

Lauren M. Burge  
412.566.2146  
lburge@eckertseamans.com

July 15, 2022

**Via Electronic Filing**

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Petition to Amend Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2022 – Docket No. P-2020-3018867

---

Dear Secretary Chiavetta:

Consistent with Section 5.412a of the Commission’s regulations, 52 Pa. Code § 5.412a, and the Interim Order Adopting Joint Stipulation for Admission of Evidence, Admitting Evidence Into the Record dated July 13, 2022 and attached hereto in the above matter enclosed for electronic filing please find the following admitted testimony and exhibits on behalf of Philadelphia Gas Works (“PGW”) in the above matter.

<b>Testimony</b>	<b>Witness</b>	<b>Exhibits</b>
PGW St. No. 1	Direct Testimony of Denise Adamucci	No Exhibits
PGW St. No. 2	Direct Testimony of H. Gil Peach	Exhibits HGP-1 and HGP-2
PGW St. No. 1-R	Rebuttal Testimony of Denise Adamucci	No Exhibits
PGW St. No. 2-R	Rebuttal Testimony of H. Gil Peach	No Exhibits
PGW St. No. 1-RJ	Rejoinder Testimony of Denise Adamucci	No Exhibits

All known parties and the presiding officers have been served previously with this Testimony and Exhibits. If you have any questions, please contact me.

Sincerely,



Lauren M. Burge

Enclosure

cc: Hon. Emily I. DeVoe w/out enc. (via email only)  
Hon. Mark A. Hoyer w/out enc. (via email only)  
Certificate of Service w/out enc. (via email only)

## CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the PGW's Letter Submitting Admitted Testimony and Exhibits upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

### Via Email Only

Robert W. Ballenger, Esq.  
Joline Price, Esq.  
Kinteshia Scott, Esq.  
Community Legal Services  
1424 Chestnut Street  
Philadelphia PA 19102  
[rballenger@clsphila.org](mailto:rballenger@clsphila.org)  
[jprice@clsphila.org](mailto:jprice@clsphila.org)  
[kscott@clsphila.org](mailto:kscott@clsphila.org)

Elizabeth R Marx, Esq.  
Ria Pereira, Esq.  
John Sweet, Esq.  
Lauren Berman, Esq.  
Pa Utility Law Project  
118 Locust Street  
Harrisburg PA 17101  
[pulp@pautilitylawproject.org](mailto:pulp@pautilitylawproject.org)

Darryl Lawrence, Esq.  
Christy Appleby Esq.  
Office of Consumer Advocate  
555 Walnut Street 5th Floor  
Forum Place  
Harrisburg PA 17101  
[dlawrence@paoca.org](mailto:dlawrence@paoca.org)  
[cappleby@paoca.org](mailto:cappleby@paoca.org)

Sharon E Webb, Esq.  
Office of Small Business Advocate  
Forum Place  
555 Walnut Street 1st Floor  
Harrisburg PA 17101  
[swebb@pa.gov](mailto:swebb@pa.gov)

Graciela Christlieb, Esq.  
Craig W. Berry, Esq.  
Philadelphia Gas Works  
800 West Montgomery Avenue  
Philadelphia PA 19122  
[Graciela.Christlieb@pgworks.com](mailto:Graciela.Christlieb@pgworks.com)  
[Craig.Berry@pgworks.com](mailto:Craig.Berry@pgworks.com)

*/s/ Lauren M. Burge*

Dated: July 15, 2022

---

Lauren M. Burge, Esq.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition to Amend Philadelphia Gas Works	:	P-2020-3018867
Universal Service and Energy Conservation	:	
Plan for 2017-2022	:	

**INTERIM ORDER  
ADOPTING JOINT STIPULATION FOR ADMISSION OF EVIDENCE,  
ADMITTING EVIDENCE INTO THE RECORD,  
AND CANCELLING EVIDENTIARY HEARING**

On February 2, 2022, the Commission issued a Telephonic Hearing Notice, scheduling an evidentiary hearing on the above-captioned matter for July 13 and 14, 2022.

On July 12, 2022, counsel for Philadelphia Gas Works (PGW) emailed the presiding Administrative Law Judges, advising the parties waived cross-examination of all witnesses and requested that the evidentiary hearing be cancelled. Administrative Law Judge Mark Hoyer (ALJ Hoyer) responded to all parties that the first day of hearing would be cancelled, but the second day would remain scheduled unless the parties filed a fully executed joint stipulation for admission of evidence.

On July 13, 2022, PGW, the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), the Tenant Union Representative Network (TURN), and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA) (collectively, Stipulating Parties), filed a Joint Stipulation for Admission of Evidence (Stipulation). The parties requested that the evidence listed in the Stipulation be admitted and that the evidentiary hearing be cancelled. The parties also indicated they waived cross-examination.

As this request is reasonable, it will be granted.

THEREFORE,

IT IS ORDERED:

1. That the Joint Stipulation for Admission of Evidence, filed on July 13, 2022, by Philadelphia Gas Works, the Office of Consumer Advocate, the Office of Small Business Advocate, the Tenant Union Representative Network, and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania is hereby adopted.

2. That the testimonies and exhibits listed in the Joint Stipulation are admitted into the record of this proceeding on the terms and conditions set forth in the Joint Stipulation as if the same were fully set forth in this ordering paragraph.

3. That, by **4:00 p.m. on July 15, 2022**, the parties shall submit the admitted evidence, with appropriate verifications, to the Commission's Secretary's Bureau pursuant to 52 Pa. Code § 5.412a.

4. That the parties shall, when submitting their evidence pursuant to Ordering Paragraph 3, include in each filing: (a) a copy of this Order, and (b) a cover letter referencing the caption and Docket Number of this proceeding, the specific evidence included in the filing, and the fact that the evidence included in the filing is "admitted evidence."

5. That the evidentiary hearings scheduled for July 13 and 14, 2022, are cancelled.

Date: July 13, 2022

\_\_\_\_\_  
/s/  
Emily I. DeVoe  
Administrative Law Judge

\_\_\_\_\_  
/s/  
Mark A. Hoyer  
Deputy Chief Administrative Law Judge

**P-2020-3018867 - PETITION TO AMEND OR MODIFY UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN**

LAUREN M BURGE ESQUIRE  
DEANNE ODELL ESQUIRE  
ECKERT SEAMANS CHERIN &  
MELLOTT LLC  
600 GRANT STREET 44TH FLOOR  
PITTSBURGH PA 15219  
**412.566.2146**  
lburge@eckertseamans.com  
dodell@eckertseamans.com  
Accepts eService

JOLINE PRICE ATTORNEY  
ROBERT W BALLENGER ESQUIRE  
KINTESHA S SCOTT ESQUIRE  
COMMUNITY LEGAL SERVICES  
1424 CHESTNUT STREET  
PHILADELPHIA PA 19102  
**215.981.3756**  
jprice@clsphila.org  
rballenger@clsphila.org  
kscott@clsphila.org  
Accepts eService

ELIZABETH R MARX ESQUIRE  
LAUREN BERMAN ESQUIRE  
RIA PEREIRA ATTORNEY  
JOHN SWEET ESQUIRE  
PA UTILITY LAW PROJECT  
118 LOCUST STREET  
HARRISBURG PA 17101  
**717.236.9486**  
emarx@pautilitylawproject.org  
lberman@pautilitylawproject.org  
rpereira@pautilitylawproject.org  
jsweet@pautilitylawproject.org  
Accepts eService

RICHARD KANASKIE ESQUIRE  
BUREAU OF INVESTIGATION AND  
ENFORCEMENT  
PA PUBLIC UTILITY COMMISSION  
400 NORTH STREET  
2<sup>ND</sup> FLOOR  
HARRISBURG PA 17120  
rkanaskie@pa.gov

CHRISTY APPLEBY ESQUIRE  
DARRYL LAWRENCE ESQUIRE  
OFFICE OF CONSUMER ADVOCATE  
555 WALNUT STREET 5TH FLOOR  
FORUM PLACE  
HARRISBURG PA 17101  
**717.783.5048**  
cappleby@paoca.org  
dlawrence@paoca.org  
Accepts eService

SHARON E WEBB ESQUIRE  
OFFICE OF SMALL BUSINESS  
ADVOCATE  
FORUM PLACE  
555 WALNUT STREET 1ST FLOOR  
HARRISBURG PA 17101  
**717.783.2525**  
swebb@pa.gov

GRACIELA CHRISTLIEB ESQUIRE  
PHILADELPHIA GAS WORKS  
800 WEST MONTGOMERY AVENUE  
PHILADELPHIA PA 19122  
**215.684.6164**  
Graciela.Christlieb@pgworks.com  
Accepts eService

CRAIG BERRY ATTORNEY  
PHILADELPHIA GAS WORKS  
800 W MONTGOMERY AVE  
PHILADELPHIA PA 19122  
Craig.berry@pgworks.com

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition to Amend Philadelphia Gas :  
Works Universal Service and Energy : Docket No. P-2020-3018867  
Conservation Plan for 2017-2022 :

**DIRECT TESTIMONY**

**OF**

**DENISE ADAMUCCI**

**On Behalf of**

**Philadelphia Gas Works**

**Topics Addressed:**

Background of PGW's USECP for 2017-2022  
Overview of the Revised Energy Burdens in PGW's CRP Pilot Program

March 29, 2022

**TABLE OF CONTENTS**

**I. INTRODUCTION AND BACKGROUND ..... 1**

**II. BACKGROUND OF PGW’S AMENDED USECP FOR 2017-2022..... 2**

**III. IMPLEMENTATION OF REVISED ENERGY BURDENS..... 5**

**IV. CONCLUSION ..... 9**

1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. PLEASE STATE YOUR NAME AND TITLE.**

3 A. My name is Denise Adamucci and I am the Vice President of Regulatory Compliance and  
4 Customer Programs at Philadelphia Gas Works (“PGW” or “Company”).

5 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK**  
6 **HISTORY.**

7 A. I have an MA in English Literature from Arizona State University and a JD from Boston  
8 University School of Law. Prior to my current position, I worked as an attorney for  
9 approximately 14 years, both in private practice and in PGW’s legal department as a  
10 senior attorney.

11 **Q. HAVE YOU EVER TESTIFIED BEFORE THIS COMMISSION?**

12 A. Yes. I have testified before the Pennsylvania Public Utility Commission (“PUC” or  
13 “Commission”) in various proceedings, including in PGW’s most recent base rate  
14 proceeding (Docket No. R-2020-3017206).

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 A. The purpose of my testimony is to describe the revised energy burdens in PGW’s  
17 customer assistance program (“CAP”) that have been implemented, pursuant to PUC  
18 Order, as a pilot program as part of PGW’s Amended Universal Service and Energy  
19 Conservation Plan (“USECP”) for 2017-2022. I will also describe PGW’s experience  
20 with the pilot program to date. For the reasons I discuss, PGW’s revised energy burdens  
21 (and all other aspects of the Amended USECP for 2017-2022) should remain in place for  
22 at least the duration of the current USECP. Future changes to PGW’s customer assistance  
23 program (called the Customer Responsibility Program, or “CRP”) should be addressed on

1 a going forward basis only, whether as part of PGW’s currently pending USECP for  
2 2023-2027 or in future USECPs.

3 **Q. WHAT TOPICS WILL BE COVERED BY PGW’S OTHER WITNESSES?**

4 A. H. Gil Peach will discuss the Commission’s Revised CAP Policy Statement, the revised  
5 energy burdens, and explain why it was and is reasonable for PGW to implement and  
6 maintain the energy burdens as described in the Revised CAP Policy Statement.

7  
8 **II. BACKGROUND OF PGW’S AMENDED USECP FOR 2017-2022**

9 **Q. PLEASE DESCRIBE THE HISTORY OF PGW’S USECP FOR 2017-2022.**

10 A. PGW’s USECP for 2017-2020 was originally approved by the Commission on October 5,  
11 2017.<sup>1</sup> The Commission later extended the duration of existing or proposed USECPs  
12 from three to five years.<sup>2</sup> On January 6, 2020, PGW submitted an addendum that, in  
13 relevant part, extended its existing USECP through 2022.

14 **Q. DID THE COMMISSION RECENTLY REVISE ITS POLICY STATEMENT ON  
15 CUSTOMER ASSISTANCE PROGRAMS (“CAP”)?**

16 A. Yes. As discussed in Mr. Peach’s testimony, the Commission entered a Final Policy  
17 Statement and Order on November 5, 2019 (Docket No. M-2019-3012599) (“Final Policy  
18 Statement and Order”) that included revised energy burdens that lowered the maximum  
19 percentage of household income that is considered an affordable energy burden for low-  
20 income customers. For natural gas heating customers, the revised maximum energy  
21 burdens are 6% for customers in Federal Poverty Income Guideline (“FPIG”) tiers 51%-  
22 100% and 101%-150%, and 4% for customers in FPIG tier 0%-50%. While the

---

<sup>1</sup> Docket No. M-2016-2542415.

<sup>2</sup> Order entered October 3, 2019 at Docket No. M-2019-3012601.

1 Commission has opened a docket for a CAP rulemaking process,<sup>3</sup> the rulemaking appears  
2 to be in early stages and CAPs are currently based on the revised policy statement.

3 **Q. DOES THE POLICY STATEMENT PROVIDE DIFFERENT ENERGY**  
4 **BURDENS DEPENDING ON WHERE IN THE COMMONWEALTH A LOW-**  
5 **INCOME CUSTOMER LIVES?**

6 A. No, the energy burdens were set by the Commission for the Commonwealth as a whole.

7 **Q. HOW DID PGW RESPOND TO THE REVISED CAP POLICY STATEMENT?**

8 A. As directed by Commission's Final Policy Statement and Order, PGW took steps to  
9 incorporate the energy burden changes reflected in the Revised CAP Policy Statement.

10 In a January 6, 2020 letter filed at this docket, PGW proposed to implement a new  
11 maximum CAP energy burden of 4% for customers in FPIG tier 0%-50% and 6% for  
12 customers in FPIG tier 51%-150%, and to remove the obligation to pay \$5/month  
13 towards pre-program arrears in order to meet those energy burdens. PGW proposed to  
14 implement these revised burdens as a Pilot Program (the "CRP Pilot Program") through  
15 the term of its Amended USECP. PGW subsequently filed a Petition for Expedited  
16 Approval of its Amended USECP on February 21, 2020. In its Petition, the Company  
17 requested expedited approval of the Amended USECP due to an upcoming replacement  
18 of its customer information system,<sup>4</sup> as well as direction from the Commission that  
19 utilities implement the changes "as quickly as possible, preferably by January 1, 2021, to  
20 allow for meaningful input in the upcoming universal service rulemaking."<sup>5</sup>

---

<sup>3</sup> Docket No. L-2019-3012600.

<sup>4</sup> Philadelphia Gas Works' Petition for Expedited Approval of PGW's Letter Request to Amend its Universal Service and Energy Conservation Plan Pursuant to 2019 Amendments to Policy Statement at Docket No. M-2019-3012599, filed Feb. 21, 2020, at 2.

<sup>5</sup> EAP Order on Reconsideration and Clarification, Docket Nos. P-2020-3016889 and M-2019-3012599 (entered Feb. 6, 2020); Final Policy Statement and Order, Docket No. M-2019-3012599 (entered Nov. 5, 2019), at 100.

1 **Q. WHAT DID THE COMMISSION DECIDE WITH RESPECT TO THE CRP**  
2 **PILOT PROGRAM PROPOSAL?**

3 A. In a March 26, 2020 Order at this docket, the Commission approved PGW’s Amended  
4 USECP including the CRP Pilot Program.

5 **Q. HAS PGW IMPLEMENTED THE REVISED ENERGY BURDENS?**

6 A. Yes. PGW implemented the revised energy burdens as the CRP Pilot Program beginning  
7 on September 12, 2020, in compliance with the March 26, 2020 Order.

8 **Q. HAS PGW PROVIDED REPORTING TO THE COMMISSION AND THE**  
9 **PARTIES REGARDING THE CRP PILOT PROGRAM?**

10 A. Yes. As required by the March 26, 2020 Order, PGW filed quarterly reports with the  
11 Commission at this docket on its progress toward implementing the CRP Pilot Program,  
12 and subsequently on the program costs once the CRP Pilot Program was in place. These  
13 quarterly reports were served on all parties to this proceeding.

14 **Q. WHY ARE PGW’S ENERGY BURDENS BEING ADDRESSED IN THIS**  
15 **PROCEEDING?**

16 A. I am advised by counsel that the Office of Consumer Advocate (“OCA”) and Office of  
17 Small Business Advocate (“OSBA”) appealed the Commission’s approval of the CRP  
18 Pilot Program to the Commonwealth Court, and the Court remanded this matter back to  
19 the Commission for further proceedings to provide stakeholders an opportunity for  
20 evidentiary hearings on the energy burden issue. In the interim, PGW has been  
21 complying with the Commission’s March 26, 2020 Order (which no party requested to  
22 stay) and has implemented the CRP Pilot Program in good faith.

23 **Q. DOES PGW HAVE ANOTHER UNIVERSAL SERVICE PLAN CURRENTLY**  
24 **PENDING AT THE PUC?**

25 A. Yes. Subsequent to implementation of the CRP Pilot Program, PGW’s USECP for the  
26 2023-2027 period was filed on October 29, 2021 and is currently pending at Docket No.

1 M-2021-3029323.<sup>6</sup> The continuation of the revised energy burdens was proposed in the  
2 2023-2027 USECP proceeding. This proceeding will determine modifications to, and  
3 substance of, all of the Universal Services set forth therein, including the CRP energy  
4 burdens. Importantly, this current proceeding is only focused on the CRP Pilot Program  
5 implemented as part of the 2017-2022 USECP.

6 **Q. TO YOUR KNOWLEDGE, HAVE OTHER UTILITIES IMPLEMENTED THE**  
7 **REVISED ENERGY BURDENS?**

8 A. I am advised by counsel that most other natural gas distribution companies and electric  
9 distribution companies have proposed to implement the revised energy burdens or some  
10 variation thereof, and those proposals are currently pending Commission approval.

11 **III. IMPLEMENTATION OF REVISED ENERGY BURDENS**

12 **Q. WHAT DOES PGW PROPOSE REGARDING ITS CRP PILOT PROGRAM AS**  
13 **PART OF THIS PROCEEDING?**

14 A. The CRP Pilot Program (and all other aspects of PGW's Amended USECP for 2017-  
15 2022) should remain in place for the duration of the currently effective plan.

16 PGW implemented the CRP Pilot Program in good faith, in compliance with the  
17 Commission's March 26, 2020 Order. The CRP Pilot Program remains in place at this  
18 time and is providing benefits to low-income customers. PGW chose to initially put the  
19 revised energy burdens into effect as a pilot program so it could gain actual  
20 implementation experience. This was particularly important since the PUC indicated that  
21 implementation experience would allow for meaningful input into the future CAP

---

<sup>6</sup> See the PUC Order entered October 3, 2019 at 12, Docket No. M-2019-3012601, which set the filing schedule for USECPs.

1 rulemaking proceeding. The CRP Pilot Program should remain in place while the 2017-  
 2 2022 USECP is in effect, without any “retroactive” change to the program.

3 **Q. HAS THE PUC INITIATED A UNIVERSAL SERVICE RULEMAKING**  
 4 **PROCEEDING?**

5 A. The PUC has initiated a universal service rulemaking at Docket No. L-2019-3012600, but  
 6 this rulemaking appears to be in very early stages. In revising the CAP Policy Statement,  
 7 the PUC strongly encouraged utilities to incorporate the CAP policy modifications in to  
 8 their USECPs as quickly as possible to provide a basis for meaningful input in this  
 9 universal service rulemaking.<sup>7</sup> PGW acted in good faith to comply with this direction.

10 **Q. PLEASE DESCRIBE PGW’S EXPERIENCE WITH THE ACTUAL COSTS AND**  
 11 **ENROLLMENT IN CRP SINCE THE CRP PILOT PROGRAM WAS**  
 12 **IMPLEMENTED.**

13 A. Actual CRP costs for fiscal years 2018 through 2021 are provided in the table below.  
 14 The CRP Pilot Program was implemented in September 2020, at the beginning of FY  
 15 2021.

	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
CRP Discount	\$46,287,732	\$40,374,980	\$30,760,979	\$48,052,122
CRP Forgiveness	\$9,236,162	\$8,776,396	\$13,675,954	\$11,106,777
<b>Total</b>	\$55,523,894	\$49,151,376	\$44,436,934 <sup>8</sup>	\$59,158,900

16  
 17 As this table shows, total CRP expenses did increase in FY 2021 but were not far outside  
 18 the range of CRP costs from previous years, even though the CRP Pilot Program was first

<sup>7</sup> Final Policy Statement and Order at 2.

<sup>8</sup> Note that FY 2020 includes a \$2,829,211 CRP Forgiveness adjustment for June 2018 through August 2019.

1 implemented in FY 2021. Additionally, during FY 2021, monthly CRP enrollment  
2 ranged from to 55,748 to 61,507.

3 **Q. HOW DO THE ACTUAL IMPLEMENTATION COSTS COMPARE TO THE**  
4 **PROJECTED COSTS THAT PGW PROVIDED PRIOR TO IMPLEMENTATION**  
5 **OF THE CRP PILOT PROGRAM?**

6 A. As an initial matter, I would note that the COVID-19 pandemic led to a number of policy  
7 and other changes that have limited the ability to determine what “costs” are related to  
8 the pilot. For example, under Commission Order, non-payment terminations were not  
9 allowed from March 13, 2020 through March 31, 2021.<sup>9</sup> Normally, when a CRP  
10 customer does not pay their bill they would be subject to termination and removed from  
11 the program. The regulated termination process can sometimes encourage customers to  
12 pay their bills, thus, for CRP customers, earning arrearage forgiveness. Additionally,  
13 recertification requirements were stopped during the pandemic – normally a customer’s  
14 failure to recertify results in removal from CRP. Philadelphians also experienced  
15 significant job losses and were isolated in their homes for significant periods of time, and  
16 there was an infusion of federal monetary assistance into the economy during the  
17 pandemic.

18 With that said, the actual costs and enrollment to date with the CRP Pilot Program  
19 in place have been much lower than projected. PGW originally projected that its total  
20 CRP costs would increase to approximately \$87.0 million in 2021 after implementing the  
21 CRP Pilot Program, with an average monthly participation of approximately 75,000  
22 customers. This is as compared to projected total costs of \$59.7 million in 2020 prior to

---

<sup>9</sup> See the Order entered March 18, 2021 at Docket No. M-2020-3019244.

1 implementation.<sup>10</sup> In reality, actual costs in FY 2021 were approximately \$59.2 million,  
2 as opposed to the projected \$87.0 million. Average monthly participation in FY 2021  
3 was approximately 59,000, rather than the projected 75,000. While various factors -  
4 including the pandemic and related economic impacts - may have affected these  
5 outcomes, to-date the actual costs and participation in CRP with the revised energy  
6 burdens have been significantly lower than originally projected.

7 **Q. HOW DID THE TIMING OF THE COVID 19 PANDEMIC IMPACT THE CRP**  
8 **PILOT PROGRAM'S ACTUAL COSTS?**

9 A. The CRP Pilot Program was approved on March 26, 2020, just as the pandemic was  
10 beginning. When PGW implemented the program as of September 12, 2020, there were  
11 many other assistance programs that became available to low-income customers. It is  
12 unclear exactly how the pandemic affected program costs, as many of these effects are  
13 still playing out today.

14 **Q. IF ANY CHANGES ARE MADE TO THE CRP PILOT PROGRAM AS PART OF**  
15 **THIS PROCEEDING, HOW SHOULD THOSE MODIFICATIONS BE**  
16 **APPLIED?**

17 A. While I do not agree that any changes should be made to the CRP Pilot Program or the  
18 overall Amended USECP, it is vitally important that if any modifications are required,  
19 those modifications be made on a going forward basis only. The assertion that any  
20 retroactive changes should be made and that so-called "refunds" of program costs  
21 charged through the USEC should be provided ignores the realities of PGW, and its  
22 most-needy customers.

---

<sup>10</sup> See PGW's Second Amended Universal Service and Energy Conservation Plan, 2017-2022 (Redline), at 22 (dated Jan. 6, 2020).

1 PGW is a cash flow entity. It has no shareholders, and rates charged to customers  
2 are its only source of funds. In order to obtain the “refund” dollars, PGW would have to  
3 charge low-income, CRP customers after the fact to attempt to “clawback” the additional  
4 benefits received as a result of the lower energy burdens. This would be confusing, and  
5 significantly distressing for CRP customers. Further, low-income customers on the whole  
6 are highly unlikely to ever be able to pay these amounts. If the “refund” dollars were not  
7 recovered in this manner, PGW would have to recover these unrecovered costs from its  
8 customers, through rate increases or otherwise.

9 Accordingly, it is neither reasonable nor in the public interest to require PGW to  
10 bill its most vulnerable customers in order to attempt to clawback the benefits received  
11 under the CRP Pilot Program in whatever manner, particularly when those benefits were  
12 provided in the midst of a global pandemic. PGW (and its CRP customers) should not be  
13 punished for complying in good faith with the Commission’s March 26, 2020 Order  
14 (which none of the parties requested to stay). Therefore, under no circumstances should  
15 refunds be required as a result of this proceeding.

16  
17 **IV. CONCLUSION**

18 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

19 **A.** Yes, though I reserve the right to supplement my testimony if necessary.

**VERIFICATION**

I, Denise Adamucci, hereby state that: (1) I am Vice President, Regulatory Compliance and Customer Programs for Philadelphia Gas Works (“PGW”); (2) the facts set forth in the foregoing testimony are true and correct (or are true and correct to the best of my knowledge, information and belief); and, (3) I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: March 29, 2022

/s/ Denise Adamucci

Denise Adamucci, Vice President  
Regulatory Compliance & Customer Programs  
Philadelphia Gas Works

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition to Amend Philadelphia Gas :  
Works Universal Service and Energy : Docket No. P-2020-3018867  
Conservation Plan for 2017-2022 :

**DIRECT TESTIMONY**

**OF**

**H. GIL PEACH**

**On Behalf of**

**Philadelphia Gas Works**

**Topics Addressed:**

**The PUC's Revised CAP Policy Statement**

**March 29, 2022**

**TABLE OF CONTENTS**

**I. INTRODUCTION AND BACKGROUND ..... 1**

**II. BACKGROUND ON ENERGY BURDEN AND REVISED CAP POLICY STATEMENT ..... 3**

**III. AFFORDABLE ENERGY BURDEN IN PHILADELPHIA..... 8**

**IV. CONCLUSION ..... 17**

**TABLE OF EXHIBITS**

<b>Exhibit</b>	<b>Description</b>
HGP-1	List of Testimony Previously Provided by H. Gil Peach
HGP-2	Nevada Program Year 2021 Universal Service Evaluation Summary

1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. PLEASE STATE YOUR NAME AND TITLE.**

3 A. My name is Hugh Gilbert Peach. I am President of H. Gil Peach & Associates LLC. My  
4 office is at 16232 NW Oakhills Drive, Beaverton, OR 97006.

5 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK**  
6 **HISTORY.**

7 A. I received a PhD in Sociology from New York University with specialties in the study of  
8 economic sociology, social control, and social statistics. I received an M.A. in Economics  
9 from the New School for Social Research. I received an M.A. and B.S. in Sociology from  
10 Michigan State University. I also completed the equivalent of a minor in physics from  
11 Michigan Technological University and one year of Metropolitan Urban Service Training  
12 from Union Theological Seminary.

13 **Q. PLEASE DESCRIBE YOUR EARLY WORK HISTORY.**

14 A. From 1969-1980: New York Public Library – Page; New York Stock Exchange – Sr.  
15 Clerk; New York City Housing & Development Administration – series of civil service  
16 positions working on housing statistics, urban renewal and development of training  
17 programs; New York City Health Department/Addiction Services Agency – Program  
18 Research Analyst and Sr. Quantitative Analyst, evaluating programs; The Fund for the  
19 City of New York – Research Statistician/Computer Analyst, working for the foundation  
20 to improve the efficiency and effectiveness in several areas of city services through  
21 management studies.

22 **Q. PLEASE DESCRIBE YOUR LATER WORK HISTORY IN THE AREA OF**  
23 **UTILITIES AND UTILITY REGULATION.**

24 A. From 1980 – 1988/89 I was employed by Pacific Power. At Pacific, I worked in load  
25 research and regulatory affairs and received training in all Rate Department functions,

1 including a continuing education in rate fundamentals at Indiana University and expert  
2 witness training. In 1982, I moved to Customer Service where I became Coordinator,  
3 then Manager of Evaluation for energy conservation. The major project was the Hood  
4 River Conservation Project, the largest US public/private home energy retrofit project of  
5 that decade, designed to reach maximum participation levels at the then current state of  
6 technology. In addition, I supervised the engineering team that developed the demand-  
7 side of the company's integrated resource plan.

8 In 1988/1989 I started consulting for the Conservation Law Foundation as they  
9 introduced first generation Demand-Side Management in Maine, Vermont,  
10 Massachusetts, and Connecticut. I left Pacific Power in 1989 to continue to consult  
11 directly for utilities.

12 In Pennsylvania, I was the evaluator for some of the early low-income assistance  
13 pilot programs that eventually evolved to become today's Customer Assistance Programs  
14 and Low-Income Usage Reduction Programs and I have followed and participated in  
15 program/policy evaluation for these programs since 1990. I have completed one or more  
16 program/policy evaluations for West Penn Power, Duquesne Light, PECO Energy, all of  
17 the FirstEnergy utilities in Pennsylvania, PPL, Pennsylvania-American Water Company,  
18 Equitable Gas, Columbia Gas, Peoples Natural Gas, and Philadelphia Gas Works.

19 My practice includes primarily work in the U.S. and Canada and encompasses all  
20 parts of low-income program and demand-side management program design,  
21 potential/planning studies, management and staffing studies, decoupling and policy  
22 studies and verification studies. In addition to studies for utilities, I have conducted low-  
23 income evaluations for the U.S. Department of Health & Human Services and have

1 served on the U.S. Department of Energy peer review committees for the design of major  
 2 national low-income weatherization evaluation, also on the peer review committee for  
 3 vetting of evaluation results from these studies prior to release of the evaluations.

4 On the regulatory side, I have served as an evaluation and/or savings verification  
 5 and related policy expert for the California, New York, New Hampshire, Massachusetts,  
 6 and Nova Scotia public utility commissions. Since 2011, I have also been involved in  
 7 climate adaptation analysis.

8 **Q. HAVE YOU SUBMITTED TESTIMONY AT ANY REGULATORY BODIES**  
 9 **BEFORE?**

10 A. Yes. A list of testimony I have provided is attached as PGW Exhibit HGP-1.

11 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

12 A. My testimony is submitted on behalf of Philadelphia Gas Works (“PGW” or  
 13 “Company”).

14 **Q. PLEASE SUMMARIZE THE PURPOSE OF YOUR TESTIMONY.**

15 A. The purpose of my testimony is to describe the revised maximum energy burdens  
 16 adopted as part of the Pennsylvania Public Utility Commission’s (“Commission” or  
 17 “PUC”) Revised CAP Policy Statement. I will also explain why these energy burdens, as  
 18 implemented in PGW’s CRP Pilot Program, are reasonable and in the public interest, and  
 19 should be maintained for at least the duration of PGW’s Amended 2017-2022 USECP.

20  
 21 **II. BACKGROUND ON ENERGY BURDEN AND REVISED CAP POLICY**  
 22 **STATEMENT**

23 **Q. WHAT IS AN “ENERGY BURDEN”?**

24 A. A customer’s “energy burden” is the percentage of household income that is required to  
 25 pay for the household’s energy usage. This definition is mathematically equivalent to the

1 LEAD definition below in Part B. Setting a maximum energy burden for customers at  
2 various poverty levels helps to ensure that energy costs are affordable and do not  
3 consume an outsized percentage of a low-income household's income or cause  
4 permanent loss of heat/energy (and thus homelessness).

5 Note that, for homes heated with natural gas, the "overall" or "combined" energy  
6 burden is the percentage of income required to pay for both electric and natural gas  
7 heating (as opposed to the stand-alone energy burden for natural gas only).

8 **Q. WHAT IS A GOOD SOURCE OF INFORMATION ON ENERGY BURDEN?**

9 A. A good source of information on overall energy burden for the U.S., states, counties, and  
10 cities is the federal Low-Income Energy Affordability (LEAD) data tool  
11 (<https://www.energy.gov/eere/slsc/maps/lead-tool>). LEAD defines energy burden as "the  
12 average annual housing energy costs divided by the average annual household income."<sup>1</sup>

13 **Q. HOW DOES ENERGY BURDEN VARY BY INCOME?**

14 A. Generally, the higher the household income, the lower the energy burden; and the lower  
15 the household income, the larger the percent of household income required to pay energy  
16 bills. For example, energy burden is exceptionally low for upper-income households  
17 (often 1% or less), average for households in the middle of the income distribution (for  
18 example, 4%), and quite high for households in the poverty ranges.

---

<sup>1</sup> Documentation for LEAD can be found at: Ma, Ookie, Krystal Laymon, Megan Day, Ricardo Oliveria, Jon Weers, and Aaron Vimont, 2019, *Low-Income Affordability Data (LEAD) Tool Methodology*, Golden, Colorado: National Renewable Energy Laboratory, NREL/TP-6A20-74249 (<https://www.nrel.gov/docs/fy19osti/7249.pdf>).

1 **Q. DOES THE PENNSYLVANIA COMMISSION SET A MAXIMUM ENERGY**  
 2 **BURDEN FOR LOW-INCOME CUSTOMERS?**

3 A. Yes, the Commission describes the maximum energy burden that should apply for low-  
 4 income customers enrolled in Customer Assistance Programs (“CAP”) through its CAP  
 5 Policy Statement. The current CAP Policy Statement is found at 52 Pa. Code Sections  
 6 69.261-69.267.

7 **Q. DID THE COMMISSION RECENTLY REVISE ITS CAP POLICY**  
 8 **STATEMENT?**

9 A. Yes. The Commission entered a Final Policy Statement and Order on November 5, 2019  
 10 (Docket No. M-2019-3012599) that revised the energy burdens to lower the maximum  
 11 percentage of household income to be considered an affordable energy burden.

12 **Q. PLEASE SUMMARIZE THE COMMISSION’S REVISED CAP POLICY**  
 13 **STATEMENT.**

14 A. Beginning in 2017, the Commission undertook a detailed review of universal service and  
 15 energy conservation programs in Pennsylvania. This included an examination of the  
 16 existing energy burden thresholds and whether the existing Customer Assistance  
 17 Programs resulted in affordable energy for low-income customers. As part of this  
 18 process, electric and natural gas utilities (including PGW) reported extensive data to the  
 19 Commission, which was used along with other data sources such as U.S. Census data and  
 20 universal service reports to develop the PUC’s Energy Affordability Report.

1 Stakeholders, including PGW and the parties to this proceeding, submitted comments  
2 and/or reply comments on this Report, and also participated in a stakeholder meeting.

3 Based on this investigation, the Commission's November 5, 2019, Final Policy  
4 Statement and Order<sup>2</sup> concluded that the energy burdens in the existing CAP Policy  
5 Statement did not result in reasonable or affordable payments for low-income customers.  
6 The PUC noted that CAP customers have much higher average combined energy burdens  
7 than non-CAP customers (12-14% for CAP customers versus 4%, for natural gas heating  
8 customers outside of CAP), and that neighboring states have low-income energy burden  
9 levels well below Pennsylvania's.<sup>3</sup> The Commission also noted that lowering the energy  
10 burdens would be particularly beneficial for customers in the lowest income tier, who are  
11 most at risk of defaulting from customer assistance programs and of facing service  
12 terminations.<sup>4</sup>

13 Through this Order, the Commission revised its CAP Policy Statement, including  
14 revisions lowering the energy burdens for low-income CAP customers. The revised  
15 energy burdens were incorporated in the CAP Policy Statement at 52 Pa. Code Section  
16 69.265.

17 **Q. DID THE COMMISSION CONSIDER THE COSTS OF IMPLEMENTING THE**  
18 **REVISED ENERGY BURDENS AS PART OF ITS REVIEW?**

19 A. Yes, the PUC considered projected costs provided by the utilities in examining the  
20 potential impact of the revised energy burdens. While costs varied between utilities and

---

<sup>2</sup> Docket No. M-2019-3012599.

<sup>3</sup> Final Policy Statement and Order at 16.

<sup>4</sup> *Id.* at 30.

1 service territories, overall, the Commission concluded that lowering the energy burdens  
2 would not unreasonably increase rates for other customers.

3 **Q. PRIOR TO THE CAP POLICY STATEMENT REVISIONS, WHAT MAXIMUM**  
4 **ENERGY BURDENS WERE REFLECTED IN THE CAP POLICY**  
5 **STATEMENT?**

6 A. Prior to the revisions, the CAP Policy Statement provided for a range of maximum  
7 energy burdens at differing Federal Poverty Income Guideline (“FPIG”) tiers. For natural  
8 gas heating customers, and considering only the natural gas part of the household energy  
9 bill, those ranges were:

- 10 • For FPIG tier 101-150%, maximum energy burdens ranged from 9% to 10%;
- 11 • For FPIG tier 51-100%, maximum energy burdens ranged from 7% to 10%; and
- 12 • For FPIG tier 0-50%, maximum energy burdens ranged from 5% to 8%.

13 **Q. WHAT REVISED ENERGY BURDENS FOR NATURAL GAS CAP**  
14 **CUSTOMERS WERE ADOPTED AS PART OF THE REVISED CAP POLICY**  
15 **STATEMENT?**

16 A. The Revised CAP Policy Statement established new maximum CAP energy burdens for  
17 low-income customers at various income tiers follows:

- 18 • For FPIG tiers 51%-100% and 101%-150%, the maximum energy burden for  
19 natural gas heating customers is 6%.
- 20 • For FPIG tier 0%-50%, the maximum energy burden for natural gas heating  
21 customers is 4%.

22 This results in a maximum overall or combined energy burden of 10%, considering both  
23 natural gas heat and electricity together, for customers in FPIG tier 0%-50% and an  
24 overall energy burden of 6% for customer in FPIG tier 0%-50%. Table 1 below  
25 summarizes the revised maximum energy burden thresholds.

26

27

1  
2

Table 1: Pennsylvania PUC - New Maximum Energy Burden Thresholds.

<b>Pennsylvania PUC New Maximum Energy Burden Thresholds Docket M-2019-3012599</b>			
<b>Utility Service</b>	<b>Poverty Tier (Percent FPIG)</b>		
	<b>0-50%</b>	<b>51-100%</b>	<b>101-150%</b>
<b>Electric Non-Heat</b>	2%	4%	4%
<b>Gas Heat</b>	4%	6%	6%
<b>Electric Heat</b>	6%	10%	10%

3

4 **III. AFFORDABLE ENERGY BURDEN IN PHILADELPHIA**

5 **Q. HAVE YOU CONDUCTED AN ANALYSIS OF ENERGY BURDENS TO**  
 6 **DETERMINE WHAT COULD BE CONSIDERED AN AFFORDABLE ENERGY**  
 7 **BURDEN FOR PGW’S LOW-INCOME CUSTOMERS?**

8 A. Yes, I have. Two established standards for affordability in other jurisdictions are either an  
 9 overall energy burden that is equal to 6%, or the average energy burden for that state. I  
 10 have identified the average energy burden for both Pennsylvania and Philadelphia and  
 11 compared those with the energy burdens included in the PUC’s Revised CAP Policy  
 12 Statement and implemented in PGW’s CRP Pilot Program.

13 **Q. BASED ON YOUR ANALYSIS, WHAT DO YOU CONCLUDE?**

14 A. As will be discussed below, I conclude that it would be justifiable for PGW to implement  
 15 even lower maximum energy burdens than those identified in the PUC’s Revised CAP  
 16 Policy Statement and implemented in PGW’s CRP Pilot Program, in order to achieve  
 17 affordable bills for customers at or below 150% FPIG. As a result, I conclude that the

1 maximum energy burdens in the CRP Pilot Program are justified and provide a  
2 reasonable, moderate step toward helping low-income customers afford bills for natural  
3 gas service.

4 **Q. IN ANALYZING ENERGY BURDEN FOR UTILITY CUSTOMERS IN**  
5 **PHILADELPHIA, WHAT TOOL DID YOU USE?**

6 A. I used the LEAD Tool, which was developed by US Department of Energy National  
7 Renewable Energy Lab (NREL), and is designed to help states, communities and other  
8 stakeholders create better energy strategies and programs by improving their  
9 understanding of low-income housing and energy characteristics. Data for the LEAD  
10 Tool comes from the U.S. Census Bureau's American Community Survey 2018 Public  
11 Use Microdata Samples. An advantage of the LEAD tool is that it provides for analysis of  
12 energy burden at the national level, the state level, the county level, the city level and  
13 down to the census tract level.

14 **Q. USING THE LEAD TOOL, WHAT IS THE AVERAGE OVERALL ENERGY**  
15 **BURDEN FOR PENNSYLVANIA HOMES THAT ARE HEATED WITH**  
16 **NATURAL GAS?**

17 A. The average overall energy burden (combined electric and natural gas) for households  
18 heated with natural gas in Pennsylvania is 3% of household income (rounded to the  
19 nearest percent). This is shown in Figure 1, below which was generated using the LEAD  
20 tool.

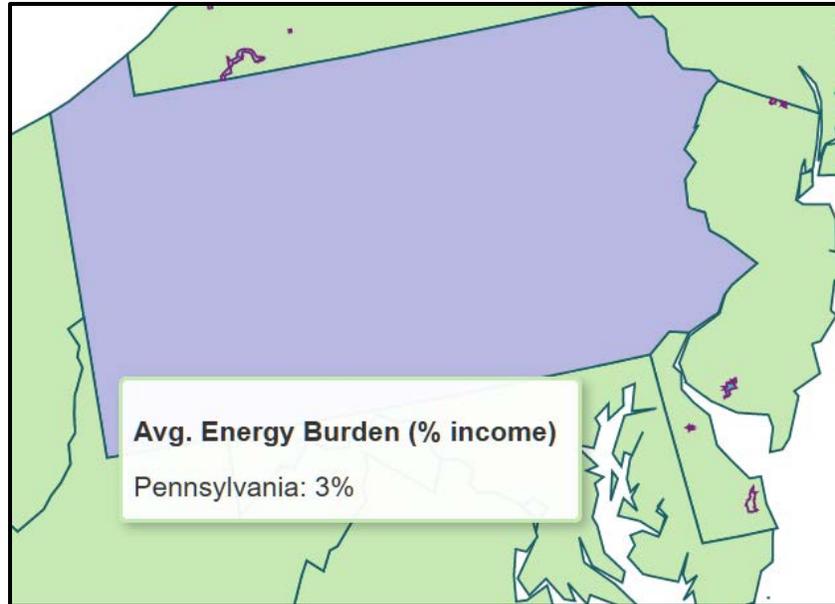


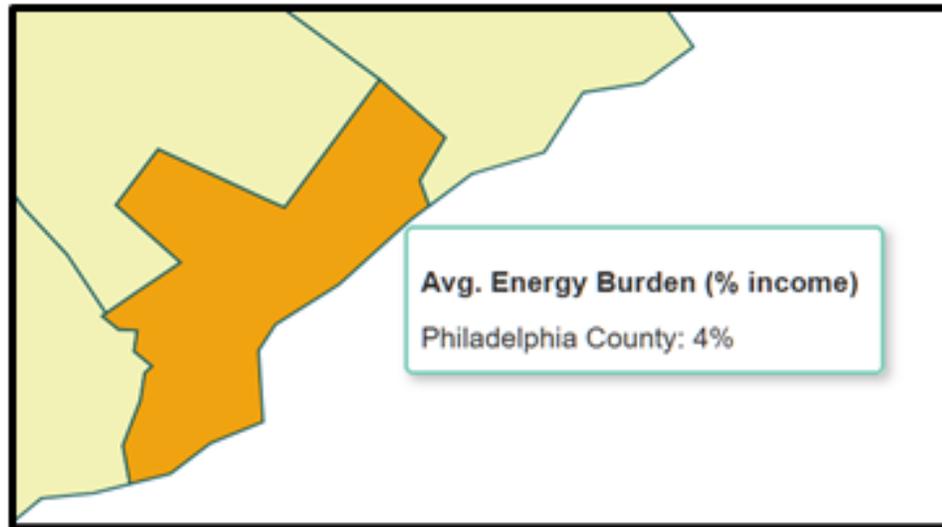
Figure 1: Average Overall Energy Burden - Homes Heated with Natural Gas in Pennsylvania.

1  
2  
3  
4  
5  
6  
7  
8  
9

**Q. USING THE LEAD TOOL, WHAT IS THE AVERAGE OVERALL ENERGY BURDEN FOR HOUSEHOLDS IN PHILADELPHIA THAT ARE HEATED WITH NATURAL GAS?**

A. The average overall energy burden (combined electric and natural gas) for households heated with natural gas in Philadelphia is four percent (4%). This is shown in Figure 2, below, which was generated using the LEAD tool.

1



2

3

*Figure 2: Average Overall Energy Burden - Homes Heated with Natural Gas in Philadelphia.*

4

So, four percent (4%) is the average overall combined (natural gas plus electricity) energy burden of households in Philadelphia that use natural gas for heating.

5

6 **Q. DOES THE OVERALL ENERGY BURDEN DIFFER FOR CUSTOMERS AT**  
7 **150% OF POVERTY AND BELOW?**

8 A. Yes, the energy burden for customers at 150% FPIG and below is significantly higher

9 than the average energy burden in Philadelphia. The LEAD tool shows that the average

10 overall energy burden (natural gas plus electricity) for natural gas heated homes in

11 Philadelphia that are from 101-150% of poverty is 10%, and the average overall energy

12 burden for natural gas heated homes in Philadelphia in the range of 0-100% of poverty is

13 23% -- as opposed to the overall average of 4%.

14 Tables 2 and 3 below report the overall (total) energy burden, plus the separate

15 natural gas and electric energy burdens for Pennsylvania and Philadelphia, respectively,

16 at various income ranges. The natural gas and electricity energy burdens sum to the total

1 energy burden. As these tables show, the energy burden for the lowest income tiers is  
 2 significantly higher than the energy burden for higher income tiers.

<b>Pennsylvania</b>			
<b>Federal Poverty Level</b>	<b>Household Energy Burden</b>		
	<b>Total</b>	<b>Natural Gas</b>	<b>Electric</b>
<b>400%+</b>	2%	1%	1%
<b>200% - 400%</b>	4%	2%	2%
<b>150% - 200%</b>	7%	3%	4%
<b>100% - 150%</b>	10%	4%	5%
<b>0% - 100%</b>	21%	10%	11%

3 *Table 2: Energy Burden for Households Heated with Natural Gas in Pennsylvania.*

<b>Philadelphia County</b>			
<b>Federal Poverty Level</b>	<b>Household Energy Burden</b>		
	<b>Total</b>	<b>Natural Gas</b>	<b>Electric</b>
<b>400%+</b>	2%	1%	1%
<b>200% - 400%</b>	4%	2%	2%
<b>150% - 200%</b>	7%	4%	3%
<b>100% - 150%</b>	10%	5%	5%
<b>0% - 100%</b>	23%	12%	11%

4  
 5 *Table 3: Energy Burden for Households Heated with Natural Gas in Philadelphia.*

6  
 7 **Q. IN TABLE 3, THE LOWEST INCOME RANGE SHOWN IS 0%-100% OF**  
 8 **POVERTY. CAN YOU CHARACTERIZE WHAT HAPPENS WITHIN THIS**  
 9 **RANGE AS INCOME DECREASES?**

10 **A.** Yes. At the 100% of federal poverty guideline level, the top of the range of energy  
 11 burden is closer to the energy burden at the bottom of the range just above this tier (for  
 12 example, if the average for the next tier up is 10%, the top value of the bottom tier might  
 13 be 15%). Towards the middle, the energy burden grows to 23%, (the average for the  
 14 bottom tier) and, considering this as a mathematical problem of moving from the center  
 15 to the bottom of a range, as the bottom of the range is approached, the energy burden

1 accelerates dramatically and becomes quite extreme. Below about 25% of the federal  
2 poverty guideline (FPIG) there is a “bottom effect.” Below this level, households are in  
3 extreme difficulty and energy burdens become exceptionally large.

4 **Q. WHAT IS A REASONABLE TARGET ENERGY BURDEN FOR THE LOWEST**  
5 **INCOME TIER AVAILABLE USING THE LEAD TOOL (0-100% ENERGY**  
6 **BURDEN)?**

7 A. At the lower end of the income distribution, the lowest tier that can be used in the LEAD  
8 system is 0-100% FPIG. This limit is due to the way in which census data is collected.  
9 Based on the LEAD tool, a reasonable overall energy burden for this tier is equal to the  
10 average overall energy burden for Philadelphia gas heated homes, which is 4% (from  
11 Figure 2). Importantly, this 4% energy burden is a combined energy burden that includes  
12 both natural gas bills and electricity bills.

13 **Q. DO OTHER JURISDICTIONS SET THE MAXIMUM OVERALL ENERGY**  
14 **BURDEN BASED ON THE AVERAGE ENERGY BURDEN FOR THE STATE?**

15 A. Yes. For example, in 2002, Nevada passed legislation that set the overall energy burden  
16 at the level of the median energy burden of the state. This target is re-calculated annually  
17 but it is always approximately 2% of household income. The most recent (2021)  
18 evaluation of Nevada’s program is attached as Exhibit HGP-2.

19 Based on my extensive experience in Nevada, setting the energy burden target at  
20 the level of the average energy burden for households in the state was a feature that made  
21 the programs easily understandable and increased fairness. At a general level, bringing  
22 low-income households down to the average energy burden in the state seems inherently  
23 fair since the result, at least theoretically, is that low-income customers are “burdened”  
24 by energy costs in the same way as the state’s population as a whole, on average.

1 **Q. BASED ON YOUR ANALYSIS AND THIS DATA, ARE THE ENERGY**  
 2 **BURDENS IMPLEMENTED AS PGW’S CRP PILOT PROGRAM**  
 3 **REASONABLE AND JUSTIFIED?**

4 A. Yes. Recall that the energy burdens implemented by PGW pursuant to the Revised CAP  
 5 Policy Statement *for natural gas only* were 4% for customers in the 0-50% FPIG tier, and  
 6 6% for customers in FPIG tiers 51-100% and 101-150%. However, the data I just  
 7 discussed would support a *combined* energy burden of 4% based on the average  
 8 Philadelphia overall energy burden (and thus a natural gas energy burden closer to 2%).  
 9 A comparison is displayed in Table 4 below.

10 *Table 4: Comparison of Energy Burden under PUC Policy/PGW CRP Pilot vs. Peach Recommended*  
 11 *Energy Burden based on Phila. Average*

Federal Poverty Level	PUC Revised CAP Policy Stmt. and PGW CRP Pilot Program			Energy Burden Based On Philadelphia Average
	Overall	Nat. Gas	Electric	Overall
0-50%	6%	4%	2%	4%
51-100%	10%	6%	4%	4%
101-150%	10%	6%	4%	4%

12  
 13 Based on these data, energy burdens that are even lower than those reflected in the PUC’s  
 14 Revised CAP Policy Statement and implemented by PGW would be justified and  
 15 reasonable to provide affordable bills to low-income customers. The more moderate  
 16 energy burdens that PGW has implemented based on PUC guidance are therefore also  
 17 reasonable and move toward affordability for CRP customers. The revised energy  
 18 burdens are better aligned with the standards implemented by other states and reflect

1 good practice (though not current best practice). They also reflect recommendations from  
2 national studies on what is considered an affordable utility bill.

3 **Q. IS THE INCREASED COST IMPOSED UPON NON-CRP CUSTOMERS AS A**  
4 **RESULT OF THESE MODIFIED ENERGY BURDENS JUSTIFIED?**

5 A. Yes. While PGW’s projected costs to implement the revised energy burdens may have  
6 been somewhat higher than for some other utilities, there is no basis for arguing that the  
7 energy burdens should apply differently to low-income customers who live in the City of  
8 Philadelphia. Many Pennsylvania cities have a high incidence of high energy burden  
9 households. In Philadelphia, about twenty-three percent (23%) of persons are in poverty<sup>5</sup>  
10 and Philadelphia has concentrations of deep poverty. There is no question that the need  
11 for revised energy burdens exists. As to cost, the PUC reviewed PGW’s projected costs  
12 and did not find them to be unreasonable given the benefits – both to CRP customers and  
13 the City’s economy in general – that the revised energy burdens provide. Importantly, the  
14 Commission’s decision to modify the maximum energy burdens was a policy choice  
15 about low-income Pennsylvanians that was supported by a lengthy, detailed investigation  
16 regarding what a low-income customer could reasonably be required to pay to have  
17 access to energy and heat. Policy on this subject is the essence of why a utility is  
18 regulated – because energy should be accessible to all customers. There is nothing about  
19 a low-income PGW customer that makes them more or less in need than customers of  
20 other Pennsylvania utilities in identical economic situations with respect to ability to pay  
21 and to energy needs. It would be inherently unfair, and discriminatory, for the  
22 Commission to find a certain level of energy burden applied in PGW’s service territory

---

<sup>5</sup> <https://www.census.gov/quickfacts/fact/table/philadelphiacitypennsylvania/IPE120220#IPE120220>.

1 but then to refuse to implement those levels because of a general sense that the increase  
2 in costs to non-CRP customers is too high. I am also advised that most other natural gas  
3 and electric utilities have proposed to implement the revised energy burdens. Particularly  
4 given that PGW has implemented the revised energy burdens through its CRP Pilot  
5 Program and now has approximately 1.5 years of experience with these energy burdens in  
6 place, it is reasonable for PGW to continue the CRP Pilot Program for the duration of the  
7 current USECP, at a minimum. After this period the PUC can and should review its  
8 overall energy burden findings and determine whether any changes are necessary on a  
9 going forward basis.

10 **Q. BASED ON YOUR REVIEW OF THE CRP PILOT PROGRAM, WHAT**  
11 **CONCLUSIONS DO YOU DRAW?**

12 A. Pennsylvania's approach to payment assistance programs takes time, with planned  
13 variations, iterative evaluations, and then refinement of policy guidance by the PUC.  
14 Within this framework, I conclude the following:

- 15 (1) First, the recent two-year proceeding on low-income payment assistance was  
16 thorough, transparent, and complete. Neither the proceeding, nor the guidance coming  
17 out of proceeding are in any way defective;
- 18 (2) Second, PGW appropriately followed the framework that has been in effect since the  
19 late 1980's and proposed a pilot within the new guidance;
- 20 (3) Third, the findings and conclusions that lead to the Commission's general policy are  
21 applicable in PGW's service territory; and
- 22 (4) Fourth, the proposal of the pilot was a positive event and any penalty for working  
23 within the established framework for planned variation followed by evaluation would  
24 be inappropriate.

1 The process here is one of production of useful and relevant applied knowledge for  
2 iterative program improvement. These procedures are simply parts of knowledge  
3 production to produce evidence-based results.

4 **Q. IN SUMMARY, WHAT DO YOU CONCLUDE REGARDING PGW'S**  
5 **IMPLEMENTATION OF THE REVISED ENERGY BURDENS?**

6 A. Based on my experience, the pilot design is thoughtful and responsible, justified by the  
7 available evidence, and shows integrity in following new PUC guidance. Costs are  
8 simply the known costs for implementing the new policy guidance and, from an overall  
9 perspective, are necessary. It is reasonable and necessary for PGW to maintain the  
10 revised energy burdens that it implemented through the CRP Pilot Program and as  
11 outlined in the Commission's Revised CAP Policy Statement, for the duration of its  
12 2017-2022 Universal Service and Energy Conservation Plan, and it is preferable, though  
13 not essential, that regulatory timing for the current energy burdens be adjusted to provide  
14 for some additional years.

15  
16 **IV. CONCLUSION**

17 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

18 A. Yes.  
19

# PGW Exhibit HPG-1

HGP-1	List of Testimony Previously Provided by H. Gil Peach & Team		
Year	Jurisdiction	Subject	For
2021	City of Philadelphia	Economic Modeling of UnEmployment impact of Covid & Impact of Infrastructure Investment	Philadelphia Water Department
2020	Pennsylvania	Economic Modeling of UnEmployment impact of Covid & Impact of Infrastructure Investment	Philadelphia Gas Works
2017	Pennsylvania	Low-Income & Rate Issues	Philadelphia Gas Works
2016	Pennsylvania	Decoupling Approaches and Results	Pennsylvania Public Utility Commission for En Banc Hearing
2015	Washington	Gas DSM & Economic Cost-Benefit Testing	Independent Expert
2013	Pennsylvania	Low-Income	Tenant Union Representative Network & Action Alliance of Senior Citizens of Greater Philadelphia
2012	Nova Scotia	DSM & Low-Income Measurement Verification	Nova Scotia Utilities and Review Board
2011	Nova Scotia	DSM & Low-Income Measurement Verification	Nova Scotia Utilities and Review Board
2010	Nova Scotia	DSM & Low-Income Measurement Verification	Nova Scotia Utilities and Review Board
2007	Nevada	Low-Income & Cost-Benefit Testing	Nevada Housing Division
2005	District of Columbia	DSM & Low-Income	DC Energy Office
2005	Utah	Low-Income	Salt Lake CAP & Utah Housing Division
2005	Nevada	Low-Income & Cost-Benefit Testing	NV Welfare Division & NV Housing Division
2004	Pennsylvania	Low-Income & Rate Issues	Philadelphia Gas Works
2000	Washington	Measurement Issues in Program Evaluation of Performance Contracting	Snohomish PUD No. 1
1999	Kentucky	Low-Income & Ability to Pay	Kentucky Association for Community Action
1990s	Connecticut	DSM & Program Results	Conservation Law Foundation
1990s	Rhode Island	DSM & Program Results	Conservation Law Foundation
1990s	Massachusetts	DSM & Program Results	Conservation Law Foundation
1990s	Vermont	DSM & Program Results	Conservation Law Foundation
1989	Massachusetts	Measurement Issues in Performance Contracting	Northeast Utilities/Connecticut Light & Power

# PGW Exhibit HPG-2

# EXECUTIVE SUMMARY

SFY 2020 EVALUATION

## Energy and Weatherization Assistance Programs

Prepared for the State of Nevada

by H. Gil Peach & Associates

---

January 2021

---

### Vision Statement

To be a world leader in Developing truthful measurement and useful results; to support development of efficient, ethical, and effective practices, sustained economically; to advance human development. To improve the quality of life during the era of rapid climate change.

### Goals Statement

- To build inclusion, diversity, and social justice in pursuit of technical excellence.
- Excellence in the integration of knowledge, method, and practice.
- Improvement and learning at all levels.
- Contextually sound measurement, analysis, and reporting.
- Anticipate and meet the needs of our clients.
- Awareness of human relevance and of the ethical core of research.
- To go further, to find better ways.

### Mission Statement

With extensive experience in North America, we can provide the full range of evaluation, verification, policy, management, planning, regulatory and adaptation services – wherever and whenever there is a need.

H. Gil Peach & Associates, LLC

[www.peachandassociates.net](http://www.peachandassociates.net)

16232 NW Oak Hills Drive Beaverton, Oregon 97006-5242, USA

Telephone: (503) 645-0716

EIN: 11-3783390

Fax: (503) 946-3064

E-mail: [hgp@adapt.global](mailto:hgp@adapt.global)

## **EXECUTIVE SUMMARY**

Nevada's Home Energy Assistance Program (EAP) and Weatherization Assistance Program (WAP) are both funded by the state's Universal Energy Charge (UEC), which was established by the 2001 State Legislature and became effective during State Fiscal Year (SFY) 2002. The first full program year was SFY 2003. EAP provides payment assistance to help with home energy bills and WAP implements weatherization to lower future energy bills and to increase household health and safety.

The legislation establishing these programs requires an annual evaluation of program efficacy and compliance with legislative requirements. Nevada's Division of Welfare and Supportive Service (DWSS) and the Nevada Housing Division (NHD) selected H. Gil Peach & Associates to conduct the evaluation for the 2020 fiscal year.

### **Evaluating the Energy Assistance Program (EAP)**

The evaluation of the Energy Assistance Program had two parts. The first part was to determine the degree to which DWSS complied with the statutory requirements of the legislation establishing the EAP payment assistance program (NRS 702) while planning and implementing the program. The second was to evaluate the impact, or efficacy, of the EAP as implemented.

### **EAP Compliance with NRS 702**

The evaluation found that the EAP was implemented in compliance with NRS 702.

DWSS developed eligibility tables based on household income and household size to accommodate the balance between available fiscal year funding and number of qualified applicant households (combining state UEC and federal LIHEA funds). DWSS, in accord with NRS 702, had first instituted benefit caps in 2009 during the Great Recession<sup>1</sup> to meet Nevada's need for low-income energy assistance. While the use of caps reduces the amount of assistance available to each household, it enables the EAP program to serve a greater number of households. This was crucial during the economic conditions of the Great Recession when revenues declined and need for services increased. Since then, although the economy has been improving until the Covid Recession (beginning in February 2020), the caps have been used to continue to adjust services to yearly budgets. The benefit caps enable EAP to serve as many needy households as possible at the maximum amount possible.

---

<sup>1</sup> The National Bureau of Economic Research defines the Great Recession as running from December 2007 through June 2009. The lived experience of the Great Recession began before the official start date and lasted beyond the official end date.

## EAP Program Effectiveness

Through the EAP, DWSS provided 21,576 households assistance with their heating and cooling costs during SFY 2020. For SFY 2020, the program calculation showed a median family of four in Nevada spent 1.94% of their income on energy. This percentage is called the Nevada median household energy burden. Benefits include direct payment assistance of the amount of the household energy bill above the median energy burden, plus for certain qualifying households, payment of accrued arrearage.

Since SFY 2012, in accord with flexibility established in NRS 702, DWSS has increased the benefit cap for households below 75% FPL to reduce their energy burden to more equitable levels.

The energy burden was successfully reduced in 2020 for both targeted and non-targeted households. In SFY 2020, EAP helped participant energy burden to approach the statewide median (see Table 1).

Table 1. Energy Burden Prior to and After EAP, by Poverty Group.

Percentage of Income that EAP Participants are expected to spend on Household Energy, before and after Assistance, by Poverty Group for SFY 2020		
Poverty Group	Average % FAC Income spent on Household Energy	
	Prior to EAP	Regular EAP
0-75%	26.75%	1.88%
76-100%	8.31%	2.13%
101-125%	6.79%	2.26%
126-150%	5.08%	2.25%
150%+	17.16%	4.92%
All	13.97%	2.09%
<b>Statewide Median for 2020</b>		1.94%
Note: Income is FAC income.		

As part of the effort to assist households, in SFY 2020 an additional payment of

\$160 per household was authorized to offset the basic service charge. With the goal of reaching the median energy burden level for each household the regular EAP payment established prior to this change put about 50% of program households within the median energy burden target. With the additional \$160 payment, approximately 92% of households were brought within target. For SFY 2020, there was also a Covid payment, designed to help households with additional energy costs due to the need to stay-at-home to reduce the rate of spread of the virus. This is an effective program, as demonstrated by these results.

### **Evaluating the Weatherization Assistance Program (WAP)**

Contracting with subgrantees, the WAP weatherizes homes to provide long-term reduction in energy costs. In SFY 2020, 256 homes received this assistance in Nevada.

### **Weatherization Assistance Program Compliance with NRS 702**

The evaluation found that the WAP was implemented in a manner consistent with NRS to the extent possible given the disparity between need and availability of funds, and program constraints due to the Covid emergency. From March 2020 into the beginning of June 2020, almost all fieldwork was shut down due to requirements designed to reduce the spread of the Covid virus.

During SFY 2020, the Nevada Housing Division (NHD) provided eligible households with services of basic home energy efficiency which assisted households in reducing energy consumption over time. Performance was confirmed during NHD WAP staff Monitoring Reviews of sample projects and by evaluation review of the program database. In several cases, assistance was provided to health/safety threatened households that experienced an emergency because of a failure of a component or system of their occupied dwelling.

### **Evaluation of Program Effectiveness**

In SFY 2020, NHD Subgrantees weatherized 256 homes (Table 2). This is an effective program for the homes served, with energy savings stretching many years into the future. Service to special needs and high energy use households is shown in Table 3. For households served, this is an effective program.

Table 2: Work Completed by each WAP Subgrantee Agency.

<b>Fund for Energy Assistance and Conservation Work Completed by each Subgrantee Agency (SFY 2020)</b>		
<b>Agency</b>	<b>Number of Homes</b>	<b>Percentage of Homes</b>
<b>HELP</b>	137	53.5%
<b>NRHA-Las Vegas</b>	61	23.8%
<b>CSA</b>	28	10.9%
<b>NRHA</b>	23	9.0%
<b>RNDC</b>	7	2.7%
<b>Total</b>	256	100.0

\*Percentage total not exact due to rounding.

Table 3: Services to Special Needs and High Energy Use Households.

<b>Fund for Energy Assistance and Conservation Services to Special Needs and High Energy Use Households (SFY 2020)</b>		
<b>Category</b>	<b>Number of Homes</b>	<b>Percentage</b>
<b>Elderly over 60</b>	152	59.4%
<b>Persons with Disabilities</b>	148	57.8%
<b>Children under 6</b>	18	7.0%
<b>Native American</b>	7	2.7%
<b>High Energy Users</b>	96	37.5%
Note: This table contains category overlaps, so percentages do not add to 100%. The base for the percentages is two-hundred and fifty-six (256) homes.		

## SUMMARY AND CONCLUSIONS

The EAP and WAP programs provided financial and physical assistance to reduce energy burden for qualifying low-income households in SFY 2020. DWSS staff continued working diligently to implement the EAP, maintaining the prior year's eligibility criteria and benefit caps to provide a meaningful benefit to over 21,000 households. WAP subgrantees and contractors provided both emergency and sustainable improvements to reduce the need for energy use for 256 homes. Findings and recommendations are provided below.

### DWSS Energy Assistance Program

**Finding No. EAP 1:** DWSS is fully compliant with the provisions of NRS 702.280 for SFY 2020.

**Finding No. EAP 2:** DWSS has optimized the Energy Assistance Program by adjustment of allocation for targeted groups (homes with at least one person who is age 60 or over, homes with at least one child age 6 or less, and homes with at least one disabled person) and by type of energy used (electricity and natural gas vs. propane). DWSS also optimized the program using systematic caps which provide a higher allocation to the lowest income households, using poverty ranges. The program is highly optimized for SFY 2020 and going into SFY 2021.

**Finding No. EAP 3:** The Energy Assistance Program is effective. It provides meaningful support to clients to assist with payment of household energy costs for qualifying households.

**Finding No. EAP 4:** In responding to the Covid-19 emergency, DWSS performed responsibly and quickly to follow guidance from the governor to adjust procedures; and were able to serve clients at about the normal level of participation for the year.

**Recommendation No. EAP 1:** In the absence of any unusual events, for SFY 2021 DWSS should operate normally within this optimized structure while monitoring the operation of the caps. No new changes to processes, management or organization are recommended for DWSS based on the SFY 2020 evaluation. For SFY 2021, the goal should be to operate well with the current processes, management, and organization.

**Recommendation No. EAP 2:** The next time there is work on the computer system supporting energy assistance, consider adding fields to the database to isolate all

benefits by type. For example, the basic benefit amount, then separately any fuel type adder, and any targeted group adder, then perhaps three variables to accommodate any adders used in a given year (such as the 2020 \$160 adder and the 2020 Covid adder).

## **NHD Weatherization Assistance Program**

**Finding No. WAP 1:** NHD has was fully compliant with the specific provisions of NRS 702.270 for SFY 2020.

**Finding No. WAP 2:** NHD has continually optimized the Weatherization Assistance Program by adjusting measures to be installed in homes, management, and allocations of jobs across the agencies, adjusting cost limits for jobs, and moving to a new database reporting system. The program is highly optimized for SFY 2020 and going into SFY 2021.

**Finding No. WAP 3:** The Weatherization Assistance Program is effective. It provides meaningful support to clients to assist with improving the energy efficiency and resilience of qualifying homes. Demonstrated energy savings provide households lower energy bills and, in combination with health and safety measures also allow some households to stay in their homes. WAP is a meaningful program.

**Finding No. WAP 4:** In responding to the Covid-19 emergency, NHD performed responsibly and quickly to follow guidance from the governor to adjust procedure,

**Recommendation No. WAP 1:** In the absence of any unusual events, for SFY 2020 NHD should operate normally, continuing to optimize. No new changes to processes, management or organization are recommended for NHD based on the SFY 2020 evaluation. For SFY 2021, the goal should be to operate well with the current processes, management, and organization.

**Recommendation No. WAP 2:** NHD has been moving to fully implement its new database system. In 2021, a goal should be to complete migration to the new system.

## DWSS & NHD Joint Requirements

**Finding No. JR 1:** DWSS and NHD are fully compliant with the specific Joint Requirements provision of NRS 702.

**Recommendation No. JR1:** For SFY 2021, continue to complete the Joint Requirements provisions of NRS 702, as in SFY 2020. There is no recommendation for a change for Joint Requirements.

## Overall Evaluation Conclusion

NHD WAP and DWSS EAP were fully compliant with all provisions of NRS 702 for SFY 2020.

## ADDITIONAL NOTES

There are a number of contextual factors that affect the programs. One is the federal poverty metric, which is generally understood to be not a good measure of poverty; another is the consumer price index, used to adjust the poverty levels each year – it can be shown that the current index used for adjustment loses part of the price inflation actually experienced; and, for seniors, the index used for adjustment should be based on the needs seniors spend their money on, not the things that urban workers spend money on. Social security is, on its face inadequate, especially with the loss of the complimentary defined benefit pension; and it is also adjusted by the consumer price index which is flawed. Climate change is accelerating and the realities of this need to be built into social programs for adaptive management. Income inequality in the US is extreme and changes both the ability of voluntary efforts to meet needs and the kinds and qualities of goods and services available. Sharp socioeconomic differences make it hard for people to understand or cooperate with each other and tend to generate fear. Since the beginning of the Covid Recession, prices for materials and equipment used in weatherization work have been increasing.

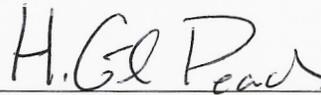
EAP and WAP have made it through the “Dot-com” Recession, the Great Recession, and the first year of the Covid Recession. DWSS and NHD have used the authorized flexibility designed by the legislature (NRS 702) to continually adapt to changing conditions. The programs are much stronger now, as a result; and better adapted to engage whatever the future may bring.

**Executive Summary SFY 2021 Evaluation  
Energy and Weatherization Assistance  
Programs**

**VERIFICATION**

I, Hugh Gilbert Peach, hereby state that: (1) I am President of H. Gil Peach & Associates LLC; (2) I have been retained by Philadelphia Gas Works ("PGW") for purposes of this proceeding; (3) the facts set forth in the foregoing testimony are true and correct (or are true and correct to the best of my knowledge, information and belief); and, (4) I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: March 29, 2022



---

Hugh Gilbert Peach  
President of H. Gil Peach & Associates LLC

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition to Amend Philadelphia Gas :  
Works Universal Service and Energy : Docket No. P-2020-3018867  
Conservation Plan for 2017-2022 :

**REBUTTAL TESTIMONY**

**OF**

**DENISE ADAMUCCI**

**On Behalf of**

**Philadelphia Gas Works**

**Responding to Direct Testimony of:**

**TURN and CAUSE-PA Witness Harry S. Geller,  
OCA Witness Roger D. Colton,  
OSBA Witness Robert D. Knecht**

June 17, 2022

**TABLE OF CONTENTS**

**I. INTRODUCTION AND BACKGROUND ..... 1**

**II. SUPPORT FOR PGW’S REVISED ENERGY BURDENS ..... 1**

**III. RESPONSES TO DIRECT TESTIMONY OF OSBA WITNESS KNECHT ..... 4**

    A. The Nature of PGW’s CRP Pilot Program ..... 5

    B. Cost Impacts on Non-Participants and Alternative Funding Measures ..... 6

    C. OSBA’s Position Regarding Potential Refunds..... 8

**IV. RESPONSES TO THE DIRECT TESTIMONIES OF OCA WITNESS COLTON  
AND TURN/CAUSE-PA WITNESS GELLER ..... 10**

**V. CONCLUSION ..... 13**

1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. PLEASE STATE YOUR NAME AND TITLE.**

3 A. My name is Denise Adamucci and I am the Vice President of Regulatory Compliance and  
4 Customer Programs at Philadelphia Gas Works (“PGW” or “Company”).

5 **Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS PROCEEDING?**

6 A. Yes, I provided Direct Testimony (PGW St. No. 1) on March 29, 2022 in this proceeding.

7 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

8 A. The purpose of my Rebuttal testimony is to respond to: the Direct Testimony of the  
9 Tenant Union Representative Network (“TURN”) and Coalition for Affordable Utility  
10 Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) (collectively  
11 “TURN/CAUSE-PA”) witness Harry S. Geller (TURN and CAUSE-PA St. No. 1),  
12 served on May 13, 2022; the Direct Testimony of the Office of Consumer Advocate  
13 (“OCA”) witness Roger D. Colton (OCA St. No. 1), served on May 13, 2022; and the  
14 Direct Testimony of the Office of Small Business Advocate (“OSBA”) witness Robert D.  
15 Knecht (OSBA St. No. 1), served on May 13, 2022.

16 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

17 A. No, I am not.

18 **Q. WHAT TOPICS WILL BE COVERED BY PGW’S OTHER WITNESSES?**

19 A. H. Gil Peach will respond separately to specific points raised by Mr. Colton and Mr.  
20 Knecht.

21

22 **II. SUPPORT FOR PGW’S REVISED ENERGY BURDENS**

23 **Q. PLEASE DESCRIBE THE POSITION OF TURN/CAUSE-PA WITNESS**  
24 **GELLER AND OCA WITNESS COLTON REGARDING PGW’S REVISED**  
25 **ENERGY BURDENS IMPLEMENTED THROUGH THE CRP PILOT**  
26 **PROGRAM.**

1 A. Mr. Geller supports the energy burden levels in the CRP Pilot Program. Mr. Geller  
2 concludes that “the CRP Pilot Program represents a justifiable, reasonable, and moderate  
3 step towards improving low income customers’ ability to afford natural gas service.”  
4 (TURN/CAUSE-PA St. 1 at 12).

5 Overall, Mr. Colton does not take issue with the energy burden levels in the CRP  
6 Pilot Program. Mr. Colton states that “[g]iven the reduced cost of the PGW pilot, OCA  
7 does not oppose the adoption of the PGW pilot,” provided that certain of OCA’s new  
8 performance metrics and obligations for data reporting are imposed on PGW. (OCA St. 1  
9 at 10).

10 **Q. PLEASE DESCRIBE THE POSITION OF OSBA WITNESS KNECHT**  
11 **REGARDING PGW’S REVISED ENERGY BURDENS.**

12 A. Mr. Knecht does not support the energy burdens implemented through PGW’s CRP Pilot  
13 Program for a variety of reasons, including because he views the Company’s testimony as  
14 providing “little or no support for the proposed changes.” (OSBA St. 1 at 11).

15 **Q. DO YOU AGREE WITH MR. KNECHT’S ASSERTION THAT PGW HAS NOT**  
16 **ADEQUATELY SUPPORTED THE COMPANY’S REVISED ENERGY**  
17 **BURDENS?**

18 A. No, I do not. As discussed in my Direct Testimony and in Mr. Peach’s Direct Testimony,  
19 PGW has provided detailed information and analysis in support of its CRP Pilot Program.  
20 This support has been provided through that direct testimony, in prior quarterly reports on  
21 actual program costs that were filed at this docket and served on the parties in compliance  
22 with the March 26, 2020 Order, and in other filings at this docket.

23 **Q. HOW HAS PGW SUPPORTED ITS REVISED ENERGY BURDENS?**

24 A. In his Direct Testimony, PGW witness Peach presented an analysis of the energy burdens  
25 outlined in the Commission’s Revised CAP Policy Statement, and the specific affordable  
26 energy burdens in PGW’s service territory. Based on this analysis (and as further

1 discussed in his Rebuttal Testimony), Mr. Peach concluded that PGW could justify  
2 energy burdens even lower than those implemented through the CRP Pilot Program to  
3 provide affordable bills to low-income customers, and therefore the CRP Pilot Program  
4 energy burdens are reasonable and justified. Mr. Peach further supported PGW's  
5 proposed energy burdens by showing that lower burdens have been found reasonable in  
6 other jurisdictions.

7 Additionally, the Company submitted quarterly reports that were filed at this  
8 docket and served on the parties regarding actual costs of the CRP Pilot Program since  
9 the pilot was implemented on September 12, 2020, and my testimony provided an  
10 analysis of actual CRP costs for fiscal years 2018 through 2021. (PGW St. No. 1 at 6-8).  
11 While CRP costs did increase in 2021 after the CRP Pilot Program was implemented,  
12 these costs were significantly lower than originally projected. Given the significant  
13 justification for the revised energy burdens, the benefits provided to low-income  
14 customers as a result of those burdens (including during the time of a pandemic), the  
15 lower than projected costs, and the direction provided in the Commission's Revised CAP  
16 Policy Statement, the revised energy burdens are just and reasonable and should remain  
17 in place for the duration of PGW's currently effective Amended USECP for 2017-2022.

18 **Q. OSBA WITNESS KNECHT ARGUES THAT PGW HAS NOT CONSIDERED**  
19 **IMPACTS AND ALL RELEVANT FACTORS THAT COULD AFFECT**  
20 **PROGRAM COSTS. WHAT IS YOUR RESPONSE?**

21 A. Mr. Knecht argues that the Company has not evaluated the impact of external factors  
22 such as rate changes, economic conditions, customer income effects, etc., and the lower  
23 costs experienced in the CRP Pilot Program can be due to many factors. (OSBA St. 1 at  
24 7). While I agree that many factors can affect enrollment and program costs, it would be  
25 impossible to account for every possible factor that could have an effect. As I stated in

1 my direct testimony, for example, it is unclear exactly how the pandemic affected  
 2 program costs, as many of these effects are still playing out today. (PGW St. No. 1 at 7-  
 3 8). In any event, PGW has provided actual costs to date which are significantly lower  
 4 than originally projected, and has provided detailed support to continue the CRP Pilot  
 5 Program and other aspects of the Amended USECP for the Plan's 2017-2022 term.  
 6 However, we are not relying merely on the lower than projected actual cost to justify the  
 7 lower energy burdens; Mr. Peach's analysis provides ample support that the reduced  
 8 energy burdens are reasonable and justified.

9 **Q. IN YOUR DIRECT TESTIMONY YOU STATED THAT OTHER NATURAL GAS**  
 10 **AND ELECTRIC DISTRIBUTION UTILITIES HAD PROPOSED TO**  
 11 **IMPLEMENT NEW ENERGY BURDENS IN ACCORDANCE WITH THE**  
 12 **REVISED CAP POLICY STATEMENT BUT THOSE WERE STILL PENDING**  
 13 **PUC APPROVAL. (PGW ST. NO. 1 AT 5). TO YOUR KNOWLEDGE, HAVE**  
 14 **ANY OF THOSE PROPOSALS BEEN APPROVED?**

15 A. I am advised by counsel that energy burdens from the Revised CAP Policy Statement  
 16 have now been approved for implementation by Duquesne Light Company (Docket No.  
 17 M-2019-3008227), Peoples Natural Gas Company and Peoples Gas Company (Docket  
 18 No. M-2018-3003177), National Fuel Gas Distribution Company (Docket No. M-2021-  
 19 3024935), PECO Energy Company (Docket No. M-2018-3005795), and UGI Utilities  
 20 Inc. (Docket No. M-2019-3014966).

21  
 22 **III. RESPONSES TO DIRECT TESTIMONY OF OSBA WITNESS KNECHT**

23 **Q. WHAT IS YOUR OVERALL RESPONSE TO OSBA WITNESS KNECHT'S**  
 24 **DIRECT TESTIMONY?**

25 A. In general, Mr. Knecht's testimony misunderstands or does not address the nature of  
 26 PGW's CRP Pilot Program, the implications of PGW being a cash flow utility, and

1 PGW’s obligation to comply with Commission orders. I broadly disagree with Mr.  
 2 Knecht’s positions and respond to specific topics below.

3 **A. The Nature of PGW’s CRP Pilot Program**

4 **Q. OSBA WITNESS KNECHT ASSERTS THAT THE ENERGY BURDENS**  
 5 **CURRENTLY IMPLEMENTED ARE NOT A PILOT PROGRAM BUT RATHER**  
 6 **ARE A “PERMANENT AND SUBSTANTIAL CHANGE” TO THE PROGRAM.**  
 7 **(OSBA ST. 1 AT 4-5). HOW DO YOU RESPOND?**

8 A. The Commission’s approval in the March 26, 2020 Order was only to implement the  
 9 proposed energy burdens as a pilot for the remainder of the 2017-2022 USECP. The  
 10 purpose of implementing the revised energy burdens as a pilot program was so the  
 11 Company could gain actual implementation experience. This was particularly important  
 12 since the PUC indicated in its November 5, 2019 Final Policy Statement and Order  
 13 (Docket No. M-2019-3012599) (“Final Policy Statement and Order”) that  
 14 implementation experience would allow for meaningful input into the future CAP  
 15 rulemaking proceeding.<sup>1</sup>

16 **Q. DID PGW’S PROPOSAL OR THE COMMISSION’S APPROVAL IN ANY WAY**  
 17 **COMMIT THE COMPANY TO CONTINUE THE PROPOSED ENERGY**  
 18 **BURDENS BEYOND THE CURRENT USECP?**

19 A. No. The 2017-2022 USECP will continue until the approval PGW’s 2023-2027 USECP.  
 20 The Company filed its 2023-2027 USECP on October 29, 2021 at Docket No. M-2021-  
 21 30292323. Due to lower than anticipated cost increases, as detailed in my direct  
 22 testimony, PGW elected to seek permission from the Commission to make permanent the  
 23 energy burdens as part of the 2023-2027 USECP. Whether the CRP Pilot Program  
 24 becomes a permanent part of the 2023-2027 USECP remains to be determined by the  
 25 PUC as part of that separate, ongoing process. The program is, in fact, a pilot program, a

---

<sup>1</sup> PGW was required to file for the reduced energy burdens when it did so that it could incorporate the changes into its billing system prior to it implementing a new billing system.

1 Wikipedia definition notwithstanding. And even if the revised energy burdens are  
2 approved as part of PGW's 2023-2027 USECP, these Plans are revisited every five years  
3 and modifications can be made in future USECP proceedings if deemed necessary by the  
4 Commission.

5 I also note that, despite its appeal of the Commission's March 26, 2020 Order,  
6 neither OSBA nor any other party ever requested a stay. As such, the CRP Pilot Program  
7 has appropriately remained in place since it was implemented on September 12, 2020.

8 **Q. MR. KNECHT COMPARES THE CRP PILOT PROGRAM IMPLEMENTATION**  
9 **TO ENERGY EFFICIENCY AND CONSERVATION ("EE&C") PROGRAMS.**  
10 **DO YOU AGREE WITH HIS CONCLUSIONS?**

11 A. No, I do not. Mr. Knecht appears to indicate that utilities implement programs that are  
12 characterized as "pilot programs" but which are actually controversial rate changes that  
13 are permanent. (OSBA St. 1 at 5, fn. 12). That is not the case here. For one thing, PGW  
14 implemented the pilot in order to gain actual experience. Whether the program will  
15 continue as a permanent part of the 2023-2027 USECP is under PUC review in that  
16 separate process.

17 **B. Cost Impacts on Non-Participants and Alternative Funding Measures**

18 **Q. MR. KNECHTS'S PROPOSAL THAT PGW EXTEND RECOVERY OF USECP**  
19 **COSTS TO ALL RATEPAYERS, INCLUDING RATES IT AND GTS. HOW DO**  
20 **YOU RESPOND?**

21 A. Currently, PGW is unique among Pennsylvania utilities in recovering the costs of  
22 universal service programs through a surcharge that is applied to both residential and  
23 non-residential firm rate customers. For one thing, this is a recognition of the fact that  
24 this cost recovery structure was a feature of PGW's low-income programs prior to PGW  
25 becoming regulated by the PUC. This recovery approach has repeatedly been approved

1 by the Commission.<sup>2</sup> While Mr. Knecht is correct that at present PGW’s IT and GTS  
 2 classes do not currently pay the USEC surcharge, this case is not the appropriate forum to  
 3 expand the scope of the surcharge. I have been advised by counsel that such a change  
 4 would need to be explored in conjunction with a PGW rate proceeding.

5 **Q. HOW HAS THE COMMISSION HANDLED PGW’S COST RECOVERY OF THE**  
 6 **COMPANY’S UNIVERSAL SERVICE PROGRAMS?**

7 A. The Commission has accepted PGW’s annual true-ups of its USEC Surcharge that are  
 8 filed as part of the Company’s Gas Cost Rate cases. While, as Mr. Knecht has identified,  
 9 the Company has made adjustments to the USEC calculation in those cases, these  
 10 adjustments have not prevented the Commission from approving PGW’s recovery of  
 11 costs in those proceedings.

12 **Q. HOW DO YOU RESPOND TO MR. KNECHT’S PROPOSAL THAT PGW**  
 13 **ADOPT ADDITIONAL CONSERVATION INCENTIVES FOR CRP**  
 14 **CUSTOMERS?**

15 A. PGW recognizes that additional conservation incentives for CRP customers is one way to  
 16 address energy usage among CRP customers. However, the balancing of conservation  
 17 incentives for CRP customers with the needs for affordable service for those customers  
 18 remains an area for stakeholders and the Company to evaluate.

19 **Q. HOW DO YOU RESPOND TO MR. KNECHT’S PROPOSAL THAT PGW SELF**  
 20 **FUND PART OF THE USECP?**

---

<sup>2</sup> For example, see the PUC’s Final Order in PGW’s 2017 Rate Case, Docket No. R-2017-2586783, at 73 (noting that “...PGW has a long and continuous history of allocating its extensive universal service costs over all firm customers...”).

1 A. First, I would note that this suggestion is directly contrary to PGW’s existing service  
 2 Tariff which states that “Universal service and energy conservation program and related  
 3 costs will be recovered by a Universal Service and Energy Conservation Surcharge  
 4 applicable to all volumes of Gas delivered.” (PGW Gas Service Tariff – Pa. P.U.C. No.  
 5 2, Page No. 81). Additionally, and on the advice of counsel, Mr. Knecht’s suggestion  
 6 that the annual fee PGW pays to the City of Philadelphia, the Company’s owner, should  
 7 be used to fund some of the USECP is without legal foundation, as PGW has no ability to  
 8 redirect these legally obligated funds.

9 **C. OSBA’s Position Regarding Potential Refunds**

10 **Q. DOES MR. KNECHT AGREE WITH YOUR DIRECT TESTIMONY THAT THE**  
 11 **COMPANY WOULD HAVE A HARD TIME RECOVERING THE BENEFITS OF**  
 12 **LOWER ENERGY BURDENS PROVIDED TO CRP CUSTOMERS IF THE**  
 13 **COMMISSION WERE TO ORDER SUCH AN ACTION?**

14 A. Yes. Mr. Knecht states:

- 15 • “it would be unreasonable to attempt to recover benefits provided to individual CRP  
 16 customers, as it would be extremely difficult to untangle the effects of the USECP  
 17 changes from all other factors which affect CRP, rate discounts and other benefits.”  
 18 (OSBA St. 1 at 12-13).
- 19 • “I agree with the Company that it would be extremely difficult to calculate the impact  
 20 of all of the changes with precision.” (OSBA St. 1 at 14).
- 21 • “I also agree with Witness Adamucci that it would be unreasonable to try to recover  
 22 any excess costs from the beneficiaries, as it would be hopelessly impractical.”  
 23 (OSBA St. 1 at 14).

24 **Q. NONETHELESS, MR. KNECHT STATES THAT OSBA RESERVES THE**  
 25 **RIGHT TO ARGUE THAT FUNDS SHOULD BE RETURNED TO**  
 26 **RATEPAYERS. (OSBA ST. 1 AT 3). HOW DO YOU RESPOND?**

27 A. It is unclear when OSBA expects to raise these arguments if not in direct testimony. This  
 28 statement is despite Mr. Knecht’s agreement with my direct testimony that it would not  
 29 be possible to recover these benefits from ratepayers after the fact. As explained in my

1 direct testimony, PGW is a cash flow entity with no shareholders, and rates charged to  
2 customers are its only source of funds. Any so-called “refund” would require PGW to  
3 charge low-income, CRP customers after the fact to attempt to “clawback” the additional  
4 benefits received as a result of the lower energy burdens, which OSBA agrees is not  
5 reasonably possible. If the “refund” dollars were not recovered in this manner, PGW  
6 would have to recover these unrecovered costs from its customers, through rate increases  
7 or otherwise. The Company could not simply absorb these costs, as Mr. Knecht suggests.  
8 It has no earnings or other source of funds to offset what could be substantial payments.

9 **Q. PLEASE ADDRESS MR. KNECHT’S CONTENTION THAT THE COMPANY**  
10 **ACTED IMPROPERLY IN FOLLOWING A COMMISSION ORDER.**

11 A. This is simply false. Any due process violations experienced by OSBA are not the result  
12 of PGW’s actions.<sup>3</sup> As detailed in my direct testimony, PGW implemented the revised  
13 energy burdens based on the Commission’s direction in its Final Policy Statement and  
14 Order, and the Commission’s March 26, 2020 Order approving PGW’s Petition. If the  
15 Commission had denied the Petition, PGW would not have moved forward with the  
16 proposed energy burdens. Once the Commission issued its March 26, 2020 Order, PGW  
17 was obligated to comply and has done so in good faith. OSBA never requested a stay of  
18 the Order, and PGW filed updates on the docket as required by the PUC. This  
19 proceeding was remanded in order for the Commission to provide additional process, and  
20 despite Mr. Knecht’s groundless accusations, PGW has acted appropriately and in good  
21 faith in complying with the PUC Order.

---

<sup>3</sup> “In PGW’s view, no matter how egregiously it runs roughshod over due process requirements and no matter how egregiously it treats certain customers, there is no need to pay back the affected customers because the shortfall will simply be shifted to base rates.” (OSBA St. 1 at 13).

1 **IV. RESPONSES TO THE DIRECT TESTIMONIES OF OCA WITNESS COLTON**  
2 **AND TURN/CAUSE-PA WITNESS GELLER**

3 **Q. PLEASE SUMMARIZE MR. COLTON'S RECOMMENDATIONS REGARDING**  
4 **PROPOSED PERFORMANCE METRICS.**

5 A. Mr. Colton recommends that PGW adopt numerous OCA "performance metrics" to  
6 determine whether CRP is achieving Mr. Colton's desired outcomes and to continuously  
7 improve (in Mr. Colton's opinion) the administration of CRP. He also states that PGW  
8 should be directed to include in each future USECP a report of the outcome  
9 measurements, along with its assessment of the outcomes and an identification of which  
10 elements of the proposed USECP have been included to in response to the results. (OCA  
11 St. 1 at 11-16). His desired "metrics" include: PGW should achieve a CRP participation  
12 rate of at least 40% of its estimated low-income population (OCA St. 1 at 18-19); the  
13 "percentage of CAP dollars paid" of CRP participants should place PGW's performance  
14 in the top quartile of Pennsylvania NGDCs (OCA St. 1 at 21-26); the "CAP payment  
15 rate" of CRP participants should place PGW's performance in the top quartile of  
16 Pennsylvania NGDCs (OCA St. 1 at 21-26); the percentage of CRP participants with in-  
17 program arrears should not exceed the percentage of residential customers with arrears  
18 (OCA St. 1 at 21, 26-27); and arrearages eligible for forgiveness in each year (in dollars)  
19 should be actually forgiven at a rate that equals or approaches 100% (OCA St. 1 at 31-  
20 34).

21 **Q. HOW DO YOU RESPOND TO THESE "PERFORMANCE METRIC"**  
22 **RECOMMENDATIONS?**

23 A. I am advised by counsel that Mr. Colton's directives are entirely outside the scope of this  
24 limited remand proceeding and must be rejected. This proceeding is specifically focused  
25 on determining whether PGW's CRP Pilot Program should remain in place for the  
26 duration of PGW's Amended USECP for 2017-2022. Mr. Colton agrees that it should.

1 (OCA St. 1 at 10). Mr. Colton's broader USECP performance metrics are outside this  
2 limited scope. The Commission has no such performance metrics in place and these  
3 OCA goals have no basis in the Revised CAP Policy Statement. Additionally, it is  
4 inappropriate for such performance metrics to apply only to PGW and Mr. Colton  
5 provides no justification for why PGW's performance must exceed the performance of  
6 other utility companies. OCA's CAP goals would be better considered as part of the  
7 pending CAP Rulemaking proceeding rather than in this limited context.

8 **Q. HOW DO YOU RESPOND TO THE RECOMMENDATIONS BY MR. COLTON**  
9 **AND MR. GELLER THAT PGW EXPAND ITS DATA COLLECTION AND**  
10 **REPORTING (OCA ST. 1 AT 48-52; TURN AND CAUSE-PA ST. 1 AT 18)?**

11 A. I do not agree with these recommendations. PGW is already required to provide a  
12 significant amount of specific USECP data to the Commission's Bureau of Consumer  
13 Services on an annual basis. This data is uniformly collected across all natural gas  
14 distribution companies in Pennsylvania. The Commission releases this data in its annual  
15 universal service reports that allow comparisons between natural gas and electric utilities  
16 across the Commonwealth and between electric and natural gas utilities with overlapping  
17 service territories. PGW's data collection and reporting meets the PUC's specifications.  
18 Neither Mr. Colton nor Mr. Geller have provided a basis for greatly expanding the  
19 Company's data collection and reporting practices – which may come at significant  
20 expense assuming it is even possible for PGW's system to track the requested  
21 information (which it may not be).

1           Additionally, Mr. Geller asserts that the purpose of his proposal is to “enable  
2           third-party evaluation.” However, in accordance with PGW’s most recently filed 2023-  
3           2027 USECP and the Commission’s guidance, PGW expects to file its next Impact  
4           Evaluation on January 31, 2025. The Impact Evaluation is the appropriate vehicle for an  
5           independent third-party to analyze PGW’s USECP and report back to PGW, the  
6           Commission, and stakeholders on the Plan.

7   **Q.   DOES MR. COLTON PROPOSE COST CONTAINMENT MEASURES?**

8   A.   Yes, Mr. Colton proposes that if the three-year average per-participant cost increases by  
9           20% or more, PGW should be required to: (1) make an informational filing with the PUC  
10          explaining the basis for the cost increases and the steps that PGW is doing to control  
11          costs; (2) convene its Universal Service Advisory Committee to assess the extent to  
12          which additional responsive actions are appropriate; (3) agree that, if the USAC does not  
13          agree on a course of action, stakeholders could petition the PUC to amend the USECP  
14          with specifically stated proposed responsive actions; and (4) propose in its next USECP  
15          cost containment measures that seek to protect non-participants. (OCA St. 1 at 40-41).  
16          He also lists a number of other cost control mechanisms that he recommends PGW  
17          consider, as well as potential reporting requirements. (*Id.* at 45-46, 47-48).

18   **Q.   DO YOU AGREE WITH MR. COLTON’S COST CONTROL**  
19   **RECOMMENDATIONS?**

20   A.   No, I do not. PGW does not believe that additional petitions to modify the USECP as  
21          formulated by Mr. Colton is a wise use of limited resources, and repeated changes would  
22          be difficult and costly for the Company to implement. Further, the USECP already  
23          includes appropriate cost controls. I would also point out that PGW files USC cost  
24          projection and reconciliation data as part of its annual and quarterly GCR filings, which

1 any party can track to determine how actual USC costs compare to prior estimates.  
2 Furthermore, the Commission expanded the timeframe for implementation of USECPs to  
3 five year plans. Thus, USECPs are not designed to be continuing, ever evolving and  
4 instantly changing plans subject to excessive reviews and use of Commission resources.

5 **Q. ARE THERE ANY OTHER TOPICS YOU WOULD LIKE TO DISCUSS?**

6 A. I would simply reiterate the very limited scope of this remand proceeding, which is only  
7 focused on the continuation of the CRP Pilot Program for the remaining term of PGW's  
8 2017-2022 Amended USECP. Future changes to PGW's CRP should be addressed on a  
9 going forward basis only, whether as part of PGW's currently pending USECP for 2023-  
10 2027 or in future USECPs.

11

12 **V. CONCLUSION**

13 **Q. DOES THIS COMPLETE YOUR REBUTTAL TESTIMONY?**

14 A. Yes.

**VERIFICATION**

I, Denise Adamucci, hereby state that: (1) I am Vice President, Regulatory Compliance and Customer Programs for Philadelphia Gas Works (“PGW”); (2) the facts set forth in the foregoing testimony are true and correct (or are true and correct to the best of my knowledge, information and belief); and, (3) I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: June 17, 2022

/s/ Denise Adamucci

Denise Adamucci, Vice President  
Regulatory Compliance & Customer Programs  
Philadelphia Gas Works

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition to Amend Philadelphia Gas :  
Works Universal Service and Energy : Docket No. P-2020-3018867  
Conservation Plan for 2017-2022 :

**REBUTTAL TESTIMONY**

**OF**

**H. Gil Peach**

**On Behalf of**

**Philadelphia Gas Works**

**Responding to Direct Testimony of:**

**OCA Witness Roger D. Colton,  
OSBA Witness Robert D. Knecht**

June 17, 2022

**TABLE OF CONTENTS**

**I. INTRODUCTION AND BACKGROUND ..... 1**

**II. RESPONSE TO OCA WITNESS COLTON’S DIRECT TESTIMONY ..... 1**

**III. RESPONSE TO OSBA WITNESS KNECHT’S TESTIMONY ..... 3**

**IV. CONCLUSION ..... 5**

1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. PLEASE STATE YOUR NAME AND TITLE.**

3 A. My name is Hugh Gilbert Peach. I am President of H. Gil Peach & Associates LLC.

4 **Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS PROCEEDING?**

5 A. Yes, I provided Direct Testimony (“PGW St. 2”) on March 29, 2022 in this proceeding  
6 on behalf of Philadelphia Gas Works (“PGW” or the “Company”).

7 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

8 A. The purpose of my Rebuttal testimony is to respond to portions of the Direct Testimony  
9 of the Office of Consumer Advocate (“OCA”) witness Roger D. Colton (“OCA St. No.  
10 1”), served on May 13, 2022, and the Direct Testimony of the Office of Small Business  
11 Advocate (“OSBA”) witness Robert D. Knecht (“OSBA St. No. 1”), served on May 13,  
12 2022.

13 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

14 A. No, I am not.  
15

16 **II. RESPONSE TO OCA WITNESS COLTON’S DIRECT TESTIMONY**

17 **Q. IN YOUR DIRECT TESTIMONY, YOU CONCLUDED THAT ENERGY**  
18 **BURDENS THAT ARE EVEN LOWER THAN THOSE IN PGW’S CRP PILOT**  
19 **PROGRAM AND IN THE COMMISSION’S REVISED CAP POLICY**  
20 **STATEMENT COULD BE JUSTIFIED. (PGW ST. NO. 2 AT 14). PLEASE**  
21 **CLARIFY THE PURPOSE OF THAT DISCUSSION.**

22 A. The purpose of my direct testimony, in which I stated that PGW could justify even lower  
23 energy burdens than those in its CRP Pilot Program, was not to indicate PGW’s future  
24 intentions or propose that the Commission accept those lower energy burdens. Rather,  
25 determining the lower energy burdens that would provide affordable bills to low-income  
26 customers allowed me to identify a range of reasonable energy burdens that PGW could

1 justifiably implement. Based on this range, I concluded that the energy burdens in  
 2 PGW’s CRP Pilot Program – which match those selected by the Commission in its  
 3 Revised CAP Policy Statement – are reasonable and move toward affordability for CRP  
 4 customers.

5 **Q. MR. COLTON ARGUES THAT THE COMMISSION SHOULD REJECT YOUR**  
 6 **“PROPOSAL THAT CRP COSTS BE DEEMED ‘JUSTIFIED’ SO LONG AS**  
 7 **THEY ARE FOUND TO BE ‘NECESSARY’ FOR WHATEVER BURDENS ARE**  
 8 **PROPOSED.” (OCA ST. 1 AT 40, LINES 9-11). PLEASE RESPOND.**

9 A. Mr. Colton appears to misunderstand my direct testimony. I do not propose that any  
 10 level of program costs, no matter how high, are justified in order to implement a  
 11 particular energy burden. However, I noted in this instance that: (1) the PUC reviewed  
 12 PGW’s projected costs and did not find them to be unreasonable given the benefits that  
 13 the energy burdens provide, both to CRP customers and the City’s economy in general  
 14 (PGW St. No. 2 at 15)<sup>1</sup>; and (2) in adopting the new maximum energy burdens in the  
 15 Revised CAP Policy Statement, the PUC considered projected costs and concluded that,  
 16 as a policy matter, lowering the energy burdens would not unreasonably increase rates for  
 17 other customers. (PGW St. No. 2 at 6-7). These facts, along with the broader analysis I  
 18 conducted, led me to conclude that the energy burdens implemented in PGW’s CRP Pilot  
 19 Program are reasonable and justified.

20 **Q. WHAT ARE THE IMPLICATIONS OF MR. COLTON’S IDEAS ABOUT**  
 21 **METRICS AND THE RANKINGS OF PENNSYLVANIA NGDCS?**

22 A. Mr. Colton recommends that PGW track metrics (the “percentage of CAP dollars paid”  
 23 and “CAP payment rate”) with the goal of having PGW’s performance in the top quartile  
 24 of Pennsylvania NGDCs. (OCA St. 1 at 21). As discussed in Ms. Adamucci’s testimony,

---

<sup>1</sup> As explained in Ms. Adamucci’s Direct Testimony, the actual costs to-date have been significantly lower than originally projected.

1 performance metrics for PGW’s Customer Responsibility Program (“CRP”) is outside the  
2 scope of this limited remand proceeding.

3 In addition, the recommendation is not appropriate in that it misunderstands the  
4 use of metrics. Metrics can serve well as indicators for performance to permit both the  
5 company and the Commission to frame questions that can result in program  
6 improvements. It is not appropriate to “require” a company to place at a certain level  
7 unless all companies are required to place at that level. This kind of requirement for a  
8 single company would be arbitrary and unfair.

9  
10 **III. RESPONSE TO OSBA WITNESS KNECHT’S TESTIMONY**

11 **Q. MR. KNECHT QUESTIONS IF THE CRP PILOT PROGRAM CAN BE**  
12 **CONSIDERED A “PILOT.” PLEASE INDICATE WHY YOU CONSIDER THE**  
13 **TERM “PILOT” TO BE APPROPRIATE IN THIS CONTEXT.**

14 A. Mr. Knecht cites a definition of “pilot” that describes the concept as a small scale test of a  
15 program concept to develop knowledge and improve design prior to full scale  
16 implementation of a research project. (OSBA St. No. 1 at 4). This is not a bad definition,  
17 as far as it goes. As noted in the testimony of Ms. Adamucci, approval of the CRP Pilot  
18 Program provided a chance for the company to try out the pilot approach, structure, and  
19 mechanisms prior the start of the next program cycle. PGW requested to run a pilot  
20 conforming to its understanding of Commission direction as developed in the Revised  
21 CAP Policy Statement. It is a pilot in the sense that it provides short, practical experience  
22 prior to the next five-year implementation cycle for the 2023-2027 term. Mr. Knecht is  
23 correct that “[l]ike much of utility rate design, the proposed changes are designed to  
24 implement the guidelines in the Commission’s Policy Statement, and the USECP will

1 presumably evolve in the same manner as other utility policies and programs.” (OSBA St.  
2 No. 1 at 5). That is how Pennsylvania works in this program area.

3 **Q. PLEASE RESPOND TO MR. KNECHT’S CONTENTION YOUR APPROACH**  
4 **MEANS THAT NO CUSTOMER CAN HAVE AN ENERGY BURDEN ABOVE**  
5 **THE AVERAGE RESIDENTIAL ENERGY BURDEN.**

6 A. Mr. Knecht misunderstands how energy burdens for low-income customers are set in  
7 other states. As a preliminary matter, as discussed above, the purpose of my direct  
8 testimony was not to propose a specific approach that the Commission should use, but  
9 rather was intended to identify a range of reasonable energy burdens that PGW could  
10 justifiably implement as part of my analysis determining that the CRP Pilot Program  
11 energy burdens are reasonable. Further, in my direct testimony, I specifically mention  
12 that Nevada sets the overall energy burden for low-income customers at the level of the  
13 median energy burden of the state. Because the subsidy in Nevada is only available to  
14 households from 0-150% of poverty (on an opt-in basis), customers above 150% of  
15 poverty generally do not receive any subsidy from the program. Mr. Knecht suggests a  
16 logical progression might be that many repeated adjustments might bring all households  
17 to the average residential energy burden. However, as a practical matter, the program has  
18 been in full operation in Nevada since 2003, with a yearly calculation of median energy  
19 burden, and there has been no move to bring all customers to the average residential  
20 energy burden. For customers from 0-150% of poverty, customer responsibility is set  
21 each year to the average (natural gas plus electricity) energy burden the previous year in a  
22 statewide calculation (for Nevada, for each year, approximately 2%). As demonstrated  
23 over 19 years of experience with the program, the program works and it does not tend  
24 towards bringing everyone to the same energy burden.

1 IV. **CONCLUSION**

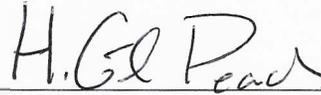
2 Q. **DOES THIS COMPLETE YOUR REBUTTAL TESTIMONY?**

3 A. Yes.

**VERIFICATION**

I, Hugh Gilbert Peach, hereby state that: (1) I am President of H. Gil Peach & Associates LLC; (2) I have been retained by Philadelphia Gas Works (“PGW”) for purposes of this proceeding; (3) the facts set forth in the foregoing testimony are true and correct (or are true and correct to the best of my knowledge, information and belief); and, (4) I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: June 17, 2022



---

Hugh Gilbert Peach  
President of H. Gil Peach & Associates LLC

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition to Amend Philadelphia Gas :  
Works Universal Service and Energy : Docket No. P-2020-3018867  
Conservation Plan for 2017-2022 :

**REJOINDER TESTIMONY**

**OF**

**DENISE ADAMUCCI**

**On Behalf of**

**Philadelphia Gas Works**

**Responding to Direct Testimony of:**

**OCA Witness Roger D. Colton**

**July 11, 2022**

1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. PLEASE STATE YOUR NAME AND TITLE.**

3 A. My name is Denise Adamucci and I am the Vice President of Regulatory Compliance and  
4 Customer Programs at Philadelphia Gas Works (“PGW” or “Company”).

5 **Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS PROCEEDING?**

6 A. Yes, I provided Direct Testimony (PGW St. No. 1) and Rebuttal Testimony (PGW St.  
7 No. 1-R) in this proceeding.

8 **Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?**

9 A. The purpose of my Rejoinder testimony is to respond to the Surrebuttal Testimony of the  
10 Office of Consumer Advocate (“OCA”) witness Roger D. Colton (OCA St. 1SR) served  
11 on July 1, 2022.

12 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

13 A. No, I am not.  
14

15 **II. RESPONSE TO OCA WITNESS COLTON’S SURREBUTTAL TESTIMONY**

16 **Q. PLEASE DESCRIBE OCA WITNESS COLTON’S RESPONSE TO YOUR**  
17 **REBUTTAL TESTIMONY REGARDING OCA’S PROPOSED PERFORMANCE**  
18 **METRICS.**

19 A. Mr. Colton maintains that his proposed performance metrics are within the scope of this  
20 proceeding. He argues that this proceeding is about whether the energy burdens in  
21 PGW’s CRP Pilot Program move forward, and the only way to evaluate the pilot is  
22 through his performance metrics. (OCA St. 1SR at 2-4).

23 **Q. DO YOU AGREE WITH HIS POSITION?**

24 A. No, I do not. As I stated in my Rebuttal Testimony, this is a remand proceeding with a  
25 very limited scope, and I am advised by counsel that Mr. Colton’s metrics are outside the  
26 scope of this proceeding. (PGW St. 1-R at 10-11). Mr. Colton states that this proceeding

1 is about whether the energy burdens implemented through the CRP Pilot Program “move  
 2 forward,” but that is not an accurate description. Rather, this proceeding is about whether  
 3 the revised energy burdens remain in place for the term of the USECP for 2017-2022.  
 4 For 2023 and thereafter, these energy burdens are being considered in PGW’s currently  
 5 pending USECP for 2023-2027 at Docket No. M-2021-3029323.

6 Further, OCA’s metrics have no basis in the Revised CAP Policy Statement. Mr.  
 7 Colton has not justified his proposal to create an entirely new system of evaluating the  
 8 performance of PGW’s universal service programs, let alone why these metrics should  
 9 only apply to PGW and not other utilities, particularly within the context of this limited  
 10 remand proceeding. As I stated in my Rebuttal Testimony, OCA’s metrics would be  
 11 better considered as part of the pending CAP rulemaking proceeding rather than in this  
 12 limited context. (PGW St. 1-R at 11).

13 **Q. DO YOU HAVE ADDITIONAL CONCERNS ABOUT OCA’S PROPOSED**  
 14 **METRICS?**

15 A. Yes. Mr. Colton also fails to consider the potential cost and operational feasibility of  
 16 implementing OCA’s proposed metrics. By necessity, these metrics would greatly  
 17 expand the scope of PGW’s data tracking and reporting, and the cost of implementing  
 18 this tracking and reporting may be significant (if PGW’s system is operationally able to  
 19 do so, which it may not be). Mr. Colton does not consider these costs, which would have  
 20 to be shouldered by ratepayers.

21  
 22 **III. CONCLUSION**

23 **Q. DOES THIS COMPLETE YOUR REJOINDER TESTIMONY?**

24 A. Yes.

**VERIFICATION**

I, Denise Adamucci, hereby state that: (1) I am Vice President, Regulatory Compliance and Customer Programs for Philadelphia Gas Works (“PGW”); (2) the facts set forth in the foregoing testimony are true and correct (or are true and correct to the best of my knowledge, information and belief); and, (3) I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: July 11, 2022

/s/ Denise Adamucci

Denise Adamucci, Vice President  
Regulatory Compliance & Customer Programs  
Philadelphia Gas Works