

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	Docket No. R-2018-2647577
	:	
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc.	:	

SURREBUTTAL TESTIMONY OF MITCHELL MILLER

ON BEHALF OF

THE COALITION FOR AFFORDABLE UTILITY SERVICES AND
ENERGY EFFICIENCY IN PENNSYLVANIA (“CAUSE-PA”)

July 17, 2018

1 **PREPARED SURREBUTTAL TESTIMONY OF MITCHELL MILLER**

2 **Q: Please state your name, occupation and business address.**

3 A: Mitchell Miller. I currently provide consulting services regarding utility programs that
4 promote the public interest with a focus on low income households. My address is 60 Geisel Road,
5 Harrisburg, PA 17112.

6 **Q: Did you previously submit testimony in this proceeding?**

7 A: Yes. I submitted direct testimony (CAUSE-PA St. 1) and rebuttal testimony (CAUSE-PA
8 St. 1-R).

9 **Q: What is the purpose of your surrebuttal testimony?**

10 A: The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of Paula
11 A. Strauss (CPA St. 12-R) and Deborah A. Davis (CPA St. 14-R), submitted on behalf of Columbia
12 Gas of Pennsylvania, Inc (CPA, the Company, or Columbia).

13 **Q: How is your surrebuttal testimony organized?**

14 A: I will first respond to arguments raised by Ms. Strauss regarding the impact of Columbia's
15 proposed fixed customer charge and Rider RNA on the effectiveness of energy efficiency and
16 conservation efforts. Contrary to Ms. Strauss' assertions, these rate mechanisms undermine the
17 ability for consumers to gain appreciable and durable bill savings through adoption of energy
18 efficiency and conservation measures. As I explained in my direct testimony, and will further
19 clarify below, the fixed charge and Rider RNA proposals are particularly harmful to low income
20 households, and must be rejected. I will also respond to Ms. Strauss' incomplete and inaccurate
21 assessment that current CAP customers will not pay higher rates as a result of the rate increase.

1 I will next respond to several arguments raised by Ms. Davis regarding my conclusions
2 about under-enrollment and unaffordability within Columbia’s Customer Assistance Program
3 (CAP). Specifically, I take issue with her reliance on the availability of federal LIHEAP grant
4 assistance to produce affordable bills for CAP customers. As I explain in greater depth below, and
5 in my direct testimony, Columbia’s current CAP is under-subscribed and the program fails to
6 produce levels of affordability that are consistent with the Commission’s established affordability
7 guidelines. Thus, I continue to believe that reforms to the payment assessment and calculation,
8 outreach strategies, and enrollment/recertification processes are critical to protect the ability of
9 vulnerable consumers to access and maintain affordable natural gas services in light of the
10 proposed rate increase.

11 I will also respond to Ms. Davis’ argument that funding for Columbia’s Low Income Usage
12 Reduction Program (LIURP) should not be expanded to better meet the needs of Columbia’s low
13 income consumers because the Company’s contractors are unable to keep up with current service
14 levels. This is an unjustified rationale in light of the documented and unrefuted need. In turn, I
15 will respond to Ms. Davis’ rejection of my proposal to address a small number of multifamily
16 residences through a LIURP pilot program. While Ms. Davis asserts that fewer savings can be
17 generated, I believe that a multifamily pilot could generate considerable economies of scale,
18 allowing for substantial savings to be achieved.

19 Finally, I will respond to Ms. Davis’ circular argument that only previously-confirmed low
20 income customers should be informed of the security deposit prohibition for CAP-eligible
21 customers. Ms. Davis does not explain why all consumers should not be equally informed of the
22 prohibition, and given the opportunity to provide income verification in order to waive the security
23 deposit.

Response to Paula A. Strauss (Columbia Statement 12-R)

1
2 **Q: Ms. Strauss argues in rebuttal that the fixed charge and Rider RNA proposals do not**
3 **undermine energy efficiency and conservation efforts. (CPA St. 12-R, at 35:3 to 36:13). Can**
4 **you please summarize the reasons Ms. Strauss lists in support of this conclusion?**

5 A: Ms. Strauss asserts that my conclusion in direct testimony that higher fixed charges and
6 the Rider RNA would undermine energy efficiency and conservation efforts is incorrect. (See CPA
7 St. 12-R, at 35:3 to 36:13). With regard to the impact of the fixed charge on energy efficiency and
8 conservation efforts, Ms. Strauss asserts that the Company’s fixed charge proposal is the same
9 “ratio” of fixed to volumetric charges. (CPA St. 12-R, at 35:3-20). She argues that this proves
10 Columbia’s fixed charge proposal would not undermine energy efficiency efforts because
11 customers will pay the same proportion of fixed and variable rates, and thus would have the same
12 relative opportunity to save. (CPA St. 12-R, at 35:3-20).

13 With regard to the Rider RNA, Ms. Strauss asserts that while the benchmark for the Rider
14 RNA is set on a per-customer basis, rates will still be recovered through the traditional fixed and
15 volumetric charges. (CPA St. 12-R at 36:4-10). She again points to the fact that the ratio of fixed
16 to volumetric charges will be the same, which she argues will not undercut the incentive for
17 consumers to conserve. (CPA St. 12-R at 36:10-13).

18 Elsewhere in her rebuttal testimony, in response to witness Ethan H. Cline on behalf of the
19 Bureau of Investigation and Enforcement (which she incorporated by reference in response to the
20 similar arguments I made in direct testimony), Ms. Strauss further argues that the Rider RNA will
21 not impact energy efficiency and conservation investments because it will only erode energy
22 efficiency and conservation savings “[o]n a lagged basis.” (CPA St. 12-R at 11:18 to 12:8, 35:8-
23 10). In other words, she asserts that elimination of savings at the conclusion of each year through

1 imposition of the Rider RNA will not deter current investments in energy efficiency and
2 conservation. She also asserts that the erosion of savings are not sufficient to deter consumers
3 from investing, and provides hypothetical scenarios in support thereof. For example, with a
4 hypothetical RNA rate of \$0.75, she estimates that a customer installing an energy efficient furnace
5 would lose approximately \$54.38 in savings each year – going from \$146.63 to just \$92.25 in
6 annual savings. (CPA St. 12-R at 12:4-8 & Exhibit PAS-1R). Ms. Strauss concludes that the future
7 erosion of savings is insufficient to deter future adoption of energy efficiency and conservation
8 measures, given the customer “will continue to realize substantial savings, even after application
9 of the RNA.” (CPA St. 12-R at 12:7-8).

10 **Q: Do you agree with Ms. Strauss that maintaining the same ratio of fixed to volumetric**
11 **charges resolves any detrimental impact that Columbia’s proposed increase in the fixed**
12 **charge will have on energy efficiency and conservation?**

13 A: No. Any increase to the fixed charge – regardless of whether it remains the same “ratio”
14 of fixed to volumetric charges – will deprive customers of the ability to avoid the financial impact
15 of a rate increase through the adoption of usage reduction and conservation. As fixed charges go
16 up, potential bill savings go down – even if the fixed charge represents the same ratio in proportion
17 with the overall increase. This is why I firmly believe that rate increases should be recovered
18 entirely through the volumetric charge to enable consumers to appreciate the full financial benefit
19 of conservation and energy efficiency upgrades. This is particularly important for low income
20 households, whose income is already insufficient to pay for all of life’s basic necessities. (See
21 CAUSE-PA St. 1 at 8-10).

22 Eroding the opportunity for low income households to reduce bills through comprehensive
23 energy efficiency and conservation measures through LIURP undercuts the cost effectiveness of

1 the millions of dollars in ratepayer funds invested in the program each year. LIURP is designed
2 to assist low income consumers to achieve bill savings by providing free usage reduction services.
3 The purpose of LIURP is described in section 58.1 of the Commission’s regulations, which in
4 relevant part provides:

5 The programs are intended to assist low income customers [to] conserve energy
6 and reduce residential energy bills. The reduction of energy bills should decrease
7 the incidence and risk of customer payment delinquencies and the attendant utility
8 costs associated with uncollectible accounts expense, collection costs and arrearage
9 carrying costs.¹

10 Erosion of the savings achievable through the provision of LIURP services undermines this
11 express goal, and will hurt not only low income families, who will be less able to offset energy
12 costs through adoption of energy efficiency and conservation measures, it will also hurt other
13 ratepayers who invest in LIURP for the express purpose of helping reduce energy costs for low
14 income consumers and, in turn, reduce payment delinquencies and associated uncollectible
15 expenses, collection costs, and arrearage carrying costs.

16 Ms. Strauss asserts that the increase in the fixed charge, which amounts to \$18.00 each
17 year, is “modest”, and claims that “[i]t is unlikely that customer[s] will abandon conservation
18 habits due to a modest customer charge increase, especially when gas costs and volumetric rates
19 still provide ample incentive to conserve.” (CPA St. 12-R at 41: 7-9). To be clear, my issue with
20 the increased fixed charges has always been that the higher fixed fee will erode savings – and not
21 the potential impact on the continued adoption of energy efficiency and conservation measures.
22 Low income households already have a precarious ability to be able to afford – on their own – the
23 installation of such measures. When a larger portion of their bill is fixed, low income households

¹ 52 Pa. Code § 58.1.

1 lose the ability to reduce their bill and improve affordability through LIURP or other energy
2 efficiency measures. It also bears noting that while \$18.00 in lost bill savings opportunity may
3 seem “modest”, it is significant for low income consumers. In 2016, the average income of a
4 LIURP participant was just \$16,667, and 32% of those who received LIURP services are reliant
5 on a fixed income (pension, retirement, or disability).² In other words, nearly 1/3 of LIURP
6 recipients are elderly or disabled, and have no ability to increase their earning potential. For
7 households with income this low, every dollar counts. Coupled with the potential lost savings
8 opportunity through the Rider RNA, which I will discuss in a moment, the impact that an increase
9 to the fixed charge will have on potential bill savings achievable through LIURP will significantly
10 undercut the effectiveness of energy efficiency and conservation efforts and the ratepayer
11 investments – to the detriment of our most vulnerable citizens.

12 **Q: Ms. Strauss concludes that the Rider RNA will not impact energy efficiency and**
13 **conservation investments because the charges are applied after energy efficiency and**
14 **conservation measures are already adopted. How do you respond?**

15 A: First and foremost, as I explained above, Ms. Strauss misunderstands my position and
16 therefore reaches an erroneous conclusion. My concern about the Rider RNA is not that customers
17 will abandon energy efficiency and conservation efforts. Rather, my concern is rooted in the fact
18 that the Rider RNA will erode potential bill savings, and will therefore (as explained above) have
19 a disproportionately negative impact on the ability of low income households to maintain
20 affordable natural gas service and will undercut ratepayer investments made through LIURP.

² See Pa. PUC, BCS, 2016 Report on Universal Service Programs and Collections Performance, at 42-43,
http://www.puc.state.pa.us/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2016.pdf (hereinafter 2016
Universal Service Report).

1 With regard to the impact on the Rider RNA on the motivation of consumers to continue
2 adopting energy efficiency and conservation measures more generally, it is likely the case that in
3 isolation and over the short term, the Rider RNA will not deter customers from adopting energy
4 efficiency and conservation measures because customers will be able realize the full savings
5 potential of their chosen energy efficiency measures from the time of adoption until the next Rider
6 RNA calculation. However, over the long term, customers may well be deterred from investing
7 additional dollars into energy efficiency and conservation measures when those savings
8 continuously erode through application of the Rider WNA. Using Ms. Strauss' own hypothetical,
9 the consequences of the Rider RNA on savings estimates become clear. Households which install
10 attic and wall insulation are expected to achieve an average estimated annual savings of \$287.99.
11 (CPA St. 12-R, Exhibit PAS 1R). A hypothetical RNA rate of \$0.75 would cut those savings by
12 38% – reducing the estimated annual savings to just \$178.85. (CPA St. 12-R, Exhibit PAS 1R).
13 Of course, if Columbia's increase fixed charge proposal is also approved, savings potential would
14 be reduced by an additional \$18.00 each year.

15 All of this, of course, assumes that consumers will understand the reason and purpose of
16 the Rider RNA. I concede that Ms. Strauss may have a point that Rider RNA may not deter
17 investment in energy efficiency and conservation because it is too complex for most consumers.
18 Most will simply assume that, once again, Columbia is increasing their bills. But as I established
19 above, the fact remains that the *erosion of savings* – in contrast to the incentive to invest in energy
20 efficiency -- will most certainly be significant, and this is of paramount concern. Low income
21 customers need help from all sources to be able to make ends meet each month. Adoption of the
22 Rider RNA – along with the increase in the fixed customers charge – is like secretly filling the
23 bathtub from underneath while the person in the tub is trying to bail water from the top. Eventually,

1 the tub is full without the person knowing how it happened. This may not immediately reduce the
2 incentive to bail water, but it certainly erodes the effectiveness of the action.

3 Ms. Strauss argues that the effect of the Rider RNA – to collect lost revenues from energy
4 efficiency and conservation efforts – is no different from a traditional rate increase, arguing that
5 “[i]f usage is reduced, then in the Company’s next base rate case, fixed costs are spread over lower
6 volumes, and rates for all residential customers would increase.” (CPA St. 12-R at 10:10-15). But
7 there are significant differences between the Rider RNA and a traditional rate increase. Namely,
8 the Rider RNA will be automatically applied twice each year, and consumers will not have an
9 opportunity to contest or object to the increase through the public input hearing process or rate
10 proceeding and the Company will not have to demonstrate that it could not control or reduce cost
11 in other ways. Consumers must continue to have the right to challenge rate increases, particularly
12 given the demonstrable and significant impact it will have on the ability for consumers to have
13 continued and stable access to affordable utility services.

14 **Q: Ms. Strauss asserts in her rebuttal testimony that you mischaracterized her statement**
15 **regarding the impact of the rate increase on CAP customers by excerpting only part of her**
16 **initial statement. Did you mischaracterize Ms. Strauss’ assertion?**

17 A: No. Whether read in whole or in part, Ms. Strauss’ assertion regarding the impact of the
18 proposed rate increase on CAP customers and the recovery of the revenue increment attributable
19 to CAP customers is inaccurate.

20 Ms. Strauss’ initial statement reads, in full: “For rate design purposes, *Columbia*
21 *anticipates that current CAP customers will not receive an increase in their required payment*, and
22 thus the revenue increment that is assigned to CAP customers will likely be collected from other
23 residential customers through Rider USP.” (CPA St. 12 at 21:9-12 (emphasis added)). The portion

1 of Ms. Strauss’ statement that I excerpted in my testimony is in italics. As I explained in depth in
2 my direct testimony, 44% of CAP customers (those enrolled in the 50% of budget bill plan or the
3 Senior CAP plan) will experience a partial rate increase – albeit a lower increase than non-CAP
4 residential consumers. (CAUSE-PA St. 1 at 13:3-17 to 14:7). This fact remains unrebutted, and
5 directly contradicts the first part of Ms. Strauss’ assertion that CAP customers will not receive an
6 increase in their required payment. In turn, while a significant part of the revenue increase
7 attributable to CAP customers will be paid by other ratepayers through the Rider USP, the portion
8 of the revenue increment assigned to 44% of CAP customers will be recovered directly from the
9 CAP customer, not through the Rider USP.

10 Ms. Strauss asserts that she was “merely stating an assumption that Columbia has
11 repeatedly used for rate design purposes,” and that she “was not drawing a ‘conclusion’ concerning
12 CAP customers’ bills.” (CPA St. 12-R at 37:16-18, 38:1-10). But whether this was an assumption
13 used for rate design purposes or a conclusion drawn to analyze the rate impact on CAP customers
14 is irrelevant. The facts show that 44% of CAP customers will receive an increase in their required
15 payment that directly results from any rate increase granted in this proceeding and that increase
16 will – at least in part – be recovered from CAP customers.

17 **Q: Does Ms. Strauss recognize any impact to CAP customers as a result of the rate**
18 **increase?**

19 A: Yes. She seems to recognize that some CAP bills may increase as a result of the rate
20 increase and asserts that, if the increase poses a hardship for CAP households, the households can
21 request an adjustment in their payment plan. (CPA St. 12-R at 36:18 to 37:2).

1 **Q: How do you respond to this statement?**

2 A: I am concerned that Ms. Strauss does not appreciate the real financial consequences of the
3 proposed rate increase on low income families. First, as I noted in my direct testimony, the impact
4 of *any* rate increase on low income consumers for basic and essential services is significant.
5 (CAUSE-PA St. 1 at 8:9 to 11:2). The average gross annual income of CAP customers in 2016
6 was just \$13,674 (or \$1,139.50/month before taxes), which is simply insufficient to afford all of
7 life's most essential needs, including food, water, shelter, utilities, transportation, child care,
8 medicine, and medical care.³

9 Second, as I addressed at length in direct testimony, and will further address below in
10 response to the rebuttal testimony of Deborah A. Davis, the ability for CAP customers to request
11 an adjustment to their CAP rate is illusory, and does not address the well-documented and
12 un rebutted unaffordability within Columbia's current CAP program. (CAUSE-PA St. 1 at 29:13
13 to 32:11).

14 It short, a full 83% of Columbia's confirmed low income customers will experience a rate
15 increase, either in whole or in part, while just 17% will be shielded from the financial impact of
16 any approved increase as a result of their participation in CAP.⁴ This scope of financial harm to
17 economically vulnerable Pennsylvanians is unjust, and has the potential to cause significant and
18 lasting harm to low income families and the communities in which they live and work.

³ 2016 Universal Service Report at 42.

⁴ As of December 2017, Columbia had 67,659 confirmed low income customers, and 19,999 (30%) were enrolled in CAP. (CAUSE-PA Statement 1 at 15:9-11). Of the 19,999 confirmed low income customers enrolled in CAP, 8,769 (44%) will experience a partial rate increase. (CAUSE-PA St. 1 at 13:3 to 14:7). An additional 47,660 confirmed low income customers are not enrolled in CAP, and will experience the full financial impact of the rate increase. (CAUSE-PA Statement 1 at 15:9-11). This leaves just 11,230 CAP customers who will be shielded from the impact of the rate increase because of their current CAP payment plan.

1 **Q: In your direct testimony, you stated: “If costs increase because of the rate case, these**
2 **costs are paid for either by CAP customers, non-CAP residential customers, or both –**
3 **depending on payment plan types, as discussed above.” (CAUSE-PA St. 1 at 14:20 to 15:4).**
4 **Ms. Strauss stated that Columbia either recovers from CAP customers or residential**
5 **ratepayers, not both. Do you agree with Ms. Strauss?**

6 A: Yes. When I used the phrase “or both,” I was referring to the fact that the rate increase
7 may be recovered either from CAP customers, from other ratepayers, or partially from both. I did
8 not intend to suggest that Columbia was double-collecting the rate increase from CAP and non-
9 CAP residential customers.

10 **Response to Deborah A. Davis (Columbia Statement 14-R)**

11 **Payment Frequency**

12 **Q: In response to your direct testimony, Ms. Davis contends that your conclusions about**
13 **the rate impact on those enrolled in the CAP average payment plan is incorrect, and asserts**
14 **that “[c]ustomers struggling to pay their bill tend to pay in several payments over the course**
15 **of the year which do not relate to the total bill amounts or even monthly bills.” (CPA St. 14-**
16 **R at 7:3-9) She concludes that “It is more likely they were paying what they can afford at the**
17 **time.” (CPA St. 14-R at 7:11). Do you agree?**

18 A: Yes and no. I agree that payment troubled customers often make payments that do not
19 match the total bill amounts. But I disagree that this means the payment troubled customer is
20 paying what they can afford to pay at the time or that their payments are unrelated to the billed
21 amount.

1 When a bill is affordable, consumers are likely to make more frequent and in-full
2 payments.⁵ Indeed, improved payment behavior is one of the key reasons why it is critical to
3 ensure that CAP rates are truly affordable. However, when a bill is unaffordable, consumers often
4 either forego other life necessities or rely on annual tax returns or turn to payday lenders, pawn
5 shops, and other risky, high cost lenders to come up with a larger lump sum payment when
6 necessary to avoid a termination. (See CAUSE-PA St. 1 at 8:9 to 10:7, and 31:12-13). According
7 to recent data from the United States Department of Energy’s Residential Energy Consumption
8 Survey, 37% of households in the Northeast with annual income at or below \$20,000 and 30.4%
9 of households with annual income at or below \$39,999 a year reported that they forego other basic
10 necessities *at least once a month* in order to pay their home energy bill.⁶

11 Ultimately, if rates increase, I continue to assert that payment troubled low income
12 customers will stretch further beyond their ability to pay in order to avoid termination of service.
13 This will result in higher average payments over a 12 month period. As a result, CAP rates will
14 increase for those who enroll in the average payment plan after the rate increase takes effect. (See
15 CAUSE-PA St. 1 at 14:10-16).

⁵ See, e.g., Roger Colton, Water Bill Affordability for the City of Philadelphia (April 9, 2015), <http://www.povertylaw.org/files/docs/Colton%20City%20Council%20comments--April%208%202015--Final.pdf>. (Explaining the findings from a study of assistance programs in New Jersey which showed that between 94 and 97% of low income participants in New Jersey’s Universal Service Fund program who received a bill within the target affordability range (3% for natural gas and 3% for electric) had a payment coverage of over 90%, and between 83 and 92% of participants with an affordable bill had a bill payment coverage of 100%).

⁶ US Dep’t of Energy, Energy Information Administration, 2015 Residential Energy Consumption Survey, Microdata (May 2018), <https://www.eia.gov/consumption/residential/data/2015/index.php?view=microdata>. A table prepared by the National Consumer Law Center showing the frequency in which households in the Northeast region (including Pennsylvania) forego basic necessities due to their home energy bill is included as Attachment A.

1 **CAP Enrollment**

2 **Q: Ms. Davis claims that, contrary to the 10 years of data you presented in direct**
 3 **testimony showing stagnant and sometimes declining CAP enrollment, CAP enrollment is in**
 4 **fact on the rise, and cites to data from October 2016 and March 2018 which shows a 14.45%**
 5 **increase in enrollment. (CPA St. 14-R at 8:7-9). Do you agree with this analysis?**

6 A: I agree that the data shows that CAP enrollment in March 2018 was 14.45% higher than
 7 CAP enrollment in October 2016. This is positive. However, Ms. Davis’s chosen data points do
 8 not accurately depict CAP enrollment trends over time. The selected months – October and March
 9 – are problematic, given CAP enrollment is most likely to spike in March, coinciding with the end
 10 of the winter moratorium on termination. Depending on weather in any given year, October may
 11 have relatively low or high enrollment as customers begin to operate their central heating systems.
 12 Looking at the monthly CAP enrollment data for 2016 and 2017 in the chart below, you can see
 13 that enrollment spikes in certain months (particularly March) and lulls in other months are not
 14 uncommon. But comparing enrollment rates year over year and/or over time shows that CAP rates
 15 are and continue to be fairly consistent, with little sustained growth. For example, from December
 16 2016 to December 2017, CAP enrollment increased by only 0.1%.

17 **TABLE 1: Monthly CAP Enrollment, 2016 and 2017**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	19,142	20,886	22,650	21,192	21,297	21,942	20,663	22,164	20,693	20,566	19,830	19,976
2017	20,785	19,469	23,887	19,618	24,281	23,390	22,226	23,971	21,809	23,045	21,596	19,999

18
 19 Looking to the enrollment trends over time, the 10 years of average annual CAP enrollment
 20 data I provided in direct testimony shows that, while there have been some years with subtle
 21 increases and decreases, CAP enrollment has remained relatively stagnant over the last decade,

1 and in several years has declined. (CAUSE-PA St. 1 at 25:12). In any event, as I explained in
 2 direct testimony and will address in further detail below, CAP enrollment has always been and still
 3 remains only a fraction of the confirmed eligible customer population. (See CAUSE-PA St. 1 at
 4 15-17, 25-28). In light of the proposed rate increase, it is critical that Columbia adopt reforms
 5 capable of improving access to and enrollment in CAP.

6 **Q: Ms. Davis asserts that the estimated low income customer count declined by 188 from**
 7 **2016 (101,563) to 2018 (101,375). (CPA St. 14-R at 8:9-10). She asserts that this decline**
 8 **(coupled with her claim that CAP enrollment has increased) refutes the argument that CAP**
 9 **enrollment is eroding over time. (Id.) Do you agree?**

10 A: No. A decrease in estimated low income customers of 188 (from 101,375 to 101,563)
 11 represents a decline of less two tenths of one percent (0.18%). It is unreasonable to assert that
 12 Columbia’s low income population is declining based on an estimation which differs by less than
 13 one percentage point. As a practical matter, Columbia’s estimated low income population has
 14 remained constant, and continues to account for approximately 25% of Columbia’s residential
 15 customer class. (CAUSE-PA St. 1 at 8:2-4).

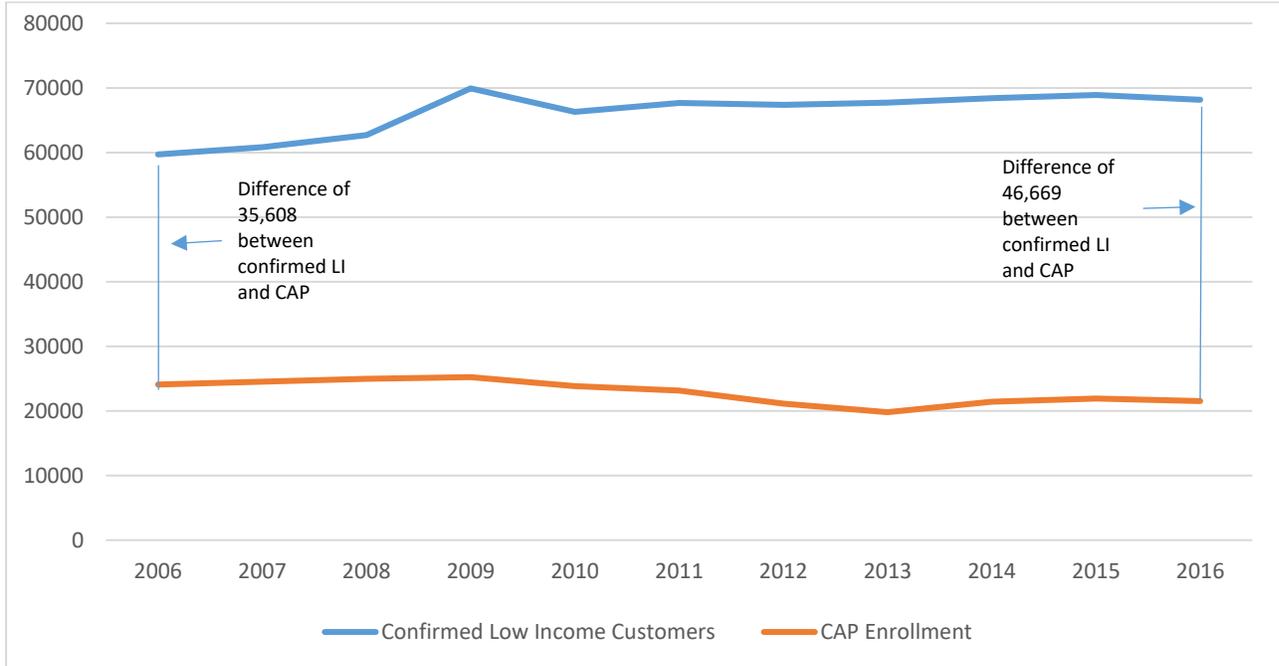
16 In addition to the extensive evidence of CAP under-enrollment that I presented in my direct
 17 testimony, it is instructive to look to Columbia’s confirmed low income population (those who are
 18 known to the Company to be low income) compared to its CAP enrollment over time.

19 **TABLE 2: Confirmed Low Income Customers vs. CAP Enrollment, 2006 to 2016**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Confirmed Low Income Customers	59,703	60,847	62,707	69,927	66,307	67,688	67,391	67,711	68,418	68,877	68,178
CAP Enrollment	24,095	24,519	24,978	25,229	23,833	23,170	21,137	19,803	21,418	21,925	21,509

20

1 **CHART 1: Confirmed Low Income Customers vs. CAP Enrollment, 2006 to 2016**



2
 3 As you can see from the chart, the pronounced division between confirmed low income customers
 4 – known to Columbia to be income eligible for CAP – has persisted over the last decade, and in
 5 fact has grown over time. This trend must be reversed, especially in light of Columbia’s proposed
 6 increase, which – if approved – will be its sixth rate increase since 2010.⁷

7 **Q: Ms. Davis also asserts that many of the recommendations you made to strengthen**
 8 **CAP enrollment, such as referring all credit-related callers to CAP and providing additional**
 9 **outreach to eligible populations, are already in place. (CPA St. 14-R at 7:15 to 8:4). Does**
 10 **this change the recommendations you have made?**

11 A: No. As I explained in direct testimony, there is and continues to be a high number of
 12 payment troubled customers with existing debt to Columbia (over 12,000) who are known to

⁷ Columbia’s rates were increased in 2010 (R-2010-2215623), 2012 (R-2012-2321748), 2014 (R-2014-2406274), 2015 (R-2015-2468056), and 2016 (R-2016-2529660).

1 Columbia to be income-qualified for CAP, yet are not enrolled in the program. (CAUSE-PA St.
2 1 at 26:6-10). While I am glad that Columbia does conduct some level of screening for CAP
3 eligibility during credit-related calls, and is engaging in outreach and promotional activities, CAP
4 enrollment numbers suggest that reforms and improvements to these existing processes are still
5 necessary to ensure that eligible customers are not just screened, but fully understand the benefits
6 of CAP and are encouraged to enroll. I recommend that Columbia convene a stakeholder meeting,
7 in coordination with its Universal Service Advisory Committee, to review and improve its
8 screening processes and outreach materials to improve CAP penetration rates.

9 In addition, I continue to believe that Columbia should actively recruit the 12,000+
10 confirmed low income customers with existing debt to enroll in CAP (CAUSE-PA St. 1 at 27:16-
11 20). Indeed, by definition, these customers are CAP eligible and should be actively solicited to
12 enroll in CAP.

13 **Q: Ms. Davis argues that it would be “imprudent” to recruit LIHEAP recipients to enroll**
14 **in CAP because LIHEAP may already be covering a sufficient portion of the customer’s**
15 **heating expenses. (CPA St. 14-R at 9:15 to 10:2). Do you agree?**

16 A: No. As I explained at length in my direct testimony, low income households (those with
17 income at or below 150% of the poverty guidelines) simply do not have enough resources to afford
18 the most basic life necessities. Indeed, it is not an “assumption” that low income households “are
19 foregoing other non-gas related bills,” as Ms. Davis asserts. Rather, it is an unfortunate fact which
20 has been proven in countless reports and studies. (CAUSE-PA St. 1 at 8:9 to 10:7).⁸ Connecting

⁸ See Appendix A, discussed above, for a table showing the frequency in which low income households in the Northeast region (which includes Pennsylvania) forego basic necessities in order to pay their energy bills. US Dep’t of Energy, Energy Information Administration, 2015 Residential Energy Consumption Survey, Microdata (May 2018), <https://www.eia.gov/consumption/residential/data/2015/index.php?view=microdata>.

1 these vulnerable households to both LIHEAP and CAP ensures that they are receiving the
2 assistance necessary to help them meet all of life’s most basic necessities.

3 It is important to note that while Ms. Davis is correct that the maximum LIHEAP grant is
4 \$1,000, only the most destitute households with the highest energy expenses are able to access a
5 grant this high.⁹ As I noted in direct testimony, as of May 2018, the average LIHEAP cash grant
6 for natural gas was \$242 – only \$42 higher than the *minimum* grant amount. (CAUSE-PA St. 1 at
7 18:4-6). Indeed, the vast majority of LIHEAP participants receive a grant which is at or near the
8 minimum grant amount. As I noted in direct testimony, the proposed rate increase alone will
9 subsume nearly half of the average LIHEAP grant. (CAUSE-PA St. 1 at 18:6-8).

10 **CAP Affordability**

11 **Q: In response to your recommendations to improve CAP affordability by more**
12 **frequently adjusting the CAP rate plan, Ms. Davis asserts that “blindly lowering payment**
13 **options for no other reason than that a lower option exists would unnecessarily increase**
14 **shortfall and would be in opposition to the standards specified in our approved Universal**
15 **Service and Energy Conservation Plan.” How do you respond?**

16 A: As I demonstrated in direct testimony, 15% of Columbia’s CAP customers in 2017 were
17 charged a rate which exceeded the Commission’s current affordability guidelines. (CAUSE-PA
18 St. 1 at 30:2-4). Moreover, 880 CAP customers paid 15% or more of their income on natural gas
19 costs alone. (CAUSE-PA St. 1 at 30:4-5).

20 The high range of the affordability guidelines peg affordability at 8% of income for those
21 with income between 0-50% of the federal poverty guidelines and 10% of income for those with

⁹ Pa. DHS, LIHEAP State Plan 2018, Appendix B, § 601.41 (benefit amounts); see also Pa. DHS, LIHEAP Benefit Amount Table, <http://www.dhs.pa.gov/citizens/heatingassistanceliheap/liheapbenefitamounttable/index.htm>.

1 income between 51-150%.¹⁰ Compare this to the average 3% for middle and high income
2 households. (CAUSE-PA St. 1 at 9:2). It is helpful to contextualize this with actual numbers. The
3 average CAP household income in 2017 was \$13,674. If 10% of that (\$1,367.40) is devoted to
4 natural gas services, this leaves just \$12,306 to pay for food, electricity, rent, child care, medical
5 expenses, taxes, transportation, and any other unexpected expense which may arise. More frequent
6 adjustments to the CAP rate to assign the most affordable rate would help contain unreasonable
7 demands on low income households' limited resources, and would help ensure that these
8 vulnerable households are able to maintain access to truly affordable utility services.

9 The fact that Columbia's current Universal Service and Energy Conservation Plan does not
10 provide that Columbia will select the most affordable CAP rate is not a barrier as Ms. Davis
11 suggests. Indeed, other utility companies have already been approved to utilize this approach,¹¹
12 so it could be readily adopted through the submission of a plan modification.

13 In light of the proposed rate increase which will directly impact 44% of CAP customers –
14 further exacerbating current unacceptable levels of unaffordability – it is critical that Columbia be
15 required to submit such a plan change to allow CAP customers to receive the most affordable rate.

16 **Q: Ms. Davis also asserts that adjustments to CAP affordability are “premature” in light**
17 **of the Commission’s energy burden study. Do you agree?**

18 A: No. I provided extensive data in direct testimony demonstrating that Columbia's CAP
19 rates are failing to produce levels of affordability consistent with existing Commission guidelines.

¹⁰ See 52 Pa. Code § 69.265.

¹¹ See Peoples Natural Gas Company LLC, Universal Service and Energy Conservation Plan for 2015-2018, Final Order, Docket No. M-2014-2432515, at 25 (Dec. 17, 2015); see also UGI Utilities, Inc., Universal Service and Energy Conservation Plan for the Three-Year Period January 1, 2018 – December 31, 2020, Docket No. M-2017-2598190, at 14-15.

1 (CAUSE-PA St. 1 at 29:14 to 30:6). The Commission’s ongoing energy burden study has no
2 bearing on whether Columbia is compliant with existing Commission standards, and should not
3 be used to avoid making necessary changes to – at the very least – conform Columbia’s program
4 to statutory mandates and Commission guidelines which require Columbia to ensure that its
5 services are affordable for low income households.

6 **CAP Recertification**

7 **Q: Ms. Davis submits that CAP customers who fail to recertify “have independently**
8 **recognized that they no longer qualify and anticipate removal from the program,” and that**
9 **“additional time, money, and resources to further notify them of their options is wasteful**
10 **and superfluous.” Do you agree?**

11 A: No. I don’t know how Ms. Davis could know this and she provides no factual support for
12 her supposition. Furthermore, it is likely that if customers who failed to recertify were merely
13 self-identifying that they are no longer income eligible, then the rate of removal for failure to
14 recertify would remain relatively consistent over time. This is not the case. Since 2013, the rate
15 of customers removed from CAP for failure to recertify has more than doubled from 1,067 in 2013
16 to 2,206 in 2017. In my view, there is likely something else that is going on rather than self-removal
17 from CAP.

18 I continue to recommend that Columbia allow for electronic enrollment and recertification,
19 as it would help capture those households which are not accustomed to responding to traditional
20 mail solicitations. (CAUSE-PA St. 1 at 28:19-23). I will discuss this recommendation further in a
21 moment. To be clear, I am not suggesting that electronic recertification supplant the availability
22 of traditional mail and/or fax options for recertification, merely that it supplement these methods.
23 The reality is that for customer engagement, we live in a “both/and” rather than an “either/or”

1 world. That is, Columbia should engage in both its traditional outreach and new and enhanced
2 electronic means.

3 Together, these two common-sense solutions will be more likely to bolster Columbia's
4 CAP retention rate, and will help create longer-term financial stability for vulnerable consumers.

5 **Q: Ms. Davis explained that Columbia opposes the development and implementation of**
6 **an electronic enrollment or recertification process for CAP “at this time.” (CPA St. 14-R at**
7 **10:5-10). How do you respond?**

8 A: While Columbia should of course research costs and consult with other utilities which have
9 already implemented electronic CAP enrollment and/or recertification before implementing its
10 own process, it is unreasonable for Columbia to take no action to move forward toward
11 implementation of an electronic enrollment and recertification process. Several of Pennsylvania's
12 large electric and natural gas utilities currently offer or are in the process of implementing some
13 form of electronic enrollment and/or recertification, either through the adoption of a full online
14 application processor by facilitating the submission of enrollment or recertification documents
15 through email in addition to fax or traditional mail service.¹² I believe that it is important for
16 Columbia to begin developing and implementing an electronic enrollment and recertification
17 process now to keep up with rapidly changing technologies.

18 **Q: Ms. Davis also opposes sending pre-paid postage envelopes, arguing that it is “an**
19 **unnecessary added administrative expense, both in providing the initial envelope but also in**
20 **wasted postage that goes unreturned.” (CPA St. 14-R at 12:1-2). Do you agree?**

¹² See PPL Electric, www.pplelectric.com/help; PECO, <https://secure.peco.com/MyAccount/CustomerSupport/Pages/CAPRateApplication.aspx>; see also Universal Service and Energy Conservation Plan for the Three-Year Period January 1, 2018 – December 31, 2020 for the UGI Companies, Docket No. M-2017-2598190, at 12.

1 A: No. The United States Postal Service offers several options for prepaid postage which
2 would only add costs if the envelope is actually returned, so the Company could avoid wasted,
3 unreturned postage.¹³ Moreover, I believe the additional incremental cost of providing an envelope
4 to facilitate the recertification process is well worth the benefit of ensuring that vulnerable
5 households are able to maintain their enrollment in the program.

6 **CAP Plus**

7 **Q: In response to your proposal to exclude customers receiving a minimum bill from the**
8 **\$5.00 additional CAP Plus charge, Ms. Davis argues that LIHEAP is sufficient to offset the**
9 **impact of the CAP Plus charge on those who receive a minimum bill. How do you respond?**

10 A: As I have already explained, LIHEAP should not be considered in determining whether
11 Columbia's CAP rate is affordable. Well over half (65%) of Columbia's CAP customers did not
12 receive a LIHEAP grant in the 2017-2018 program year.¹⁴ While Ms. Davis asserts that the
13 average grant amount for those on the minimum bill CAP rate plan is \$500, she does not provide
14 data to support this assertion. The LIHEAP Benefit Amount Table breaks down the anticipated
15 LIHEAP grant amount by county and heating type. After reviewing the benefit amounts for several
16 counties in Columbia's service territory, I believe it is far more likely that many enrolled in the
17 minimum bill CAP rate receive a significantly lower LIHEAP grant amount. For example, a
18 household of three in Washington County with an income of just \$10,000 annually (48.12% FPL)
19 would qualify for only the \$200 minimum grant amount.¹⁵ Even if that household income fell to
20 just \$4,000 annually (19.25% FPL), their grant amount would still only be \$391. Again, this

¹³ See <https://www.usps.com/business/postage-options.htm>.

¹⁴ CAUSE-PA to CPA 1-010 (attached to CAUSE-PA St. 1 at Appendix B).

¹⁵ Pa. DHS, [LIHEAP Benefit Amount Table](http://www.dhs.pa.gov/citizens/heatingassistanceliheap/liheapbenefitamounttable/index.htm),
<http://www.dhs.pa.gov/citizens/heatingassistanceliheap/liheapbenefitamounttable/index.htm>.

1 assumes the household receives LIHEAP, which is questionable given 65% of Columbia’s CAP
2 customers did not receive a grant last year.

3 In direct testimony, I presented data showing that, in 2017, 1,599 CAP customers who
4 received a minimum bill exceeded the Commission’s established energy burden standards.
5 (CAUSE-PA St. 1 at 30). I likewise showed that CAP Plus disproportionately harms those who
6 receive the minimum bill CAP rate. In 2017, CAP Plus added 1.34% to the energy burden of those
7 at 0-50% of the poverty guidelines who receive the minimum bill CAP rate. (CAUSE-PA St. 1 at
8 34). Additionally, it is important to point out that those with income below 50% of the poverty
9 guidelines who receive a minimum bill exceed the Commission’s energy affordability guidelines
10 by significant amounts.¹⁶ Table 3 shows the number of minimum bill CAP customers with income
11 below 50% of the federal poverty guidelines, and their relative energy burden. Keep in mind that
12 the Commission’s established guidelines target affordability for this income group is 8%:

¹⁶ CAUSE-PA to CPA 2-012 Attachment A (attached to CAUSE-PA St. 1 at Appendix B).

1 **TABLE 3: Energy Burden for Minimum CAP Rate Customers (50% FPL or below) – 2017¹⁷**

3%	1
4%	4
5%	3
6%	4
7%	1
8%	20
9%	116
10%	173
11%	232
12%	82
13%	49
14%	149
15%	34
16%	20
17%	151
18%	19
19%	58
20%	22
Over 20%	494

2 This data shows that 494 CAP customers with income below 50% of the federal poverty guidelines
3 have an energy burden which exceeds 20% of their total gross annual income. In total, just 33 of
4 the 1,632 customers on this CAP rate are within the Commission’s established affordability target.
5 The remaining 1,599 customers enrolled in this CAP rate exceed the Commission’s standards.

6 To alleviate this rampant unaffordability within the most economically vulnerable
7 customer class, I continue to recommend – that Columbia stop collecting the CAP Plus fee from
8 those enrolled in the minimum bill CAP rate.

¹⁷ Id.

1 **LIURP Spending**

2 **Q: Ms. Davis opposes any increase in LIURP funding, and argues that “Columbia’s**
3 **contractors are having difficulty keeping up” with the current budget. Is this a justified**
4 **reason to forego additional funding?**

5 A: No. Ms. Davis has presented no evidence refuting the fact that there is an overwhelming
6 unmet need for LIURP services, which will only grow more pronounced if the proposed rate
7 increase is approved. (CAUSE-PA St. 1 at 35:11 to 36:4). Increased funding for the program is
8 critical to not only meet the current unmet need for LIURP services, but also to ensure that low
9 income consumers can offset the impact of the rate increase through the adoption of usage
10 reduction and conservation measures. The fact that Columbia’s current contractors are unable to
11 keep up with LIURP production is not a convincing argument that the need should continue to be
12 unmet. Rather, it is an indication that Columbia should either adjust its contracts with existing
13 contractors to help build their capacity to address the need or find new or additional contractors to
14 perform the work.

15 **LIURP Multifamily Pilot**

16 **Q: Ms. Davis opposes my recommendation to dedicate a small amount of funding**
17 **(\$70,000) to begin a pilot multifamily program to remediate individually metered**
18 **multifamily buildings, and argues that the achievable savings are insufficient to justify the**
19 **investment. (CPA St. 14-R at 14:17 to 15:11). Do you agree?**

20 A: No. While the overall savings achievable in an individual multifamily unit may be lower
21 than the overall savings achievable in a single family home, Ms. Davis’ conclusion does not
22 account the economies of scale that could be gained from serving multiple units within the same
23 multifamily building.

1 **Q: Ms. Davis points to a study which estimated that, statewide, natural gas energy**
2 **efficiency programming for multifamily buildings has the potential to produce an average**
3 **savings of 13%. She compares this to the 21% savings that Columbia currently achieves**
4 **through its LIURP, and concludes that it is not cost effective to serve multifamily buildings.**
5 **Is this a justified reason to not serve individually-metered multifamily buildings?**

6 A: No. The study referenced by Ms. Davis is an average potential study for the entire state of
7 Pennsylvania. It is not indicative of the actual savings potential for specific multifamily buildings
8 within Columbia's service territory. Higher savings percentages may be possible for certain
9 buildings, depending on the quality of the housing stock. I have proposed a modest pilot program,
10 funded with just \$70,000, to allow Columbia to begin exploring the potential savings within its
11 service territory. This is a reasonable and justified expenditure, especially given that a
12 disproportionate number of low income households reside in multifamily dwellings (see CAUSE-
13 PA St. 1 at 39:1-2; OCA St. 4 at 12-15) – many of whom are not enrolled in CAP and, thus, help
14 pay for LIURP through rates.¹⁸

15 **Security Deposit Prohibition**

16 **Q: In response to your recommendation that Columbia inform customers of the**
17 **prohibition on security deposits for CAP-eligible customers, Ms. Davis asserts that the**
18 **Company already informs customers of the prohibition if their prior account indicates that**
19 **they are low income. Is this a sufficient process to adequately inform customers of the**
20 **prohibition on security deposit waivers?**

¹⁸ Again, roughly 70% of confirmed low income household are not enrolled in CAP, and therefore help finance LIURP and other low income assistance programs through rates.

1 A: No. Informing only those who in the system as low income is circular. In essence, only
2 those who are known to the company to be low income, based on a prior account, will be
3 adequately apprised of the fact that the Company may not charge them a security deposit if they
4 are low income. Under Columbia’s current policy, any new CAP-eligible customer who as a result
5 of poor credit or other potential factors will be assessed a security deposit without being told of
6 this statutory prohibition. Such a process fails to properly inform consumers of their rights, and is
7 likely causing low income customers who require natural gas service for the first time or who have
8 not previously disclosed their income status to Columbia to pay a burdensome security deposit.

9 **Q: In addition to noting that Columbia informs some customers of the security deposit**
10 **prohibition, Ms. Davis asserts that Columbia “has concerns with notifying all customers that**
11 **relief is available when more than half of our customers do not qualify for a waiver.” Is this**
12 **a justified reason to forego providing notice of the security deposit prohibition?**

13 A: No. Ms. Davis noted that Columbia has concerns, but did not provide any rationale for
14 those concerns. I believe that providing more information to consumers about their rights is
15 critical, especially in this context – where the imposition of a security deposit may foreclose a
16 household from accessing natural gas services.

17 **PFA Process**

18 **Q: In response to your concerns about Columbia’s current PFA process, Ms. Davis**
19 **explained the process in further detail. Did this explanation address your concerns?**

20 A: Yes. Ms. Davis’ rebuttal testimony clarified their process and, based on her clarification,
21 I believe that Columbia has a sufficient policy in place to safeguard victims of domestic violence,
22 and ensure that they have access to critical protections to which they are entitled. That said, I
23 encourage Columbia to remain vigilant in training new employees to ensure that the processes and

1 procedures are put into practice and that staff who interact with victims of domestic violence have
2 the appropriate training and sensitivity to appropriately handle these unique cases.

3 **Q: Does this conclude your Surrebuttal Testimony?**

4 **A: Yes.**

Annual gross household income for the last year * Frequency of reducing or forgoing basic necessities due to home energy bill * Census Region Crosstabulation

Census Region	Annual gross household income for the last year	Never	Almost every month	Some months	1 or 2 months	At Least 1 Month
Northeast	Less than \$20,000	63.0%	17.0%	10.5%	9.4%	37.0%
	\$20,000 - \$39,999	69.6%	11.4%	13.7%	5.3%	30.4%
	\$40,000 - \$59,999	80.3%	4.0%	7.9%	7.7%	19.7%
	\$60,000 to \$79,999	91.5%	0.0%	5.1%	3.4%	8.5%
	\$80,000 to \$99,999	94.4%	0.0%	1.4%	4.3%	5.6%
	\$100,000 to \$119,999	93.4%	1.5%	3.1%	1.9%	6.6%
	\$120,000 to \$139,999	94.5%	1.5%	4.0%	0.0%	5.5%
	\$140,000 or more	98.0%	1.1%	.9%	0.0%	2.0%

Source: U.S. Department of Energy, Energy Information Administration, 2015 Residential Energy Consumption Survey

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility	:	
Commission	:	
	:	Docket No. R-2018-2647577
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc.	:	

VERIFICATION

I, Mitchell Miller, verify that CAUSE-PA Statement 1, the Direct Testimony of Mitchell Miller, and Attachment A thereto; CAUSE-PA Statement 1-R, the Rebuttal Testimony of Mitchell Miller; and CAUSE-PA Statement 1-SR, the Surrebuttal Testimony of Mitchell Miller were prepared by me or under my direct supervision, and are true and correct to the best of my knowledge, information and belief.

I understand that the statements made herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



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Date: July 23, 2018