

1 **I. Introduction**

2 **Q. Please state your name and business address.**

3 A. Deborah Davis, 121 Champion Way, Suite 100, Canonsburg, PA 15317.

4 **Q. Are you the same Deborah Davis who submitted Direct Testimony in this**
5 **proceeding?**

6 A. Yes.

7 **Q. What is the purpose of your Rebuttal testimony?**

8 A. I will respond to comments related to Universal Service Programs provided by Mr.
9 Roger Colton of the Office of Consumer Advocate (“OCA”), Mr. Mitchell Miller of the
10 Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania
11 (“CAUSE-PA”), Ms. Susan Moore of Community Action Association of Pennsylvania
12 (“CAAP”) and Mr. D.C. Patel of Bureau of Investigation and Enforcement (“I&E”).

13 **Q. What issues will you address related to Mr. Colton’s testimony?**

14 A. First, I would like to address Mr. Colton’s recommendation to do a post rate review
15 of all CAP accounts to assess the affordability of the CAP options in which the CAP
16 customers are currently enrolled.

17 **Q. Does the Company agree with this recommendation?**

18 A. The Company’s approved Universal Service Plan specifically states that the payment
19 structure is designed to maximize customer payments while still maintaining
20 affordability. Maximizing CAP customers’ payments is an important component of
21 the Universal Service Plan in order to control costs borne by non-CAP customers. As

1 a result, the option selected is not always the lowest option. Therefore, it would be
2 impossible to develop logic to automate a review to determine if a payment plan
3 option was the most a customer could afford on a monthly basis. When enrolling
4 customers, a payment option is reviewed individually based on the income and
5 circumstances within that household. To review all 24,000 accounts individually,
6 researching current income, household size, historic payment levels, and current
7 budget would take more than 400 hours at one minute per account. This activity
8 could not be absorbed within the normal staffing of the CAP program.

9 **Q. Will the Company review accounts on an as needed basis going forward?**

10 A. Yes. The Company provided a list of times when it reviews payment plans including
11 but not limited to when customers move, when they re-verify income, and upon
12 customer request. It is important to note the Company's Customer Agreement form
13 that must be signed or verbally agreed to during CAP intake includes the following
14 statement, "Call Columbia Gas CAP immediately if you are no longer able to afford
15 your CAP plan to avoid getting behind on your bill." The Company believes it is the
16 customers' responsibility to contact the Company when they become unable to afford
17 their existing CAP payment option.

18 **Q. Are there any additional issues you wish to address regarding Mr.**
19 **Colton's testimony?**

20 A. Yes. Mr. Colton recommends several steps to modify the levelized budget billing
21 program. The recommendations include: Increased targeted outreach, offer

1 levelized budget billing plans of ten and eleven months, offer levelized budget billing
2 year round and not just in May and finally, implement an automated enrollment in
3 levelized budget billing at the completion of a payment plan.

4 **Q. Mr. Colton recommends the Company be directed to modify its budget**
5 **enrollment policies to offer plans of 10 and 11 months as well as twelve**
6 **months. Do you agree?**

7 A. I first need to clarify that the Company is currently offering the budget at ten and
8 eleven months as well as year round. As Mr. Colton reiterated in his testimony on
9 page 27, The Company states the standard budget plan runs from May to April.
10 Customers can join the standard budget plan anytime, however fewer months of
11 enrollment may result in higher monthly payments.

12 **Q. Mr. Colton further recommends the Company be directed to modify its**
13 **budget enrollment policies by making enrollment available on a year**
14 **round rolling enrollment basis. Do you agree?**

15 A. The Company does make enrollment in the budget available on a year round basis as
16 stated above. In addition, The Company offers a payment plan called the Extended
17 Budget Payment Plan beginning in August and running through April. This levelizes
18 payments over a longer period of time. Once customers successfully complete the
19 EBPP, they are enrolled in the Budget payment plan. Please see Confidential Exhibit
20 DAD 1R as the excerpt from Columbia's call aid script detailing the program.

1 The customer can request to be removed from the Extended Budget Payment Plan at
2 any time. Depending on the account status (customer current or has an arrears), the
3 customer could be enrolled in the standard budget payment plan or be placed on a
4 budget plus payment plan if account arrears exist.

5 **Q. Do you believe this information will satisfy Mr. Colton's second and third**
6 **recommendation regarding levelized budget billing?**

7 A. Yes.

8 **Q. Please address Mr. Colton's recommendation regarding outreach for**
9 **levelized budget billing.**

10 A. The Company promotes the levelized budget billing each May through a bill insert.
11 In addition, the EBPP, detailed above, is promoted as a bill message on every eligible
12 bill between August and April. During this time frame, a customer needs only to pay
13 the promoted amount to be placed on the EBPP. Furthermore, all budget and
14 payment plan offers are included in information provided at senior and legislative
15 events and presentations, and community roundtables. They are promoted through
16 social media posts, press releases at least once a year and on our website. Finally,
17 information on how to apply is included in our rights and responsibilities booklet.

18 **Q. Please address Mr. Colton's recommendation to implement a closer**
19 **connection between DPA's and budget billing.**

20 A. The Company's deferred payment arrangements are typically the budget, plus a
21 specified amount toward their balance. When asked to count budget customers, we

1 do not consider those on payment agreements to be on the budget. However, the
2 plan is derived using the same budget calculations.

3 **Q. Please address Mr. Colton's recommendation regarding an automatic**
4 **enrollment in levelized budget billing at the completion of a payment**
5 **plan.**

6 A. The Company does not agree with automated entry of customers on any payment
7 plan, including the budget. The Company supports the right for customers to
8 determine how they want to pay their bills. However, the Company does provide a
9 bill message offering the Extended Budget Payment Plan upon completion of a
10 payment plan during the months of August through April, as well as the promotion
11 of the Budget in May if the customer is not on a payment plan or just completed one.

12 **Q. Do you have a response to Mr. Colton's recommendation to continue to**
13 **prioritize High CAP credit participants for weatherization as agreed to**
14 **in the 2016 rate case settlement?**

15 A. The Company made no proposal in this case to change this prioritization. The
16 Company has found this targeted approach to be beneficial in identifying
17 weatherization participants and will continue to utilize this approach until such a
18 time the Company reviews the savings analysis with the parties and parties agree it
19 is not cost effective.

20 **Q. Please address Mr. Colton's comments with regard to Hardship Fund**
21 **fund-raising.**

1 A. The Company appreciates Mr. Colton's support of the proposal to use up to \$375,000
2 per year of supplier credits and/or pipeline refunds to fund its Hardship Fund
3 moving forward. In addition, the Company is in agreement that the fund should
4 continue to provide assistance for customers between 150% and 200% of poverty.

5 **Q. Mr. Colton says the Company has not successfully expanded its**
6 **fundraising for the Hardship Fund program. Do you agree?**

7 A. Success is defined in various ways. The Company launched two new initiatives to
8 increase funds since January 2016. Combined with the continuing efforts of the TSO
9 Sponsorship, social media outreach, a bill insert, Partners for Warmth, Cool Down
10 for Warmth and the Dollar Energy Fund golf outing, the Company participated in
11 fundraising efforts in January, February, May, June, September, October and
12 December of each year at a minimum. To suggest the Company is not making an
13 effort to increase funds to the Hardship Fund is disheartening. Although I do agree
14 funds raised through the new initiatives were less than anticipated. Nevertheless, the
15 Company will continue to seek new and creative cost effective opportunities to raise
16 funds for the Hardship Fund as it has done since the inception of the program more
17 than 25 years ago.

18 **Q. Does this conclude your remarks regarding Mr. Colton's testimony?**

19 A. Yes.

20 **Q. Mr. Miller asserts that customers who enroll in the CAP average payment**
21 **plan after a rate increase will be enrolled at a higher amount on the**

1 **average payment plan than they would if there were no rate increase.**

2 **Do you agree?**

3 **A.** No. I disagree with Mr. Miller's statement that prior to enrolling in CAP the
4 customers are likely to have paid a higher payment toward their increased bill
5 because of the rate increase. In order for a customer to participate in CAP, the
6 customer must be identified as payment troubled. Mr. Miller is suggesting that the
7 customer is choosing to pay a percentage of their total bill. However, it is my belief
8 that it is far more likely the customer is paying a percentage of the amount they can
9 afford to pay. Customers struggling to pay their bill tend to pay in several payments
10 over the course of the year which do not relate to total bill amounts or even monthly
11 bills. It is more likely they were paying what they can afford at the time.

12 **Q.** **What other issues would you like to address regarding Mr. Miller's**
13 **testimony?**

14 **A.** I will focus my remarks on the list of recommendations listed on page 46 and 47 of
15 Mr. Miller's testimony. The first recommendation is "require Columbia to take
16 concrete steps to improve CAP enrollment and retention". To clarify, the Company
17 currently does screen for CAP eligibility during all credit related calls, which would
18 include customers with existing debt. CAP is promoted on our website, in brochures
19 and social media. We also promote CAP at Senior and legislative events, Be
20 Utilitywise events throughout the state, Bi-annual Community roundtable meetings
21 and winter month press releases offering assistance to customers facing high bills. In

1 addition, warm transfers – calls routed to a different number, are routinely
2 forwarded from Columbia’s Customer Care Center to the CAP administrator, the
3 Dollar Energy Fund, whenever a customer is identified as eligible for CAP and agrees
4 to be transferred. Therefore, Mr. Miller’s recommendations are already in place.

5 **Q. Do you agree with Mr. Miller’s assertion that Columbia’s CAP enrollment**
6 **has been largely stagnant and has eroded over time?**

7 A. No. There were 20,566 customers enrolled in CAP in October 2016 and 23,540 in
8 March 2018. This data indicates a 14.45% increase in enrollment; an increase of
9 nearly 3,000 customers. In addition, the Company reported an estimated, low
10 income count of 101,563 in 2016 and 101,375 in April 2018. Although this data
11 indicates only a slight decrease, it is noteworthy that the estimated, low income
12 counts are decreasing while CAP enrollment is increasing which refutes the argument
13 that CAP enrollment is eroding over time.

14 **Q. Please address Mr. Miller’s statement that more has to be done to enroll**
15 **LIHEAP recipients into CAP and to encourage CAP participants to apply**
16 **for LIHEAP.**

17 A. The Company makes outbound calls to CAP customers reminding them to apply for
18 LIHEAP, customers are encouraged to apply at CAP intake, a bill insert is included
19 in all bills, television ads are procured to promote LIHEAP, the requirement to apply
20 for LIHEAP is listed on the CAP Customer Agreement Form, our Customer Care
21 Center mails LIHEAP applications to customers upon request and CAP customers

1 who receive LIHEAP are not required to recertify their income. In spite of the
2 numerous methods utilized by the Company to promote LIHEAP, our records
3 indicate less than half of our CAP customers are receiving a LIHEAP grant. The
4 LIHEAP Easum report indicates that 29% of LIHEAP recipients apply for LIHEAP
5 to assist with their electric bill. Since a LIHEAP recipient is required to choose which
6 utility will receive the LIHEAP grant, there is the possibility our CAP customers are
7 applying for LIHEAP and directing payment to their electric provider. Furthermore,
8 it is noteworthy to direct attention to the 2016 Universal Service Report which lists
9 average CAP payment plan by utility. This report indicates that Columbia has the
10 lowest average payment plan of all utilities in our service territory. Therefore, it is
11 reasonable to assume a LIHEAP recipient would obtain assistance where the need is
12 greater and their expected payment is higher. Nevertheless, the Company has no
13 intention of raising CAP payments as a means to increase the receipt of LIHEAP
14 grants.

15 I also maintain not all LIHEAP recipients need the benefits of CAP. With grants as
16 high as \$1,000 annually, it is possible and likely, a LIHEAP grant is sufficient to
17 supplement a household's winter heating costs. In these cases, it would be imprudent
18 to enter a customer into CAP. If a customer can afford their bill by supplementing
19 the costs to heat their home with LIHEAP funds, entering them into CAP due to an
20 assumption that they are foregoing other non-gas related bills is a disservice to the

1 non-CAP customers paying for the program for the sole purposes of assisting other
2 customers to maintain their heat.

3 **Q. Do you agree with Mr. Miller's recommendation to allow for CAP**
4 **electronic and recertification enrollment?**

5 A. Not at this time. The Company is aware of at least one Pennsylvania utility that has
6 begun to offer this service. The development of an on line application would be costly
7 and require safeguards to ensure that customers are adequately informed of and
8 understand their responsibilities, since failure to comply can result in interruption of
9 service. For this reason, the Company is interested in researching costs and
10 evaluating other companies' results before investing in this technology.

11 **Q. Please explain the Company's current recertification process.**

12 A. Customers that receive LIHEAP in the prior twelve months are not required to
13 provide documentation or even positively respond to a recertify request. In addition,
14 customers on a fixed monthly income such as SS or SSI are only required to recertify
15 every other year. For those that are requested to recertify, two letters are sent
16 requesting recent income documentation over a 60-day period by either mail or fax.
17 A final letter is sent when a customer is removed from CAP. Ultimately, the customer
18 will receive a bill for total balance due at their next billing if they do not recertify their
19 income. At any point in time that documentation is received, the system is updated
20 and the customer remains or is re-entered into CAP. In all cases, customers that are
21 removed will receive their next bill with the full balance owing. If customers provide

1 necessary documents at that time, the customer will be re-entered into CAP with all
2 benefits unaltered. In fact, with income documentation, a customer will be reentered
3 at any time up to six months without requiring additional steps.

4 **Q. Do you agree with Mr. Miller's recommendation for changes to the**
5 **recertification process?**

6 The Company does not support spending additional time, money and resources to
7 track down customers in an effort to obtain the necessary paperwork to complete the
8 recertification process. It is an unrealistic notion that a customer needs more than
9 three letters and a bill requesting payment in full to motivate them into recertifying
10 their income. However, it is realistic to conclude that customers who disregard the
11 Company's request to recertify have independently recognized that they no longer
12 qualify and anticipate removal from the program. In these cases, the additional time,
13 money, and resources to further notify them of their options is wasteful and
14 superfluous. If, by some chance, the customer overlooked the first, second or final
15 notice, a bill requesting full payment should prompt them to call and provide the
16 necessary documentation. However, the Company has invested in providing
17 electronic lists, via a secured server with updated status information including
18 reverification timing as recommended in the USECP evaluation. This information
19 will be used to make outbound calls when time permits to remind customers to
20 recertify their income. As a clarification, a customer can fax documents rather than
21 mail then to the CAP administrator. Finally, the Company believes a self-addressed

1 stamped envelope is also an unnecessary added administrative expense, both in
2 providing the initial envelope but also in wasted postage that goes unreturned. I
3 further note that Mr. Miller has provided no estimate of the costs for these proposed
4 process changes, or a mechanism for recovery of those costs.

5 **Q. Please address Mr. Miller's recommendations related to improving its**
6 **CAP affordability.**

7 A. The Company is aware the Public Utility Commission is currently evaluating the
8 affordability of CAP programs via the energy burden study, and believes making any
9 changes at this time is premature. However, the CAP payment plan selection is
10 designed to choose the most a customer can afford on a monthly basis. The Company
11 continues to be mindful of the cost that is passed onto non-CAP ratepayers who pay
12 for the CAP benefits. As a result, the Company strives to operate a cost-effective
13 program by providing the highest benefit level needed without over benefitting a
14 customer. This is one reason why the administrator-selected CAP Rate Plan is to be
15 not less than the average payments received over the past twelve months. Thus, it is
16 our opinion that blindly lowering payment options for no other reason than that a
17 lower option exists would unnecessarily increase shortfall and would be in opposition
18 to the standards specified in our approved Universal Service and Energy
19 Conservation Plan. As previously highlighted, a thorough review of each account is
20 time and cost prohibitive. In addition, the CAP Customer Agreement Form requires
21 customers to notify the Company when the plan is or becomes unaffordable. Finally,

1 we review accounts whenever participation in a standard budget plan is more
2 advantageous for the customer such as in cases when a customer moves.

3 **Q. Do you agree with Mr. Miller's recommendation not to charge the CAP**
4 **plus fee to customers below 50% of poverty or to any customers paying**
5 **the minimum CAP bill?**

6 A. No. Eliminating the CAP plus fee to those customers below 50% of poverty would
7 increase shortfall by more than \$500,000 on a yearly basis. Please note: the average
8 LIHEAP grant for this segment of customers is nearly \$500.00. The minimum
9 annual CAP payment with CAP plus and a \$5.00 copay is \$396.00. Therefore, in
10 general, LIHEAP grants are sufficient to cover annual CAP charges minus the \$5
11 copay for those customers on the minimum payment plan. The Company does not
12 agree with eliminating the CAP plus fee for any segment of CAP customers.

13 **Q. Mr. Miller and Ms. Moore both propose an increase in LIURP Funding.**
14 **Do you agree there should be any increase in LIURP funding at this time?**

15 A. No. In the state of Pennsylvania, the Company's LIURP budget is at present
16 significantly higher than most other gas utilities, second only to PGW, according to
17 the 2016 Universal Service and Collections Report. This indicates Columbia's non-
18 CAP customers are paying more to assist their low income neighbors with
19 weatherization than their neighbors served by other gas companies. In addition,
20 Columbia's LIURP contractors are having difficulty keeping up with the current
21 allocation of \$4,750,000. As a result, the Company rolled over \$257,696 of the 2017

1 allocation to spend in 2018. As of May 2018, the Company has only received invoices
2 for 24% of the weatherization budget, which is very low in comparison to previous
3 years. Furthermore, 6 of the 7 Department of Community and Economic
4 Development (DCED) contractors are at or below 14% spend of their allocation. Two
5 of them have yet to complete any work for us. The Company is working with the
6 contractors to ensure we meet production levels however it would be unwise to
7 commit to a higher spend level in the future.

8 **Q. Please address Mr. Miller's recommendations related to landlord**
9 **solicitations for LIURP.**

10 A. Columbia has already begun to explore possibilities to increase solicitation to
11 landlords through meetings with landlord groups and other solicitations. In addition,
12 the Company will be instituting the recommendation provided in its evaluation of the
13 USECP to change the language of the landlord agreement. The Company would like
14 to evaluate the effectiveness of these changes before committing to new ones.

15 **Q. Do you agree with Mr. Miller's recommendation to implement a three**
16 **year multi-family pilot program?**

17 A. The Company explored the feasibility of such a program. As Mr. Miller expected,
18 usage in these properties do not meet the minimum threshold required for traditional
19 LIURP weatherization. It is an accepted principle that the higher the usage, the
20 higher the savings. The Company reviewed results from a small multi-family
21 project in Uniontown, Pennsylvania weatherized by a shared DCED contracted

1 provider. The town home style housing structure, just under 1030 square feet, cost
2 \$3,300 to weatherize which resulted in a 483 Cubic Feet per Minute (CFM) reduction
3 from the original CFM reading of 1983. The Company's average CFM reduction is
4 over 2,000 with an initial reading average of 5583. The Company believes lowering
5 the usage threshold will reduce the opportunity for savings and, as a result, would
6 not be cost effective. As Mr. Miller points out, there are many single family and
7 duplex type homes that would benefit from weatherization services. It seems
8 premature to develop a pilot with expected lower savings per dollar spent on smaller
9 units with lower bills and reduce the money available to households that can achieve
10 higher, more cost effective savings. Therefore, Columbia opposes this
11 recommendation.

12 **Q. Are you aware of any other studies completed on gas multi-family**
13 **weatherization programs?**

14 A. In a response to a data request, Mr. Miller acknowledged that he was unaware of any
15 studies completed on gas multi-family programs in Pennsylvania. However, he did
16 reference a study on the potential for gas savings completed by Energy Efficiency For
17 All. The study suggested there was a potential for reductions in gas usage of 13%.

18 **Q. Does this study support a case for the Company to offer a multi-family**
19 **weatherization program pilot?**

1 A. No. The Company currently realizes an average of 21% savings or higher. To spend
2 funds on a program with the potential of only 13% average instead of the higher
3 yielding jobs is not cost effective.

4 **Q. Please address Mr. Miller's testimony regarding the Company's medical**
5 **certification process.**

6 A. In February 2018, Columbia and most other Pennsylvania utilities were informed by
7 the Bureau of Consumer Services ("BCS") that the medical certificate language on
8 termination notices was incorrect. The utilities' termination notices inaccurately
9 stated that household size and family income were required to determine payment
10 arrangements with a valid medical certificate. BCS informed utilities that they
11 needed to update their termination notice to comply with Appendix A and Appendix
12 B under Chapter 56.461. In March 2018, Columbia complied and updated the notices
13 to state, "Make some equitable arrangement to pay the Company your **current bills**
14 for service."

15 Upon further review, Columbia also recognized script changes to its call aid needed
16 to be made for the Customer Service Representatives ("CSRs") at its call center. So,
17 instead of requesting household size and income information from customers who
18 have a medical protection on their account, the company is in the process of finalizing
19 script changes and training to only have the customer make an equitable
20 arrangement for the current bill when the medical certificate is used. Currently, the
21 Company has a dedicated team that processes the medical protection on the account.

1 The accounts have an automatic 30 day collection delay placed on the account.
2 Manual tracking will be made for follow-up of the current bill being paid. If the
3 customer is making payments of the current bill or budget billing and a request for a
4 third renewal is made for a medical certificate, the team will manually track payments
5 of the current or budget bill being paid. The team will review the request for use of a
6 3rd or subsequent renewal based on the current or budget bill payments.

7 Future I.T. enhancements to the medical certificate process will be made to track the
8 current bill or budget bill payment. Scripting changes will also provide for the CSRs
9 to advise customers of the medical certificate renewal policy upon the submission of
10 their first certificate. Customers will be advised that if they continue to pay their
11 current bill or budget bill, they can continue to renew their medical certificate.

12 Finally, The Company agrees that the Implementation Order states any “written
13 letter or note” may be submitted, including electronic submissions, “as long as it
14 includes the required content.” As a result, Columbia has changed its policy to accept
15 any written document from the doctor, physician’s assistant, or nurse practitioner,
16 as long as the required content is provided.

17 **Q. Do you agree with Mr. Miller’s recommendation to notify customers of**
18 **the security deposit prohibition for CAP-eligible customers at the time of**
19 **the security deposit assessment?**

20 A. The Company has a lengthy connect and reconnect process that includes verifying
21 whether a security deposit is necessary. If information from a previous account

1 indicates a customer is low income, the Company informs the customer of CAP and
2 waives the security deposit. Customers who are over income for CAP and self-
3 disclose a hardship with paying the security deposit are referred to the Company's
4 Security Deposit Assistance Fund. The Company has concerns with notifying all
5 customers that relief is available when more than half of our customers do not qualify
6 for a waiver.

7 **Q. Please respond to Mr. Miller's assertion that the Company's payment**
8 **arrangement standards for victims of Domestic violence with a PFA are**
9 **not in compliance with Chapter 14.**

10 A. I disagree that the Company is not in compliance with Chapter 14. The Company is
11 required to take into account the victim's unique circumstances and ability to pay.
12 Columbia does take into consideration the unique circumstances and ability to pay
13 of customers who are identified as PFA customers. When a customer informs the
14 Company of a PFA, the Company immediately advises the customer to fax the face
15 (cover) copy of the PFA order which does not contain any sensitive information. The
16 face copy is faxed to a select group of 3-5 individuals at Columbia's Care Center. The
17 customer's account information is forwarded to Columbia's two Outreach &
18 Education Coordinators (OEC) who are social workers. The OEC employee contacts
19 the PFA customer and reviews their payment plan to determine if it is financially
20 feasible for the customer based on other circumstances within the household. In
21 addition to establishing a new affordable payment plan, some of the customers are

1 monitored in Columbia's CARES (Customer Assessment Referral and Evaluation
2 Services) Program.

3 **Q. Please respond to Mr. Miller's testimony that states there is a lack of**
4 **explicit confidentiality provisions to protect uniquely sensitive personal**
5 **information from inadvertent disclosure.**

6 A. I believe the Company makes significant efforts to maintain confidentiality. As
7 mentioned, the fax is accessible to only a handful of representatives. These
8 representatives are part of the Universal Service team and are held to a high level of
9 confidentiality as part of their professional integrity. Also, I there are no indicators
10 within the Company's system which identifies PFA customers. The PFA notation is
11 listed on a separate manual log that is used for the purposes of complying with
12 Chapter 56 guidelines and is only visible to a few employees.

13 **Q. Does this conclude your remarks related to Mr. Miller's testimony?**

14 A. Yes.

15 **Q. Please address Ms. Moore's request for additional LIURP funding.**

16 A. As previously noted, Columbia's contractors, many of whom are the member
17 agencies that Ms. Moore has requested we continue to partner with, are not able to
18 handle the existing workload. We appreciate all the many benefits these agencies
19 bring to our customers, however, it appears they are reaching the limits of their
20 capacity with current spending levels.

1 **Q. Please address Mr. Patel's testimony as it relates to Hardship Fund**
2 **funding.**

3 A. I have been informed by legal counsel that the issue of the Company holding no more
4 than \$750,000 in pipeline credits or supplier refunds to fund the hardship fund at
5 \$375,000 annually has been decided at Docket P-2018-30000160. A copy of the
6 Commission's Order is provided as Exhibit No. DAD - 2 -R.

7 **Q. Why did you raise the issue in this case if there was a pending**
8 **proceeding?**

9 A. I was unsure the Commission would have an opportunity to review the petition prior
10 to the rate case outcome.

11 **Q. Do you have any issues you would like to address regarding Mr. Patel's**
12 **testimony regarding voluntary funding of Hardship Funds?**

13 A. Yes. Mr. Patel states the Commission order at Docket No. R-2015-2468056, p.51
14 instructs the Company to devise a plan by which it will transition toward funding its
15 Hardship Fund entirely through voluntary means. I disagree. The Commission, in
16 its order, does state the Company should undertake enhanced efforts to seek out
17 additional sources of voluntary funding. Further, it states the Company should have
18 a plan in place to seek out the funding from voluntary sources and should address the
19 alternative recovery of the hardship funding in its next base rate proceeding. Finally,
20 the order is clear the exact amount of money to be raised by voluntary sources and
21 additional fundraising efforts shall not be assumed. In summary, the Company

1 should continue to seek and develop fundraising opportunities, which the Company
2 has agreed to do. The Company continues to consider cost effective efforts that can
3 develop into an annual fundraising campaign.

4 **Q. Mr. Patel states the Company should match the supplier refunds and**
5 **pipeline credits with shareholder dollars. Do you agree?**

6 A. No. Mr. Patel suggests that the Dollar Energy Fund is intended to be funded with
7 matching funds from shareholders. However, the Dollar Energy Fund has accepted
8 these funds unmatched for many years without complaint. The Company does
9 provide \$150,000 in shareholder donations to the Dollar Energy Fund to match
10 customer contributions through the bill and all funds raised through fund-raisers. As
11 I stated in my testimony, shareholder donations equal \$0.38 per customer. This is
12 more per customer than nine other Pennsylvania utilities and is currently the fifth
13 highest donation. I have been advised by legal counsel that no prior Commission
14 order directs the Company to match supplier refunds and pipeline credits, and if the
15 donation of additional shareholder dollars were the result of a Commission directive,
16 the Company would have a right to seek full recovery of those dollars.

17 **Q. On page 47 lines 6-8 of Witness Patel's testimony, he indicated that "just**
18 **default gas ratepayers" fund the source of supplier refunds and penalty**
19 **credits. On page 49, lines 18-22, Witness Patel indicates that using the**
20 **funds for a purpose outside of the gas commodity creates inaccuracy and**

1 **those refunds should be reducing customer's gas costs. Is that a correct**
2 **statement?**

3 A. Witness Patel's statement is not entirely accurate. Customers of interstate pipelines,
4 such as Columbia, are eligible to receive supplier refunds and penalty credits in
5 certain defined circumstances. It is true that "default" gas ratepayers, also known as
6 sales service customers, served by Columbia are charged demand costs for firm
7 interstate pipeline capacity. Witness Patel errs when he neglects to include Choice
8 customers as ratepayers who also pay firm interstate pipeline capacity costs.

9 **Q. Are pipeline penalty credits a return of prior period gas costs?**

10 A. No. Penalty credits are amounts charged by interstate pipelines for violation of
11 certain operational orders that pipelines pay to their customers who were not in
12 violation.

13 **Q. Witness Patel states on lines 14 through 16 of page 47 that "Utilizing**
14 **funds that belong to Columbia's purchased gas cost (PGC) customers is**
15 **not voluntary, nor is it equally applied to all customers as these funds do**
16 **not belong to shopping residential gas customers." Do you agree with**
17 **that statement?**

18 A. I disagree with that statement. As mentioned in my previous response, Choice
19 residential customers are billed firm interstate pipeline capacity costs. For that
20 reason, they are eligible for supplier refunds. Therefore, supplier refunds belong to
21 all residential customers, both shopping and non-shopping.

1 **Q. Beginning on page 48, line 21 and continuing through line 2 on page 49,**
2 **Witness Patel states that penalty credits and pipeline refunds are**
3 **routinely refunded to PGC customers via the E-Factor. Is that true?**

4 **A.** While that statement may be true for other NGDCs, it is not true for Columbia. Page
5 21b of Columbia's tariff indicates that pipeline refunds and penalty credits are a
6 component of the Pass-through Charge on a customer's bill. I note that Rate RSS -
7 Residential Sales Service and Rate RDS- Residential Distribution Service do not
8 reflect a credit in the Pipeline Refund/Penalty Credit column because, in accordance
9 with Docket No. P-2009-2083915 that Mr. Patel references, as well as several other
10 dockets over the years, the Commission has given Columbia permission to use the
11 residential portion of the credits and refunds for Hardship Funds.

12 **Q. Please address Mr. Patel's testimony not to allow the Company to collect**
13 **administrative costs associated with the pipeline refunds and supplier**
14 **credits to be recovered through the Rider USP.**

15 **A.** The Company has demonstrated a need for the Hardship Fund beyond traditional
16 fund-raising donations and historic pipeline refunds and supplier credits. The
17 Company has also argued that the Hardship Fund reduces the expenses of other
18 Universal Service Costs recovered through the Rider USP by resolving the payment
19 trouble with a grant versus CAP enrollment. Recovering the application costs
20 associated with Universal Service programs, such as CAP is an established practice.

1 In this case, it has the added benefit of increasing the number of people that can
2 benefit from the program.

3 **Q. Does this complete your Prepared Rebuttal Testimony?**

4 **A. Yes, it does.**

CONFIDENTIAL Exhibit DAD-1R

No Public Version Available

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held June 14, 2018

Commissioners Present:

Gladys M. Brown, Chairman
Andrew G. Place, Vice Chairman
Norman J. Kennard
David W. Sweet
John F. Coleman, Jr.

Petition of Columbia Gas of Pennsylvania Inc. For
Approval to Use Penalty Credit and Refund
Proceeds for Its Residential Hardship Fund

Docket Number:
P-2018-3000160

ORDER

BY THE COMMISSION:

On February 28, 2018, Columbia Gas of Pennsylvania, Inc. (Columbia) filed the above-captioned Petition seeking approval to use federal pipeline penalty credit and refund proceeds to support its residential Hardship Fund (Fund). Columbia additionally proposes in its Petition to flow through the residential portion of the credit and proceeds to residential customers through Columbia's Purchased Gas Cost (PGC) rates if the balance of the Fund exceeds \$750,000, and flow through the non-residential portion to non-residential customers through PGC rates. The unopposed Petition was filed pursuant to 52 Pa. Code § 5.41.

Columbia's Fund assists those who are at 0-200% of the Federal Poverty Level and are payment-troubled residential customers. The Fund is supported by equal contributions from shareholder money and customer donations. It is administered by the

Dollar Energy Fund. According to its Petition, Columbia raises around \$125,000 to \$150,000 annually in customer contributions, which are matched by the Company, resulting in approximately \$300,000 raised each year for the Fund. Columbia stated that this amount is not sufficient to support its low-income customers. If it were not granted penalty credit and refund proceeds, Columbia's Fund would run out of money before the end of the 2021-2022 program year.

In the past, Columbia received penalty credit and refund proceeds through February 28, 2018, that have allowed the Fund to be fully funded until the 2020-2021 program year. Additionally, the 2016 Joint Petition for Settlement¹ ("2016 Settlement") preceding this Petition allowed for the use of the residential portion of federal pipeline penalty credits and refunds to finance the Hardship Fund. It required Columbia to file a report with any petition to extend the application of credits and refunds to the Fund. Columbia has attached the report in its Petition as Exhibit A. Columbia has demonstrated, as per the 2016 Settlement, that it has taken efforts to try to expand its Hardship Fund through outreach and programs with other regional public utilities and community agencies.

FERC-regulated pipelines assess penalties to shippers that have not followed pipeline requirements. FERC normally requires pipelines to distribute the penalties collected and refund proceeds to non-offending shippers. The Petition claims that during the previous four years, Columbia has received \$1,922,235.29 through penalty credits and refund proceeds from its seven interstate pipelines. Approximately \$750,000 of that total has gone towards the Fund in the past two program years. There is a total of \$1,172,235.29 remaining in penalty credits and refund proceeds to use in 2019, 2020, and 2021. That amount currently exceeds the proposed \$750,000 limit, and Columbia has

¹ See Joint Petition for Settlement for *Pennsylvania Public Utility Commission et al. v. Columbia Gas of PA, Inc.*, Docket No. R-2016-2529660 (September 2, 2016).

proposed that any credits or refunds received flow through in PGC rates to both residential and non-residential customers through 2019.

If Columbia's petition is not granted and all of the penalty credits flow through the PGC rates, there would be little impact on residential customers' bills. For example, the total amount of penalty credits and refund proceeds that Columbia had received from 2014 to 2017 would have resulted in a \$4.94 credit per residential customer for that period. This means that each residential customer would only receive about \$0.10 of credit on their bill every month. Columbia argues that these penalty credits and refund proceeds are better served to support the Hardship Fund to help those customers who are unable to afford to pay their bill.

Columbia has noted that the Commission recommended a full approval of the 2016 Settlement without modification.² Therefore, it is in the public interest to approve funding to support Columbia's Fund while Columbia continues to seek other sources of funding.

Columbia served a copy of the Petition to the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate. The Office of Consumer Advocate filed an answer on March 20, 2018, supporting Columbia's continued use of penalty credits and refunds to fund its Hardship fund, provided Columbia continues to implement ideas and programs from voluntary

² See Petition of Columbia Gas of Pennsylvania, Inc. for Leave to Withdraw Pleading, *Petition of Columbia Gas of Pennsylvania, Inc for approval to use penalty credit proceeds to fund Residential Hardship Fund and provide credits to Non-Residential PGC Customers*, Docket No. P-2015-2465533 (Petition Filed December 29, 2016).

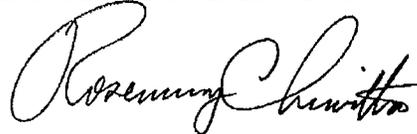
sources. In the past, the Office of Consumer Advocate has supported Columbia's efforts to use penalty credit proceeds to fund its Fund.³

Upon full consideration of all matters of record, we find that approval of this Petition is necessary and proper for the service, accommodation, and convenience of the public. For these reasons, we conclude that approval of the Petition is in the public interest; **THEREFORE,**

IT IS ORDERED:

1. That the petition of Columbia Gas of Pennsylvania, Inc., filed February 28, 2018, is hereby approved.
2. That the proceedings at Docket No. P-2018-3000160 be marked closed.

BY THE COMMISSION



Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: June 14, 2018

ORDER ENTERED: June 14, 2018

³ See OCA's Answer to Petition, *Petition of Columbia Gas of Pennsylvania, Inc for approval to use penalty credit proceeds to fund Residential Hardship Fund and provide credits to Non-Residential PGC Customers*, Docket No. P-2015-2465533 (Answer Filed February 23, 2015).