



October 16, 2020

VIA Email and USPS Mail

Honorable Katrina L. Dunderdale
c/o Hebron Presbyterian Church
10460 Frankstown Road
Pittsburgh, PA 15235
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Re: Pennsylvania Public Utility Commission v. Columbia Gas of Pennsylvania, Inc.
Docket No. R-2020-3018835

Dear Judge Dunderdale:

Enclosed, please find the **Main Brief of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** in the above noted proceeding.

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. A Microsoft Word version of this testimony will be submitted to Your Honor electronically.

Respectfully,

A handwritten signature in black ink that reads "John W. Sweet". The signature is written in a cursive style with a horizontal line above the name.

John W. Sweet, Esq.
Counsel for CAUSE-PA

CC: *Secretary Rosemary Chiavetta (Via E-File)*
Certificate of Service

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

Certificate of Service

I hereby certify that I have this day served copies of the **Main Brief of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54 and consistent with the Commission’s March 20 Emergency Order at Docket M-2020-3019262.

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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. :

**Main Brief of
the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania**

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October 16, 2020

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
	A. Background and Procedural History.....	2
	B. Legal Standards and Burden of Proof.....	4
II.	SUMMARY OF ARGUMENT.....	4
III.	OVERALL POSITION ON RATE INCREASE	6
IV.	RATE BASE.....	11
V.	REVENUE.....	11
VI.	EXPENSES.....	11
VII.	TAXES	11
VIII.	RATE OF RETURN.....	11
IX.	MISCELLANEOUS ISSUES.....	11
	A. Low-Income Customer Issues	11
	1. Customer Assistance Program	11
	2. Low-Income Customer Outreach.....	20
	3. Health and Safety Pilot	24
	4. LIURP	27
	5. Hardship Fund.....	27
	B. Pipeline Replacement Issues.....	28
X.	RATE STRUCTURE.....	28
	A. Introduction.....	28
	B. Cost of Service	28
	C. Revenue Allocation.....	29
	1. Proposed Revenue Allocation and Alternatives	29
	2. Flex Customers	29
	3. Allocation of Universal Service Costs.....	29
	D. Rate Design.....	38
	1. Residential Rate Design.....	38
	2. Small C&I Customer Rate Design.....	42
	3. Large C&I Customer Rate Design.....	42

4. Gas Procurement Charge Rider 43
E. Bill Impacts43
XI. CONCLUSION 46

APPENDIX A: CONCLUSIONS OF LAW

APPENDIX B: FINDINGS OF FACT

APPENDIX C: ORDERING PARAGRAPHS

TABLE OF AUTHORITIES

Pennsylvania Commonwealth and Supreme Court Cases

Lloyd v. Pa. PUC, 904 A.2d 1010 (Pa. Commw. Ct. 2006). 33, 38
MEIUG v. Pa. PUC, 960 A.2d 189 (2008). 38
Pa. Elec. Co. v. Pa. PUC, 509 Pa. 324, 502 A.2d 130 (1985). 6
Pa. PUC v. Pa. Gas & Water Co., 492 Pa. 326, 424 A.2d 1213 (1980), cert. denied, 454 U.S. 824,
102 S. Ct. 112, 70 L. Ed. 2d 97 (1981). 4, 6
Pa. PUC v. Philadelphia Electric Co., 522 Pa. 338, 561 A.2d 1224 (1989). 4, 6
Popowsky v. PUC, 665 A.2d 808, 542 Pa. 99, (1995). 4, 6

Statutes

66 Pa. C.S. § 1301. 4
66 Pa. C.S. § 2202. 10, 16, 32, 33
66 Pa. C.S. § 2203. 10, 16, 32, 33
66 Pa. C.S. § 2206. 32
66 Pa. C.S. § 315. 4

Formal Policy Statements

52 Pa. Code § 69.265 10, 11, 17

Pennsylvania Public Utility Commission - Orders and Other Documents

2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261-
69.267, Final CAP Policy Statement and Order, Docket No. M-2019-3012599 (Nov. 5, 2019).
. 12, 13, 15, 16, 17, 18, 20, 33, 34, 37
Columbia Universal Service and Energy Conservation Plan for 2019-2023, Letter, Docket No.
M-2018-2645401 (Feb. 20, 2020). 15
Emergency Order Re Suspension of Regulatory and Statutory Deadlines; Modification to Filing
and Service Requirements, Docket No. M-2020-3019262 (Emergency Order). 2
Energy Affordability for Low-income Customers, Order, Docket No. M-201702587711 (Jan. 17,
2019). 16
Pa. PUC v. PGW, Final Order, Docket No. R-2017-2586783 (Nov. 8, 2017). 34
Pa. PUC v. Columbia Gas of Pa., Inc., CAUSE-PA St. in Support of Joint Pet. for Partial
Settlement, Docket No. R-2018-2647577 (Aug. 31, 2018). 14
Pa. PUC v. Columbia Gas of Pa., Inc., Joint Pet. for Partial Settlement, Docket No. R-2018-
2647577 (filed Aug. 31, 2018). 14
Peoples Natural Gas Company LLC Addendum to Universal Service and Energy Conservation
Plan, M-2014-2432515; M-2018-3003177 (filed January 6, 2020) 13
Petition for Expedited Approval of PGW’s Letter Request to Amend its Universal Service and
Energy Conservation Plan Pursuant to the 2019 Amendments to the Policy Statement, Docket
No. M-2019-3012599, P-2020-3018867. 13
Petition of UGI Utilities, Inc to Amend its Universal Service and Energy Conservation Plan, M-
2019-3014966, P-2020-3019196. 13

<u>Proclamation of Disaster Emergency pursuant to Section 7301(c) of the Emergency Management Services Code, 35 Pa. C.S. §§ 7101, et seq.</u>	2
Temporary Reporting Requirements: At-Risk Accounts, <u>Report of Columbia Gas of Pa., Inc.</u> , Docket No. M-2020-3019244 (Oct. 15, 2020).	9
Universal Service and Energy Conservation Plan (USECP) Filing Schedule and Independent Evaluation Filing Schedule, <u>Order</u> , Docket No. M-2019-3012601 (Oct. 3, 2019).	15

Other Authorities

<u>Order of the Governor of the Commonwealth of Pennsylvania Regarding the Closure of All Businesses That Are Not Life Sustaining</u> , as amended	2
<u>Order of the Secretary of the Pennsylvania Department of Health Regarding the Closure of All Businesses That Are Not Life Sustaining</u> , as amended.	2
Pa. Dept. of Human Services, <u>Low-Income Home Energy Assistance Program Final State Plan, Fiscal Year 2021 (2020)</u>	17
2015 ORS § 757.612(7)	37
4 CCR 723-3, § 3412(g) (Colorado).....	37
<u>Amendments to Consumer Protections Standards for Electric and Gas Transmission and Distribution Utilities (Chapter 815) and Statewide Low-income Assistance Plan (Chapter 314), No. 2013-00228, Order (Me P.U.C. July 17, 2013)</u>	37
Cal. Pub. Util. Code § 382.	37
Illinois Energy Assistance Act (the "IEAA"), 305 ILCS 20/18.....	37
NJ Rev. Stat. § 48:3-60.....	37
Ohio Rev. Code § 4928.52.....	37
<u>Order Adopting Low-income Program Modifications and Directing Utility Filings</u> , NY Pub. Service Comm’n Docket No. 14-M-0565 (May 20, 2016)	37
<u>Re Investigation into Percentage of Income Payment Program, No. 16-254, Order (Or. P.U.C. July 6, 2016)</u>	37
<u>Re Statewide Low-Income Electric Assistance Program</u> , 87 NH PUC 349, 218 P.U.R.4th 442 (N.H. PUC 2002)	37

I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its counsel at the Pennsylvania Utility Law Project, files this Main Brief in support of its positions, and the recommendations advanced by CAUSE-PA's expert witness Mitchell Miller. Mr. Miller made recommendations regarding the effects of Columbia Gas of Pennsylvania, Inc.'s (Columbia, CPA, or the Company) proposed rate increase on low- and moderate-income consumers and the critical need for improvements to Columbia's low-income programming to ensure that rates are reasonably affordable for economically vulnerable consumers.

Due to the economic impact and uncertainty caused by the current COVID-19 pandemic, and for the reasons explained below, CAUSE-PA urges the Honorable Administrative Law Judge (ALJ) Katrina Dunderdale and the Pennsylvania Public Utility Commission (Commission) to deny Columbia's proposed rate increase in its entirety.

To address critical affordability issues at existing rates – and especially in the event any rate increase is approved – CAUSE-PA urges the Commission to take the following steps to ensure that low-income consumers are protected from categorical rate unaffordability and corresponding inaccessibility of service for economically vulnerable Pennsylvanians, and to protect against the erosion of savings achievable through careful conservation and energy efficiency:

- Reduce the maximum energy burden for Columbia's percentage of income CAP rate customers to an affordable rate, consistent with the Commission's maximum energy burden standards;
- Require Columbia to develop a plan to reach 50% CAP enrollment by 2025;
- Increase funding for Columbia's Health and Safety Pilot Program budget by \$600,000 per year, and extend the program until 2023 to serve identified need;
- Reject Columbia's proposal to increase its fixed Residential customer charge;
- Reject Columbia's proposed Rider RNA; and

- Require Columbia to recover Universal Service program costs equitably from all rate classes.

CAUSE-PA stands by its position that it is inappropriate to raise rates for basic human needs – like heat, hot water, and cooking fuel – in the midst of one the most severe public health and economic crises in history. Critical reforms are necessary to ensure that natural gas service is universally accessible and affordable to all those who reside in Columbia’s service territory – both at existing and proposed rates.

A. Background and Procedural History

On February 19, 2020, Columbia submitted its Notice of Intent to file data and testimony in support of its proposed general base rate increase on or about March 20, 2020.

On March 6, 2020, the Governor of the Commonwealth of Pennsylvania, Tom Wolf, issued a Disaster Declaration pursuant to Section 7301(c) of the Emergency Management Services Code to address the exigencies created by the COVID-19 global pandemic.¹

On March 19, 2020, the Governor’s Office issued an order closing all businesses that were not life sustaining.²

On March 20, 2020, the Commission issued an Emergency Order suspending statutory deadlines and modifying filing and service requirements and providing guidance on the conduct of Commission proceedings during the pendency of the COVID-19 disaster emergency.³

¹ Proclamation of Disaster Emergency pursuant to Section 7301(c) of the Emergency Management Services Code, 35 Pa. C.S. §§ 7101, et seq. (Disaster Declaration)

² See Order of the Governor of the Commonwealth of Pennsylvania Regarding the Closure of All Businesses That Are Not Life Sustaining, as amended; see also Order of the Secretary of the Pennsylvania Department of Health Regarding the Closure of All Businesses That Are Not Life Sustaining, as amended.

³ Emergency Order Re Suspension of Regulatory and Statutory Deadlines; Modification to Filing and Service Requirements, Docket No. M-2020-3019262 (Emergency Order).

On March 24, 2020, Columbia filed for a waiver of 52 Pa. Code § 53.52(b)(2), requesting a thirty-day extension for Columbia to file data and testimony in support of its proposed increase in base rates on or before April 28, 2020.

On April 24, 2020, Columbia Gas of Pennsylvania, Inc. (Columbia) filed Supplement No. 307 to Tariff Gas Pa. P.U.C. No. 9 with an effective date of January 23, 2021.

On April 27, 2020, I&E filed a Notice of Appearance. The OSBA and the OCA filed formal complaints on May 4, 2020 and May 5, 2020, respectively.

On May 18, 2020, CAUSE-PA filed a petition to intervene in this proceeding. The Community Action Association of Pennsylvania (CAAP), and the Columbia Industrial Intervenors (CII) also filed Petitions to Intervene on May 14, 2020 and May 29, 2020, respectively.

On June 3, 2020, a telephonic prehearing conference was held with ALJ Dunderdale presiding. On June 12, 2020, the ALJ Dunderdale issued a Prehearing Order granting the petitions to intervene of CAUSE-PA, CAAP, and CII.

On September 24, 2020, the ALJ Dunderdale conducted the evidentiary hearing. Various parties identified and moved to admit evidence in the form of written statements and exhibits. CAUSE-PA sponsored the expert testimony of Mitchell Miller, former Director of the Commission's Bureau of Consumer Services. (CAUSE-PA St. 1; CAUSE-PA St. 1-SR). Mr. Miller's testimony detailed the impact of the COVID-19 pandemic on low and moderate income consumers in Columbia's service territory and the deep economic uncertainty surrounding the current COVID-19 pandemic. He discussed the categorical unaffordability of current and proposed rates, and the failure of Columbia's universal service programs to remediate that unaffordability,

and offered comprehensive recommendations for how Columbia could improve affordability of current rates and mitigate anticipated unaffordability of any additional approved rate increase.

On September 25, 2020 ALJ Dunderdale issued a Post-Hearing Order indicating the main briefs are due October 16, 2020 and Reply Briefs are Due October 30, 2020.

B. Legal Standards and Burden of Proof

The Commission has a “duty to set ‘just and reasonable’ rates, reflecting a ‘balance of consumer and investor interests.’”⁴ In determining just and reasonable rates, the PUC has discretion to determine the proper balance between interests of ratepayers and utilities.⁵ Pursuant to section 315 of the Public Utility Code, the burden of proving that a rate proposal is just and reasonable rests on the public utility.⁶

II. SUMMARY OF ARGUMENT

It is both unjust and unreasonable to raise rates on natural gas service during the current COVID-19 pandemic as the pandemic is still unfolding and Pennsylvania’s economic future is uncertain at best. This pandemic has taken an especially heavy toll on both the economic and public health of low-income and minority households. There were already too many households who struggled to afford service before the pandemic and the breadth and severity of poverty are currently growing at alarming rates. Raising rates on natural gas service, which is necessary for heat and hot water – both of which are essential to curbing the spread of COVID-19 – would lead to increase terminations and exacerbate the public health risk prolonging both the duration of the pandemic and the economic recovery therefrom.

⁴ Popowsky v. PUC, 665 A.2d 808, 811, 542 Pa. 99, 107-108 (1995); 66 Pa. C.S. § 1301.

⁵ Id., citing Pa. PUC v. Philadelphia Electric Co., 522 Pa. 338, 342-43, 561 A.2d 1224, 1226 (1989); Pa. PUC v. Pa. Gas & Water Co., 492 Pa. 326, 337, 424 A.2d 1213, 1219 (1980), cert. denied, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981))

⁶ 66 Pa. C.S. § 315.

Moreover, and as discussed throughout, steps must be taken to address unaffordability at existing and proposed rates. The Commission has already determined that Columbia's existing CAP rates are unreasonable and unaffordable, and must require Columbia to adopt the revised maximum CAP energy burdens in its most recent CAP Policy Statement – consistent with Columbia's agreement to do in its last base rate case. The Commission must also require Columbia to increase its CAP enrollment, which has been stagnant for over a decade. Finally, to help alleviate the particularly harsh financial impact on low income customers that are unable to control their usage as a result of inadequate housing or equipment, Columbia should improve the reach of its LIURP and Health and Safety Pilot program.

In addition to universal service program reforms, the Commission should not approve Columbia's proposals to impose rate mechanisms that undermine the ability for consumers to save energy and money through careful conservation and the adoption of energy efficiency measures. Specifically, the Commission should deny Columbia's proposed Rider RNA and increased fixed customer charge, both of which contradict the Commission's stated policy goals and ratepayer investments by undercutting low-income customers' ability to reduce bills through LIURP.

Finally, the Commission should require Columbia to recover universal service across all rate classes. Nonresidential customers both benefit from and contribute to the need for these public purpose programs, and should be required to equitably contribute to ensure the programs are adequately funded to provide just and reasonable rates for economically vulnerable consumers.

III. OVERALL POSITION ON RATE INCREASE

As CAUSE-PA witness Mitchell Miller explained in his direct testimony, now is not the time to raise rates. COVID-19 is one of the most severe health and economic crises in history and has substantially impacted Pennsylvania's low-income and minority populations. (CAUSE-PA St. 1 at 7-8, 41-42). Given the current state of the economy and the uncertainty surrounding the Commonwealth's path to recovery, it is inappropriate to raise rates for natural gas, which is necessary for heat and hot water, both of which are vital to curbing the spread of the pandemic. (CAUSE-PA St. 1-SR at 4).

The Commission a "duty to set 'just and reasonable' rates, reflecting a balance of consumer and investor interests."⁷ In determining just and reasonable rates, the PUC has discretion to determine the proper balance between interests of ratepayers and utilities.⁸ "[T]he PUC is obliged to consider broad public interests in the rate-making process."⁹

[T]he term "just and reasonable" was not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulation but rather to confer upon the regulatory body the power to make and apply policy concerning the appropriate balance between prices charged to utility customers and returns on capital to utility investors consonant with constitutional protections applicable to both.¹⁰

In the midst of one of the most serious economic crises in American history, Columbia has proposed to increase its rates by approximately \$100.4 million per year, which would be approximately 17.54% above present revenues. (CPA St. 1 at 6). In his direct testimony, CAUSE-PA witness Mitchell Miller recommended against raising rates in the midst of the COVID-19 pandemic. (CAUSE-PA St. 1 at 7-9). He explained that, "[I]t is clear that the pandemic will have

⁷ Popowsky v. Pa. PUC, 542 Pa. 99, 107-108 (1995) (emphasis added); 66 Pa. C.S. § 1301.

⁸ Id. citing Pa. PUC v. Philadelphia Electric Co., 522 Pa. 338, 342-43, 561 A.2d 1224, 1226 (1989); Pa. PUC v. Pa. Gas & Water Co., 492 Pa. 326, 337, 424 A.2d 1213, 1219 (1980), cert. denied, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981)).

⁹ Id. citing Pa. Elec. Co. v. Pa. PUC, 509 Pa. 324, 331, 502 A.2d 130, 134 (1985).

¹⁰ Id.

deep and lasting impacts on our economy that cannot be accurately assessed or accounted for in the context of this rate proceeding.” (Id. at 8). He further explained:

As a foundational principle, I do not believe that rates are just and reasonable if they are not also reasonably affordable for those seeking service. Right now, given the far-ranging economic uncertainty associated with the pandemic and its impact on poverty rates and rate affordability in Columbia’s service territory and across the state, it is impossible to reasonably assess whether consumers will be able afford the Company’s natural gas service if its rates were to increase. Thus, until we can more precisely understand the economic impact of the pandemic on local communities and individuals, I do not believe it is appropriate for the Commission to approve any increase in rates. Rather, I recommend that the Commission deny Columbia’s proposed rate request in its entirety. (Id.)

In the early stages of the pandemic, Pennsylvania’s unemployment claims rose from 15,439 to 378,900 in one week, as nearly 5.8% of the state’s labor force filed for benefits. (Id.) Well over 2 million Pennsylvanians have filed for unemployment just since mid-March. (CAUSE-PA St. 1-SR at 3).

This unprecedented economic impact has fallen most profoundly on low wage workers – worsening an already growing utility affordability crisis. (CAUSE-PA St. 1 at 9-14). In testimony, Mr. Miller explained:

Low-income workers are less likely to have paid time off, such as sick time, available. Many are low wage and hourly workers and are employed in the service, hospitality, and retail sectors, which have been especially hard hit by the emergency closure of non-essential businesses. While there have been a number of efforts to funnel resources and assistance to impacted households through various federal relief packages, it is yet unclear whether and to what extent these efforts will help to stave off the potential for deep, widespread poverty as a result of the pandemic. (Id. at 14.)

Even in good economic times, low-income families are often forced to choose between critical necessities, such as rent, food, and medicine. (Id. at 14-15). Columbia’s proposed average monthly increase of \$15.62 - or \$187.44 annually - will severely impact low-income households, further complicating those difficult choices. (Id.) Mr. Miller explained, “For a household of 4 with income at 150% FPL, this increase represents an additional 0.5% of their gross annual household

income – and for a family of 4 at 50% FPL, this increase represents an additional 1.4% of their gross annual household income.” (Id. at 15). For low-income households who already struggle to afford their monthly bills, the effects of the increase - compounded by the economic effects of COVID-19 - could profoundly impact the ability of thousands of families to connect, maintain, and afford natural gas service. (CAUSE-PA St. 1 at 9-10)¹¹ Columbia’s proposed increase will result in increased unaffordability for vulnerable households, and a corresponding increase in uncollectible expenses and involuntary payment-related terminations. (Id. at 17) Terminations, in turn, have a detrimental impact on the health and wellbeing of household members and entire community. (Id.)

In testimony, Mr. Miller explained that increasing rates would cause an increased threat of termination for low-income customers as a result of the proposed rate increase. (Id. at 19). Columbia’s low-income customers already have a markedly higher termination rate – 9.3% – compared to average residential customers – at 2.7%. (Id. at 19). Even those enrolled in CAP are still often unable to afford energy services. (Id. at 16, 19, 25-26). In 2019, Columbia terminated 1,037 CAP customers, which amounts to roughly 5% of CAP participants. (Id.) While less than its confirmed low-income termination rate, this level of CAP termination rate is still disproportionate to its 2.7% overall termination rate for residential customers. (Id. at 19). Further, once disconnected, low-income customers are often unable to reconnect service, and may go for extensive periods of time before restoration. (Id. at 20). As Mr. Miller pointed out, “In 2018, Columbia terminated 6,314 confirmed low-income customers, but reconnected just 3,133.” (Id. at 20).

¹¹ 97,268 out of 404,910, or approximately 24% of Columbia’s residential customers, are estimated low-income. Columbia’s 68,534 confirmed low-income customers account for approximately 17% of residential customers. CAUSE-PA St 1 at 9-10.

Columbia's rates are already unaffordable for economically vulnerable consumers, who will likely experience increased payment trouble and termination if the proposed rate increase is approved. The number of Columbia's residential customers in arrears has increased from 62,036 to 67,820 from September 2019 to September 2020; and, the total amount of residential arrearages has increased from approximately \$13.4 million to \$24.2 million over that same time.¹² Even before the pandemic, low-income households were disproportionately payment troubled – evidencing widespread unaffordability for low-income families at existing rates. (CAUSE-PA St. 1. at 18-19). Mr. Miller explained, “Columbia’s confirmed low-income population accounts for roughly one-quarter of the residential population, but carries over half of the debt.” (Id.)¹³ Columbia’s confirmed low-income customers also carry a disproportionate percentage of customer debt. In February 2020, just before the pandemic hit, approximately 20% of confirmed low-income customers were in debt to Columbia, more than triple the rate of general residential customers, which is approximately 6.5%. (Id.). Confirmed low-income customers also represent 52.7% of customers in debt and carry approximately 49% of the dollars owed despite only representing approximately 24% of residential ratepayers. (Id.)

Mr. Miller further explained that:

Taken together, these numbers indicate that Columbia’s low-income consumers already struggle to pay for natural gas service under the current rates. These struggles will only worsen if the proposed rate increase is approved without taking necessary measures to mitigate the impact of the increase on low-income households. (Id.).

If the pandemic persists or a second wave of the virus exacerbates the scope of the health and economic crisis through winter, the impact on low-income households will be even worse. (Id. at

¹² See Temporary Reporting Requirements: At-Risk Accounts, Report of Columbia Gas of Pa., Inc., Docket No. M-2020-3019244 (Oct. 15, 2020).

¹³ Confirmed low-income-customers, despite making up only 24% of Columbia’s residential customers, actually accounted for 58% of Columbia’s payment troubled customers and 56.6% of Columbia’s payment arrangements in 2018. CAUSE-PA St. 1 at 18.

17-18). This impact could be particularly severe among low-income communities and communities of color, who are more disproportionately impacted by the pandemic. (See CAUSE-PA St. 1 at 41).

Importantly, and as discussed in further detail in section X below, Columbia’s Customer Assistance Program (CAP) is categorically unaffordable, as it charges CAP customers rates which far exceed the Commission’s threshold affordability standards for low-income consumers. (CAUSE-PA St. 1 at 25-27).¹⁴ The Commission has a statutory obligation to ensure that rates are universally affordable for low-income natural gas consumers, and that universal service programs are appropriately funded and available to ensure that low-income consumers can maintain natural gas service to their homes.¹⁵ As Mr. Miller explained, increasing residential rates will also increase CAP rates – yet Columbia has put forth no proposals to remediate this unaffordability in light of its proposal to raise rates by over \$100 million. (CAUSE-PA St. 1 at 22).

The uncertainty caused by the pandemic supports a conclusion that no rate increase should be permitted until we can fully assess the economic impact of the virus on our communities. (*Id.* at 18). As Mr. Miller asserted in his direct testimony, rates are not just and reasonable if they are not also affordable. (CAUSE-PA St. 1 at 8). As such, Columbia’s request for a rate increase must be denied at this time.

¹⁴ 52 Pa. Code § 69.265(2).

¹⁵ 66 Pa. C.S. §§ 2202, 2203 (3), (6)-(8). The Natural Gas Choice and Competition Act (Choice Act) defines “Universal service and energy conservation” as the “[p]olicies, practices and services **that help residential low-income retail gas customers and other residential retail gas customers experiencing temporary emergencies, as defined by the commission, to maintain natural gas supply and distribution services. The term includes retail gas customer assistance programs,** termination of service protections and consumer protection policies and services that help residential low-income customers and other residential customers experiencing temporary emergencies to reduce or manage energy consumption in a cost-effective manner, such as the low-income usage reduction programs and consumer education.” 66 Pa. C.S. § 2202 (emphasis added).

IV. RATE BASE

CAUSE-PA has not taken a position on Rate Base in this proceeding.

V. REVENUE

CAUSE-PA's position on Revenue in this proceeding is explained above in Section III, Overall Position on Increase.

VI. EXPENSES

CAUSE-PA has not taken a position on Expenses in this proceeding.

VII. TAXES

CAUSE-PA has not taken a position on Taxes in this proceeding.

VIII. RATE OF RETURN

CAUSE-PA has not taken a position on Rate of Return in this proceeding.

IX. MISCELLANEOUS ISSUES

A. Low-Income Customer Issues

1. Customer Assistance Program

a) Columbia should be required to adopt the Commission's recommended maximum CAP energy burden standards to offset categorical unaffordability at current and proposed rates, consistent with the Commission's formally adopted policy and the terms of a prior rate case Settlement.

Columbia's current CAP Percentage of Income Payment Plans (PIP) impose energy burdens that substantially exceed the maximum affordability threshold prescribed in the Commission's formal CAP Policy Statement.¹⁶ Rate affordability is measured in terms of a household's "energy burden" – the percentage of gross income that a household pays for energy services to their home. Columbia's PIP rate is currently 7% for customers with income at or below 110% of the Federal Poverty Level (FPL) and 9% for customers between 111-150% FPL.

¹⁶ 52 Pa. Code § 69.265(2)(i).

(CAUSE-PA St. 1 at 16 & Appx. B, CAUSE-PA to CPA I-10). These charges are both unjust and unreasonable, as they are substantially higher than the maximum acceptable energy burdens established by the Commission in its formal CAP Policy Statement, which indicates that natural gas burdens should be no more than 4% for CAP customers with income at or below 50% FPL and no more than 6% for customers at 51-150% FPL.¹⁷

Importantly, these maximum energy burden standards were adopted recently, after an extensive multi-year study and investigation into rate affordability and the adequacy of universal service programming in Pennsylvania. On November 5, 2019, the Commission entered a Final CAP Policy Statement and Order, which amended its the maximum CAP energy burden thresholds.¹⁸ The Commission found that the average energy burden for residential consumers was approximately 4% - compared to between 12-14% for gas-heating CAP customers.¹⁹ Based on robust data, analysis, and input from dozens of stakeholders from all sectors,²⁰ the Commission concluded that the maximum *combined* CAP energy burdens, *including both electric and natural gas costs*, should not exceed 10%.²¹ For natural gas service alone, the Commission set the maximum energy burden threshold at 4% for customers at or below 50% of the Federal Poverty

¹⁷ See 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261-69.267, Final CAP Policy Statement and Order, Docket No. M-2019-3012599, at 4 (Nov. 5, 2019) (For FPIG tier 0% 50%, the maximum energy burdens should be 4% for natural gas heating. For FPIG 51-150% the maximum energy burdens should be 6% for natural gas heating).

¹⁸ Final CAP Policy Statement and Order at 32.

¹⁹ Id. at 14, 16, 27.

²⁰ A majority of the parties to the instant proceeding, including CPA, OCA, OSBA, and PSU, were *active* participants in this multi-year investigation and study. See id. at Appendix B (providing a list of stakeholders participating in each stage of the Commission's multi-year, multi-docket proceeding).

²¹ Id. at 32.

Level (FPL), and 6% for customers at 101-151% FPL – *including any additional fees, like arrearage co-payments and CAP Plus charges.*²²

In adopting its revised energy burden standards, the Commission was explicit in concluding that **“the current maximum energy burden ranges based on the FPIGs in the CAP Policy Statement do not reflect reasonable or affordable payments for many low-income customers.”**²³

In issuing its Final CAP Policy Statement and Order, the Commission indicated that if the affordability issues identified in the Commission’s Order cannot be resolved voluntarily, they should be addressed in utility specific proceedings:

Utilities will have the opportunity to implement these CAP policy changes through voluntary compliance with the amended CAP Policy Statement or to address the matters in utility-specific proceedings and/or as promulgated regulations. **Any matters that cannot be resolved by voluntary compliance with Commission policy will be addressed in utility-specific proceedings.**²⁴

To date, nearly all Pennsylvania natural gas utilities subject to universal service requirements have filed petitions with the Commission to voluntarily comply with the Commission’s directive.²⁵ However, consistent with the positions Columbia advanced (and rejected) through multiple rounds of comments throughout the Commission’s multi-year study and investigation,²⁶ Columbia opposes reducing its PIP rates to comply with the Commission’s

²² Id.

²³ Id. at 27 (emphasis added). The Commission went further in its declaration that the former energy burden standards, which Columbia continues to apply, are categorically unreasonable and unaffordable, explaining: **“This would be our conclusion even if the currently specified burdens are considered only presumptively reasonable or affordable.”** Id.

²⁴ Id. at 2-3 (emphasis added)

²⁵ See Peoples Natural Gas Company LLC Addendum to Universal Service and Energy Conservation Plan, M-2014-2432515; M-2018-3003177 (filed January 6, 2020); Petition of UGI Utilities, Inc to Amend its Universal Service and Energy Conservation Plan, M-2019-3014966, P-2020-3019196; Petition for Expedited Approval of PGW’s Letter Request to Amend its Universal Service and Energy Conservation Plan Pursuant to the 2019 Amendments to the Policy Statement, Docket No. M-2019-3012599, P-2020-3018867.

²⁶ See Final CAP Policy Statement and Order at 18, 19, 20, 21, 22, 31, 42, 44, 45, 46, 49.

recommendations. (See CPA St. 13-R at 15-16). Columbia witness Deborah Davis asserts in rebuttal testimony that she disagrees with Mr. Miller's recommendation that Columbia reduce its PIP rates to comply with the Commission's maximum CAP energy burdens. (Id.) She argues that Columbia is already incorporating changes from its last USECP proceeding, and asserts that Columbia's PIP rate is already affordable. (Id.)

Columbia already agreed to make the necessary adjustments to its CAP energy burdens to comply with the recommended maximum CAP energy burdens in the settlement of its last rate case in August 2018.²⁷ CAUSE-PA supported and relied upon Columbia's commitment to abide by the findings of the Energy Affordability Report in agreeing to the settlement in that case.²⁸ The relevant provision of the settlement reads as follows:

57. Following release of the Commission's Energy Burden Study, Columbia will present information to its USAC about how Columbia's then-current payment selection options address the issues raised by the Energy Burden Study. **By no later than its next Universal Service and Energy Conservation Plan ("USECP") filing following issuance of the Energy Burden Study or earlier date dictated by the Commission's Energy Burden Study (whichever is sooner), Columbia will make such filing as required by the Energy Burden Study to modify or change its CAP rate selection.** Columbia will serve a copy of this filing on all parties to this proceeding. In the interim, Columbia agrees to conduct a bi-annual review of accounts enrolled on the average of payments and percent of bill CAP payment plan options that exceed the maximum energy burden recommended by the Commission in the CAP Policy Statement. The Company will change each account to a lower payment plan option, if available.²⁹

²⁷ Pa. PUC v. Columbia Gas of Pa., Inc., Joint Pet. for Partial Settlement, Docket No. R-2018-2647577, at 15 para. 57 (filed Aug. 31, 2018). (emphasis added).

²⁸ Pa. PUC v. Columbia Gas of Pa., Inc., CAUSE-PA St. in Support of Joint Pet. for Partial Settlement, Docket No. R-2018-2647577, at 7-8 (Aug. 31, 2018).

²⁹ Id. (emphasis added).

The Commission's Energy Burden Study (aka. Energy Affordability Report) was issued in January 2019, and was relied upon by the Commission in establishing its revised maximum CAP energy burdens in its Final CAP Policy Statement Order, which was entered in November 2019.³⁰

On February 20, 2020, Columbia filed a letter in response to the Commission's Order, in which the Company indicated its intent to *address* (though not comply with) the revised maximum CAP energy burdens in its next USECP.³¹ At the time that the above referenced settlement was entered, Columbia's USECP filing would have been due on a three-year schedule. However, On October 3, 2019, the Pennsylvania Public Utility Commission entered an Order extending Columbia Gas of Pennsylvania, Inc.'s proposed Universal Service Energy and Conservation Plan ("USECP") from a three year plan covering 2019 through 2021 to a five year plan covering 2019 through 2023.³² Under the new schedule, Columbia's next USECP filing is not due until April 1, 2024, and will take a number of additional months to review.³³ Considering the already existing need identified in the Energy Affordability Study, compounded by the current economic trajectory due to the COVID-19 pandemic and the possibility of a substantial increase in rates through this or subsequent rate proceedings, 2025 is simply too far into the future to wait for Columbia to adjust its PIP to provide reasonable and affordable rates to CAP customers.

The Commission has already declared that Columbia's CAP rates are categorically unreasonable and unaffordable.³⁴ As such, the Commission must take action now – in this proceeding – to remediate Columbia's patently unreasonable CAP rates to ensure that Columbia's

³⁰ See Final CAP Policy Statement and Order.

³¹ See Columbia Universal Service and Energy Conservation Plan for 2019-2023, Letter, Docket No. M-2018-2645401, at 2 (Feb. 20, 2020).

³² See Universal Service and Energy Conservation Plan (USECP) Filing Schedule and Independent Evaluation Filing Schedule, Order, Docket No. M-2019-3012601 (Oct. 3, 2019).

³³ Id. at 12.

³⁴ Final CAP Policy Statement and Order at 27.

low-income customers are able to maintain affordable natural gas service to their home, consistent with the mandates in the Choice Act.³⁵ As the Commission previously concluded: Failure to reduce the energy burden threshold, particularly for those at the lowest income tier (0-50% FPL), would “fail to satisfy the statutory objectives of universal service and continue to lead to disproportionate termination numbers.”³⁶

b) LIHEAP should not be considered an available resource to fill the categorical unaffordability gap in Columbia’s CAP PIP rates.

As Mr. Miller explained in his direct testimony: “To be affordable, a household’s total housing costs – including utility costs - should account for no more than 30% of the household’s total income.” (CAUSE-PA St. 1 at 15). But across Pennsylvania, and in Columbia’s service territory, many households with income at or below 150% FPL pay nearly that amount for energy costs alone. (*Id.*) As already explained above, even those enrolled in CAP face substantially higher energy burdens. (*Id.*)³⁷ The *average* CAP energy burdens for CPA’s PIP customers range from 7.4% to 8.02%, notably higher than the guidelines set by the Commission at 4% and 6%, though many CAP customers individually face even higher energy burdens. (See CAUSE-PA St. 1 at 16 & Appx. B CAUSE-PA to CPA I-10).³⁸ Again, these energy burdens represent the percentage of income dedicated to natural gas service alone, and do not include the additional cost of electricity. (CAUSE-PA St. 1 at 16).

In rebuttal testimony, Columbia witness Deborah Davis argues that assistance received by customers through LIHEAP brings CAP customer’s energy burdens close enough to the Commission’s prescribed energy burdens, making it unnecessary for Columbia to reduce its PIP

³⁵ 66 Pa. C.S. §§ 2202, 2203 (3), (6)-(8).

³⁶ Final CAP Policy Statement and Order at 31 (emphasis added).

³⁷ Energy Affordability for Low-income Customers, Order, Docket No. M-201702587711, at 8 (Jan. 17, 2019).

³⁸ Final CAP Policy Statement and Order at 4 (For FPIG tier 0% 50%, the maximum energy burdens should be 4% for natural gas heating. For FPIG 51-150% the maximum energy burdens should be 6% for natural gas heating).

bills. (CPA St. 13-R at 17.) This argument was already evaluated and rejected by the Commission in its Final CAP Policy Statement.³⁹ The data is important here. In the 2019-2020 LIHEAP season, only 14,311 customers, or approximately 14.7% of Columbia’s estimated low-income customers, received a LIHEAP cash grant. (CAUSE-Pa St. 1 at 28). While the COVID-19 pandemic may have affected the number of applicants in 2019-2020, the numbers from the previous year were not much higher, with only 15,879 – or about 16.3% of Columbia’s estimated low-income customers receiving cash grants. (Id.)

There are various reasons why an income eligible customer may not use a LIHEAP grant to pay their Columbia bill. Customers are not required to apply their LIHEAP grant to gas service and may opt instead to apply it to reduce their electric bill burden.⁴⁰ In turn, not all low-income households are eligible for LIHEAP. Immigrant consumers are particularly vulnerable, as many are categorically ineligible for the program, or may be apprehensive of participating in a federal assistance program.⁴¹

LIHEAP is a federal program, with a finite budget, and is relies on an annual appropriation that could be eliminated in the federal budget in any given year.⁴² Unlike many other federal assistance programs, LIHEAP is not an “entitlement” program, and grant amounts can change dramatically from year to year.⁴³ Moreover, LIHEAP does not provide an unlimited amount of assistance dollars, and is inadequate to serve all CAP customers – let alone all low-income customers who may be eligible for regulated or unregulated home heating assistance through the

³⁹ Id. at 21, 28, 50-52

⁴⁰ See id. at 50; 52 Pa. Code § 69.265(9).

⁴¹ Final CAP Policy Statement and Order at 50.

⁴² Pa. Dept. of Human Services, Low-Income Home Energy Assistance Program Final State Plan, Fiscal Year 2021, at i (2020) (explaining federal funding).

⁴³ See id. at i-ix (detailing changes from previous program year).

program. Once LIHEAP funding is expended – or the program otherwise closes for the season – there is no additional assistance available until the following program year.

For these reasons, the Commission has already concluded that LIHEAP should not be considered an available resource when setting an appropriate affordability threshold for CAP.⁴⁴ Columbia should not rely on LIHEAP to fill the affordability gap created by its categorically unaffordable PIP rates, and should take the necessary steps to reduce its PIP payment requirements to meet the Commission’s maximum CAP energy burden standards.

c) The risks associated with energy unaffordability to the health and safety of low-income consumers and the community as a whole are far greater than the costs.

In his testimony, CAUSE-PA witness Mitchell Miller explained that the single most important step the Company can take to address current unaffordability would be to adopt the revised energy burdens recommended by the Commission in its revised CAP Policy Statement. (CAUSE-PA St. 1 at 25; CAUSE-PA St. 1-SR at 9).

Mr. Miller further explained that, even with financial assistance, many low-income households are often forced to forego other necessities or to keeping their home at unsafe temperatures. (CAUSE-PA St. 1 at 25.)

According to the US Energy Information Administration, roughly 1 in 5 households in 2015 – when the economy was experiencing a relatively prosperous economic period – reported that they reduce or forego other critical necessities like food and medicine to afford their home energy costs, and more than 1 in 10 reported keeping their home at an unsafe or unhealthy temperature. Even with financial assistance, low-income households are still unable to afford the cost of energy: According to a survey conducted by the National Energy Assistance Directors’ Association, 72% of LIHEAP recipients reported that they forego other necessities to afford energy, and 26% reported keeping their home at unsafe or unhealthy temperatures. Indeed,

⁴⁴ Final CAP Policy Statement and Order at 50-51.

as recent research and data has continually showed, vulnerable low-income families simply cannot afford the cost of energy services.

(Id.)

Mr. Miller explained the effects of energy insecurity and, consequently the importance of providing affordable bills to low-income customers. (CAUSE-PA St. 1 at 16-17.)

The overwhelming energy burden on low-income households makes it difficult to pay for other basic necessities such as housing, food, and medicine; threatens stable and continued employment and education; has substantial and long-term impacts on mental and physical health; creates serious risks to the household and the larger community; and negatively impacts the greater economy.

(CAUSE-PA St. 1 at 16-17.)

On a larger scale, energy poverty negatively impacts the entire economy. (Id.) Reducing energy burdens will also help low-income customers better afford to avoid termination of gas service, which is a is a common catalyst to homelessness that costs communities' additional resources. (CAUSE-PA St. 1 at 21). Helping low-income customers better afford service will also ensure they are able to have heat and hot water to properly wash, sanitize, and remain in their homes to help avoid the spread of COVID-19 and help reduce the burden on our healthcare system. (See CAUSE-PA St. 1 at 40-41).

Mr. Miller estimated that the residential bill impact of adopting the Commission's recommended maximum CAP energy burdens would be approximately \$0.22 per month – or \$2.67 per year, which is a very small price to pay for the potentially vast resulting benefit. (CAUSE-PA St. 1 at 26-27). He also explained that a portion of that additional cost could be mitigated by Columbia spreading its universal service costs across all customer classes, as will be discussed later herein. (CAUSE-PA St. 1 at 27). Notably, in examining similar cost projections associated with the reduction in energy burdens to meet the Commission's revised threshold (including

projections provided by Columbia), the Commission concluded that the reduction “will not significantly increase CAP costs for most utilities.”⁴⁵

In balance, the risks created by energy unaffordability to the health, safety, and welfare of individuals and the greater community are far greater than the cost of reducing Columbia’s PIP rate to meet the energy burden thresholds previously adopted by the Commission.

2. Low-Income Customer Outreach

a) Columbia should be required to increase its CAP participation rate to 50% of its confirmed low-income customers by 2025.

The Choice Act imposes a statutory obligation on the Commission to oversee universal service programming and to ensure that such programs are appropriately funded and accessible to ensure that low-income customers are able to maintain access to natural gas services in their home.⁴⁶ Pursuant to its responsibility to oversee universal service programs, the Commission requires that each natural gas provider track and report the number of low-income customers in its service territory.⁴⁷ Available data shows that Columbia had a substantial number of low-income customers even before the onset of the COVID-19 pandemic. (CAUSE-PA St. 1 at 9). As a result of the economic impact of the pandemic, the number of low-income customers in Columbia’s service territory is sure to grow. (Id.).

Pennsylvania natural gas distribution companies track and assess their low-income customer population two ways: estimated low-income customers and confirmed low-income customers. (CAUSE-PA St. 1 at 9). Columbia calculates its “estimated low-income customers” by using county level census data applied according to the ratio of its customer count to the total

⁴⁵ Final CAP Policy Statement and Order at 29.

⁴⁶ 66 Pa. C.S. §§ 2202, 2203(8).

⁴⁷ 52 Pa. Code §§ 62.4(b), 62.5(a)(1)(xiii).

population of each county, and then applies that ratio to the total number of low-income households in each county. (Id. at 9-10). Columbia calculates its “confirmed low-income customers” by counting customers who have either documented their income through program participation as low-income or who have reported to the Company that their income as below 150% FPL. (Id. at 10).

Mr. Miller explained in testimony that while both the estimated and confirmed low-income customer counts indicate that a significant number of customers are low-income, the estimated low-income count provides a more realistic assessment of the actual number of low-income households served by Columbia. (Id. at 10.). He explained that the confirmed low-income customer count “provides only a limited and circular assessment of the low-income population” because it only counts customers who have already affirmatively obtained assistance or otherwise reported their income level. He further explained that:

It is not likely that every single Columbia customer who has income at or below 150% FPL has informed the Company of this fact. It is much more likely that Columbia’s customer demographics are reflective of the general population within the counties within the Company’s service territory. (Id.)

Ultimately, regardless of the measure applied, there are a substantial number of low-income customers – between 17% to 24% – in Columbia’s service territory. According to Columbia’s estimated low-income calculation, 97,268 customers – approximately 24% of its residential customers – are low-income customers. (Id.) However, as of May 2020, Columbia had only identified 68,534– approximately 17% of residential customers – as confirmed low-income. (Id.) In Mr. Miller’s testimony he explained that the estimated low-income customer figure (24%) presents a more accurate picture of Columbia’s pre-pandemic low-income customer population. (Id.) Thus, the discrepancy between these two numbers indicates that there are a substantial number

of low-income households in Columbia’s service territory whom the Company has failed to identify as confirmed low-income.

Among the few low-income customers who Columbia’s has identified as confirmed low-income, only a fraction receive assistance through CAP. (Id. at 23-25). As of May 2020, less than a third – 22,411 out of 68,534 or 32.7% – of Columbia’s confirmed low-income customers were enrolled in CAP. (Id.) This amounts to approximately 23% of its total estimated low-income customers. (Id.) Thus, between 67-77% of Columbia’s low-income customers are not enrolled in CAP.

Columbia’s CAP participation rate has remained stagnant over the last decade. (Id.) **Table 1** shows the CAP enrollment rate for Columbia compared with the NGDC average in the last 10 Universal Service Reports:

TABLE 1: CAP Participation Rate 2008-2018⁴⁸

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Columbia	39%	36%	34%	33%	30%	30%	30%	31%	29.9%	32.8%	34.9%
NGDC Avg.	43%	40%	41%	40%	37%	36%	37%	35%	34%	34%	45%

Mr. Miller noted in testimony that Columbia’s CAP participation rate has not improved thus far in 2020, even despite the emergence of the pandemic and economic crisis. (Id.). As of May 2020, approximately 32.7% of confirmed low-income customers participated in CAP. (Id.)

Mr. Miller recommended that the Commission require Columbia to measurably improve its CAP participation rate. (Id. at 24-25.) He explained:

⁴⁸ See CAUSE-PA St. 1 at 21, Table 1 (The CAP participation rate is the total of CAP customers as of December 31 of the given year, divided by the number of confirmed low-income customers.)

I believe that improving CAP participation will help the Company reduce its number of payment troubled low-income customers, as well as the substantial amount of debt that is carried by low-income customers. Regardless of whether any rate increase is ultimately approved, Columbia must be required to measurably improve its CAP enrollment rates to reach a greater number of households in need of assistance to access and maintain safe and affordable natural gas services. This is especially true if the Company's proposed rate increase is approved, as even more households will likely be unable to keep up with increasing rates. (Id.)

Mr. Miller further recommended that the Commission require Columbia to develop a plan designed to achieve a minimum 50% CAP enrollment rate by 2025. (Id.) Indeed, commitment alone – without measurable benchmarking – is not enough to improve a decade of stagnation in CAP enrollment. (Id.) In its efforts to expand CAP enrollment, Columbia should include a range of tactics in its plan, including the following:

- Increased outreach and education;
- Improved incentive structures or other adjustments to its contract with program administrators;
- Streamlined application requirements;
- Improved recertification processes; and/or
- Increased coordination with electric utility CAP enrollment. (Id.)

Mr. Miller also recommended that Columbia be required to work with stakeholders to identify the most workable solutions to achieve measurable improvements in CAP enrollment. (Id.) He recommended the Commission require Columbia to report the Commission annually to help benchmark progress and adjustments its efforts to ensure it is on track to achieve its enrollment goals. (Id.) He also recommended that Columbia's success or failure to meet its CAP enrollment targets should be marked for explicit consideration in future rate cases. (Id.)

In sum, it is imperative that Columbia measurably improve its CAP enrollment rate to serve a greater number of low-income customers in its service territory – especially as it seeks to dramatically increase rates. As it stands, Columbia's CAP serves roughly one in three confirmed low-income customers in its service territory, which is merely a fraction of those estimated to be

eligible for the program. CAUSE-PA urges the Commission to require Columbia to develop a plan, subject to reasonable benchmarking, designed to reach 50% CAP enrollment.

3. Health and Safety Pilot

- a) Columbia should be required to expand and extend its Health and Safety Pilot and increase the budget to adequately meet the identified need.*

To help offset the significant impact of the proposed rate increase on low-income consumers, especially those with high usage due to poor housing stock and inefficient heating systems, Mr. Miller recommended that the Commission require Columbia to expand its Health and Safety Pilot within its Low Income Usage Reduction Program (LIURP). (CAUSE-PA St. 1 at 29-32). Columbia's LIURP Health and Safety Pilot provides critical services to high-usage, low-income customers who are unable to weatherize their homes due to existing health and safety issues. (Id.) The pilot is open to homeowners who are enrolled in CAP and have high usage and high CAP credit shortfalls, and who are unable to obtain LIURP weatherization due to health and safety issues, such as knob and tube wiring, presence of moisture, mold, or mildew. (Id.) Through the pilot, Columbia will remediate the health and safety issues if will result in comprehensive measure installation and expected usage reductions greater than 18%. (Id.) The program began in January 2020 and is currently scheduled to end December 2022. (Id.)

Mr. Miller explained that Columbia's LIURP program can help mitigate the profound financial impact of Columbia's proposed rate increase on low-income high-use households, but that many of these households are unable to access LIURP services due to health and safety issues. (Id.) He explained:

Unfortunately, this means that some of the most profoundly vulnerable low-income consumers – those with already high energy costs who live in poor and inefficient housing stock – are likely to face tremendous and unmitigated financial hardship as

a result of Columbia's proposed rate increase. As a condition to any approved rate increase, I believe it is important for Columbia to take steps to serve additional households through its health and safety pilot program.

When dangerous issues are present in a home, it is to everyone's benefit that such matters are addressed timely before further damages or adverse conditions evolve. Homes that cannot be weatherized because of health and safety concerns are dangerous to live in and dangerous to communities. By removing barriers to LIURP participation created by health and safety issues with the home, Columbia would not only improve the ability of low-income households to access LIURP services and reduce uncontrolled household energy costs, but also help improve the lives of its customers and protect the community.

(Id.)

Columbia's Health and Safety Pilot Program resulted from the Company's 2017 evaluation of costs caused by LIURP jobs being deferred due to health and safety issues.⁴⁹ (Id. at 30-31). The evaluator analyzed Columbia's 2015 program database and determined that 47% of Columbia's LIURP jobs presented health and safety issues and that these issues prevented 120 jobs from needed weatherization. (Id.) Due to the high level of potential savings found in these homes, the evaluator recommended that the Company could spend a significant amount of funds to remediate health and safety issues and still achieve cost-effective savings. (Id.) The evaluator reported that spending additional funds to remediate health and safety issues would yield high energy savings, reduced costs for ratepayers who are contributing to the costs of CAP, improve the ability of CAP customers to afford their full bill when/if they exit the program, and provide health and safety benefits to the household and the community in which they live. (Id.)

The current Health and Safety Pilot budget is insufficient to meet the need identified in the evaluation. Columbia's current budget for the program is \$200,000 per year, which only allows the program to serve approximately 30 households per year. (Id. at 30.) However, the evaluation

⁴⁹ 2019-2023 USECP at 5, 17-19, Attach. A.

found that health and safety issues prevented 120 LIURP jobs in 2015 alone. (Id.)⁵⁰ For each one of these jobs, Columbia incurred expenses to evaluate and ultimately defer the home due to health and safety issues – rather than remediating those issues and proceeding with the installation of critical energy reduction measures.

In testimony, Mr. Miller explained that, especially in light of the proposed rate increase, it is vitally important that otherwise eligible households be able to access LIURP, because it is a critical universal service program that reduces low-income bills, arrearages, and termination rates long term. (Id.) Mr. Miller explained:

LIURP participants achieve substantial bill savings and energy usage reduction, which is critical for low-income households. Importantly in this context, LIURP can help mitigate the impact of the proposed increase on high-use, low-income customers who would likely suffer a disproportionate impact from the rate increase (due to their high usage) and be least likely to absorb it (do to their low-income). However, many customers are prevented from obtaining this valuable service due to health and safety issues in their home. (Id.).

Extending the Health and Safety Pilot to serve a greater number of households will allow Columbia to help protect both its customers and the community from the dangers of health and safety issues. (Id.) It will also improve access to usage reduction services for high usage, low-income customers who would not otherwise be eligible for the program and help mitigate the impact of the rate increase on these customers by reducing their bills over the long term. (Id.).

Columbia should be required to provide an adequate level of funding to meet the need identified in the report based on Columbia’s 2017 annual health and safety deferral figures. (Id.). If the Commission is to approve any rate increase, it should also require Columbia to comply with Mr. Miller’s recommendation to increase the Health and Safety Pilot funding by \$600,000 and expand the term of the pilot to 2023, consistent with the extension of its currently approved

⁵⁰ See also 2019-2023 USECP at 5.

USECP. (Id.). The additional funding should be added to, not be carved from, the existing LIURP budget. (Id.) With this additional funding, Columbia could serve an additional 90 households per year that would otherwise be prevented from receiving critical usage reduction and energy efficiency services due to health and safety issues in the home. (Id.).

4. LIURP

CAUSE-PA supports the recommendation of CAAP witness Susan Moore that Columbia be required to increase its annual LIURP budget by \$420,000 per year beginning in 2022 program year. (CAAP St. 1 at 6). As Mr. Miller explained in his direct testimony, LIURP is a critical universal service program that improves bill affordability and reduces arrearages and termination rates over the long term. (CAUSE-PA St. 1 at 31).

LIURP helps program participants achieve substantial bill savings through energy usage reduction, which is vital for low-income households who struggle to afford service. (Id.) In the context of this proceeding, LIURP can help mitigate the impact of Columbia's proposed rate increase on high-use, low-income customers whose high usage would likely cause a disproportionate impact from the rate increase and would not likely be able to afford it. (Id.) Thus, if Columbia is to raise rates in the midst of the current pandemic and economic crisis, its LIURP budget should be increased to keep pace.

5. Hardship Fund

CAUSE-PA supports CAAP witness Susan Moore's recommendation that Columbia's hardship fund be increased from \$675,000 to \$800,000. (CAAP St. 1 at 7-8). As explained above, Columbia has proposed to substantially raise its rates in the midst of one of the worst public health and economic crises in modern history. The Commission has recently issued an order that would allow terminations of low-income households to resume as of March 31, 2021 and voiced concern

about the amount of arrears that are accruing during the COVID-19 moratorium.⁵¹ As also explained above, much of those arrears are likely attributable to low-income customers, who are more likely to be payment troubled and typically hold a disproportionate amount of debt to the Company. (See CAUSE-PA St. I at 18-19). It is vital that every effort be made to address the accrued arrears and ensure that low-income customers are adequately protected from the threat of termination in the midst of the pandemic. This includes increasing hardship funding to help low-income customers address arrears and avoid termination.

B. Pipeline Replacement Issues

CAUSE-PA did not take a position on Pipeline Replacement Issues in this proceeding.

X. RATE STRUCTURE

A. Introduction

It is critically important that rate structure be designed to encourage energy efficiency and usage reduction, to limit disproportionate impacts on vulnerable consumers, and to ensure and promote universal accessibility. To that end, CAUSE-PA urges the Commission to reject Columbia's proposals to recover universal service costs only from the residential customer class, to increase the fixed residential customer charge, and to impose a Revenue Normalization Adjustment rider. These aspects of Columbia's rate design undercut energy efficiency and conservation, and result in broad inequities in the distribution of public purpose program costs.

B. Cost of Service

CAUSE-PA supports the Office of Consumer Advocate's cost of service analysis.

⁵¹ Public Utility Service Termination Moratorium – Modification of March 13th Emergency Order, M-2020-3019244, Order (October 13, 2020).

C. Revenue Allocation

1. Proposed Revenue Allocation and Alternatives

With the exception of universal service cost allocation, discussed below, CAUSE-PA did not take a position on Revenue Allocation. CAUSE-PA continues to assert that Columbia's rate request should be rejected in its entirety in light of the economic uncertainty and profound hardship caused by the ongoing global pandemic.

2. Flex Customers

CAUSE-PA did not take a position on Flex Customers in this proceeding.

3. Allocation of Universal Service Costs

a) The Commission should order Columbia to recover universal service costs equitably across all rate classes.

In its recent Final CAP Policy Statement and Order, the Commission declared that it “will no longer routinely exempt non-residential classes from universal service obligations,” and indicated that utilities should be prepared to address cross-class recovery of CAP costs in future rate case filings.⁵² While the Commission did not order utilities to propose a *specific* allocation, it explicitly indicated that individual utility rate cases are the appropriate to consider recovery of the costs of CAP costs from all ratepayer classes.⁵³ In doing so, the Commission acknowledged that “poverty, poor housing stock, and other factors that contribute to households struggling to afford utility service are not just ‘residential class’ problems.”⁵⁴

Poverty (and specifically here, energy poverty) is a societal problem caused by a myriad of external factors. (CAUSE-PA St. 1 at 39). When not properly addressed, energy poverty can

⁵² Final CAP Policy Statement and Order at 7, 97; see also 52 Pa. Code §§ 69.625(1), 69.266(b).

⁵³ Id.

⁵⁴ Final CAP Policy Statement and Order at 94.

have far-ranging consequences on all corners of public and private life. (Id. at 39-42). On an individual basis, energy poverty threatens job stability, child development, family unification, housing stability, homelessness, physical and mental health. This can have ripple effects on worker stability and workforce preparedness, healthcare costs, and governmental resources. (Id.) At its core, universal service programs are **public purpose programs**, and are designed to prevent these far-ranging societal impacts by ensuring that all Pennsylvanians have access basic human needs like heat and hot water. (Id.)

Nevertheless, and despite the Commission’s unambiguous policy guidance, Columbia failed to address the issue of cross-class recovery of universal service costs in its filing, and vehemently opposed the very notion that commercial and industrial classes might share in the cost of addressing energy poverty in Pennsylvania. (CPA St. 1-R at 23). In rebuttal testimony CPA witness Mr. Andrew Tubbs indicated that Columbia does not support cross class recovery of universal service costs because only residential customers are eligible to participate in these programs. (Id.). He also stated that “Columbia is opposed to placing costs on its commercial and industrial customers which are not placed on the commercial and industrial customers of other utilities in the Commonwealth.” (Id.).

As a result of the COVID-19 pandemic, the number of low-income customers and corresponding need for utility assistance is likely to grow substantially in the coming months and years, as Pennsylvanians continue to face extraordinarily high levels of unemployment and underemployment – and will likely experience increased usage through the cold winter months as families continue to spend most of their time at home to prevent further spread of the COVID-19 virus. (CAUSE-PA St. 1 at 11). In March, Pennsylvania’s unemployment claims rose from 15,439 to 378,900 in one week – the most of any state in the country – as nearly 5.8% of the state’s labor

force filed for benefits. (CAUSE-PA St. 1 at 11). As of July 18, 2020, Pennsylvania's unemployment claims stood at a shocking 1,907,863 – representing approximately 15% of the state's total population. (Id.). As Mr. Miller explained:

As the crisis continues, the number of people who are out of work, or who see a reduction in available work or pay, will continue to grow. Unfortunately, it is unknown how long this crisis will last. Thus, while we know with certainty that the pandemic will force many more households into poverty, with models predicting that even a quick recovery will cause poverty levels consistent with the Great Recession, it is difficult to calculate just how much and for how long unemployment and poverty rates will rise.

(Id. at 11-12). As the crisis continues to unfold and the number of people who are out of work or experiencing a reduction in income continues to grow, the corresponding growth in the low-income customer base will increase the cost of CAP on a per customer basis.

(Id. at 11-12, 14).

It is not appropriate for Columbia to continue to recover its universal service costs exclusively from the residential class. Currently, Columbia recovers its universal service costs through its Rider USP, which is only included on residential customer bills. (Tariff at 146). However, the cost of and need for universal service programs is caused by numerous societal factors that extend beyond the residential rate class, including utilities regularly and continually raising rates, employers paying substandard wages, and landlords failing to appropriately maintain housing stock. (CAUSE-PA St. 1 at 39-42). The cost of ensuring affordable access to such basic human needs as heat and hot water should be borne by all who enjoy the benefits of the public utility. (See CAUSE-PA St. 1 at 37-38).

b) Cross class recovery of universal service costs is consistent with Pennsylvania law and furthers critically important public policy goals to protect the health and safety of vulnerable Pennsylvanians.

The Choice Act specifically authorizes the recovery of public purpose program costs, including universal service program costs, through a *nonbypassable* rate mechanism. Section 2203(6) of the Choice Act provides:

After notice and hearings, the commission shall establish for each natural gas distribution company an appropriate nonbypassable, competitively neutral cost-recovery mechanism which is designed to recover fully the natural gas distribution company's universal service and energy conservation costs over the life of these programs.⁵⁵

Nothing in the Choice Act requires, encourages, or even suggests that the Commission should relegate cost recovery of universal service programs to a specific rate class. Nor is there any provision which otherwise permits the Commission to allow a rate class to bypass universal service costs. To the contrary, the Choice Act is explicit that the Commission must ensure universal service programs are “appropriately funded and available” to ensure that low-income customers can “maintain natural gas service” to their home.⁵⁶

As a matter of statutory interpretation, the Choice Act specifically prohibits recovery from the industrial customer for costs related to consumer education, indicating that the General Assembly clearly knows how to preclude cross class recovery when it believes such a restriction is appropriate.⁵⁷ The absence of such a restriction for cross class recovery for universal service costs in the Choice Act is meaningful, and indicates the PUC has ample authority to approve cross-class recovery in its specific mandate to ensure that universal service programs are appropriately

⁵⁵ 66 Pa. C.S. § 2203(6).

⁵⁶ 66 Pa. C.S. § 2202, 2203(7), (8). Section 2202 defines “universal service and energy conservation” as the “[p]olicies, practices and services that help residential low-income retail gas ... to maintain natural gas supply and distribution services. The term includes retail gas customer assistance programs...” 66 Pa. C.S § 2202.

⁵⁷ 66 Pa. C.S. § 2206.

funded. As the Commission noted in its Final CAP Policy Statement, “there is no statutory or appellate prohibition that limits the recovery of CAP costs, whether specifically calculated or as part of total universal service costs, to funding from the residential class.”⁵⁸

In August 2006, the Commonwealth Court in Lloyd v. Pa. PUC addressed the right of Pennsylvania utilities to recover the costs of “public purpose programming” from all rate classes.⁵⁹ In Lloyd, a challenge was brought by the PPL Industrial Customer Alliance (PPLICA) against the Commission’s decision to allow cross-class recovery of funding for the Sustainable Energy Fund (SEF) in PPL’s service territory.⁶⁰ PPLICA argued that SEF provided “no demonstrable benefits to ratepayers” and asserted that there was no legal justification for funding the program through distribution rates.⁶¹ The Commonwealth Court roundly rejected PPLICA’s arguments, finding explicitly that – through section 2802(17) of the Electric Choice Act⁶² – *the General Assembly has specifically authorized that “public service programs” be funded through rates.*⁶³ The court stated:

What the core of that argument ignores is that the **General Assembly has specifically authorized that public service programs** such as SEF be funded. Recognizing that certain programs funded under the utility monopoly and bundled rate regime were at risk once the electric industry was deregulated, it provided in the Competition Act that such funding be continued and that **it be funded as an allowable expense by a ‘nonbypassable rate mechanism.’**⁶⁴

The Court also concluded that, “[I]t was well within the Commission’s discretion to determine that SEF projects **produced demonstrable benefits for ratepayers.**”⁶⁵ Ultimately, pursuant to these

⁵⁸ Final CAP Policy Statement and Order at 96.

⁵⁹ Lloyd v. Pa. PUC, 904 A.2d 1010 (Pa. Commw. Ct. 2006).

⁶⁰ It is important to note that Lloyd also examined funding for PPL’s CAP (known as OnTrack), but the funding issue raised in Lloyd did not examine the issue of cross-class recovery. Rather, the CAP issue questioned the appropriate level of funding and targeted enrollment level, not the mechanism for recovery. See id. at 1027-28.

⁶¹ Id. at 1024-25.

⁶² Similar language is included in the Gas Choice Act. See 66 Pa. C.S. §§ 2202, 2203 (6)-(8).

⁶³ Lloyd v. Pa. PUC, 904 A.2d at 1024-25.

⁶⁴ Id. (emphasis added).

⁶⁵ Id.

findings, the Commonwealth Court affirmed the continued recovery of SEF program costs from all ratepayers, stating:

Accordingly, based on the Commission's determination that SEF projects **were a demonstrable benefit to distribution ratepayers**, that the General Assembly authorized the continued funding, that SEF funding was not a tax, hidden or otherwise, but a conservation program directly related to conservation programs that the General Assembly permitted to be funded, the Commission's decision for continued funding of the SEF program is affirmed.⁶⁶

It is clear that non-residential customers do indeed benefit from universal service programs in real and substantial ways. (CAUSE St. 1 at 40). It is, therefore, only fair that they contribute to fund the programs. In analyzing the policy of Philadelphia Gas Works (PGW) to recover universal service costs across all customer classes, the Commission has acknowledged that commercial and industrial customers benefit from PGW's universal service programs.⁶⁷ The Commission has also observed that "helping low-income families maintain utility service and remain in their homes is also a benefit to the economic climate of a community."⁶⁸ As OCA Witness Roger Colton explained, universal service programs, as public goods, are valuable to society and fill the gap left by the market relative to rising energy costs that exceed affordability for low-income customers. (See OCA St. 1 at 52-56).

Universal service programs provide a multitude of societal benefits enjoyed by non-residential customers. (See CAUSE-PA St. 1 at 39-42). As Mr. Miller explained in testimony, low-income customers faced with energy insecurity often struggle to cope with heightened levels of stress, anxiety, and depression, and must take time away from work to arrange payments, locate

⁶⁶ Id. (emphasis added).

⁶⁷ Pa. PUC v. PGW, Final Order, Docket No. R-2017-2586783, at 75 (Nov. 8, 2017) ("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.").

⁶⁸ Final CAP Policy Statement at 94.

or apply for assistance programs, and arrange for reconnection – all of which can significantly undermine worker productivity and increase employee turn-over. (Id. at 40).

Of particular importance in the context of the current COVID-19 pandemic is the effect of universal service programs on helping to reduce the financial burden on the health system. As Mr. Miller explained, “the effects of poverty on our healthcare system are especially profound and of particular concern due to the current pandemic.” (CAUSE-PA St 1 at 41). Even in relatively good times, low-income customers often forego food and/or medicine and keep their homes at unsafe temperatures in order to be able to afford utility service, all of which can lead to an increased health risks – and corresponding increased costs and strain on the healthcare system. (CAUSE-PA St. 1 at 17). Unfortunately, low-income and minority communities are being hit the hardest by COVID-19 and are experiencing higher rates of infection, more severe health impacts, and higher incidences of death. (CAUSE-PA St. 1 at 41-42). Low-income and minority communities are also being hit harder economically and often lack medical insurance. (CAUSE-PA St. 1 at 42.)

While residential consumers, alone, experience energy poverty – as we are seeing on an alarming scale as a result of the pandemic – residential consumers do not *cause* energy poverty and should not alone shoulder the cost of the solution. (Id.) The true cost causers of universal service programs are poverty and income inequality, which result from social and economic forces that cannot be attributed to the residential class alone. (Id.)

As CAUSE-PA witness Mitchell Miller explained in his direct testimony, the majority of universal service program participants are either employed but not being paid a wage adequate to afford basic household needs, or retired and not receiving enough in Social Security or retirement to afford basic life necessities. (CAUSE-PA St. 1 at 39-40). Thus, commercial employers are at least partially responsible for their employees not being able to afford their utility bills because

they do not pay their employees enough. (Id.) Thus, non-residential customers who employ low-income customers are at least partially the cause for the need for programs to help low-income customers afford utility service. It would be inequitable for programs so essential to the public purpose goals of the Choice Act to continue to be funded solely by residential customers.

Universal service programming, such as CAP and LIURP help provide affordable service to low-income customers, which reduces the risk that they will forego food and medicine or keep homes at unsafe temperatures. (Id. at 41-42). Additionally, once the current moratorium on service terminations is lifted, these programs will be relied upon to help low-income customers maintain natural gas service. Continued access to natural gas service is vital in the face of the pandemic because it is necessary for hot water to wash and sanitize and heat for working/schooling from home; both of which are vital to helping curb the spread of disease, including COVID-19. Thus, universal service programs benefit all utility consumers and the economy by helping battle the pandemic by helping prevent further spread of COVID-19 in low-income and minority communities.

c) Allocating universal service costs to nonresidential customers will not negatively impact the business climate.

In rebuttal testimony, witnesses for CPA, OSBA, CII, and PSU argue that recovering costs of universal service programs from industrial and commercial customers may negatively impact businesses in CPA territory. (CPA St. 1-R at 23, OSBA St. 1-R at 9; CII St. 1-R at 21; PSU St. 1-R at 25). However, there is no evidence – in current record or elsewhere – that recovery of universal service costs across rate classes has any detrimental impact on business.

PGW's has a long standing policy of recovering universal service costs across all customer classes, of which the Commission has observed : “[W]e have not seen evidence that the economic climate in Philadelphia has been negatively impacted as a result of universal service costs charged

by PGW.”⁶⁹ As the record shows, other states that currently offer of the states that currently offer programs similar to Pennsylvania’s universal service programs recover the costs of the programs across all rate classes. (See CAUSE-PA St. 1 at 41-42).⁷⁰ The Commission has acknowledged that “Cross-class recovery for universal service costs is the ‘norm’ across much of the country, where state utility commissions and legislatures have expressly recognized that universally available utility services benefit the community as a whole.”⁷¹

States recover the cost of utility low-income programs from all ratepayer classes, including New York, New Jersey, Ohio, Illinois, Maine, and New Hampshire[...]. We are not aware that this practice has negatively impacted the business climate of any these states.⁷²

While several expert witnesses in the current case have opined that cross class recovery of universal service costs would negatively impact business, none have presented any evidence to support those claims. To the contrary, requiring businesses to pay their fair share of the cost of providing universal service programs will further improve on the benefits that universal service programs provide to the community as whole. (See CAUSE-PA St. 1 at 42). Assertions that cross class recovery of universal service cost would hurt businesses in CPA’s service territory are simply not supported by the record evidence in this proceeding.

There is no statutory requirement that funding for special programs be recovered solely from those who benefit directly from the program and also no specific statutory requirement that

⁶⁹ Final CAP Policy Statement and Order at 95-96.

⁷⁰ See, e.g., 4 CCR 723-3, § 3412(g) (Colorado); Ohio Rev. Code § 4928.52; NJ Rev. Stat. § 48:3-60; Amendments to Consumer Protections Standards for Electric and Gas Transmission and Distribution Utilities (Chapter 815) and Statewide Low-income Assistance Plan (Chapter 314), No. 2013-00228, Order (Me P.U.C. July 17, 2013); Re Statewide Low-Income Electric Assistance Program, 87 NH PUC 349, 218 P.U.R.4th 442 (N.H. PUC 2002); Order Adopting Low-income Program Modifications and Directing Utility Filings, NY Pub. Service Comm’n Docket No. 14-M-0565 (May 20, 2016); 2015 ORS § 757.612(7); Re Investigation into Percentage of Income Payment Program, No. 16-254, Order (Or. P.U.C. July 6, 2016); Illinois Energy Assistance Act (the “IEAA”), 305 ILCS 20/18; Cal. Pub. Util. Code § 382.

⁷¹ Final CAP Policy Statement and Order at 96.

⁷² Final CAP Policy Statement and Order at 96.

the Commission require utilities to recover special program costs from customers who do not benefit.⁷³ Thus, it is within the Commission's discretion whether to require program costs be paid by customers who do not benefit from the program.⁷⁴ However, there is no need for the Commission to exercise such discretion in relation to CPA's universal service programs, because all customers on the distribution system benefit from universal service programs.⁷⁵

Thus, the Commission should require Columbia to recover universal service across all rate classes to equitably recover the cost of addressing energy poverty. The responsibility to provide universal access to life-sustaining utility service must be shared by all utility consumers. Columbia should more appropriately, and more fairly, allocate the costs of these critical public service programs between all who enjoy the benefits of Columbia's service.

D. Rate Design

1. Residential Rate Design

a) Columbia's residential customer charge should not be increased.

Columbia has proposed to increase its fixed monthly residential customer charge from \$16.75 to \$23.00, an increase of \$6.25 or 37.3%. (CPA St. 3 at 35). Thus, homes with the lowest usage levels will see the largest percentage increases, while homes with higher usage levels will see a lower percentage increase. (Id.) The percentage monthly increase ranges from approximately 13% for highest volume users to approximately 37% for the lowest volume users. (Id.)

In testimony, CAUSE-PA witness Mitchell Miller recommended against Columbia's proposal to increase its fixed residential customer charge. (CAUSE-PA St. 1 at 32-35). He recommended that if any increase in residential rate is approved, it should be applied exclusively

⁷³ MEIUG v. Pa. PUC, 960 A.2d 189, 202 (2008), citing Lloyd v. Pa. PUC, 904 A.2d 1010 (Pa. Commw. Ct. 2006).

⁷⁴ Id.

⁷⁵ Id.

to the volumetric charge. (Id. at 35). He explained that this approach would protect the ability of low-income households to lower their bill by reducing consumption, which would, in turn, preserve the effectiveness of the LIURP program at reducing customer bills and improving payment behavior. (Id. at 35).

Mr. Miller explained: “This level of increase to the fixed charge will undermine the ability for consumers to control costs through energy efficiency, conservation, and consumption reduction, which is particularly problematic for low-income customers.” (Id. at 32). He explained that low-income customers struggle to pay for natural gas service, and rely on the ability to reduce bills through conservation and usage reduction: “Regardless of the level of household usage, any increase to the fixed charge prevents customers from exercising the ability to use conservation measures to mitigate that portion of the rate increase.” (Id.).

One of the main reasons for Mr. Miller’s recommendation against increasing the fixed charge is the effect it would have on the efficacy of Columbia’s LIURP:

Columbia’s proposal undermines the explicit goals of the Low-Income Usage Reduction Program (LIURP). The Commission’s LIURP regulations explicitly provide that the program is intended to help low-income customers to reduce their bills and, in turn, to “decrease the incidence and risk of customer payment delinquencies and the attendant utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs.” By reducing the amount of bill reduction that can be obtained through LIURP measures, the proposed increase to the fixed charge threatens the continued effectiveness of ratepayer investments intended to reduce energy consumption, delinquencies, collections, and uncollectible costs. The explicit goals of the program will be more difficult to achieve as the fixed portion of the bill is increased.

(Id.)

Mr. Miller pointed out that LIURP has been effective at achieving these goals and producing meaningful average bill savings:

In 2016, the last year for which full data is available, LIURP saved participants an average of \$211 per year – or \$17.58 per month. Consumption savings for homes receiving weatherization through Columbia’s LIURP range between an average of 21-24%. The ability to save money through energy efficiency is tied directly to a bill structure that bases costs on throughput. But as more residential customer costs are shifted to the fixed charge, the achievable bill savings – and the corresponding impact on bill payment behavior – will erode.

(Id. at 33-34).

Columbia’s current customer charge is \$16.75, which makes up 19.1% of the current average residential bill, which is \$87.57. (Id. at 34). Columbia’s proposed fixed charge of \$23.00 would equal 26.2% of the current average residential bill (\$87.57). (Id.) If the rate increase is approved, the fixed charge would equal 22.3% of the average bill (\$103.19). (Id.) Thus, if the proposed increase in the fixed customer charge is approved, “Columbia customers will lose the ability to control (on average) approximately 3.2% of their monthly bill through energy conservation and consumption reduction efforts –undermining the effectiveness of LIURP to achieve meaningful bill savings for low-income consumers.” (Id.)

Low-income households are disproportionately payment troubled, and often lack the ability to control usage due to poor housing stock and older, less efficient appliances; thus, it is critical that they continue to have access to effective conservation tools capable of producing meaningful and lasting bill reductions. (Id. at 18). The ability to achieve bill reduction through conservation measures is most critical for households with income above 150% FPL but less than 200% FPL because they are ineligible for CAP or LIHEAP, but are eligible for LIURP or the federal Weatherization Assistance Program (WAP). (Id. at 34-35). He explained that both of these programs have income guidelines that allow them to serve customers with income up to 200% FPL. (Id.) Thus, as Mr. Miller explained, “It is critical that these households retain the ability to

reduce their monthly energy costs through adoption of comprehensive energy efficiency and conservation programming.” (Id.)

In addition to undermining the effectiveness of millions of dollars in LIURP investments, Columbia’s high fixed charge proposal would also undermine millions of dollars of ratepayer funds that the Company is authorized to invest in energy efficiency through its voluntary Energy Efficiency and Conservation Program Plan.

For these reasons, Columbia’s fixed monthly customer charges should not be increased and any approved increase should be applied exclusively to the volumetric charge. This would protect the ability of low-income households to lower their utility costs by reducing consumption and would preserve the effectiveness of the LIURP program at reducing customer bills and improving payment behavior.

b) Weather Normalization Adjustment

CAUSE-PA did not take a position on the Weather Normalization Adjustment in this proceeding.

c) Columbia’s Revenue Normalization Adjustment should be rejected.

As part of this rate case, Columbia has proposed a Revenue Normalization Adjustment Rider (Rider RNA), which the Company asserts is designed to “break the link” between residential non-gas revenue received by the Company and gas consumed by non-CAP residential customers. (CPA St. 3 at 19-20). The Rider RNA would provide benchmark distribution revenue levels regardless of customer usage levels and adjust non-gas distribution revenue for residential customers. (Id.) In short, Rider RNA would allow Columbia to collect its residential revenue on a per customer basis and severely undercut customers’ ability to save money through conservation measures by charging the consumer the difference on the back end. (Id.)

Mr. Miller recommends that the Rider RNA be rejected for the same reasons he recommended rejecting Columbia’s proposal to increase its fixed customer charge. (CAUSE-PA St. 1 at 36-37). Recovering revenue on a per customer basis, rather than a usage basis, strips low-income households of the ability to control their bill through usage reduction and conservation efforts, and undermines the effectiveness of the Low-income Usage Reduction Program at reducing low-income customer bills. Mr. Miller explained:

While it may appear to the consumer that they have successfully reduced their energy costs over the short term, the practical effect of the Rider RNA will be to charge the consumer the difference on the back end – six months to a year after the consumer “experiences” the benefit of energy conservation efforts. This is inappropriate and undermines a consumer’s efforts at conservation or through energy efficiency investments after-the-fact. As such, I believe it should be disallowed. (Id. at 37)

Indeed, the Rider RNA is particularly unfair for consumers, as it strips them of the anticipated bill savings through investment in energy efficiency – either through market rate energy efficiency purchases or through ratepayer investments in LIURP to promote long-term bill reduction for economically vulnerable consumers and the corresponding reductions in universal service costs.

As such, the proposed Rider RNA will potentially have a disproportionately negative impact on low-income consumers and should be rejected. (Id. at 36). That said, if the Commission decides to allow the Rider RNA, all confirmed low-income customers should be exempted. (Id.)

2. Small C&I Customer Rate Design

CAUSE-PA did not take a position on Small C&I Customer Rate Design in this proceeding.

3. Large C&I Customer Rate Design

CAUSE-PA did not take a position on Large C&I Customer Rate Design in this proceeding.

4. Gas Procurement Charge Rider

CAUSE-PA did not take a position on the Gas Procurement Charge Rider in this proceeding.

E. Bill Impacts

Columbia's proposed residential rate increase would substantially impact low-income customers, who cannot afford the additional burden. Columbia's rates are already categorically unaffordable, and its proposal to increase rates even further – without any remediation of existing unaffordability – will make it harder for vulnerable households to afford service and, thus, increase the threat of termination for low-income households. (CAUSE-PA St. 1.at 17). Due to the current state of the economy in the face of this pandemic, no rate increase should be permitted until we can fully assess the economic impact of the virus on our vulnerable low-income and minority communities and address existing unaffordability and access issues (discussed at length above) within Columbia's universal service programs. (*Id.* at 18).

Columbia's rate proposal would increase the average residential customer monthly bill from \$87.57 to \$103.19, an increase of \$15.62 per month, or approximately 17.84%. (CAUSE-PA St. 1 at 7). Mr. Miller explained that Columbia's low-income customers cannot afford a rate increase at this time, let alone an increase at the level proposed by Columbia. (*Id.* at 7-8, 14-21). Mr. Miller explained:

Low-income households are struggling now more than ever. Even in good times, low-income families struggle to make ends meet each month, and are often forced to choose between critical necessities. Any increase in costs for essential services, like natural gas, will severely impact low-income households – forcing many to make impossible trade-offs between paying for shelter, food, utilities, or other basic needs. Columbia's proposed average monthly increase of \$15.62 - or \$187.44 annually - is a substantial increase in basic living expenses even for many moderate income households. **Again, for context, for a household of 4 with income at**

150% FPL, this increase represents an additional 0.5% of their gross annual household income – and for a family of 4 at 50% FPL, this increase represents an additional 1.4% of their gross annual household income. For low-income households who already struggle to afford their monthly bills, the effects of the increase may profoundly impact their ability to connect, maintain, and afford natural gas service. (Id.) (emphasis added).

Most low-income customers are not enrolled in CAP and with thus be required to shoulder the full, unmitigated impact of the rate increase. (CAUSE-PA St. 1 at 23). CAP only reaches a relatively small portion of the eligible population. (Id. at 16) As of May 2020, only 22,411 customers were enrolled in CAP – this is just 32.7% of confirmed low-income customers or 23% of estimated low-income customers. (Id.) This leaves between 67-77% of Columbia’s low-income customers to bear the full impact of the proposed rate increase. (Id.)

Furthermore, Columbia’s CAP customers will not necessarily be shielded from the increase. 61.8% of Columbia’s CAP customers are billed at the 50% of budget payment option and will thus be charged half of any approved increase after their next re-evaluation. (Id. at 22.) Only 38.2% of current CAP customers – those not billed at the percentage of bill option – would be shielded from the financial impact of a rate increase. (Id.) Thus, the proposed increase would impact a majority of CAP customers. (Id.)

The proposed rate increase will also impact the bills of CAP customers who subsequently enroll in the CAP average payment plan after the rate increase takes effect. (CAUSE-PA St. 1 at 22-23). Columbia charges CAP customers on the average payment plan the monthly average of payments made for the last 12 months prior to joining CAP. (Id.) If the proposed rate increase takes effect, those applying for CAP after the increased rates take effect will likely have made higher payments due to the increased bill. (Id.) Thus, their historical averages will be higher, which will mean they receive a higher CAP bill than they would have under current rates. (Id.)

This bill impact would add to the already disproportionate energy burdens of low-income customers. (Id. at 15-16.) As explained above in Section III, the overwhelming energy burden on low-income households makes it difficult to pay for other basic necessities and they often they reduce or forego other critical necessities like food and medicine to afford their home energy costs. (Id. at 16-17). Unaffordable energy burdens for low-income households threaten employment and education, has substantial impacts on mental and physical health, and can create serious risks to the household and the local community and economy at large. (Id. at 16-17). Thus, Columbia's proposed will result in increased unaffordability for vulnerable households, which will, in turn, result in a corresponding increase in uncollectible expenses and terminations of low-income households. (Id. at 17.) Considering the economic impact and uncertainties of the pandemic no rate increase should be permitted until we can fully assess the economic impact of the virus on our vulnerable low-income and minority communities. (Id. at 18).

XI. CONCLUSION

For the reasons set forth above and in the Direct and Surrebuttal testimony of CAUSE-PA's expert witness, Mitchell Miller, CAUSE-PA urges the Honorable Administrative Law Judge Katrina Dunderdale and the Pennsylvania Public Utility Commission to deny Columbia's proposed rate increase in its entirety, and to take immediate steps to remediate categorically unreasonable and unaffordable rates within Columbia's CAP. Moreover, and in the event that the Commission allows any rate increase, CAUSE-PA urges ALJ Dunderdale and the Commission to take necessary steps detailed herein to ensure that low-income consumers are protected from the impact of any rate increase and to protect against the erosion of savings potential through concerted adoption of conservation and energy efficiency measures – especially during this unprecedented and uncertain time.

Respectfully submitted,
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APPENDIX A: PROPOSED CONCLUSIONS OF LAW

1. Pursuant to section 315 of the Public Utility Code, the burden of proving that a rate proposal is just and reasonable rests on the public utility. 66 Pa. C.S. § 315.
2. The Commission has a “duty to set ‘just and reasonable’ rates, reflecting a balance of consumer and investor interests.” Popowsky v. PUC, 542 Pa. 99, 107-108 (1995); 66 Pa. C.S. § 1301.
3. In determining just and reasonable rates, the PUC has discretion to determine the proper balance between interests of ratepayers and utilities. Popowsky v. PUC, 542 Pa. 99, 107-108 (1995); 66 Pa. C.S. § 1301.
4. “[T]he PUC is obliged to consider broad public interests in the rate-making process.” Popowsky v. PUC, 542 Pa. 99, 107-108 (1995).
5. “[T]he term “just and reasonable” was not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulation but rather to confer upon the regulatory body the power to make and apply policy concerning the appropriate balance between prices charged to utility customers and returns on capital to utility investors consonant with constitutional protections applicable to both.” Popowsky v. PUC, 542 Pa. 99, 107-108 (1995).
6. The Commission has a statutory obligation to ensure that rates are universally affordable for low income consumers, and that universal service programs are appropriately funded and available to ensure that low income consumers can maintain natural gas service to their homes. 66 Pa. C.S. §§ 2802, 2803(3), (6)-(8).
7. No rate increase should be permitted until we can fully assess the economic impact of the COVID-19 pandemic on our communities.
8. Columbia’s current CAP Percentage of Income Payment Plans (PIP) impose energy burdens that substantially exceed the maximum affordability threshold prescribed in the Commission’s formal CAP Policy Statement. 52 Pa. Code § 69.265 (2)(i).
9. Columbia’s CAP rates are not reasonable or affordable. Final CAP Policy Statement and Order at 27.
10. The maximum *combined* CAP energy burdens, *including both electric and natural gas costs*, should not exceed 10%. Final CAP Policy Statement and Order at 32.
11. For natural gas service alone, the Commission set the maximum energy burden threshold at 4% for customers at or below 50% of the Federal Poverty Level (FPL), and 6% for customers at 101-151% FPL– including any additional fees, like arrearage co-payments and CAP Plus charges. Final CAP Policy Statement and Order at 32.
12. Any matters related to the CAP Policy Statement that cannot be resolved by voluntary compliance with Commission policy will be addressed in utility-specific proceedings. Final CAP Policy Statement and Order at 2-3.

13. LIHEAP should not be considered an available resource when setting an appropriate affordability threshold for CAP. Final CAP Policy Statement and Order at 50-51.
14. In its recent Final CAP Policy Statement and Order, the Commission declared that it “will no longer routinely exempt non-residential classes from universal service obligations,” and indicated that utilities should be prepared to address cross-class recovery of CAP costs in future rate case filings. Final CAP Policy Statement and Order at 7, 97; see also 52 Pa. Code §§ 69.625(1), 69.266(b).
15. It is not appropriate for Columbia to continue to recover its universal service costs exclusively from the residential class.
16. The cost of and need for universal service programs is caused by numerous societal factors that extend beyond the residential rate class.
17. After notice and hearings, the commission shall establish for each natural gas distribution company an appropriate nonbypassable, competitively neutral cost-recovery mechanism which is designed to recover fully the natural gas distribution company's universal service and energy conservation costs over the life of these programs. 66 Pa. C.S. § 2203(6).
18. “[T]here is no statutory or appellate prohibition that limits the recovery of CAP costs, whether specifically calculated or as part of total universal service costs, to funding from the residential class.” Final CAP Policy Statement at 96.
19. The General Assembly has specifically authorized “public service programs” to be funded through rates, and across all rate classes. Lloyd v. Pa. PUC, 904 A.2d 1010 (Pa. Commw. Ct. 2006).
20. Universal service programs are public purpose programs, and provide benefits to all ratepayers.
21. Columbia’s proposed Rider RNA and increased fixed customer charge contradict the Commission’s stated policy goals by undercutting low-income customers’ ability to reduce bills through LIURP. 52 Pa. Code § 58.1.

APPENDIX B: PROPOSED FINDINGS OF FACT

1. COVID-19 is one of the most severe health and economic crises in history and has substantially impacted Pennsylvania's low-income and minority populations. (CAUSE-PA St. 1 at 7-8, 41-42).
2. Natural gas, which is necessary for heat and hot water, both of which are vital to curbing the spread of the pandemic. (CAUSE-PA St. 1-SR at 4).
3. "[I]t is clear that the pandemic will have deep and lasting impacts on our economy that cannot be accurately assessed or accounted for in the context of this rate proceeding." (CAUSE-PA St. 1 at 8).
4. In the early stages of the pandemic, Pennsylvania's unemployment claims rose from 15,439 to 378,900 in one week, as nearly 5.8% of the state's labor force filed for benefits. (CAUSE-PA St. 1 at 8).
5. Well over 2 million Pennsylvanians have filed for unemployment just since mid-March. (CAUSE-PA St. 1-SR at 3).
6. Even in good economic times, low-income families are often forced to choose between critical necessities, such as rent, food, and medicine. (CAUSE-PA St. 1 at 14-15).
7. Columbia's proposed average monthly increase of \$15.62 - or \$187.44 annually - will severely impact low-income households, further complicating those difficult choices. (CAUSE-PA St. 1 at 15)
8. For a household of 4 with income at 150% FPL, Columbia's proposed increase represents an additional 0.5% of their gross annual household income – and for a family of 4 at 50% FPL, this increase represents an additional 1.4% of their gross annual household income. (CAUSE-PA St. 1 at 15).
9. Terminations have a detrimental impact on the health and wellbeing of household members and entire community. (CAUSE-PA St. 1 at 15).
10. Columbia's low-income customers already have a markedly higher termination rate – 9.3% – compared to average residential customers – at 2.7%. (CAUSE-PA St. 1 at 19).
11. In 2019, Columbia terminated 1,037 CAP customers, which amounts to roughly 5% of CAP participants. (CAUSE-PA St. 1 at 19).
12. Once disconnected, low-income customers are often unable to reconnect service, and may go for extensive periods of time before restoration. (CAUSE-PA St. 1 at 20).
13. In 2018, Columbia terminated 6,314 confirmed low-income customers, but reconnected just 3,133. (CAUSE-PA St. 1 at 20).
14. Even before the pandemic, low income households were disproportionately payment troubled. (CAUSE-PA St. 1. at 18-19).
15. Columbia's confirmed low-income population accounts for roughly one-quarter of the residential population, but carries over half of the debt. (CAUSE-PA St. 1. at 19).

16. In February 2020, just before the pandemic hit, approximately 20% of confirmed low-income customers were in debt to Columbia, more than triple the rate of general residential customers, which is approximately 6.5%. (CAUSE-PA St. 1. at 19).
17. Confirmed low income customers also represent 52.7% of customers in debt and carry approximately 49% of the dollars owed despite only representing approximately 24% of residential ratepayers. (CAUSE-PA St. 1. at 19).
18. Columbia's PIP rate is currently 7% for customers with income at or below 110% of the Federal Poverty Level (FPL) and 9% for customers between 111-150% FPL. (CAUSE-PA St. 1 at 16).
19. Columbia already agreed to make the necessary adjustments to its CAP energy burdens to comply with the recommended maximum CAP energy burdens in the settlement of its last rate case. (Pa PUC v. Columbia Gas of PA, Inc., R-2018-2647577, Joint Pet. for Partial Settlement at p. 15 ¶57.)
20. The average CAP energy burdens for CPA's PIP customers range from 7.4% to 8.02%. (CAUSE-PA St. 1 at 16).
21. In the 2019-2020 LIHEAP season, only 14,311 customers, or approximately 14.7% of Columbia's estimated low-income customers, received a LIHEAP cash grant. (CAUSE-PA St. 1 at 28).
22. In 2019-2020, only 15,879 – or about 16.3% of Columbia's estimated low income customers received LIHEAP cash grants. (CAUSE-PA St. 1 at 28).
23. Even with financial assistance, many low-income households are often forced to forego other necessities or to keeping their home at unsafe temperatures. (CAUSE-PA St. 1 at 28).
24. Reducing energy burdens will also help low income customers better afford to avoid termination of gas service, which is a is a common catalyst to homelessness that costs communities' additional resources. (CAUSE-PA St. 1 at 21).
25. Columbia had a substantial number of low-income customers even before the onset of the COVID-19 pandemic. (CAUSE-PA St. 1 at 9).
26. As a result of the economic impact of the pandemic, the number of low-income customers in Columbia's service territory is sure to grow. (CAUSE-PA St. 1 at 9).
27. There are a substantial number of low-income customers – between 17% to 24% – in Columbia's service territory. According to Columbia's estimated low income calculation, 97,268 customers – approximately 24% of its residential customers – are low-income customers. (CAUSE-PA St. 1 at 9).
28. As of May 2020, Columbia had only identified 68,534– approximately 17% of residential customers – as confirmed low income. (CAUSE-PA St. 1 at 9).
29. As of May 2020, less than a third – 22,411 out of 68,534 or 32.7% – of Columbia's confirmed low-income customers were enrolled in CAP, which is approximately 23% of its total estimated low-income customers. (CAUSE-PA St. 1 at 16, 23).

30. Between 67-77% of Columbia's low-income customers are not enrolled in CAP. (CAUSE-PA St. 1 at 16.)
31. Columbia's CAP participation rate has remained stagnant over the last decade. (CAUSE-PA St. 1 at 23).
32. As of May 2020, approximately 32.7% of confirmed low income customers participated in CAP. (CAUSE-PA St. 1 at 24).
33. Columbia's LIURP Health and Safety Pilot provides critical services to high-usage, low income customers who are unable to weatherize their homes due to existing health and safety issues. (CAUSE-PA St. 1 at 29).
34. Through the pilot, Columbia will remediate the health and safety issues if will result in comprehensive measure installation and expected usage reductions greater than 18%. (CAUSE-PA St. 1 at 29).
35. Columbia's LIURP program can help mitigate the profound financial impact of Columbia's proposed rate increase on low-income high-use households, but that many of these households are unable to access LIURP services due to health and safety issues. (CAUSE-PA St. 1 at 29-30).
36. In 2015, 47% of Columbia's LIURP jobs presented health and safety issues and that these issues prevented 120 jobs from needed weatherization. (CAUSE-PA St. 1 at 30-31)
37. Columbia's current budget for the program is \$200,000 per year, which only allows the program to serve approximately 30 households per year. (CAUSE-PA St. 1 at 30.)
38. Universal service programs provide a multitude of societal benefits enjoyed by non-residential customers. (CAUSE-PA St. 1 at 39-42).
39. Residential consumers do not cause energy poverty. (CAUSE-PA St. 1 at 42).
40. Other states that currently offer of the states that currently offer programs similar to Pennsylvania's universal service programs recover the costs of the programs across all rate classes. (CAUSE-PA St. 1 at 43).
41. Columbia's proposed fixed charge increase will undermine the ability for consumers to control costs through energy efficiency, conservation, and consumption reduction, which is particularly problematic for low-income customers." (Id. at 32).
42. If the rate increase is approved, the fixed charge would equal 22.3% of the average bill (\$103.19).
43. Columbia's rate proposal would increase the average residential customer monthly bill from \$87.57 to \$103.19, an increase of \$15.62 per month, or approximately 17.84%. (CAUSE-PA St. 1 at 7).

APPENDIX C: PROPOSED ORDERING PARAGRAPHS

1. Columbia' request to increase rates is denied.
2. Columbia shall develop a plan to reach 50% CAP enrollment by 2025.
 - a. Columbia's Plan shall include a range of tactics in its plan, including the following:
 - i. Increased outreach and education;
 - ii. Improved incentive structures or other appropriate adjustments to its contracts with program administrators;
 - iii. Streamlined application requirements;
 - iv. Improved recertification processes; and/or
 - v. Increased coordination with electric utility CAP enrollment.
 - b. Columbia shall work with parties and other stakeholders, including members of its Universal Service Advisory Committee, to identify the most workable solutions to achieve measurable improvements in CAP enrollment.
 - c. Columbia shall report the Commission annually to help benchmark progress and adjustments its efforts to ensure it is on track to achieve its enrollment goals.
 - d. Columbia's success or failure to meet its CAP enrollment targets shall be marked for explicit consideration in future rate cases.
3. Within 60 days of this Order, Columbia shall reduce its Percentage of Income Payment rate to the following maximum energy burden thresholds, inclusive of any additional fees, arrearage co-payments, and/or CAP Plus charges:
 - a. 4% for customers at or below 50% of the Federal Poverty Level (FPL),
 - b. 6% for customers at 101-151% FPL.
4. Columbia shall increase its LIURP Health and Safety Pilot Program budget by \$600,000 per year, and extend the program until 2023.
 - a. The additional funding should be added to, not carved from, Columbia's existing LIURP budget.
5. Columbia's Proposal to Increase its Fixed Residential Customer Charge is denied.
6. Columbia's proposed Rider RNA is denied
7. Columbia shall file a petition with the Commission to recover its universal service program costs equitably from all rate classes within 90 days of this Order.
8. Columbia shall increase its hardship fund from \$675,000 to \$800,000.
9. Columbia shall increase its LIURP budget by \$420,000 per year beginning in 2022 program year.