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June 7, 2018

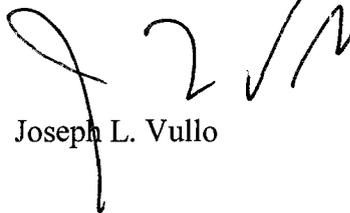
Administrative Law Judge Jeffrey A. Watson  
Pennsylvania Public Utility Commission  
Piatt Place  
Suite 220  
301 5th Avenue  
Pittsburgh, PA 15222

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

Dear Judge Watson:

Enclosed please find a copy of Community Action Association of Pennsylvania's Statement No. 1, Direct Testimony of Susan A. Moore. As indicated below, I am serving all parties of record with a hard copy of the enclosed. I served all parties via first class mail and electronically on today's date. If you need anything further, please do not hesitate to contact me.

Respectfully submitted,



Joseph L. Vullo

JLV/jar  
encl.

cc: All Parties of Record

COMMUNITY ACTION ASSOCIATION OF PENNSYLVANIA

CAAP Statement No. 1

Direct Testimony of Susan A. Moore

In Re: Pennsylvania Public Utility Commission v.  
Columbia Gas of Pennsylvania, Inc.

Docket Number: R-2018-2647577

1 **Q. Please state your name, title, and business address.**

2 **A.** My name is Susan A. Moore, Chief Executive Officer, Community Action Association of  
3 Pennsylvania, 222 Pine Street, Harrisburg, PA 17101.

4

5 **Q. On whose behalf are you testifying?**

6 **A.** The Community Action Association of Pennsylvania (CAAP), a statewide association of  
7 local Community Action Agencies in Pennsylvania.

8

9 **Q. What is your relevant experience in this case before the Commission?**

10 **A.** CAAP's membership covers each of the counties in the Company's service territory.  
11 CAAP was incorporated in 1975, more than 43 years ago and, as an integral part of its mission,  
12 has advocated for the low-income population of Pennsylvania. I have been the CEO of this  
13 agency for nine years. Prior to that, I worked as the CEO for The Florida Patient Safety  
14 Corporation, an organization dedicated to the continuous improvement of patient safety in  
15 Florida by serving as a learning and research organization, created and funded by the Florida  
16 Legislature in recognition of the need to improve patient safety and address skyrocketing liability  
17 insurance premiums in Florida. I also served on the Board of Directors for the Pennsylvania  
18 Hunger Action Center, an organization advocating against hunger insufficiency on a statewide  
19 basis. On behalf of our member agencies, CAAP has intervened in numerous rate and  
20 restructuring cases before the PUC including Peoples' Natural Gas rate case (R-2012-2285985)  
21 as well as the pending rate cases of Duquesne Light Company (R-2018-3000124) and PECO  
22 Energy Company (R-2018-3000164). CAAP also intervened in Columbia Gas' 2016 rate case.  
23 (R-2016-2529660).

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**Q. What is the interest of CAAP in this proceeding?**

**A.** The interest of CAAP in this proceeding is basically the same as it has been in those prior proceedings I mentioned above. Our general concern is the impact of the Company’s proposals on low-income customers. We are concerned about the impact of the Company’s proposed rate design on residential customers, particularly low-income customers and we are concerned with the proposed rate design’s impact on the ability and motive of low-income customers to conserve energy. We are also in this case to address the availability, design and funding of the Company’s low-income, or universal service programs. We want to insure that the legislature’s directive in the Natural Gas Customer Choice and Competition Act Gas Restructuring Act that universal service programs are ‘appropriately funded and available’ is followed.

**Q. Apart from universal service, does CAAP take a position on whether the Company’s rate increase should be granted?**

**A.** No, we do not take a position on whether a rate increase should be granted. However, we do address some rate design issues and their impact on conservation and low-income customers.

**Q. What issues regarding rate design would you like to address?**

**A.** Initially I want to address the Company’s proposal to increase the fixed monthly customer charge for residential customers. The Company is proposing to increase the fixed monthly charge from \$16.75 to \$18.25, an increase of roughly 9%. Although modest, CAAP opposes any increase to the fixed monthly customer charge.

1 **Q. Why does CAAP oppose an increase to the fixed monthly customer charge?**

2 **A.** The more a consumer's bill is comprised of fixed charges, the less motive, and  
3 opportunity, the consumer has to reduce consumption and therefore save money. One of the only  
4 defenses a family, particularly a poor family, has against increases in energy costs is to conserve  
5 – lower the thermostat, seal air leaks, change filters regularly, add more insulation, get a more  
6 efficient heating unit, etc. The Company's proposal to increase that fixed cost would negatively  
7 impact a customer's motive to conserve and the ability to save money. For reasons explained  
8 below that negative impact on a customer's motive to conserve and the ability to save money  
9 would be compounded should the Company's proposed Revenue Normalization Adjustment  
10 (RNA) be approved.

11  
12 **Q. Before addressing the specifics of your testimony, do you have general concerns**  
13 **regarding this rate case?**

14 **A.** Yes, the Company is requesting a rate increase that will impact a typical residential  
15 customer's monthly bill. A typical residential customer using 70 therms per month will see their  
16 bill increase by approximately 9%, from \$91.63 to \$99.88. Despite this increase and its impact  
17 on low-income customers, the Company is only proposing to increase funding for its hardship  
18 fund but is not proposing any changes to any of its other low-income programs; there is little  
19 proposed here that will help low-income customers deal with the impact of this proposed rate  
20 increase.

21 The combined effect of an increase in rates, an increase in fixed monthly charges, and  
22 changes in rate design that impact a customer's ability and motive to conserve, without any  
23 changes to universal service funding, not only results in higher rates but also lessens the ability

1 customers to deal with those increases. In particular, the negative impact would be particularly  
2 harsh on the Company's low-income customers. The Gas Choice Act requires that the  
3 Commission ensure that universal service programs are 'appropriately funded and available' and  
4 the result of this proceeding will impact the question of whether the Company's universal service  
5 programs are appropriately funded and available.

6  
7 **Q. How does the effect of the Company's requests impact upon your testimony in this**  
8 **case?**

9 **A.** I do not believe that the Commission should allow an increase in rates, allow an increase  
10 in the fixed monthly customer charge and a change in rate design that impacts a customer's  
11 ability and motive to conserve without requiring an increase in universal service funding that  
12 would allow relief to low-income customers. For a typical residential customer, a 9% increase is  
13 substantial, but for a low-income customer, the effects can be dramatic. High utility costs are not  
14 the only challenge for a poor person. Our members have been helping low-income people for  
15 years and know firsthand that they face financial challenges on many fronts -- housing, energy  
16 costs, food and health care -- and a dramatic increase in any of those areas can have a devastating  
17 impact. That negative impact goes beyond just an increase in rates in this case because the  
18 increase in the fixed monthly charge makes it more difficult for a consumer to lessen the impact  
19 of an increase in rates through conservation. Further, the company's proposed Revenue  
20 Normalization Adjustment (RNA) shifts the risk of reduced sales revenues from the company to  
21 its customers. Individual customers, particularly low-income customers on a fixed or insufficient  
22 income, lack the means to manage those risks. Accordingly, the company's proposals in this

1 proceeding should be accompanied by greater measures to help its low-income customers deal  
2 with those proposals.

3  
4 **Q. Turning now to universal service programs what issues would you like to address?**

5 **A.** I want to address the Company's low-income usage reduction program (LIURP),  
6 WarmWise. Annual funding for WarmWise is set at \$4,750,000 and in its pending Universal  
7 Service Plan the Company is proposing to keep annual LIURP funding at \$4,750,000. That  
8 annual funding level, \$4,750,000, was established in 2015 and since that time the Company was  
9 granted a distribution rate increase in 2016 without any increase in LIURP funding. As a result  
10 of that 2016 rate increase a typical residential customer using 70 therms of natural gas saw their  
11 rates increase by 7.34% without any increase in LIURP funding that would have helped them  
12 conserve energy and reduce their monthly bills. (Joint Petition for Settlement, para. 21, No. R-  
13 2016-2529660). In this current case the Company is requesting a rate increase that would  
14 increase rates for that same typical residential customer by another 9%; yet again the Company is  
15 not proposing any increase in LIURP funding. CAAP believes that more funding is needed to  
16 begin to address the great need for LIURP services in the Company's service territory in light of  
17 the fact that residential customers may see their rates increase for the second time without any  
18 increase in LIURP funding proposed.

19  
20 **Q. Are there additional reason why is CAAP proposing increased funding for LIURP?**

21 **A.** In addition to the fact that this may be the second rate increase for residential customers  
22 without any additional LIURP funding, we are proposing greater funding for LIURP because  
23 there is an unmet need for LIURP services. In its most recent Universal Service Plan filing (M-

1 2018-2645401) the Company estimates that it serves 101,375 low-income households with  
2 67,711 confirmed as low-income. In that same filing it estimates that 18,647 households are  
3 eligible for LIURP services. Despite annual targets of serving 600 households per year the  
4 Company weatherized just 515 households in 2016 and only 440 in 2017. This combination of  
5 over 18,000 customers eligible for LIURP, missed targets and past flat funding continuing into  
6 2021, despite what is likely to be a second rate increase, requires a substantial increase in LIURP  
7 funding. Further, the current level of LIURP funding did not account for the last rate increase and  
8 the currently proposed LIURP funding does not account for this anticipated rate increase; rates  
9 have been going up while funding that would allow low-income customers to better deal with  
10 those increase has remained the same.

11  
12 **Q: Do you have any recommendations regarding the funding level for LIURP?**

13 **A:** Yes. As I stated above, funding for LIURP has remained the same and will remain the  
14 same until 2021 with only 440 homes being weatherized in 2017. And with over 18,000  
15 customers in need of LIURP services it is clear that there is a great need for those services. I am  
16 recommending that the number of customers served annually be increased from 600 targeted to  
17 800 and with an average LIURP cost of approximately \$7,000, I am recommending additional  
18 annual LIURP funding of \$1,400,000.

19  
20 **Q: Do you have any other recommendations regarding the LIURP program?**

21 **A:** Yes. The increased funding for LIURP and the increased number of households targeted  
22 represents a need to 'ramp up' the LIURP program. CAAP believes that there will be a need for  
23 more partnerships with agencies experienced in the providing of services to poor people,

1 including weatherization services. Our member agencies have the expertise in developing and  
2 operating programs that benefit people and communities. These organizations serve thousands of  
3 low income and disadvantaged members of the community; they have direct knowledge of the  
4 barriers and impediments to self-sufficiency, and continually innovate and evolve the service  
5 delivery system to better meet the needs of the population they serve. Community based  
6 organizations are governed by volunteer Boards of Directors; accountable to the communities  
7 they serve, and are not conflicted by a duty to shareholders and investors. The focus and active  
8 experience of community based organizations make them singularly suited to speak for the needs  
9 of the community. As such, the development and evolution of these programs should occur on a  
10 community level, by organizations that are experienced in these programs not on a utility staff  
11 level. These are “people” programs and community based organizations are best qualified to  
12 implement them. I am recommending that the Company partner with our member agencies, and  
13 the Pennsylvania Weatherization Providers Task Force, in the administration and implementation  
14 of its LIURP program. Our member agencies, and Task Force agencies, are located throughout  
15 the Company’s service territory, have experience in the administration and implementation of  
16 LIURP programs and are needed because of the expansion of the Company’s LIURP funding.

17  
18 **Q. Are there any other universal service topics that you want to address?**

19 **A.** Yes, CAAP supports the Company’s proposal to continue to use penalty credits and refund  
20 proceeds from the interstate pipelines serving its system. Although modest in comparison to  
21 other universal service funding, the proposal will help customers.

1 **Q. Turning now to rate design, do you support the Company's proposed Revenue**  
2 **Normalization Adjustment Rider (RNA)?**

3 **A.** I do not support the RNA for many of the same reasons why I oppose an increase to the fixed  
4 monthly customer charge-I believe that it will have a negative impact on a low-income  
5 customers' ability and motive to conserve. The RNA would allow the Company to recover  
6 revenue on a per customer basis and not on a usage basis and that would lessen a low-income  
7 customer's ability and motive to reduce their bill through conservation. Additionally, because of  
8 the 'lag time' in the adjustment to rates a customer would not see the connection between  
9 reducing consumption and a reduced bill. For example, a customer may see his bill increase due  
10 to a revenue normalization adjustment even after making efforts at conserving or after having  
11 conservation measures installed. Further, low usage residential customers would be in part  
12 subsidizing high usage residential customers and that would have a negative impact on low-  
13 income customers trying to reduce their bills through conservation efforts.

14  
15 **Q. Can you please summarize your recommendations?**

16 **A.** Yes. CAAP is recommending the following:

17 1. That the Company's request to increase its fixed residential monthly customer  
18 charge be denied;

19 2. That annual funding for LIURP be increased to \$6,150,000 annually and that any  
20 unused funds be carried over and added to the following year's funding;

21 3. That the Company partner with member agencies of the Community Action  
22 Association of Pennsylvania and Pennsylvania Weatherization Providers Task Force in the  
23 development, implementation and administration of its LIURP program;

1           4.       That the Company's funding proposal for its Hardship program be granted; and

2           5.       That the Company's RNA proposal be denied.

3

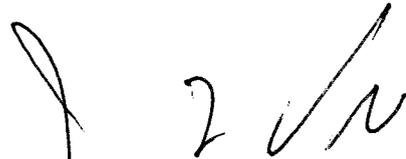
4   **Q.    Does this conclude your testimony?**

5   **A.    Yes**



Patricia Southorn  
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A handwritten signature in black ink, appearing to read 'J. Vullo', written over a horizontal line.

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