



VIA EFILE

September 6, 2022

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Report of Philadelphia Gas Works on Weather Normalization Adjustment, Docket No. P-2022-3033477

Petition of Philadelphia Gas Works for Approval on Less than Statutory Notice of Tariff Supplement Revising Weather Normalization Adjustment, Docket No. P-2022-3034264

Joint Comments of CAUSE-PA and TURN

Dear Secretary Chiavetta:

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)¹ and the Tenant Union Representative Network (TURN)² (collectively, the Low Income Advocates), by and through their attorneys at the Pennsylvania Utility Law Project and

¹ CAUSE-PA is an unincorporated association of low-income individuals that advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating and telecommunication services. CAUSE-PA membership is open to moderate and low-income individuals residing in the Commonwealth of Pennsylvania who are committed to the goal of helping low-income families maintain affordable access to utility services and achieve economic independence. CAUSE-PA has a significant interest in the impact PGW's WNA will have on moderate and low-income residential customers, as several of CAUSE-PA's low and moderate income members are customers of PGW and will experience a direct financial impact as a result of the outcome of this proceeding.

Concurrent with this filing, CAUSE-PA filed a Petition to Intervene in PGW's Petition for Approval on Less than Statutory Notice of Tariff Supplement Revising Weather Normalization Adjustment, Docket No. P-2022-3034264.

² TURN is a Philadelphia based consumer membership and advocacy organization, which advocates on behalf of low and moderate income residential tenants, many of whom are customers of or reliant upon the services of the Philadelphia Gas Works.

Community Legal Services, file the following brief comments pursuant to the July 14, 2022, Ratification Order. The Ratification Order required PGW to file a report with the Commission on or before August 15, 2022, summarizing its investigation of the Weather Normalization Adjustment (WNA) charge, and invited interested parties to submit responsive comments within 20 days of the report's filing date. PGW filed its report on August 12, 2022, which set the 20-day comment deadline for September 1, 2022.

As a preliminary procedural matter, in preparing this filing, counsel for the Low Income Advocates calculated the due date for comments based on an August 15, 2022, filing deadline for PGW's report to the Commission. PGW filed its report early, on the Friday afternoon before the original Monday deadline. This moved the 20-day comment deadline to September 1, 2022, as opposed to September 6, the date of this filing. The Low Income Advocates respectfully request that the Commission disregard this delay pursuant to 52 Pa. Code § 1.2(a), and duly consider these comments and concerns in response to PGW's internal investigation of its WNA.³

Counsel for PGW has indicated that it does not object to this request for the Commission to accept its late-filed comments. We note that it is squarely in the public interest for the Commission to consider the Low Income Advocates' comments to ensure the Commission's ultimate decision in this proceeding is informed by and inclusive of the perspective of low income ratepayers. The brief, unintentional delay does not prejudice the substantive rights of the parties or the ability of the Commission to reach a timely decision.

As explained throughout these comments, the Low Income Advocates support the recommendations of the Office of Consumer Advocate that the Commission continue to suspend PGW's WNA until the Commission's investigation is complete. We likewise question the justness and reasonableness of PGW's proposal to implement a control cap on its WNA, and submit that the proposed cap does not equitably resolve issues inherent in PGW's WNA – nor does it alleviate the heavy burden the charge has on low income consumers. Ultimately, additional information is needed to assess PGW's WNA and its proposed cap and determine an appropriate path forward.

In PGW's report, it concludes that the spike in WNA charges imposed on consumers in May 2022 was attributable to “mid to late month warm weather” – and was not caused by “misapplication of or error in applying the long-standing WNA formula.” (PGW Report at 14). In other words: The excessive charges which appeared on PGW's mid to late May bills were caused by the rate mechanism operating according to its terms. This suggests a structural flaw in PGW's WNA may need to be addressed to ensure customers do not see excessive charges in the future.

³ See 52 Pa. Code § 1.2(a) (“The Commission or presiding officer at any stage of any action or proceeding may disregard an error or defect of procedure which does not affect the substantive rights of the parties.”)

PGW proposes to fix the issue by imposing a cap on the WNA that would limit WNA credits and charges to 25% of a customer's total bill. (PGW Report at 12-13). Under PGW's proposed cap, a customer with total monthly charges of \$36.96 would still face a WNA of \$9.24 – an increase over actual, usage-based charges of 25%. (PGW Report at 12-13). Based on the limited bill impact analysis in PGW's report, it is difficult to fully assess what the impact will be to customers with higher usage. More analysis is needed to determine whether the WNA cap could have a perverse impact on the annual savings achievable by consumers who participate in the Low Income Usage Reduction Program or otherwise adopt comprehensive energy efficiency and conservation measures. Furthermore, the Low Income Advocates question why a cap should apply to WNA credits when the problem PGW ostensibly seeks to avoid is the WNA's potential to generate unreasonably high charges, as many PGW customers experienced with their May gas bills.

The Low Income Advocates recognize that PGW took steps to help reduce the financial impact of its WNA on consumers over the short term once the issue was identified. But PGW's proactive steps to raise the issue, while commendable, do not assuage our deep concern that PGW's WNA imposes unjust and unreasonable rates on PGW's customers – and are likely falling hardest on PGW's low and moderate income households that will continue to be less able to reduce their energy burden through conservation and efficiency adoption. PGW projects that its WNA will more than double in FY 2022 – from \$11.6 million collected in 2021 to \$24.1 million collected in 2022, *assuming a cap on the fee is implemented as proposed*. Without the proposed cap, WNA charges would nearly triple, reaching \$34.4 million. (PGW Report at 13). This exponential increase in the WNA warrants further attention and inquiry to ensure PGW's customers will not face additional rate shock or inequitable financial burden as a result of PGW's WNA.

Pennsylvanians are already experiencing record inflation in the cost of essential goods and services, including home energy costs, and many are continuing to experience ongoing financial hardship associated with the unprecedented health consequences and loss of income caused by the COVID-19 pandemic. Philadelphia, in particular, has a high percentage of low and moderate income families who struggle daily to make ends meet.⁴ In 2020, 83.7% of PGW's payment troubled customers were confirmed low income customers, and in 2019, PGW's low income termination rate was 13% compared to 6% for higher income households.⁵ Excessive charges levied through PGW's WNA necessarily fall hardest on low income families – exacerbating existing disparities in payment trouble and termination rates across low income customer groups.

⁴ Only a small percentage of economically vulnerable Philadelphians are enrolled in PGW's Customer Assistance Program (CAP) and, thus, are shielded from the financial impact of WNA charges. In 2020, PGW had 133,785 confirmed low income customers – and 195,215 estimated low income customers based on adjusted census data. PUC, BCS, 2020 Report on Universal Service Programs and Collections Performance, at 6 & 9 (Nov. 2021), <https://www.puc.pa.gov/media/1709/2020-universal-service-report-final.pdf>. But its monthly average CAP enrollment that year was just 54,646 – 28% of PGW's estimated low income customer base. Id. at 59.

⁵ Id. at 11.

Prolonged excessive heat this summer has also caused families across the state to increase their home energy use to keep their homes safe – further compounding the impact of inflated energy prices on low income families. Indeed, low income consumers already bear a substantial financial burden through their electric rates as a result of our warming climate. Low income households should not also be charged for our warming climate through PGW’s WNA charge, which at its core imposes a fee for energy saved.

The Low Income Advocates agree with the Office of Consumer Advocate’s recommendation urging the Commission to suspend operation of PGW’s WNA, pending further inquiry and investigation. Like OCA, the Low Income Advocates support the suspension of the WNA until it can be shown to produce just and reasonable results for customers, including but not limited to identification of the specific errors in the WNA formula and what modifications are needed ensure its proper operation.

The Low Income Advocates further agree with OCA that PGW’s proposed cap on WNA charges at 25% of a consumers’ total bill does not eliminate the harm that the WNA can produce and does nothing to cure the fact that the WNA produces discriminatory rates that vary depending on when a customer is billed throughout the billing cycle. As discussed above, WNA can produce a substantial financial burden for low and moderate income households – adding unnecessarily to home energy costs at the end of winter, when households rightfully expect to get relief from winter heating bills so they can prepare for summer cooling costs.

In addition to suspending operation of PGW’s WNA, the Low Income Advocates assert that the Commission should conduct a further inquiry and investigation into the functioning of PGW’s WNA to determine whether permanent elimination of the WNA may be appropriate. PGW and other utilities argue that WNAs protect the utility from reduced revenue due to warmer weather and protect customers from higher bills due to colder than normal weather. However, in practice, the Low Income Advocates have observed in recent years that WNAs seem to consistently result in higher charges for residential consumers – improperly shifting the full financial risk inherent with our consistently warming climate from utilities onto consumers. The Low Income Advocates submit that the Commission should take a closer look at the application of WNAs in PGW’s service territory and across the state to identify the historical and future projected rate impacts associated with this rate mechanism and determine whether the convention is achieving the appropriate balance of interests between consumers and utilities.

For these reasons, the Low Income Advocates urge the Commission to suspend PGW’s WNA until PGW can demonstrate that the adjustment can produce just and reasonable results for customers, identify necessary reforms in the WNA formula, and make the necessary modifications to ensure its proper operation.

Respectfully Submitted,

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BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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	:	

Certificate of Service

I hereby certify that I have this day served copies of the **Joint Comments of the CAUSE-PA and TURN** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54.

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Respectfully Submitted,
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A handwritten signature in black ink, appearing to read "John W. Sweet". The signature is written in a cursive style with a horizontal line above the name.

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