOND TO THE SECOND ISSUE ADDRESSED BY MS. CONLEY.**

16 A. Ms. Conley addresses my recommendation to more fully make Budget Billing available  
17 to residential customers in arrears. In her response, Ms. Conley states that the Company  
18 has a process through which “using Budget Billing as the foundation, the Installment  
19 Plans add an installment amount to the Budget Billing amount.” (Company St. 12-R, at  
20 3). Moreover, Ms. Conley asserts that “The Company does not deny customers the  
21 ability to enroll in Budget Billing if they have arrears of 30 days or more.” (Company St.  
22 12-R, at 4). This Rebuttal Testimony is in direct conflict with the Company’s discovery  
23 response, which includes an internal process which explicitly states that: “Before setting

1 up on a Budget plan, the account cannot have arrears of 30 days or more.” (OCA-III-19,  
2 Attachment) (emphasis added). I have attached that Attachment to OCA-III-19 to this  
3 Surrebuttal Testimony as Appendix A.<sup>1</sup> While this policy perhaps allows a customer  
4 with an arrearage of less than 30 days to enter into Budget Billing, that does not appear to  
5 be what Ms. Conley is asserting in her Rebuttal Testimony.

6  
7 To this extent, I do not accept Ms. Conley’s testimony which alleges: “the Company  
8 limits the size of the balance for proper plan allocation. In cases where the balance is  
9 more than \$300, income and occupancy information would be discussed so that Peoples  
10 can establish an Installment Plan plus Budget Billing, providing the customer the ability  
11 to pay for annual consumption while paying a portion towards the arrearage.” (Company  
12 St. 12-R, at 3). Ms. Conley cites no tariff language in support of her testimony. She  
13 provides no procedural manual in support of her testimony. She provides no staff  
14 training materials in support of her testimony. In contrast, the Company provided its own  
15 internal staff procedures manual which emphasizes, in its own document, “Before setting  
16 up on a Budget plan, the account cannot have arrears of 30 days or more.” (OCA-III-19,  
17 Attachment) (emphasis in original). Notwithstanding Ms. Conley’s testimony, if the  
18 Peoples staff is being trained, and provided procedures, that the account “cannot have  
19 arrears of 30 days or more,” it is the reality that should govern this case, not Ms. Conley’s  
20 testimony.

21  

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<sup>1</sup> Given the direct conflict between the response that the Company previously provided to OCA and Ms. Conley’s testimony, it is not possible to respond to her testimony regarding limiting the size of arrearages. Her testimony is in direct conflict with existing Company procedures.

1 In addition, Ms. Conley does not explain the inconsistency between her Rebuttal  
 2 Testimony and the data provided to OCA in discovery. As I noted in my Direct  
 3 Testimony, according to Peoples discovery responses,

4 For the period October 2016 through February 2019, Peoples had an average  
 5 monthly Budget Billing enrollment of 106,897 residential accounts, with a  
 6 monthly average of only 318 having entered Budget Billing with an arrears  
 7 (0.0297%). (OCA-III-20). During the same time period, Equitable had an  
 8 average monthly Budget Billing enrollment of 81,534 residential accounts,  
 9 with a monthly average of only 207 having entered Budget Billing with an  
 10 arrears (0.0248%). (OCA-III-20).  
 11

12 (OCA St. 4, at 30). To be clear, the percentages I identify in my Direct Testimony do not  
 13 indicate that between two and three percent of Budget Billing participants enter with an  
 14 arrears, it indicates that between twenty and thirty one hundredths of one percent enter  
 15 with an arrearage. Given the improved payment patterns associated with customers on  
 16 Budget Billing, as identified in my Direct Testimony, the recommendations I make  
 17 regarding the offer of Budget Billing to customers in arrears should be adopted. Ms.  
 18 Conley’s conclusion that “the Company’s current budget billing plans are sufficient for  
 19 residential customers and do not need to be modified at this time” is not supported by the  
 20 Company’s own data or the Company’s own internal procedures.  
 21

22 **Q. PLEASE RESPOND TO MS. CONLEY’S REBUTTAL TESTIMONY**  
 23 **REGARDING THIRD PARTY NOTICES.**

24 A. Ms. Conley refers to the Rebuttal Testimony of Company witness Rita Black with respect  
 25 to third party notification. I will respond to Ms. Black’s testimony below.  
 26

1 **Q. PLEASE RESPOND TO MS. CONLEY’S REBUTTAL TESTIMONY**  
2 **REGARDING POINT OF CONTACT CUSTOMER SATISFACTION SURVEYS.**

3 A. Ms. Conley responds to my testimony regarding the lack of Point of Contact customer  
4 satisfaction surveys by asserting that “The Company does engage in Voice of Customer  
5 (‘VOC’) surveys.” (Company St. 12-R, at 5). She asserts that Peoples “sends emails to  
6 customers who have had a recent contact with the Company. . .The customer is asked to  
7 complete just a few questions to keep it a low effort experience.” (Company St. 12-R, at  
8 5). She asserts that “these surveys are used internally and are not shared or reported  
9 outside the organization.” (Company St. 12-R, at 6).

10

11 Despite the alleged existence of these surveys, Ms. Conley offers no information about  
12 the surveys. Indeed, when OCA *specifically* requested the Company to “provide a single  
13 copy of all “point of contact” (e.g., responding to shutoff notice, negotiating payment  
14 plan, enrolling in CAP) customer satisfaction surveys prepared for the Company on or  
15 subsequent to January 1, 2014,” the Company did not produce these purported “Voice of  
16 Customer” surveys. (OCA-III-40). Even in her Rebuttal Testimony, Ms. Conley does  
17 not provide any discussion of the results of these surveys, the methodology employed, the  
18 extent to which customers respond to these surveys or any other information.

19

20 **Q. PLEASE RESPOND TO MS. CONLEY’S REBUTTAL TESTIMONY**  
21 **REGARDING COLD WEATHER PROTECTIONS.**

22 A. Ms. Conley does not directly respond to the failure of Peoples Gas to identify customers  
23 who would be eligible for the PUC’s cold weather protections. Ms. Conley states that

1 “when PUC guidelines exist, the Company follows those guidelines.” (Company St. 12-  
2 R, at 7). However, that statement is not accurate. For example, the PUC’s regulations  
3 provide cold weather protections for customers with income at or below 250% of Federal  
4 Poverty Level. In contrast, Peoples acknowledges that its definition of “low-income” is  
5 limited to households with “monthly gross income and household size that matches the  
6 Federal Poverty Limit of 200% or less.” (OCA-III-30). (emphasis added). Moreover,  
7 when asked for all circumstances under which it would seek the income of customers,  
8 Peoples did not identify the application of cold weather protections as one such  
9 circumstance. (OCA-III-30). Moreover, when OCA asked Peoples for all circumstances  
10 in which customer income would be accessed, Peoples did not identify the application of  
11 cold weather protections as one such circumstance. (OCA-III-31). Instead, Peoples stated  
12 that it allows access only by customer service employees upon customer contact. (OCA-  
13 III-31). This response is consistent with Ms. Conley’s testimony that “the Company’s  
14 termination notices. . .advise the customers to contact the Company immediately so it can  
15 record their income and attempt to provide them with a repayment option.” (Company St.  
16 12-R, at 7). The PUC’s cold weather protection regulations, however, do not require a  
17 customer contact for the cold weather restrictions to apply. I conclude, therefore, that  
18 Peoples is not adequately implementing the PUC’s cold weather regulations.

19  
20 Moreover, I again note both the ineffectiveness of the written shutoff notices which  
21 Peoples issues, the complete lack of knowledge by Peoples on why its written shutoff  
22 notices are ineffective, and the complete failure of the Company’s rebuttal witness(es) to



1 engage or acknowledge the applicability of research explaining why a reliance on written  
2 shutoff notices is an ineffective means of customer communication.

3  
4 In sum, my recommendations regarding cold weather protections should be implemented.

5  
6 **Part 4. Response to Peoples witness Rita Black.**

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

9 A. In this section of my testimony, I respond to the Rebuttal Testimony of Rita Black  
10 (Company St. 13-R) to the extent that she addresses my Direct Testimony.

11  
12 **Q. PLEASE RESPOND TO MS. BLACK’S REBUTTAL TESTIMONY REGARDING**  
13 **THE IMPACT OF INCREASING THE RESIDENTIAL CUSTOMER CHARGE**  
14 **ON LOW-USE, LOW-INCOME CUSTOMERS.**

15 A. Ms. Black testifies that if the Company’s proposed rate increase “were more heavily  
16 weighted to the delivery charge rather than the monthly customer charge, CAP  
17 participants and other low-income customers with similar usage profiles would be more  
18 negatively impacted by the proposed increase than an average residential customer.”  
19 (Company St. 13-R, at 3 – 4). Ms. Black does not dispute, and certainly does not rebut,  
20 the observation that CAP customers disproportionately have higher usage than low-  
21 income customers generally, and that Peoples enrolls a very small proportion of its low-  
22 income population in CAP. As explained in my Direct Testimony, a comparison of the  
23 usage of CAP customers is not representative of low-income customers generally.

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Moreover, Ms. Black asserts three reasons which she states supports the conclusion that low-income customers will be higher use customers. She asserts that low-income customers are less likely to have newer high efficiency heating equipment and appliances; more likely to live in older and inefficient homes; and less likely to be homeowners with the ability to make energy saving home improvements. (Company St. 13-R, at 3). What Ms. Black does *not* do is to acknowledge the Company’s own admission that it has no study “which assesses, studies, or otherwise discusses the relationship, if any, between income and consumption.” (OCA-III-9).

Moreover, Ms. Black does not acknowledge that her testimony does not conflict with my Direct Testimony, in which I state that “While low-income households *tend to have less efficient energy consumption than do residential customers generally on a per square foot of housing basis*, because they live in much smaller housing units, they disproportionately tend to have lower overall natural gas consumption.” (OCA St. 4, at 9 – 10) (emphasis added). Instead, Ms. Black wishes to quit after asserting that low-income households “tend to have less efficient energy consumption than do residential customers generally.” She fails to extend her analysis to address the fact that notwithstanding the truth in that statement, for other reasons that she fails to acknowledge, let alone to rebut, total consumption is higher or lower.

**Q. PLEASE RESPOND TO MS. BLACK’S REBUTTAL TESTIMONY ABOUT THE IDENTIFICATION OF LOW-INCOME CUSTOMERS.**

1 A. Ms. Black cites a BCS publication for the proposition that “a confirmed low-income  
2 customer (CLI) is a customer whose gross household income has been verified as  
3 meeting the [federal poverty income guidelines.]” (Company St. 13-R, at 4). She asserts  
4 that “verified would indicate that the Company has validated the customer’s low-income  
5 status.” (Company St. 13-R, at 4). The PUC’s regulations quite explicitly define what a  
6 “confirmed low-income customer” is. The PUC’s regulation states quite clearly that the  
7 definition of a “confirmed low-income customer” includes “Accounts where the NGDC  
8 has obtained information that would reasonably place the customer in a low-income  
9 designation. This information may include. . .*self-certification by the customer.* . . .”  
10 (emphasis added). (52 Pa Code §62.2). Limiting the definition of “confirmed low-income  
11 customer” to receipt of a LIHEAP benefit, enrollment in CAP, or some other similar  
12 administrative process (e.g., LIURP eligibility determination), is simply not in  
13 compliance with this regulation.

14  
15 Ms. Black goes on to state that despite its seeming dual definition of “confirmed low-  
16 income customer,” “in practice, to ensure that customers who self-identify as low-income  
17 receive appropriate treatment, the Company accepts verbal income information to  
18 classify customers as low-income in compliance with the PUC’s regulation.” (Company  
19 St. 13-R, at 5). Ms. Black states that the Company accepts self-certification, for example,  
20 for purposes of waiving connection fees, waiving security deposits, negotiating payment  
21 plans, and determining amounts for restoration. (Company St. 13-R, at 5).

22

1 If, indeed, the Company's "practice" is to accept self-certification, that "practice" should  
2 be incorporated into Company tariffs. If the "practice" is in compliance with the  
3 regulation, the practice should be made enforceable by memorialization in tariff  
4 language.

5  
6 In making this recommendation, I agree with Ms. Black (and have made no proposal to  
7 the contrary) that programs such as CAP, LIURP, and the Emergency Furnace and Line  
8 Repair program require a different, and more stringent, verification of income. The  
9 purpose of my recommendation is to provide additional cold weather protections and the  
10 net for granting such protections should be cast more widely to ensure that low-income  
11 customers are protected as per the Commission's regulations. The programs cited by Ms.  
12 Black have income eligibility guidelines that are not governed by the PUC's definition of  
13 "confirmed low-income." The allowance of self-certification of income should be  
14 incorporated into tariff as I recommend in my Direct Testimony.

15  
16 **Q. PLEASE RESPOND TO MS. BLACK'S REBUTTAL TESTIMONY REGARDING**  
17 **CAP OUTREACH.**

18 A. Ms. Black responds to my proposals regarding CAP outreach by proposing to present the  
19 question of outreach, and the provision of a Plain English notice to customers prior to  
20 shutoff, to the Peoples Universal Service Advisory Group ("USAG"). With one  
21 exception, and two caveats, I accept her referral to the USAG as an appropriate  
22 resolution to the problems I identify in my Direct Testimony.

1 The first caveat is this: presenting a “topic for a USAG meeting” does not advance the  
2 resolution of the problems I identify, and which Ms. Black notably does not dispute,  
3 unless and until the Company agrees to some action steps resulting from the discussion.  
4 So long as the Company agrees that, subsequent to the discussion, it will present the  
5 recommendations of the USAG to the PUC in either its next round of comments  
6 regarding the Peoples Universal Service and Energy Conservation Plan (“USECP”), or its  
7 next base rate case, whichever comes first, allowing the Company to present the issue to  
8 USAG is appropriate.

9  
10 The second caveat is that the additional questions of: (1) why customers do not respond  
11 to written shutoff notices that inform customers in arrears of the need to contact the  
12 Company in order to avoid the disconnection of service; and (2) why customers do not  
13 successfully complete deferred payment agreements, should also be part of the USAG  
14 deliberations that arise from this rate case. The questions of CAP outreach and non-  
15 responsiveness to shutoff notices are not easily severable. And, as I note above, the  
16 Company freely admits that it does not know *why* customers do not make contact with  
17 the Company when advised to do so in written shutoff notices (OCA-III-36), and does  
18 not know why customers do not complete deferred payment agreements. (OCA-III-38).

19  
20 **Q. WHAT IS THE “EXCEPTION” THAT YOU RECOMMEND?**

21 A. My recommendation that confirmed low-income customers should not have service  
22 disconnected for nonpayment prior to receipt of a Plain English invitation to enroll in  
23 CAP in order to gain the benefits of arrearage forgiveness should be implemented

1 immediately with need to refer the recommendation to USAG. The extent to which  
2 Peoples disconnects service to confirmed low-income customers was fully documented in  
3 my Direct Testimony (OCA St. 4, at 23 – 24). The notion that confirmed low-income  
4 customers might *choose* to have service disconnected for nonpayment rather than to enroll  
5 in CAP (and have their arrears forgiven upon payment of more affordable bills) is a  
6 notion that Ms. Black has not advanced. This recommendation is not one that would be  
7 honed or substantively revised through a USAG discussion. The recommendation  
8 regarding CAP enrollment prior to confirmed low-income shutoffs should be  
9 implemented immediately.

10  
11 **Q. PLEASE RESPOND TO MS. BLACK’S REBUTTAL TESTIMONY REGARDING**  
12 **THIRD PARTY NOTIFICATIONS.**

13 A. Ms. Black again proposes to use the USAG as a means to address the question of how, if  
14 at all, third party notifications can be incorporated into the processes of Community  
15 Based Organizations (“CBOs”) who already work with the Company. With one caveat, I  
16 agree that this specific proposal (i.e., how CBOs can be incorporated into the Third Party  
17 Notification process) would be a reasonable resolution of my recommendations.

18  
19 The caveat I advance is that Peoples should incorporate the existence of Third Party  
20 Notification into its tariffs. Moreover, in that tariff language, as I recommended in my  
21 Direct Testimony (OCA St. 4, at 40 – 41), should make clear Peoples’ compliance with  
22 the PUC regulation. That regulation provides that Third Party Notification is to be

1 available for a wide range of Peoples’ actions that will affect the well-being of the  
 2 Company and the customer. The PUC’s regulation states that:

3 each public utility shall permit its customers to designate a consenting  
 4 individual or agency which is to be sent, by the public utility, *a duplicate*  
 5 *copy of reminder notices, past due notices, delinquent account notices or*  
 6 *termination notices of whatever kind* issued by that public utility. When  
 7 contact with a third party is made, the public utility shall advise the third  
 8 party of the pending action and the efforts which shall be taken to avoid  
 9 termination.

10  
 11 52 Pa. Code § 56.131 (emphasis added). The Regulation clearly places a disjunctive  
 12 “or” in front of the phrase “termination notices of whatever kind.” By its explicit terms,  
 13 the Regulation extends also to “reminder notices, past due notices, delinquent account  
 14 notices” *and other notices of whatever kind*.

15  
 16 Through such an immediate step, Third Party Notification would not only address  
 17 nonpayment, but would also help address the problem posed to Peoples by CAP  
 18 customers who do not recertify. Accordingly, I recommend that Peoples immediately  
 19 broaden its use of Third Party Notifications to the full extent allowed by the PUC’s  
 20 regulation. A customer should be allowed to authorize a Third Party Notification for any  
 21 collection-related or program participation-related notice otherwise issued to the  
 22 customer.

23  
 24 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

25 **A.** Yes it does.





**Docket No. R-2018-3006818**  
**Peoples Natural Gas Company LLC**  
**Data Requests**

**Respondent: Heather Doyle-Conley**

**OCA-III-19** Please provide a copy of all written documents, of any nature, including tariffs, staff training manuals and staff "procedures" manuals, that describe and provide a detailed description of those circumstances under which it is *inappropriate* to place residential customers on a levelized monthly (or budget) billing plan (e.g., whether there are months in which budget billing plans will not be commenced; whether there is a minimum period (e.g., 12 months) that a customer must have been a customer before entering into a budget billing plan; whether a customer in arrears may not enter into a budget billing plan. These examples should be construed as illustrative and not a comprehensive list of potential restrictions.)

**Response:** See attachment.

# Billing

## Billing Cycle Tidbits

- Due Date is 20 days from date bill is mailed
- Regular monthly bill 26 – 35 days

Check And Charge Since Your Last Bill	
Balance from last bill	\$36.02 CR
Payment on Dec 8, 2010 - Thank You	64.00 CR
Balance	\$102.02 CR
<b>Current Charges</b>	
Rate RS Residential	\$11.00
Customer Charge - 1 Month	
Delivery Charge	
12.2 MCF @ \$2.4946	30.43
Capacity Charge \$0.5318 per MCF	6.49
Commodity Charge \$6.2443 per MCF	63.98
Gas Cost Adjustment - \$0.2838 per MCF	3.49 CR
State Tax Surcharge Cr @ 1.96%	.60 CR
Total Current Charges	\$107.97
Total Amount Balance	\$17.97



## Budget Billing

- Based on 12 months of prior usage and weather conditions
- Billing the monthly average (annual cost divided by 12) allows customers to spread the cost of their natural gas throughout the year.
- Helps customers reduce the impact of winter heating bills (which can be 2 – 3 times the average bill)
- Budgets are adjusted for expected usage, weather, and rates, so the amounts will fluctuate. For this reason, budgets are reviewed routinely.
- There are two types of budget billing:
  - **Regular budget** (reviewed quarterly)
  - **Flat budget** (reviewed at end of budget year)
- **Important:** The budget amount is not a guaranteed level or limit on the gas bills.

## Reading the Meter

- Company attempts to read the meter at least every other month
- We cannot go more than six (6) estimated bills in a row without a read and no more than twelve (12) without an actual read. If read needed, we will start non-access termination process beginning with friendly request letters.
- Customers can enter a read through the IVR or through their e-Account

## CSR

### Levels of Authority

“Good Will” monetary adjustments:

- \$25 maximum
- Use discretion – adjustments are only given in special circumstances to satisfy the customer.
- Document well the reason for the adjustment. Also document the manager or supervisor that approved the adjustment if it was over \$25.

Allow LPC holds:

- Good Pay customers only



The Residential Budget Formula is . . .  

$$\text{Annual MCF} / 12 \times \text{Current Rates} + \text{Customer Charge} = \text{Budget (rounded to the nearest dollar)}$$

### Example

MCF 12 month total	119.8
Divide by 12 =	10.0
Times current rate	\$9.3449
Plus monthly service charge	\$13.95
Rounded =	\$107.00

Budget plans are based on historic usage. If usage is not available, it will be based on the usage of a similar dwelling.

Before setting up on a Budget plan, the account cannot have arrears of 30 days or more.

**Docket No. R-2018-3006818**  
**Peoples Natural Gas Company LLC**  
**Data Requests**

**Respondent: Heather Doyle-Conley**

**OCA-III-19** Please provide a copy of all written documents, of any nature, including tariffs, staff training manuals and staff "procedures" manuals, that describe and provide a detailed description of those circumstances under which it is *inappropriate* to place residential customers on a levelized monthly (or budget) billing plan (e.g., whether there are months in which budget billing plans will not be commenced; whether there is a minimum period (e.g., 12 months) that a customer must have been a customer before entering into a budget billing plan; whether a customer in arrears may not enter into a budget billing plan. These examples should be construed as illustrative and not a comprehensive list of potential restrictions.)

**Response:** See attachment.

# Billing



## Billing Cycle Tidbits

- Due Date is 20 days from date bill is mailed
- Regular monthly bill 26 – 35 days

<b>Credits And Charges Since Your Last Bill</b>	
Balance from last bill	\$38.02 CR
Payment on Dec 8, 2010 - Thank You	64.00 CR
<b>Balance</b>	<b>\$102.02 CR</b>
<b>Current Charges</b>	
Rate RS Residential	\$11.00
Customer Charge - 1 Month	
Delivery Charge	
12.2 MCF @ \$2.4046	30.43
Capacity Charge \$0.5318 per MCF	6.48
Commodity Charge \$5.2443 per MCF	83.88
Gas Cost Adjustment - \$0.2938 per MCF	3.48 CR
State Tax Surcharge Cr @ 1.06%	.80 CR
<b>Total Current Charges</b>	<b>\$197.07</b>
<b>Total Amount Due</b>	<b>\$85.05</b>

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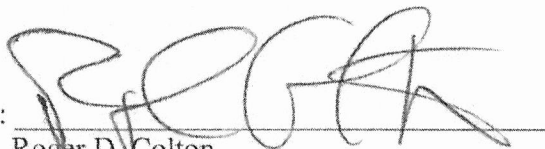
BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

VERIFICATION

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

Signature: \_\_\_\_\_



Roger D. Colton  
Fisher, Sheehan & Colton  
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Belmont, MA. 02478  
roger@fsconline.com

DATED: June 12, 2019  
\*274199