PULP
PENNSYLVANIA
UTILITY LAW PROJECT

October 30, 2020

VIA Email and USPS Mail

Honorable Katrina L. Dunderdale
c/o Hebron Presbyterian Church
10460 Frankstown Road
Pittsburgh, PA 15235
kdunderdal@pa.gov

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

Dear Judge Dunderdale:

Enclosed, please find the **Reply 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,

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 **Reply 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.

VIA Email

Amy E. Hirakis, Esq.
Columbia Gas of Pennsylvania, Inc.
800 North 3rd Street, Suite 204
Harrisburg, PA 17102
ahirakis@nisource.com

Meagan B. Moore, Esq.
Columbia Gas of Pennsylvania, Inc.
121 Campion Way, Suite 100
Canonsburg, PA 15317
mbmoore@nisource.com

Barrett Sheridan, Esq.
Darryl A. Lawrence, Esq.
Laura Antinucci, Esq.
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923
OCACGPA2020@paoca.org

Michael W. Hassell, Esq.
Lindsay A. Berkstresser, Esq.
Post & Schell, PC
17 North Second Street
12th Floor
Harrisburg, PA 17101
mhassell@postschell.com
lberkstresser@postschell.com

Steven C. Gray, Esq.
Daniel G. Asmus, Esq.
Office of Small Business Advocate
300 North Second Street
Suite 202
Harrisburg, PA 17101
sgray@pa.gov
dasmus@pa.gov.

Joseph L. Vullo, Esq.
Burke, Vullo, Reilly, Roberts
1460 Wyoming Ave.
Forty Fort, PA 18704
jlvullo@aol.com

Erika McLain, Esq.
Bureau of Investigation & Enforcement
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265
ermclain@pa.gov

VIA Email and USPS Mail

Honorable Katrina L. Dunderdale
c/o Hebron Presbyterian Church
10460 Frankstown Road
Pittsburgh, PA 15235
kdunderdal@pa.gov

Respectfully Submitted,
PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA

John W. Sweet, Esq., PA ID: 320182
118 Locust Street
Harrisburg, PA 17101
717-710-3839
pulp@palegalaid.net

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BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
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	:	
Columbia Gas of Pennsylvania, Inc.	:	

REPLY BRIEF OF

THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA

PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA

John W. Sweet, Esq., PA ID: 320182
Elizabeth R. Marx, Esq., PA ID: 309014
Ria M. Pereira, Esq., PA ID: 316771
118 Locust Street
Harrisburg, PA 17101
Tel.: 717-236-9486
Fax: 717-233-4088
pulp@palegalaid.net

October 30, 2020

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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 Reply Brief in response to the Main Brief of Columbia Gas of Pennsylvania, Inc. (Columbia, CPA, or the Company), as well as other parties to this proceeding, including the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), Columbia Industrial Intervenors (CII), and Pennsylvania State University (PSU).

Consistent with the arguments advanced in CAUSE-PA's Main Brief and as further explained herein, Columbia's proposed rate increase should be rejected in its entirety at this time due to the devastating economic impact of the COVID-19 pandemic. Columbia's current levels of unaffordability will only be worsened by any rate increase, and must be squarely addressed in this proceeding to ensure that economically vulnerable consumers can afford to connect to and maintain service to their home – especially in the face of the ongoing pandemic.

In testimony, CAUSE-PA witness Mitchell Miller and other witnesses presented several recommendations targeted at addressing these affordability issues, but the Company has opposed the vast majority of these vitally important measures. Thus, the impetus to protect vulnerable consumers now rests upon the Commission to ensure that Columbia's customers are protected from categorical rate unaffordability and the corresponding inaccessibility of service. Thus, and as explained more thoroughly below and in CAUSE-PA's Main Brief, the Commission should reject the proposed rate increase and order Columbia to improve its low-income programs and consumer protections to ensure universally accessible service consistent with the applicable law and policy.

II. SUMMARY OF ARGUMENT

CAUSE-PA continues to urge the Commission to reject Columbia's proposed rate increase until the full extent of the economic impact of COVID-19 pandemic on Pennsylvania can be understood and accounted for. It is unjust and unreasonable to raise rates as the pandemic is still unfolding and Pennsylvania's economic future is in flux. Columbia's low-income customers already struggled with unaffordable rates before the pandemic – and before Columbia proposed to substantially raise the monthly cost to consumers to stay warm and safe in their home. These same households have experienced the most profound impacts as a result of the pandemic – with the economic impact falling hardest on low-income communities and communities of color. Steps must be taken to ensure that all consumers – including those from Pennsylvania's most vulnerable communities – can afford to connect to and maintain service, especially in the face of the pandemic.

In its Main Brief, Columbia discounts the impact of the pandemic and asserts that the Commission should ignore the current reality and base its decision on calculations from the pre-COVID era. This approach is tone deaf and out of touch with the realities facing thousands of Columbia's residential customers – so many of whom are either out of work or have suffered substantial reductions in wages. Columbia repeatedly asserts that its existing universal service programs are sufficient to address the increased need for assistance; however, as the record clearly demonstrates, these programs were insufficient to meet the needs of low-income consumers even before the onset of the pandemic. That need has no doubt grown exponentially since Columbia filed this case.

For these reasons, CAUSE-PA asserts that it is inappropriate to raise natural gas rates at this time. Instead, Columbia should be required to revise and improve its programming to address the lack of affordability for low-income customers at current rates, including improving their ability to achieve meaningful bill reductions through conservation.

III. OVERALL POSITION ON RATE INCREASE

CAUSE-PA stands firmly on the conclusion reached in its Main Brief that it is inappropriate to raise rates for natural gas, which is necessary for basic human needs such as heat, hot water, and cooking fuel in the midst of the ongoing COVID-19 pandemic. OCA and Community Action Association of Pennsylvania (CAAP) also shared the conclusion that the proposed rate increase should be rejected due to the severity of the pandemic. (See OCA MB at 13-29; CAAP MB at 1-4). While OSBA did not argue for rejecting the rate increase in its Main Brief, its expert witness Brian Kalcic explained that, "In the context of a pandemic, this proposal is impossible to comprehend." (OSBA St. 1 at 2).

In its Main Brief, Columbia asserts that rejection of its proposed increase based on the COVID-19 pandemic and resulting economic landscape would be unprecedented and unconstitutional. (CPA MB at 18-21). However, the United States Supreme Court has held that the determination of just and reasonable rates through the rate-making process requires a *balancing* of investor and consumer interests, concluding that **"regulation does not insure that the business shall produce net revenues."**[1] The COVID-19 pandemic has posed unprecedented economic challenges for Pennsylvania, and has fallen especially hard on the most vulnerable communities. (CAUSE-PA MB at 7-8). As Mr. Miller explained in testimony, COVID-19 is one of the most

[1] Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591, 604 (1944).

severe health and economic crises in our lifetime and has substantially impacted Pennsylvania's low-income and minority populations. (CAUSE-PA MB at 6-10).

Columbia argues that, "[B]oth constitutional and statutory law requires the Commission to make a determination of the just and reasonable rates based on the ratemaking formula . . ." and that, "Simply concluding that some group of customers may have difficulty paying the determined rates and denying a rate increase [. . .] does not meet these constitutional and statutory standards." (CPA MB at 18-19). However, the currently existing economic circumstances arose subsequent to the calculation of Columbia's rate proposal and there is nothing unconstitutional about about giving appropriate weight to the economic considerations existing outside of the ratemaking formula.[2] The Pennsylvania Supreme Court has held that:

> There is ample authority for the proposition that the power to fix "just and reasonable" rates imports a flexibility in the exercise of a complicated regulatory function by a specialized decision-making body and that **the 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***.[3]
>
> **Further, the PUC is obliged to consider broad public interests in the rate-making process**.[4]

In the midst of the COVID-19 crisis, it is inappropriate to raise rates for natural gas, which is necessary for heat, cooking, and hot water, all of which are vital to curbing the spread of the pandemic and ensuring that Pennsylvanians are safe in their homes. (CAUSE-PA MB at 6; CAUSE-PA St. 1-SR at 3-4). Well over 2 million Pennsylvanians have filed for unemployment since mid-March. (CAUSE-PA MB at 7). The onset of the pandemic caused Pennsylvania's

[2] Popowsky v. Pa. PUC (appeal of Metro. Edison Co.), 665 A.2d 808, 812, 542 Pa. 99, 108 (1995).
[3] Id.
[4] Id. (citing Pa. Elec. Co. v. Pa. PUC, 509 Pa. 324, 331, 502 A.2d at 134 (1985)).

unemployment claims to skyrocket. (CAUSE-PA MB at 7; OCA MB at 14-15). From mid-March through late August), approximately 38 percent of Pennsylvania's workforce filed an unemployment claim. (OCA MB at 14). From February 2020 to July 2020, the unemployment rate for counties in Columbia's service territory rose 186% and currently stands at 13.1%. (OCA MB at 14). As of mid-July, the unemployment rates in the counties served by Columbia ranged from 8.8% to 19.2%. (OCA MB at 14).

The unprecedented economic impact has hit low wage workers the hardest and many who were not previously low-income dropped into that category due to reductions in wages. (CAUSE-PA MB at 6-10, 35-36, 43-45; OCA MB at 15). These customers already struggled to afford service and were disproportionately payment troubled before the pandemic. (CAUSE-PA MB at 6-10). Unaffordability across these groups has only grown more pronounced since the onset of the pandemic – with many economists suggesting economic losses will persist over the long term. (Id.) Columbia's customers should not be subjected to any rate increase until it develops a plan to deal with the massive additional arrearages accrued due to the pandemic and the underlying affordability issues that put these customers in the position to fall so far behind.[5]

Columbia attempts to argue that rejecting a rate increase would create a safety risk by denying its investors a fair rate of return, which would reduce incentive to invest construction projects. (CPA MB at 21-23). However, no party has recommended that Columbia never be allowed to raise rates, only that now is not the appropriate time – as Pennsylvanians grapple with a bleak economic future. (CAUSE-PA MB at 10, OCA MB at 14; CAAP MB at 3). As OCA points out, **it is clear in the record that Columbia could continue operations, recover all of its**

[5] See Public Utility Service Termination Proclamation of Disaster Emergency – COVID-19, PUC Docket No. M-2020-3019244, Response of Columbia (filed October 15, 2020).

expenses, and earn a profit <u>with no revenue increase</u>. (OCA MB at 13, 29). CAUSE-PA agrees with OCA's argument that Columbia could defer construction not necessary for safety or, "Columbia could file another rate case after the pandemic once the "dust settles" and reliable and complete evidence of the full effect of the pandemic will be available to determine just and reasonable rates." (OCA MB at 13-14).

The Company argues that, rather than deny the rate increase, "a more focused solution to the real problem of customers losing income is the expanded customer assistance programs that the Company already has designed and implemented to assist affected customers." (Columbia MB at 18). The many inaccuracies of this statement are described at length in CAUSE-PA's Main Brief (CAUSE-PA MB at 11-28) and the testimony of CAUSE-PA witness Miller (CAUSE-PA St. 1 at 16-26, 29-32), OCA witness Roger Colton (OCA St. 1 at 12-28), and CAAP witness Susan Moore (CAAP St. 1 at 5-8) and will be explored more in depth below. While CAUSE-PA agrees that enhanced customer assistance is necessary and appropriate to address the economic impact of the pandemic, the incremental steps that Columbia has taken to address the crisis are wholly inadequate. Indeed, Columbia's assertion here is contradictory, as Columbia has, in fact, opposed nearly all recommendations of CAUSE-PA and other parties that would provide meaningful relief to customers economically impacted by the pandemic. (CPA MB at 98-114). The inadequacies of Columbia's response are evidenced by the continued growth of arrearages, especially among low-income customers and its disproportionate CAP termination rate. (CAUSE-PA MB at 8-10). In reality, Columbia's existing programs are categorically unaffordable, far exceeding the Commission's established affordability standards, and enrollment in the program has remained flat for many years – belying Columbia's argument that it has in any way advanced or expanded

existing supports to offset the economic impact of rates on its most vulnerable customers. (CAUSE-PA MB at 11-24).

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) CAP Energy Burdens

CAUSE-PA continues to urge the Commission to require Columbia to reduce its CAP Percentage of Income Payment (PIP) rates to meet the maximum CAP energy burden standards set forth in the Commission's CAP Policy Statement to offset categorical unaffordability at current and proposed rates. (CAUSE-PA MB at 11-16). Columbia opposes this position despite the fact that it agreed to adhere to future revisions to the Commission's maximum CAP energy burden standards as part of a comprehensive, Commission-approved settlement in its last rate case. (CAUSE-PA MB at 14-15).

In its Main Brief, Columbia asserts that, "The majority of CAP customers will experience no impact or very little impact from any increase in rates because their monthly CAP payment is based on factors unrelated to rates." (CPA MB at 102). This statement is simply untrue. Mr. Miller explained in testimony that 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 rate increase after their next budget true-up. (CPA MB at 44; CAUSE-PA St. 1 at 22; CAUSE-PA St. 1-SR at 5-6). Thus, only 38.2% of current CAP customers are shielded from the financial impact of a rate increase. (CAUSE-PA St. 1 at 22). The proposed rate increase will also impact the bills of future CAP customers who enroll in the CAP average payment plan after the rate increase takes effect because the average will be based on higher bills. (CAUSE-PA MB at 44; CAUSE-PA St. 1 at 22-23). Columbia's proposed rate increase will have a substantial impact on majority of current CAP customers as well as future program participants. This bill impact would add to the already disproportionate energy burdens of low-income customers. (CAUSE-PA MB at 45; CAUSE-PA St. 1 at 15-16).

Columbia points out that, in 2018, its "asked-to-pay" amount was identified as the lowest average payment of all Pennsylvania utilities. (CPA MB at 103). However, it is now 2020 and nearly every Pennsylvania natural gas utility, *except Columbia*, has already petitioned the Commission to voluntarily adjust their CAP rates to comply with the Commission's CAP Policy Statement.[6] Further, the Commission has already held that the energy burdens resulting from Columbia's PIP rates are categorically unaffordable, stating: "**the current maximum energy burden ranges based on the FPIGs in the CAP Policy Statement do not reflect reasonable or**

[6] 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.

affordable payments for many low-income customers."[7] This statement applies to Columbia's current PIP rates, which substantially exceed the Commission's recommended revisions. (See CAUSE-PA MB at 11-13).[8] The fact that Columbia's asked to pay amount was lower than other utilities in 2018 is irrelevant to this proceeding, which by definition looks at current and future projected rates to determine the justness and reasonableness of proposed rates.

Columbia asserts that reducing its PIP percentages to comply with the Commission's maximum CAP energy burden standards is not necessary because very few PIP customers are removed for nonpayment. (CPA MB at 106). However, in 2019, Columbia terminated 1,037 CAP customers for nonpayment, which amounts to roughly 5% of CAP participants – *nearly twice the overall termination rate for residential customers* (2.7%). (CAUSE-PA MB at 8, CAUSE-PA St. 1 at 19). Columbia's argument that it doesn't need to address unaffordability because 5% of CAP customers were terminated in 2019 (before the pandemic) minimizes the severe hardship of those who are forced to go without service simply because they lack the resources to afford service with the assistance of a universal service program.

Columbia's argument here regarding CAP termination rates also ignores the devastating reality that low-income households forego food and medicine or keep their home at an unsafe or unhealthy temperature to meet their home energy expenses, even in relatively good economic times. (CAUSE-PA St. 1 at 17). The fact that many CAP participants are able to avoid termination

[7] 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 27 (Nov. 5, 2019) (hereinafter Final CAP Policy Statement and Order). (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.

[8] 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; whereas, the Commission's maximum energy burden thresholds for natural gas are 4% for customers at or below 50% of the Federal Poverty Level (FPL), and 6% for customers at 101-151% FPL. See CAUSE-PA MB at 11-13.

does not mean that their CAP bills are affordable. As Mr. Miller explained, it is more a reflection of the fact that households cannot live without heat – forcing families to often go to great lengths to meet unreasonable and unjust payment requirements in order to keep their families safe and warm in their homes. (CAUSE-PA St. 1 at 16-18). This result is unacceptable, and flies in the face of the Commission's and Columbia's universal service obligations.[9]

Columbia argues that if a customer's CAP rate is too high, the customer can simply move to a different CAP payment plan. (CPA MB at 106). However, none of Columbia's current CAP payment options provide affordable bills for customers at or below 50% FPL according to the Commission's standards. In 2019, the energy burdens for Columbia's CAP customers at or below 50% FPL ranged from 5.24% to 8.02%. (CAUSE-PA St. 1 at 16). Thus, across all Columbia's CAP options, even the lowest energy burden level provided to customers in the lowest income tier – 5.24% – still exceeds the Commission's 4% maximum energy burden standard.

Columbia asserts that the additional funds provided through the Low-income Heating Energy Assistance Program (LIHEAP) alleviates any need to adjust its CAP rates. (CPA MB at 106). However, as explained in CAUSE-PA's Main Brief, the Commission has already concluded that LIHEAP should not be considered an available resource when setting an appropriate affordability threshold for CAP. (CAUSE-PA MB at 16-18).[10] Furthermore, *very few of Columbia's low-income customers receive a LIHEAP grant: In the 2019-2020 and 2018-2019 LIHEAP seasons, just 14.7% and 16.3% of Columbia's estimated low-income customers received LIHEAP cash grants, respectively*. (CAUSE-PA MB at 17). The annual LIHEAP budget is finite and the amount of funding fluctuates

[9] 66 Pa. C.S. §§ 2202, 2203 (8).
[10] See Final CAP Policy Statement and Order at 50-51.

from year to year and funding for the program is in not guaranteed in any given year. (CAUSE-PA MB at 17). Thus, LIHEAP cannot be relied upon by Columbia to supplement its unaffordable CAP rates.

Columbia also argues that the additional cost of reducing its CAP energy burdens to non-CAP ratepayers is not worth the benefit. (CPA MB at 106-107). However, as explained at length in CAUSE-PA's Main Brief, the cost of providing an affordable bill to CAP customers on a per customer basis is relatively low, and can be offset by spreading the cost across all customer classes, which the Commission contemplated in its Final CAP Policy Statement and Order.[11] As Mr. Miller explained in testimony, **the additional costs of reducing CAP energy burdens to an affordable rate are "a small price to pay in return for the host of far-ranging individual and societal benefits associated with improved energy affordability.**" (CAUSE-PA St. 1 at 27).

Columbia and OCA argue that Columbia's most recent USECP was just approved in January 2020 and that additional changes should wait until the Company's next USECP filing. (CPA MB at 107; OCA MB at 119-122). However, both OCA and Columbia were signatories to the settlement in Columbia's last rate case, wherein the Company agreed to adjust its CAP energy burdens in compliance with the recommended maximum CAP energy burdens once the Energy Affordability Study was released. (CAUSE-PA St. 1 at 13).[12] Columbia agreed to make the Commission's recommended changes by its next USECP proceeding **"or earlier date dictated by the Commission's Energy Burden Study (<u>whichever is sooner</u>)."**[13] As an outgrowth of its Energy Burden Study, the Commission reduced the applicable energy burden standards and required each utility to make a filing indicating the extent to which each utility intended to comply

[11] Final CAP Policy Statement and Order at 7, 80-97, 104.
[12] <u>See</u> <u>Pa. PUC v. Columbia Gas of Pa., Inc.</u>, Joint Pet. for Partial Settlement, Docket No. R-2018-2647577, at 5 para. 57 (filed Aug. 31, 2018). (emphasis added).
[13] <u>Id</u>. (emphasis added).

with the new standards. In response, nearly early every natural gas company has voluntarily complied *except for Columbia* – notwithstanding the fact that Columbia was under an independent settlement obligation to do so. (CAUSE-PA MB at 14).[14]

Ultimately, Columbia's low-income consumers simply cannot afford wait nearly five years for Columbia to correct *current* unaffordable CAP rates – which the Commission has definitively found to be unreasonable. As mentioned in CAUSE-PA's Main Brief, the Commission has extended the USECP filing schedule, which pushes Columbia's next USECP filing out to April 1, 2024, with approval not likely until sometime in 2025, which is far beyond the time period contemplated by the parties at the time of the settlement. (CAUSE-PA MB at 15).[15] The combination of the existing need identified in the Energy Affordability Study, compounded by the COVID-19 pandemic and Columbia's proposed rate increase, calls for immediate action. 2025 is simply too long for Columbia's customers to be forced to wait for reasonable and affordable CAP rates.

2. Low-Income Customer Outreach

a) CAP Participation

CAUSE-PA witness Mr. Miller recommends that Columbia design a plan to reach 50% of confirmed low-income customer enrollment in CAP by 2025. (CAUSE-PA MB at 25, CAUSE-

[14] See also 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.

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

PA St. 1 at 44). In its Main Brief, Columbia indicates that it disagrees with this recommendation and asserts that Columbia's current CAP participation rate is satisfactory. (CPA MB at 103-105).

Columbia asserts that the effectiveness of its CAP outreach should not be based on the percentage of confirmed low-income customers enrolled in CAP. (CPA MB at 104). However, CAP participation – defined as "the number of participants enrolled as of Dec. 31, 2019, divided by the number of confirmed low-income customers"– is the only currently verifiable measure for the effectiveness of CAP outreach.[16]

Columbia asserts that its confirmed low-income count is not a true reflection of customers eligible for CAP because the Company counts verbal income information and not all self-declared low-income customers are able to subsequently produce income documentation or qualify for CAP. (CPA MB at 104). However, as Mr. Miller explained in testimony, "Columbia's *estimated* low-income customer figure (24%) presents a more accurate picture of Columbia's pre-pandemic low-income customer population." (CAUSE-PA St. 1 at 10 (emphasis added)). Mr. Miller explained:

> The estimated low-income customer count, however, provides a more realistic assessment of the number of low-income households served by Columbia by using verified census data and Columbia customer data. 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. (CAUSE-PA St. 1 at 10).

[16] See Pa. PUC, BCS, 2019 Report on Universal Service Programs and Collections Performance, at 50 (Sept. 2019), https://www.puc.pa.gov/filing-resources/reports/universal-service-reports/.

Thus, even counting self-declared income, Columbia's confirmed low-income count (17%) is likely much lower than the actual number of low-income households in its service territory. (CAUSE-PA St. 1 at 10).

Columbia asserts that not all low-income customers need or want to participate in CAP, and argues without evidence that "many low-income customers are able to afford their bill." (CPA MB at 104). However, just because the bill is being paid does not mean it is affordable. Low-income customers often are often forced to make tradeoffs for critical necessities in order to afford utility service. (CAUSE PA St. 1 at 14-15).

> According to the US Energy Information Administration, 1 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. (CAUSE-PA St. 1 at 17).

Columbia asserts that, "Many low-income customers are able to afford their bill with the help of LIHEAP and CAP is not necessary." (CPA MB at 104). However, Mr. Miller also explained:

> 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, as recent research and data has continually showed, vulnerable low-income families simply cannot afford the cost of energy services. (CAUSE-PA St. 1 at 17).

Columbia ultimately asserts that: "[A]ny metric should be based on the activities that work toward the result of increased CAP participation, not the end result of enrollment. (CPA MB at 105). However, Mr. Miller explained,

> This would not be an effective means of ensuring that increased outreach is actually working. The metric used to assess the effectiveness of CPA's outreach must be CPA's results, not how much money it spends, the number of pamphlets it distributes, or the number of ads it buys. **The outreach needs to be evaluated on whether it works, which necessarily requires an evaluation of the results of the outreach, not just the efforts.** Thus, I continue to believe that the Company should be required to measurably improve and benchmark its CAP enrollment rates to reach a greater number of households in need of assistance. (CAUSE-PA St. 1 SR at 9).

Columbia's arguments that it should not be required to produce verifiable results through increasing its CAP Participation are without merit. Columbia should be required to improve CAP enrollment.

3. Health and Safety Pilot

a) Health and Safety Pilot

CAUSE-PA witness Mitchell Miller recommended that Columbia extend the timeframe and increase the budget for its LIURP Health and Safety Pilot, which helps high usage, low-income customers, who would not otherwise be able to access LIURP services due to health and safety issues, to reduce their usage (and in turn their bill) over the longer term. (CAUSE-PA 24-27). In its Main Brief, Columbia opposed this recommendation, asserting that the pilot was in its early stages and had been interrupted by the cessation of in-home services due to the COVID-19 pandemic, and it is premature to make changes to program. (CPA MB at 110). Note the irony that Columbia argues that profound economic disruptions caused by the pandemic should be ignored in reviewing its request for a substantial increase in rates, but relies on the pandemic to support its refusal to adopt reasonable mitigation measures for high usage low-income customers.(CPA MB at 110). As Mr. Miller points out in testimony, the Columbia's Health and Safety program is not sufficiently budgeted to meet the need identified in the evaluation that led to its creation. (CAUSE-PA MB at 25-26; CAUSE-PA St. 1 at 30-31.) The 2015 evaluation assessment that formed the

foundation of Columbia's program found that health and safety issues prevented 120 jobs from needed weatherization that year; however, the Pilot is only currently budgeted to serve 30 households per year. (CAUSE-PA MB at 25). Columbia witness Deborah Davis indicated in rebuttal testimony that the Company would be willing to extend the pilot into 2023 to allow for a full two years of implementation. (CPA St. 13-R at 19). While extending the program to make up for time lost to COVID-19 would certainly be beneficial, additional funding is necessary to the success of the Pilot to ensure that it is adequately budgeted to serve the identified need and help more high usage low-income households achieve long term bill reduction. (CAUSE-PA MB at 25).

4. LIURP

In testimony, CAAP witness Ms. Susan Moore recommended that Columbia's LIURP budget be increased by $420,000. (CAAP St. 1 at 5). In its Main Brief, Columbia disagrees, stating that its budget is already high enough and that it has rollover funding each year. (CPA MB at 111). As Mr. Miller explained in testimony,

> 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. (CAUSE-PA St. 1 at 31).

Thus, Columbia should be required to comply with Ms. Moore's recommendation and increase its LIURP budget. If this causes additional rollover, Columbia should make efforts to ramp up the program to ensure that the program is meeting the identified need for services. (See CAAP St. 1 at 5).

5. Hardship Fund

In testimony, CAAP witness Ms. Moore recommends that Columbia increase the Hardship Fund from $650,000 to $800,000 annually, with the Company contributing any amount necessary to reach $800,000 in funding after customer contributions. (CAAP St. 1 at 7). Columbia opposes this recommendation in its Main Brief, stating that if it is required to increase its hardship fund, it will recover those costs from customers. (CPA MB at 111-112). This response is indicative of Columbia's abdication of responsibility to address existing affordability issues and the effects of ongoing pandemic and economic crisis that is currently wreaking havoc throughout its service territory. (CAUSE-PA St. 1 at 7-12, 14, 41-42). As Mr. Miller explained in testimony, "[t]he impact of service termination on low-income households will be particularly profound if the pandemic persists – or if Pennsylvania faces a resurgence of the COVID-19 virus in the 1 winter heating months as some health experts predict." (CAUSE-PA St. 1 at 17-18).

Just this week, Columbia filed a separate petition seeking to increase the eligibility threshold and funding for its Hardship Fund program. But this is to address COVID, not to remediate the serious and severe financial impact of its proposed rate increase on low income consumers. And, because the eligibility threshold was increased, the funding will not go as far to meet the needs of the most economically vulnerable consumers.

Thus, Columbia should be required to comply with Ms. Moore's recommendation and increase its Hardship Fund to $800,000 annually, with the Company contributing any amount necessary after customer contributions. The increased hardship funds will help low-income customers avoid terminations, which will be vital once the current COVID-19 termination moratorium expires.

B. Pipeline Replacement Issues

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

X. RATE STRUCTURE

A. Introduction

As explained below, CAUSE-PA continues to urge the Commission to order Columbia to recover universal service costs from all customer classes, to reject Columbia's proposals to increase the fixed residential customer charge, and to impose a Revenue Normalization Adjustment rider. Columbia's positions on these matters perpetuates broad inequities in the distribution of public purpose program costs and undercuts energy efficiency and conservation efforts, devaluing substantial ratepayer investments in energy efficiency and conservation programming designed to reduce costs for low-income consumers over the long term.

B. Cost of Service

CAUSE-PA continues to support the Office of Consumer Advocate's cost of service analysis.

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 other than to recommend that the allocation of universal service costs include all customers, which necessarily includes flex rate customers, as explained below in addressing allocation of universal service costs.

3. Allocation of Universal Service Costs

In its Main Brief, CAUSE-PA argues that Columbia should spread its universal service costs equitably across all rate classes, because nonresidential customers contribute to the cost of and need for the programs and also derive a benefit from the programs. (CAUSE-PA MB at 29-38). OCA also argued for cross class recovery of universal service costs based on similar considerations. (OCA MB at 28-57).

In response, Columbia and others argue that universal service costs should be recovered exclusively from residential customers based upon previous holdings from the Commission and the Commonwealth Court. (CPA MB at 147; CII MB at 18; PSU MB at 15-16). This argument overlooks the Commission's recent directive and misinterprets prior court decisions that have allowed for the recovery of public service program costs through rates.[17] The Commission has stated:

> [T]he Commission has in the past approved and defended the practice of recovering universal service costs, including CAP costs, from only residential ratepayers based on the "narrowly tailored" nature of these programs and the potential detrimental economic impact to Pennsylvania's business climate if these costs were recovered from all ratepayer classes. **However, our review of Pennsylvania's current universal service model in the *Review and Energy Affordability* proceedings has provided reasons to reconsider this position.[18]**

[17] Final CAP Policy Statement and Order at 90; Lloyd v. Pa. PUC, 904 A.2d 1010, 1024-1025 (Pa. Commw. Ct. 2006).
[18] Final CAP Policy Statement and Order at 90.

CII and PSU cite Lloyd v. Pennsylvania Public Utility Commission for the premise that universal service costs should be recovered exclusively from the residential class. (CII MB at 18; PSU MB at 15-16). However, as described in depth and at length in CAUSE-PA's Main Brief, the Lloyd court specifically authorized the recovery of similar public purpose program costs across rate classes.[19] In Lloyd, the PPL Industrial Customer Alliance challenged the Commission's decision to allow cross-class recovery of funding for the Sustainable Energy Fund, arguing that it provided "no demonstrable benefits to ratepayers" and asserting there was no legal justification for funding the program through distribution rates. (CAUSE-PA MB at 33).[20] The Commonwealth Court held that "the General Assembly has specifically authorized that public service programs such as SEF be funded," and "that it be funded as an allowable expense by a '***nonbypassable*** rate mechanism."[21] The Court also concluded that "it was well within the Commission's discretion to determine that SEF projects **produced demonstrable benefits for ratepayers**."[22]

Notably, despite that the Choice Act requires universal service programs to be funded through a nonbypassable rate mechanism, commercial and industrial customers have bypassed universal service program costs for over two decades.[23] CII and PSU argue that, according to Lloyd, recovering universal service costs across rate classes would violate cost causation principals which are a "polestar" of ratemaking. (CII MB at 18; PSU MB at 2, 4, 15). This "polestar" argument conflates language from a different section of the Lloyd opinion (separate and distinct from its discussion on appropriate recovery of public service program costs) – wherein, the court *overturned* the Commission's decision to allow PPL's proposed differential in transmission and

[19] See Lloyd v. Pa. PUC, 904 A.2d 1010, 1024-1025 (Pa. Commw. Ct. 2006).
[20] Id.
[21] Id.
[22] Id. (emphasis added).
[23] 66 Pa. C.S. § 2203 (6).

distribution rates between the rate classes based solely on the principal of gradualism, without considering cost causation principals.[24] On this distinct and separate matter, the court pointed out that the Commission offered no explanation, other than the principal of gradualism, to explain its rationale for allowing the rate differential, and that it cited to the principal of gradualism as the sole factor in making its determination.[25]

In the case of universal service costs, the Commission addressed cost causation principals and determined that nonresidential customers play a role in the causation of costs for universal service programs and should no longer be routinely exempt from paying for those costs.[26] As the Commission recently concluded, **"poverty, poor housing stock, and other factors that contribute to households struggling to afford utility service are not just 'residential class' problems**."[27]

As the Commission's Bureau of Consumer Service opined in its comments to the Commission's 1992 Investigation of Uncollectible Balances, when this issue was last contemplated by the Commission prior to issuing its most recent CAP Policy Statement, the origins and impacts of energy unaffordability are not limited to residential ratepayers:

> [T]he problem of the inability of some low-income [*sic*] customers to pay their entire home energy bills is **caused primarily by societal economic conditions that are <u>unrelated to any one rate class</u>**. Until such time as sufficient public revenues are available to address the poverty/energy problem, the costs for [CAPs] should be viewed as a cost of operating as a public utility for which all ratepayers must share the cost. [BCS] does not find any logic to the argument that because the larger societal economic conditions are negatively affecting the ability of some [low-income]

[24] Lloyd, 904 A.2d at 1020.

[25] Lloyd, 904 A.2d at 1020.

[26] Final CAP Policy Statement and Order at 94.

[27] Final CAP Policy Statement and Order at 94 (emphasis added).

> residential customers to pay their bills, that the problem is somehow caused by the residential class and should therefore be paid for by that class.[28]

In the context of the current proceeding, collecting universal service costs from non-residential ratepayers is different from the abandoning of cost causation principals in favor of gradualism that occurred in Lloyd. In fact, requiring non-residential customers to stop bypassing universal service charges – and contribute their fair share of the universal service costs– is squarely in line with the court's holding with regard to other public purpose programs.[29] As both Mr. Miller and Mr. Colton argued, **residential consumers do not *cause* energy poverty, and should not alone shoulder the cost of the solution**. (Id. at 35-36; OCA MB at 166-169). Thus, it is critical for the Commission to require Columbia to recover universal service costs equitably across all rate classes to ensure that costs for addressing energy poverty are no longer bypassed by non-residential customers.

Columbia and other parties assert that residential customers are the sole beneficiaries of universal service programs. (CPA MB at 147; CII MB at 18; PSU MB at 17). However, the Commission has previously held – even before its most recent Policy Statement on the matter – that "all firm customers, including commercial and industrial customers, benefit indirectly from PGW's extensive low-income assistance programs."[30] And, in its Policy Statement on the matter, concluded that "helping low-income families maintain utility service and remain in their homes is also a benefit to the economic climate of a community.[31]

[28] Final Report on The Investigation of Uncollectible Balances, Docket No. I-00900002 at 157-158 (1992) (emphasis added).

[29] Lloyd, 904 A.2d at 1024-1025.

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

[31] Final CAP Policy Statement and Order at 94.

In testimony, Mr. Miller described the very real and substantial ways that universal service programs benefit that nonresidential customers, including helping prevent negative impacts to worker productivity and employee turn-over resulting from energy insecurity. (CAUSE-PA MB at 34-36; see CAUSE-PA St. 1 at 39-43). Universal service programs also help reduce the financial burden of energy poverty on the health system and helps households stay connected to gas service 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 COVID-19. (CAUSE-PA MB at 34-36; see also OCA MB at 170-173).

Columbia asserts that requiring cross class recovery of universal service costs would place it at a disadvantage because other utilities currently recover exclusively from the residential class. (CPA MB at 148). But Columbia is not alone, as Philadelphia Gas Works – which serves an area with the highest concentration of poverty in the state – already recovers universal service costs from all customers, and has for many years. More utilities are likely to soon follow, consistent with the Commission's declaration in its Final CAP Policy Statement and Order that "[u]tilities should be prepared to address recovery of CAP costs (and other universal service costs) from any ratepayer classes in their individual rate case filing."[32] In short, all NGDCs and EDCs were put on notice of the Commission's intent to no longer routinely accept rate structures that recover universal service costs from residential consumers alone, and are expected to advance proposals that will equitably recover universal service costs from all ratepayers - as Columbia should have been prepared to do in this case.[33] Further, regarding PGW's longstanding policy of recovering universal service costs from all customer classes, the Commission has observed: "[W]e have not seen evidence that the economic climate in Philadelphia has been negatively impacted as a result

[32] Final CAP Policy Statement and Order at 7, 80-97, 104.
[33] Final CAP Policy Statement and Order at 7.

of universal service costs charged by PGW."[34] Thus, there is no support for the argument that spreading universal service costs equitably across customer classes would disadvantage the Company.

Columbia argues that universal service costs should not be recovered from flex rate customers due to the difficulty calculating the allocation and revenue allowance in this case. (CPA MB at 148). PSU argues that universal service costs should not be allocated to flex rate customers due to the existing terms of their contracts, and because flex rate customers may opt to leave the system. (PSU MB at 20). The Choice Act specifically authorizes the recovery of public purpose program costs, including universal service program costs, through a *nonbypassable* rate mechanism.[35] Flex rate customers play the same role in the causation of universal service costs and receive the same benefits as other nonresidential customers. (CAUSE-PA MB at 33-36). Nothing in the Choice Act suggests that flex rate customers should be exempted or otherwise allowed to bypass any mechanism established to recover these or other public purpose costs. (CAUSE-PA MB at 32). Importantly, there is no evidence whatsoever in this record that flex customers will opt to leave Columbia's distribution system if they are required to pay their fair share of universal service costs, just as there is no evidence that allocating universal service costs across customer classes would adversely affect businesses. (CAUSE-PA MB at 36-38; see also OCA St. 1-SR at 34-35). As such, Columbia and PSU's arguments on this point must be ignored.

CAUSE-PA notes that PSU's arguments against cross-class recovery are laced with a particular irony, given the clear need of low-income college students for such supports. In fact, as Mr. Miller noted in his testimony, the President of PSU, Eric Barron, formed a University Task

[34] Final CAP Policy Statement and Order at 95-96.

[35] 66 Pa. C.S. § 2203 (6).

Force on Food and Housing Security in February 2020 to help address growing food, housing, and energy insecurity amongst college students. (CAUSE-PA St. 1-SR at 19-20). In charging the Task Force with improving the availability and accessibility of programs to address those critical insecurities, Mr. Barron recognized that "[f]ood and housing insecurity can have a profound effect on a student's ability to thrive" – ultimately impacting their ability to succeed at PSU. (CAUSE-PA St. 1-SR at 20). As Mr. Miller concluded after reviewing a number of statistics highlighting the stark food, housing, and energy insecurity rates amongst college students:

> Universal service programs help bridge the gap for basic needs, allowing low-income students and their families to better afford energy costs while attending school. As such, universal service programs provide a direct and substantial benefit to PSU and dozens of other educational institutions across CPA's service territory, advance common goals of achieving equity and promoting opportunity and advancement, and serve to promote a skilled and educated work force. This is the very definition of a public benefit, and the associated costs of universal service programming should be recovered as such. (CAUSE-PA St. 1-SR at 20-21).

Indeed, universal service programs provide a clear benefit to PSU and other educational institutions, and as such they must equitably share in the costs of those programs.

Columbia asserts that OCA's and CAUSE-PA's proposals fail to consider that universal service costs are recovered pursuant to a reconciled recovery mechanism and have not explained how the mechanism will be modified to account for class reconciliation of amounts to be recovered. (CPA MB at 148). In explaining its rationale for requiring utilities to be prepared to address cross class recovery of universal service costs in their next rate case the Commission pointed out the 1999 amendment to the CAP Policy Statement, which stated:

> *CAP program funding.* The Commission is amending program funding to include a universal service funding mechanism for EDCs. This revision is consistent with section 2804(8) of the [Electric Competition] act that requires the Commission establish for each electric utility an appropriate cost recovery mechanism which is designed to fully recover the EDC's

> universal service and energy conservation costs over the life of these programs.[36]

The Commission directed that, "Utilities should be prepared to address recovery of CAP costs (and other universal service costs) from any ratepayer classes in their individual rate case filing."[37] Thus, the obligation to propose necessary adjustments to the mechanics of the recovery mechanism rests with the Company and it should have presented such an adjustment with its rate proposal.

D. Rate Design

1. Residential Rate Design

a) Fixed Customer Charge.

In testimony, CAUSE-PA witness Mitchell Miller recommended that Columbia's proposal to increase its fixed charge from $16.75 to $23.00, an increase of $6.25 or 37.3%, should be rejected because it would undercut achievable bill savings through conservation measures. (CAUSE-PA MB at 38-41; CAUSE-PA St. 1 at 32-36). Mr. Miller further explained that Columbia's proposal undermines the explicit goals of the Low-Income Usage Reduction Program (LIURP) to help low-income customers to reduce their bills through conservation measures. (CAUSE-PA MB at 39; CAUSE-PA St. 1 at 32). Mr. Miller's concerns about the effect of the proposed fixed charge on conservation savings was shared by OCA Witness Jerome Mierzwa (OCA St. 4 at 38) and CAAP Witness Susan Moore (CAAP St. 1 at 3).

In its Main Brief, Columbia asserts that the argument that the fixed charge increase will negatively impact the ability to achieve bill savings through conservation is based on an "unfounded" assumption that "an increase to the customer charge necessarily reduces the increase to the volumetric charge, thereby eliminating any incentive to conserve energy." (CPA MB at 152).

[36] Final CAP Policy Statement and Order at 80.
[37] Id.

No such assumption is made or necessary to Mr. Miller's analysis of the fixed charge increase, which is based on the simple facts and logical conclusion that **an increase to the volumetric charge can be offset by conservation measures, whereas an increase to the volumetric charge cannot**. (CAUSE-PA St. 1 SR at 13).

Columbia asserts that, because it is also raising volumetric rates, which will still make up a substantial portion of the bill, customers will not be disincentivized from investing in energy conservation. (CPA MB at 13). This argument misses the point. Even if customers invest in conservation measures, their ability to get a return on that investment through bill savings will be negatively impacted by the increased fixed charge. (CAUSE-PA St. 1 at 34). This negative effect on the ability to achieve bill reductions through investment in conservation also applies to the millions of dollars of ratepayer investments in the LIURP program and in Columbia's Energy Efficiency and Conservation Program. (CAUSE-PA St. 1 at 33-35, 40-41). Mr. Miller explained in testimony:

> The current customer charge ($16.75) makes up 19.1% of the current average residential bill ($87.57).91 If the proposed fixed charge is approved at $23.00, it would equal 26.2% of the current average residential bill ($87.57) – or 22.3% of the average bill if the rate increase is approved as requested ($103.19). In other words, 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.

(CAUSE-PA St. 1 at 34).

The negative impact on LIURP investment directly contradicts the explicit goals set out in the LIURP regulations 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."[38] Thus, one does not have to assume that "an increase to the customer charge necessarily reduces the increase to the volumetric charge, thereby eliminating any incentive to conserve energy," (CPA MB at 152) to realize the obvious fact that increases to the fixed charge will undercut the ability to achieve bill reductions through conservation measures. (CAUSE-PA St. 1 at 32-34). While customers may still have some incentive to implement conservation measures, that incentive will be substantially less than if the any rate increase were assigned exclusively to the volumetric charge, in which case customers would be better able to offset the impact of the increase by reducing their usage. (Id.)

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.

In testimony, Mr. Miller recommended that the Commission reject Columbia's Revenue Normalization Adjustment (RNA), because the Rider RNA would recover revenue on a per customer basis, rather than a usage basis, which would undercut low-income households of the ability to reduce their bill through usage reduction and conservation efforts. (CAUSE-PA St. 1 at 36-37). The effects of RNA would be similar to the effects of Columbia's proposed fixed charge increase described above and in CAUSE-PA's Main Brief (CAUSE-PA MB at 38-41). As with its proposed fixed charge increase, Columbia's proposed Rider RNA would undermine the effectiveness of the Low-income Usage Reduction Program at reducing low-income customer bills

[38] 52 Pa. Code § 58.1 ("The programs are intended to assist low-income customers conserve energy and reduce residential energy bills. The reduction in energy bills should 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.").

would thus have a disproportionately negative impact on low-income consumers. (CAUSE-PA St. 1 at 37).

In its Main Brief, Columbia asserts that RNA is not contrary to conservation efforts because the customer will experience immediate savings on their bill and the customer will be able to associate the reduced bill with the conservation measure and the billing adjustments would be made in a future period. (CPA MB at 161). This is a misleading and inappropriate way to claw back bill savings achieved through energy conservation efforts that would rob customers, including low-income customers, of bill savings and undercut the return on millions of dollars of ratepayer investment in LIURP meant to reduce customer bills over the long term. (CAUSE-PA St. 1 at 31, 33, 37).

Columbia asserts that the RNA would "reflect what would normally happen in a rate case when customer usage declines." (CPA MB at 161). This statement is inaccurate. Mr. Miller explains the difference between the effect of RNA versus a traditional rate case as follows:

> [T]he Rider RNA will be automatically applied twice each year, and consumers will have no opportunity to contest or object to the increase through the public input hearing process or rate proceeding and the Company will have no obligation to demonstrate that it could not control or reduce cost in other ways. Consumers must continue to have the right to challenge rate increases, particularly given the demonstrable and significant impact it will have on the ability for consumers to have continued and stable access to affordable utility services. (CAUSE-PA St. 1-SR at 14).

Columbia's arguments for the adoption of its RNA are as misleading as the effects of the RNA itself. While customers may be tricked into thinking that their energy conservation efforts are helping them achieve bill reductions, Columbia will claw back those savings on subsequent bills, thus eroding any savings over the long term – and ultimately serving as a disincentive to invest in additional energy efficient equipment in the future.

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.

E. Bill Impacts

On August 20, 2020, the Commission issued an Order granting Columbia's Petition for Reconsideration and ordering that the base rates resulting from this proceeding be effective as of the end of the statutory suspension period on January 23, 2021.[39] In its Order, the Commission directed that the parties address the appropriate amount and method of rate recovery between the end of the suspension period and the date the final rates are approved.[40] In its Main Brief, Columbia anticipates that it will apply the Commission-approved rates to prior billed usage, and the back billing amount will be the difference between the amount calculated at new rates and amounts actually billed previously at old rates. (CPA MB at 168). In other words, Columbia proposes to immediate and fully recover the fully difference between current rates and approved rates – without any amortization to prevent a steep fee at the tail end of the winter heating season, and around the same time the current moratorium on low-income terminations is set to expire.

Now is not the time to raise rates. CAUSE-PA urges the Commission to reject Columbia's rate proposal, which would make this issue moot. Low-income customers – including those in CAP – face substantial and profound levels of unaffordability. (CAUSE-PA St. 1 at 14-20).

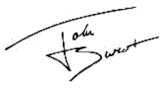
[39] Pa. PUC v. Columbia Gas of Pennsylvania, Inc., Docket No. R-2020-3018835 (Order entered August 20, 2020).
[40] Id.

Columbia's customers, especially its low-income customers, are struggling now more than ever due to the COVID-19 pandemic. (CAUSE-PA MB at 6-10). While $7.59 may seem like an insignificant amount to Columbia (CPA MB at 168), it is a substantial amount for low-income consumers. (CAUSE-PA St. 1 at 14-20). As such, Columbia's proposal to recover any back billed rates in one lump sum should be rejected, as should its proposal to increase rates.

XI. CONCLUSION

For the reasons set forth above and in CAUSE-PA's Main Brief and 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; reject Columbia's proposed RNA rider; order Columbia to recover universal service costs from all ratepayers; require Columbia to measurably improve its CAP enrollment rates to meet an established 50% benchmark; and to take immediate steps to remediate categorically unreasonable and unaffordable rates within Columbia's CAP by reducing Columbia's energy burden standards consistent with the Commission's approved CAP Policy Statement.

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA



John W. Sweet, Esq., PA ID: 320182
Elizabeth R. Marx, Esq., PA ID: 309014
Ria M. Pereira, Esq., PA ID: 316771
118 Locust Street
Harrisburg, PA 17101
Tel.: 717-236-9486
Fax: 717-233-4088
pulp@palegalaid.net

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