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October 16, 2020

via Electronic Mail

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor
P.O. Box 3265
Harrisburg, PA 17105-3265

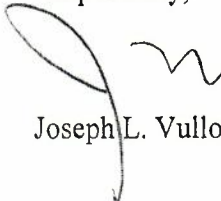
RE: Pennsylvania Public Utility Commission v. Columbia Gas of Pennsylvania, Inc.
Docket No. R-2020-3018835

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Community Action Association's Main Brief in the above-referenced matter.

Copies of this letter and the Brief are being served on the Administrative Law Judge and the parties of record as evidenced in the attached Certificate of Service. Pursuant to the Commission's Emergency Order issued on March 20, 2020, and as indicated on the attached Certificate of Service, service on the parties was accomplished by email only.

Respectfully,



Joseph L. Vullo

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cc: Certificate of Service

PENNSYLVANIA PUBLIC UTILITY COMMISSION V. COLUMBIA GAS OF
PENNSYLVANIA, INC.

DOCKET NUMBER: R-2020-3018835

MAIN BRIEF OF INTERVENOR
COMMUNITY ACTION ASSOCIATION OF PENNSYLVANIA

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I. Introduction

This brief is submitted on behalf of the Community Action Association of Pennsylvania (CAAP). CAAP is a statewide association of local community action agencies in Pennsylvania. CAAP's membership covers each of the counties in Columbia Gas's (Company) service territory. An integral part of CAAP's mission is to advocate for the low-income population of Pennsylvania.

CAAP Statement No. 1, p. 1.

CAAP intervened in this case to address the Company's low-income programs as well to address certain aspects of its proposed rate design and overall request for a rate increase. CAAP submitted CAAP Statement No. 1, the direct testimony of Susan A. Moore and CAAP Statement No. 1-R, the rebuttal testimony of Ms. Moore. Ms. Moore is CAAP's Chief Executive Officer.

This Brief will not address all of the issues in the outline set forth below but will address the issues of interest to the clients, low-income individuals, of CAAP's member organizations.

II. Summary of Argument

CAAP has intervened in numerous rate cases, including the last rate case filed by this Company. CAAP has never taken a position in those prior cases as to whether a requested rate increase should be granted. However, in this case CAAP is contending that the Company's request for a rate increase should not be granted. CAAP takes this position because of the COVID-19 pandemic and the impact it has had. That impact is continuing, and, at the time of this submission, cases are on the rise in the United States and in this Commonwealth, with all indications that the virus and its impact will continue for some time. A large part of the impact has been economic and low-income individuals have been hit particularly hard. The pandemic is an unusual event, hopefully

a once in a lifetime event, and as such should compel the Commission to take the unusual step of denying this request for a rate increase.

Should a rate increase be granted the Company should be required to provide measures that would allow its low-income ratepayers the ability to lessen their utility costs through conservation. In particular, the Company's request to increase its fixed monthly residential customer charge should be denied as such an increase in a fixed charge would lessen a low-income ratepayer's ability to conserve energy and therefore reduce their bill. Additionally, should a rate increase be granted there should be increases in funding in the Company's universal service programs. Should a rate increase be granted, these additional measures that would allow a low-income customer to conserve energy and lessen their bill would be necessary to make any rate increase 'just and reasonable.'

III. Overall Position on Rate Increase

As indicated above CAAP opposes a rate increase in this case. Section 1301(a) provides in relevant part that:

Every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable, and in conformity with regulations or orders of the commission.

66 Pa. C.S. §1301(a). Generally, the requirement that utility rates be just and reasonable mandates that proposed rates do not unreasonably benefit the utility's investors at expense of utility ratepayers.

Popowsky v. Pennsylvania Public Utility Com'n, 669 A.2d 1029, Cmwlt.1995, appeal granted in part 680 A.2d 1165, 545 Pa. 657, reversed in part 706 A.2d 1197, 550 Pa. 449. The Commission has broad discretion in determining whether rates are reasonable. **Popowsky v. Pennsylvania Public Utility Com'n**, 683 A.2d 958 (Cmwlt.1996).

CAAP contends that any rate increase would not be just and reasonable at this time due to the drastic economic impact of the COVID-19 pandemic. As of the week ending October 4, 2020, the Pennsylvania Department of Labor statistics show that 2,208,298 Pennsylvanians have filed initial claims for unemployment compensation benefits since March 15, 2020.¹ As things stand now, the ongoing course of this virus and its corresponding economic impacts will certainly continue for some time.

Under the Company's proposal a typical residential customer using an average of 70 therms per month will see their bill increase from \$87.57 to \$103.19, an increase of 17.84%. That is a significant increase under any economic conditions, but particularly difficult under the current and continuing circumstances. Further, the Company has 404,910 residential customers and estimates that nearly 25% of them, or 97,268 are low-income. **CAAP Stmt. No. 1, p. 3.** A rate increase of nearly 18% imposed upon the nearly 25,000 low-income customers would be particularly devastating to that customer class.

In its September 2019 Order in regard to the **2019 Amendments to Policy Statement on Customer Assistance Program, 52 Ps Code §§69.261-69.267 (M-2019-30112599)**, the Commission reduced the maximum energy burden under a utility's Customer Assistance Program. The Commission found that the percentage of income spent on energy for low-income customers was too high and thus the Commission reduced the maximum energy burden for low-income customers under CAP. It is important to note that the reduction in the maximum energy burden was based on economic data that predated the COVID-19 pandemic and its resulting economic impacts. Its logical to conclude that the energy burden for residential ratepayers has increased with the loss of

¹ <https://www.uc.pa.gov/COVID-19/Pages/UC-Claim-Statistics.aspx>

income due to the pandemic and would only be exacerbated for the Company's residential customers should a rate increase be granted in this case.

IV. Rate Base

CAAP will not be setting forth legal argument under Part IV and its subparts in its Main Brief but reserves the right to address those issues in a Reply Brief.

- A. Plant in Service FPFTY Plant Additions**
- B. Cloud-Based Computing**
- C. Depreciation Reserve**
- D. ADIT**

V. Revenue

CAAP will not be setting forth legal argument under Part V in its Main Brief but reserves the right to address those issues in a Reply Brief.

VI. Expenses

CAAP will not be setting forth legal argument under Part VI and its subparts in its Main Brief but reserves the right to address those issues in a Reply Brief.

- A. Labor Expense**
 - 1. Annualization Adjustment**
 - 2. Employee Complement**

- B. Other Employee Benefits**
- C. Incentive Compensation and Stock Rewards**
- D. PUC, OCA, OSBA Fees**
- E. Rate Case Expense**
- F. Outside Services**
- G. Other Adjustments**
 - 1. Adjustments for Safety Initiatives**
 - a) Cross Bore Identification
 - b) Gas Qualification Specialists
 - c) Legacy Service Line Records
 - d) Customer-owned Field Assembled Riser Replacement
 - 2. Compensation Adjustments**
- H. Depreciation Expense**

VII. Taxes

CAAP will not be setting forth legal argument under Part VII and its subparts in its Main Brief but reserves the right to address those issues in a Reply Brief.

- A. Taxes Other Than Income Taxes**
- B. Income Taxes**

VIII. Rate of Return

CAAP will not be setting forth legal argument under Part VIII and its subparts in its Main Brief but reserves the right to address those issues in a Reply Brief.

- A. Introduction**
- B. Capital Structure Ratios**
- C. Debt Cost Rate**
- D. Return on Common Equity**
 - 1. Columbia Proposal**
 - 2. Other Parties' Proposals**
 - 3. Increment for Management Effectiveness**

IX. Miscellaneous Issues

CAAP will not be setting forth legal argument under Part IX and its subparts A(1-3) in its Main Brief but reserves the right to address those issues in a Reply Brief.

- A. Low-Income Customer Issues**
 - 1. Customer Assistance Program**
 - 2. Low-Income Customer Outreach**
 - 3. Health and Safety Pilot**
 - 4. LIURP**

The Natural Gas Choice and Competition Act requires the Commission to continue, at a minimum, the universal service and energy affordability policies, practices, and services affecting low-income households that were in existence as of the effective dates of the Act. **66 Pa. C.S. §2802(10)**.

The Natural Gas Choice and Competition Act defines “universal service and energy conservation” as the policies, practices, and services that help low-income customers maintain utility service. The Act ties the affordability of natural gas service to a customer's ability to maintain utility

service, the Act does not specifically define the term “affordable” as it relates to the provision of natural gas services to customers.

LIURP is a universal service program designed to help low-income residential customers conserve energy. The stated goal of LIURP is to assist low-income residential customers to reduce energy bills through usage reduction programs and, as a result, make bills more affordable and increase payment behaviors for economically vulnerable consumers. **52 Pa. Code § 58.1.**

The Commission has also found great value in LIURP programs by stating:

“The Commission finds that LIURP has been one of the Commonwealth’s most successful programs for assisting low income customers. The Commission has found that LIURP reduces bad debt by reducing customers' bills. Customers who receive LIURP services are able to pay their entire bill plus contribute to their arrearage.”

PUC Order on Duquesne Light’s Restructuring, R-00974104, page 293.

The Company’s LIURP program, is the WarmWise program. Annual funding for WarmWise for the years 2020 and 2021 is set at \$4,875,000. Pursuant to the settlement reached in its 2018 rate case the parties agreed not to propose any increase in the LIURP budget prior to the end of the 2021 program year. **CAAP Stmt No. 1, p. 5.** CAAP will certainly abide by that agreement; however, for the period beyond 2021 CAAP believes that should a rate increase be granted then more funding is needed to begin to address the great need for LIURP services in the Company’s service territory.

CAAP is proposing increased funding for LIURP because there is an unmet need for LIURP services. In its most recent Universal Service and Energy Conservation Plan filing (M-2018-2645401) the Company estimates that it serves 101,375 low-income households with 67,659 confirmed as low-income. In discovery responses in this case the Company estimates that it serves 97,268 low-income households with 68,534 confirmed as low-income as of May 2020. In its USECP the Company estimated that there were 18,647 households eligible for LIURP services. The

Company completed 497 LIURP jobs in 2019 and 94 jobs from January to March 2020. **CAAP Stmt. No. 1, p 6.**

This combination of over 18,000 customers eligible for LIURP and what may be a significant rate increase, requires an increase in LIURP funding. Further, the current level of LIURP funding did not account for this anticipated rate increase. It is difficult to imagine how the current LIURP budget can be considered appropriately funded and help a ratepayer maintain utility service should a rate increase be granted without an increase in LIURP funding.

With over 18,000 customers in need of LIURP services it is clear that there is a great need for those services. CAAP is recommending that, should a rate increase be granted, the number of customers served annually be increased from the 540 targeted to 600 and with an average LIURP cost of approximately \$7,000, CAAP is recommending additional annual LIURP funding of \$420,000 beginning in the 2022 program year.

5. Hardship Fund

CAAP recommends that the Company's hardship fund be increased from \$675,000 to \$800,000 annually with the Company contributing what is necessary to reach that funding level after customer contributions. Although modest in comparison to other universal service funding, the proposal will help customers deal with a rate increase in these difficult economic times.

CAAP is also recommending that hardship funding be distributed in accordance with the percentage of low-income customers in the counties served by the Company.

B. Pipeline Replacement Issues

CAAP will not be setting forth legal argument under Part IX subparts B(1-4) in its Main Brief but reserves the right to address those issues in a Reply Brief..

1. DIMP

2. **Pipeline Replacement**
3. **Pipeline Replacement Costs**
4. **Risk Reduction**

X. Rate Structure

CAAP will not be setting forth legal argument under Part X subparts A through C in its Main Brief but reserves the right to address those issues in a Reply Brief.

- A. Introduction**
- B. Cost of Service**
- C. Revenue Allocation**
 1. **Proposed Revenue Allocation and Alternatives**
 2. **Flex Customers**
 3. **Allocation of Universal Service Costs**
- D. Rate Design**
 1. **Residential Rate Design**
 - a) Residential Customer Charge

The Company is proposing to increase the fixed monthly charge from \$16.75 to \$23, an increase of over 37%. CAAP opposes any increase to the fixed monthly customer charge and certainly opposes such a significant increase. The more a consumer's bill is comprised of fixed charges, the less motive, and opportunity, the consumer has to reduce consumption and therefore save money. One of the only defenses a family, particularly a poor family, has against increases in energy costs is to conserve – lower the thermostat, seal air leaks, change filters regularly, add more insulation, get a more efficient heating unit, etc. The Company's proposal to increase that fixed cost

would negatively impact a customer's motive to conserve and the ability to save money. For reasons explained below that negative impact on a customer's motive to conserve and the ability to save money would be compounded should the Company's proposed Revenue Normalization Adjustment (RNA) be approved.

b) Weather Normalization Adjustment

CAAP will not be setting forth legal argument under this subpart in its Main Brief but reserves the right to address those issues in a Reply Brief.

c) Revenue Normalization Adjustment

CAAP does not support the proposed Revenue Normalization Adjustment (RNA) for many of the same reasons it opposes an increase to the fixed monthly customer charge-CAAP believes that it will have a negative impact on a low-income customers' ability and motive to conserve. The RNA would allow the Company to recover revenue on a per customer basis and not on a usage basis and that would lessen a low-income customer's ability and motive to reduce their bill through conservation. Additionally, because of the 'lag time' in the adjustment to rates a customer would not see the connection between reducing consumption and a reduced bill. For example, a customer may see his bill increase due to a revenue normalization adjustment even after making efforts at conserving or after having conservation measures installed. Further, low usage residential customers would be in part subsidizing high usage residential customers and that would have a negative impact on low-income customers trying to reduce their bills through conservation efforts.

2. Small C&I Customer Rate Design

CAAP will not be setting forth legal argument under this subpart in its Main Brief but reserves the right to address those issues in a Reply Brief.

3. Large C&I Customer Rate Design

CAAP will not be setting forth legal argument under this subpart in its Main Brief but reserves the right to address those issues in a Reply Brief.

4. Gas Procurement Charge Rider

CAAP will not be setting forth legal argument under this subpart in its Main Brief but reserves the right to address those issues in a Reply Brief.

E. Bill Impacts

CAAP will not be setting forth legal argument under this subpart in its Main Brief but reserves the right to address those issues in a Reply Brief.

XI. Conclusion

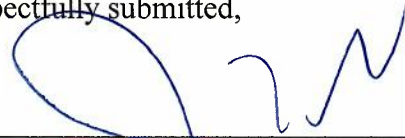
Based upon the above cited law and argument CAAP is contending that the Company's request for a rate increase should be denied.

Should a rate increase be granted CAAP is recommending the following:

1. That the Company's request to increase the fixed monthly residential customer charge be denied;
2. Should a rate increase be granted that annual funding for LIURP be increased beginning in program year 2022 to \$5,295,000 annually and that any unused funds be carried over and added to the following year's funding;
3. That the Company's funding for its Hardship program be increased to \$800,000 and distributed in accordance with the percentage of low-income customers in the counties served by the Company; and

4. That the Company's RNA proposal be denied.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'JV', is written over a horizontal line.

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2020-3018835
	:	
Columbia Gas of Pennsylvania, Inc.	:	

CERTIFICATE OF SERVICE

The undersigned certified that he served a copy of the Community Action Association of Pennsylvania’s Brief upon the following participants this 16th day of October, 2020, via electronic mail:

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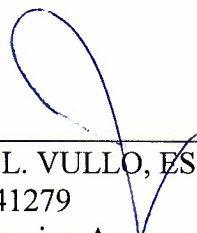
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