



May 30, 2024

Honorable Mary D. Long
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
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**Re: Pennsylvania Public Utility Commission v. Peoples Natural Gas Company LLC.
Docket No. R-2023-3044549**

Your Honor:

Please find the attached **Main Brief of Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA)** in the above noted proceeding.

As indicated on the attached Certificate of Service, service on the parties was accomplished by email only.

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BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2023-3044549
	:	
Peoples Natural Gas Company LLC.	:	

Certificate of Service

I hereby certify that I have this day served copies of the **Main Brief of Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA)** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54.

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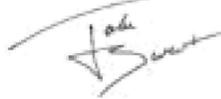
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May 30, 2024

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2023-3044549
 :
 Peoples Natural Gas Company LLC :

MAIN BRIEF

**OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY
EFFICIENCY IN PENNSYLVANIA**

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I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its counsel at the Pennsylvania Utility Law Project (PULP), files this Main Brief in support of the Joint Stipulation on Low Income Issues (Low Income Stipulation) entered between CAUSE-PA, the Pennsylvania Weatherization Providers Task Force (PWPTC), and Peoples Natural Gas Company LLC (Peoples). CAUSE-PA respectfully asserts that the terms of the Low Income Stipulation represent a reasonable compromise to resolve outstanding universal service program and low income customer service issues, and the recommendations advanced by CAUSE-PA's expert witness, Harry S. Geller, Esq., through the course of this proceeding.

Mr. Geller filed extensive testimony regarding the negative effects of Peoples' proposed rate increase on low and moderate income consumers and offered recommendations for critical improvements to Peoples' rate design, tariff rules, low income programming and customer service policies and practices to ensure that rates are just, equitable, and reasonably affordable for economically vulnerable consumers. As Mr. Geller illustrated throughout his testimony, rate affordability is a fundamental component to determining just and reasonable rates. Peoples' low income customers already face demonstrably unaffordable rates for basic home energy services even before any rate increase is approved. The terms of the Low Income Stipulation will help alleviate documented disparities in access to service for Peoples' low income customers, and are critical to help reduce the impact of any approved rate increase in this proceeding.

For the reasons discussed herein, we urge the Honorable Administrative Law Judge (ALJ) Mary D. Long and the Public Utility Commission (PUC or Commission) to affirm the terms of the Low Income Stipulation without amendment or modification. The terms of the Low Income Stipulation are intended to resolve the universal service program and low income customer service

issues raised in this case. (Low Income Stipulation at para. 17). We submit that the Low Income Stipulation fairly addresses these discreet issues regarding Peoples’ universal service programs and low income customer service issues, and that it is squarely in the public interest to affirm the terms contained therein.

Pursuant to the terms of the Low Income Stipulation and in consideration thereof, CAUSE-PA has agreed that it will not oppose the Partial Non-unanimous Settlement in this proceeding between Peoples and the Commission’s Bureau of Investigation and Enforcement (I&E), the Office of Small Business Advocate (OSBA), and the Pennsylvania Independent Oil and Gas Association (PIOGA). Thus, CAUSE-PA’s Main Brief is focused exclusively on the substantial record evidence which supports the terms contained in the Low Income Stipulation, and is silent with respect to all other matters in dispute. As indicated in the Low Income Stipulation, CAUSE-PA reserves the right to object to the Non-Unanimous Settlement and pursue further litigation of the issues contained therein if Administrative Law Judge (ALJ) Mary D. Long or the Pennsylvania Public Utility Commission (Commission) revises, amends, or otherwise rejects – in whole or in part - any of the terms contained in the Low Income Stipulation.

A. DESCRIPTION OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA

CAUSE-PA is an unincorporated association of low income individuals that advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating and telecommunication services. CAUSE-PA membership includes low and moderate income individuals residing in the Commonwealth of Pennsylvania, including Peoples’ customers, who are committed to the goal of helping low income families maintain affordable access to utility services and achieve economic independence. CAUSE-PA

filed a Petition to Intervene and Answer in this proceeding on January 24, 2024, which was granted by the Prehearing Order dated February 5, 2024. CAUSE-PA sought to participate in this proceeding to help ensure that any approved rate increase and rate design, as well as any approved tariff, policy, or programmatic changes, would not adversely affect the ability of Peoples' low income customers to connect, maintain, and afford gas service, which is essential for heating, cooking, and hot water – all necessary components to a safe and healthy home.

Through the course of the proceeding, CAUSE-PA sponsored the direct and surrebuttal testimony of its expert witness, Harry S. Geller, Esq., who has over 50 years' experience working on behalf of households in poverty, including the past 30 years focusing specifically on utility and energy issues affecting low income consumers. As discussed throughout this Main Brief, Mr. Geller's testimony shed light on the substantial unaffordability felt by Peoples' low income customers at both present and proposed rates, and recommended important reforms to address the unaffordability of rates for Peoples' customers, which the terms of the Low Income Stipulation are intended to address.

B. STATEMENT OF THE CASE

The terms set forth in the Low Income Stipulation are vitally important to expanding the availability of Peoples' Universal Service Programs and helping ensure that low income consumers in Peoples' service territory are able to connect to and maintain gas service – helping to offset the negative impact of any approved rate increase in this proceeding.

The record in this case is replete with volumes of data showing that Peoples' low income customers already struggle to afford service at existing rates, and that a further increase in rates will cause thousands more low income families to forego food, medicine, and other basic needs

or, alternatively, face the involuntary termination of service to their home.¹ For example, in 2023, despite comprising of only 7.9% of Peoples’ residential customers, Peoples confirmed low income customers were terminated at a rate of 17.4%.² Involuntary termination can have profound impacts on individuals, families, and the communities in which they live and work, and negatively impacts health, housing, family unity, and physical safety over the short and long term.³

The record also shows that the ability to access assistance through Peoples’ universal service and energy conservation programs substantially reduces the risk of reduces the risk of involuntary termination and, in turn, the deep disparity in low income energy burden, utility insecurity, and involuntary termination rates when compared to residential customers as a whole.⁴ However, despite the well-documented and growing unmet need for assistance, Peoples’ CAP enrollment rates have declined 13% across its two divisions,⁵ and its Hardship Fund and Low Income Usage Reduction Program (LIURP) are woefully under-resourced to meet identified need.⁶ Peoples’ existing collections policies, including inadequate tracking and referral processes for low income customers and its policies governing the collection and release of security deposits, further exacerbate energy insecurity for low income households.

Rates and attendant policies and programs governing access to essential services are not just and reasonable if they are not also affordable and accessible to all those in need of service. To address critical affordability challenges presented by Peoples’ substantial proposed rate increase, CAUSE-PA urge ALJ Mary D. Long and the Commission to approve the Low Income Stipulation

¹ CAUSE-PA St. 1 at 10-16.

² Id. at 13.

³ Id. at 15-16

⁴ Id. at 13-14.

⁵ Id. at 21-22.

⁶ Id. at 34-35.

to help ensure that low income consumers are protected from categorical rate unaffordability, which will be exacerbated by any approved rate increase in this proceeding, and corresponding inaccessibility of service for economically vulnerable consumers.

Under the terms of the Low Income Stipulation, Peoples will take the following steps to improve universal service programs and reform low income consumer services policies and practices that serve to exacerbate energy insecurity:⁷

1. The Company will modify its definition of and reporting for “confirmed low income customer” data to include self-attestation for all purposes, including but not limited to the annual Universal Service Report, consistent with the Commission’s definition in 52 Pa. Code § 62.2. Peoples will utilize this definition for reporting on 2024 data and will maintain this method of reporting for all future years.
2. The Company commits to maintaining its existing business relationship with Community Based Organizations (“CBOs”), subject to each individual CBO’s continued performance in conformance with the Company’s Universal Service and Energy Conservation Plan (“USECP”) rules and their contract with the Company.
3. Within 30 days of the entry of this Stipulation, Peoples will refund all currently held security deposits collected from confirmed low income customers, utilizing the Commission’s definition of confirmed low income customer in 52 Pa. Code § 62.2.
4. Peoples will initiate a monthly review of security deposits and refund all security deposits being held from accounts designated as confirmed low income to the customer within 30 days.
5. Peoples will report on its monthly results of its low income security deposit refunds at each USAG meeting.
6. Peoples will file a Petition at its current USECP docket within 90 days of a final order in this case seeking authorization to amend its USECP to allow the Company to initiate auto-enrollment of LIHEAP recipients with significant balances into CAP, to permit auto-recertification, and to waive income documentation requirements for CAP applicants that have received LIHEAP in the last two years. The settling parties are not bound to take a certain position regarding Peoples’ Petition.

⁷ Low Income Stipulation at ¶¶ 1-11.

7. Peoples will work with the USAG to develop a list of non-emergency call scenarios that Peoples can use for agent training to screen for income level and CARES/CAP referrals.
8. Peoples will adopt its proposed 120 Mcf LIURP minimum usage threshold.
9. Peoples will increase its annual LIURP budget to a total of \$3,500,000 per year.
10. Essential shareholders will contribute an additional \$150,000 each year to the Peoples' Hardship Fund until Peoples files its next USECP. This increase will be over and above the funding levels that are currently in place as per the Company's current USECP, and retains the increased contribution established in the Aqua-Peoples Acquisition (Docket Numbers A-2018-3006061 – A-2018-3006063) beyond its original expiration. Nothing will preclude any party from requesting approval of a different budget amount in a subsequent proceeding.
11. The Company will seek guidance from the USAG at its April/July 2024 meetings to gain input into the development of a standalone CAP notice to be included in the cold weather survey packets beginning in September of 2024.

As discussed throughout this Main Brief, these substantial reforms and enhancements are just, reasonable, in the public interest, and necessary to help ensure that economically vulnerable consumers can maintain energy services in their homes. Thus, we respectfully urge ALJ Long and the Commission to approve the Low Income Stipulation.

C. PROCEDURAL HISTORY

On December 29, 2023, Peoples filed a general rate increase, PA PUC No. 48, seeking to increase rates by approximately \$156.0 million and to consolidate the tariffs of Peoples Natural Gas Division (PNGD) and Peoples Gas Division (PGD). If Peoples' request is approved, the total bill for PNGD residential customer using 80 Mcf per year would increase from \$73.16 to \$88.79 per month or by 21.4%. The total bill for a PGD residential customer using 80 Mcf per year would increase from \$84.00 to \$90.35 per month or by 7.6%.⁸

⁸ See Rate Filing Cover Letter.

On January 5, 2024, the Office of Consumer Advocate (OCA) filed a Statutory Rate Complaint and I&E filed a Notice of Appearance. On January 9, 2024, PIOGA filed a petition to intervene. On January 11, 2024, OSBA filed a Statutory Rate Complaint.

On January 18, 2024, the Commission entered a Suspension and Investigation Order suspending the proposed tariff by operation of law, and opening an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained therein. (S&I Order). Also, on January 18, 2024, the PWPTF filed a petition to intervene. CAUSE-PA filed a petition to intervene on January 24, 2024. Peoples Industrial Intervenors (PII) filed a formal complaint on February 1, 2024.

A prehearing conference was held on February 2, 2024, wherein ALJ Long granted the outstanding petitions to intervene and set a procedural schedule ordering that the parties submit main briefs by May 30, 2024 and reply briefs by June 13, 2024.

On May 9, 2024, ALJ Long conducted the evidentiary hearing. Various parties identified and moved to admit evidence in the form of written statements and exhibits. CAUSE-PA sponsored the expert testimony of Harry S. Geller, Esq.⁹ Mr. Geller's testimony detailed the impact of the proposed rate increase and WNA on low and moderate income consumers in Peoples' service territory. He discussed the categorical unaffordability of current and proposed rates, and the failure of Peoples' Universal Service programs to remediate that unaffordability, and offered comprehensive recommendations for how Peoples could improve affordability of current rates and mitigate anticipated unaffordability of any additional approved rate increase. Also, at the

⁹ CAUSE-PA St. 1; CAUSE-PA St. 1-SR.

evidentiary hearing, the Company indicated to the ALJ and the parties that it had reached a non-unanimous settlement with I&E, OSBA, and PIOGA.

On May 10, 2024, ALJ Long issued an Interim Order providing instructions for submission of briefs and the non-unanimous settlement and closing the record for this proceeding.

Subsequently, through extensive negotiation and careful consideration, CAUSE-PA, PWPTF, and Peoples reached a stipulated agreement intended to resolve the Universal Service and low income customer service issues raised by CAUSE-PA and PWPTF through the course of the proceeding. The terms of the stipulated agreement will be submitted via the Low Income Stipulation concurrently with the main briefs in this proceeding.

D. LEGAL STANDARDS

i. Burden of Proof

In any rate case filed pursuant to section 1308 of the Public Utility Code, such as the current case filed by Peoples, the burden of proof is on the public utility.¹⁰

Section 315(a) of the Public Utility Code states that in any proceeding upon the motion of the Pennsylvania Public Utility Commission, involving any proposed or existing rate of any public utility, or in any proceedings upon complaint involving any proposed increase in rates, the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility.¹¹ The public utility must satisfy its burden of proof by a preponderance of the evidence, which means only that one party has presented evidence that is more convincing, by even the smallest amount, than the evidence presented by the other party.¹²

¹⁰ 66 Pa. C.S. §§ 315 (a), 1308(a).

¹¹ 66 Pa. C.S. § 315(a).

¹² NRG Energy, Inc. v. Pa. PUC, 233 A.3d 936, 939 (Pa. Commw. Ct. 2020).

The Commission has ordered an investigation to “determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained” in Peoples proposed tariff.¹³ The Commission’s S&I Order also requires that the parties consider the “lawfulness, justness, and reasonableness of the Peoples Natural Gas Company LLC’s existing rates, rules, and regulations.”¹⁴ By ordering an investigation into the propriety of existing and proposed rates on Commission motion, the Commission clearly placed the burden of justifying those rates on Peoples.¹⁵

ii. Just and Reasonable Rates

The paramount standard for all utility ratemaking is the constitutionally-based “just and reasonable” standard.¹⁶ The Commission has a “duty to set ‘just and reasonable’ rates.”¹⁷ The just and reasonable standard requires the Commission to conduct a careful weighing of the interests of customers in affordable rates against the financial needs of the utility.¹⁸ The Commission must balance the interests of customers in receiving efficient utility service at the lowest possible rates, and the interest of the utility in obtaining sufficient revenues to conduct its operations, maintain its financial integrity, and achieve access to financial markets for revenue bonds at reasonable rates.¹⁹

In determining just and reasonable rates, the Commission has discretion to determine the proper balance between interests of ratepayers and utilities.²⁰ However, satisfying the

¹³ S&I Order at ¶¶ 1,4.

¹⁴ Id.

¹⁵ Sharon Steel Corp. v. Pa. PUC, 468 A.2d 860, 862 (Pa. Commw. Ct. 1983).

¹⁶ See 66 Pa. C.S. § 1301.

¹⁷ Popowsky v. PUC, 665 A.2d 808, 811, 542 Pa. 99, 107-108 (1995); 66 Pa. C.S. § 1301.

¹⁸ Id.

¹⁹ Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591, 607 (1944).

²⁰ Id. citing Pa. PUC v. Philadelphia Electric Co., 522 Pa. 338, 342-43, 561 A.2d 1224, 1226 (1989); Pa. PUC v. Pa. Gas & Water Co., 492 Pa. 326, 337, 424 A.2d 1213, 1219 (1980), cert. denied, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981))

constitutionally based “just and reasonable” standard requires the Commission to base its decision on substantial evidence. The “substantial evidence” standard is a strict standard, resting squarely on the utility, which benefits from no presumption in its favor. Courts evaluating the application of the substantial evidence standard have clarified that the sufficiency of the evidence required is directly related to the nature and extent of the authority (i.e., rate increase) requested.²¹

At the same time, in weighing the interests of customers and the utility, the Commission must necessarily consider concerns raised regarding the quality of Peoples’ customer service. In the context of setting just and reasonable rates, the impacts upon customer service and the quality of service provided, are within the scope of regulatory consideration and there is no unilateral obligation on customers to pay for the cost of service without a reciprocal obligation of the utility to satisfy standards of reasonable service.²²

In determining the justness and reasonableness of rates the “PUC is obliged to consider broad public interests in the rate-making process.”²³ The PUC’s discretion is described as follows:

[T]he term "just and reasonable" was not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulation but rather to confer upon the regulatory body the power to make and apply policy concerning the appropriate balance between prices charged to utility customers and returns on capital.²⁴

Section 102 of the Code defines “rates” broadly to include the following:

Every individual, or joint fare, toll, charge, rental, or other compensation whatsoever of any public utility ... made, demanded, or received for any service within this part, offered, rendered, or furnished by such public utility, or contract carrier by motor vehicle, whether in currency, legal tender, or evidence thereof, in kind, in services or in any other medium or manner whatsoever, and **whether received directly or indirectly, and any rules, regulations, practices,**

²¹ Lansberry v. Pa. PUC, 578 A.2d 600, 603 (Pa. Commw. Ct. 1990).

²² See Nat’l Utilities, Inc. v. Pa. PUC, 709 A.2d 972, 979 (Pa. Commw. Ct. 1998), following D.C. Transit Sys., Inc. v. Washington Metro. Area Transit Com’n, 466 F.2d 394, 411 (D.C. Cir. 1972), cert denied.

²³ Id. citing Pa. Elec. Co. v. Pa. PUC, 509 Pa. 324, 331, 502 A.2d 130, 134 (1985).

²⁴ Id.

classifications or contracts affecting any such compensation, charge, fare, toll, or rental.²⁵

Thus, when considering whether rates are just, reasonable, and in the public interest, it is imperative that the Commission also consider the rules, regulations, programs, and practices affecting such rates. Neither statutory law nor the Constitution imposes a unilateral obligation on customers to pay for the cost of service without a reciprocal obligation of the utility to satisfy standards of reasonable service.²⁶

II. SUMMARY OF ARGUMENT

CAUSE-PA respectfully urges the Commission to approve the terms of the Low Income Stipulation, which are intended to address the unaffordability of Peoples rates for its low income customers and help mitigate the impact of any rate increase that may be approved in this proceeding. It is unjust and unreasonable to raise rates for gas service, which is already unaffordable for a large number of Peoples customers, without taking clear and articulable steps to mitigate the impact of the proposed rate increase on vulnerable households. Through the Low Income Stipulation, Peoples has agreed to take steps to address the unaffordability of its current rates and attempt to mitigate the impact of any proposed rate increase. While the terms of the Low Income Stipulation do not fully address CAUSE-PA's concerns about low income customers' inability to afford service, the Low Income Stipulation provides a reasonable compromise between the positions of the parties and provides needed relief to struggling low income customers by expanding the availability of Peoples' Universal Service programs.

²⁵ McCloskey v. Pa. PUC, 219 A.3d 1216, 1223 (Pa. Commw. Ct. 2019) (citing 66 Pa. C.S. § 102 (emphasis in original)).

²⁶ See Nat'l Utilities, Inc. v. Pa. PUC, 709 A.2d 972, 979 (Pa. Commw. Ct. 1998), following D.C. Transit Sys., Inc. v. Washington Metro. Area Transit Comm'n, 466 F.2d 394, 411 (D.C. Cir. 1972), cert denied.

Only 20% of Peoples' estimated low income customers are enrolled in its Customer Assistance Program (CAP), and its Low Income Usage Reduction Program (LIURP) and Hardship Fund are substantially under-funded to meet the current need for assistance. If the Commission allows Peoples to increase rates, the need for assistance will grow. It is imperative for the Commission to approve the terms of the Low Income Stipulation, which are targeted to increase Universal Service program enrollment, prevent the accrual of unmanageable arrears, and improve the availability Hardship Funds to ensure that low income customers are adequately protected from the financial impact of increased rates. Additionally, as the proposed rate increase will have a particularly harsh impact on low income customers that are unable to control their usage as a result of inefficient housing or equipment, the Low Income Stipulation is designed to improve the reach of Peoples' LIURP. These reforms are critically important to help offset the negative impacts of any approved rate increase in this proceeding.

III. OVERALL POSITION ON RATE CASE

As originally proposed, Peoples proposed rate increase would significantly increase the costs of gas service for residential customers and exacerbate preexisting unaffordability of rates without adequate remediation to ensure service is universally accessible to all customers. As such, CAUSE-PA intervened in this proceeding to ensure that that Peoples take necessary steps to address the existing affordability gap for low income customers, as well as take additional steps to help mitigated the impact of any approved rate increase. After careful consideration and extensive negotiation between CAUSE-PA, PWPTF, and the Company, have entered into a Stipulated agreement exclusively as to the low income customer service issues raised by CAUSE-PA and PWPTF in their respective testimony. For the reasons set forth in this main brief and the direct and surrebuttal testimony of CAUSE-PA witness Harry S. Geller, Esq., CAUSE-PA respectfully urges

to approve the terms set forth in the Low Income Stipulation as they are just, reasonable, and in the public interest and are vital to addressing the existing unaffordability of service for low income customer and are especially necessary should a rate increase be approved in this proceeding.

CAUSE-PA's primary concern in this proceeding is to ensure that economically vulnerable households in Peoples' service territory are able to afford service under just and reasonable terms. While the terms of the stipulated agreement are designed to address rate unaffordability at *existing* rates, they are also vital to mitigate financial harm for Peoples low income customers if the Commission ultimately approves Peoples to increase its rates.

It is our understanding that the Company has also entered into a Partial Non-Unanimous Settlement agreement with I&E, OSBA, and PIOGA, which will be submitted concurrent with its main brief. Pursuant to the terms of the Low Income Stipulation, CAUSE-PA will not oppose the terms contained in the Non-Unanimous Settlement. We nevertheless urge approval of the terms in the Low Income Stipulation to help alleviate the impact of any approved rate increase – and any attendant changes to policies and procedures – which will exacerbate utility insecurity in Peoples service territory.

Peoples' originally proposed rate increase is estimated at approximately \$156.0 million. At this level the bill for residential customers in Peoples Natural Gas Division (PNGD) using 80 Mcf per year would increase from \$73.16 to \$88.79 per month, or by 21.4%, and the bill for residential customers in Peoples Gas Division (PGD) using 80 Mcf per year would increase from \$84.00 to \$90.35 per month, or by 7.6%.²⁷ The actual dollar increase for individual customers would depend on each customer's level of usage, though a large portion of the proposed rate

²⁷ Rate Filing Cover Letter

increase would be recovered through a substantial increase to the residential customer fixed charge.

Importantly, only a portion of CAP participants enrolled in Peoples' Customer Assistance Program Percentage of Income Plan (PIP) rate are insulated from any approved rate increase, as they already pay a rate based on a fixed percentage of their income. CAP participants enrolled in the average CAP rate will bear the full brunt of any approved rate increase, up to their respective PIP rate.²⁸ Peoples adjusts CAP rates on a monthly basis, charging the lesser of the PIP or average bill rate.²⁹

For customers currently paying the PIP rate, an increase to the average bill amount as a result of a change in rates would not impact their payment, but will increase and accelerate the CAP shortfall (the difference between the customer's calculated usage bill and their CAP rate).³⁰ Peoples indicated in response to discovery that it does not actively track how many customers are enrolled in each CAP rate, so it is not possible to quantify the number of households currently receiving the average CAP rate that will be directly impacted by the rate increase or the financial impact these households will experience.³¹ Notably, Peoples' CAP reaches only a small percentage of low income customers and has been rapid decline over the past five years.³² As of January 2024, roughly 20% of Peoples' estimated low income customers were enrolled in CAP – leaving thousands of low income customers to absorb the full impact of any approved rate increase.³³ It is absolutely critical that Peoples dramatically improve CAP enrollment to help shield a greater

²⁸ CAUSE-PA St. 1 at 20-21.

²⁹ Id.

³⁰ Id.

³¹ Id.

³² Id. at 21.

³³ Id. at 23.

number of economically vulnerable households from payment trouble and termination. As discussed in later sections of this Main Brief, the terms of the Low Income Stipulation would meaningfully improve CAP enrollment, paving a pathway to streamlined enrollment and reduced administrative costs through the utilization of data from the Low Income Home Energy Assistance Program (LIHEAP).

CAUSE-PA witness Harry S. Geller, Esq. expressed deep concern that existing disparities in energy insecurity across class and race divisions will be exacerbated by Peoples' proposal to substantially increase rates, and advanced proposals for a number of Universal Service program reforms discussed in other sections of this Main Brief.³⁴ He explained that it is imperative that all necessary measures be taken to mitigate the affordability challenges facing Peoples' low income customers at current rates and, especially in light of its current rate proposal.³⁵

An estimated 23% of PNGD and 22% of PGD residential customers have "low income" – meaning their household income is at or below 150% of the federal poverty level.³⁶ The income levels for these customers is far below the levels required to pay for basic necessities without assistance.³⁷ Notably, the average annual income for Peoples' currently identified confirmed low income customers is \$19,576 - and is just \$19,145 for Peoples' customers currently enrolled in its Customer Assistance Program (CAP).³⁸

There is strong evidence that Peoples' customers already struggle to afford service at current rates.³⁹ Peoples low income customers are disproportionately likely to be payment troubled

³⁴ CAUSE-PA St. 1 at 12.

³⁵ Id. at 12.

³⁶ Id. at 9.

³⁷ Id. at 5.

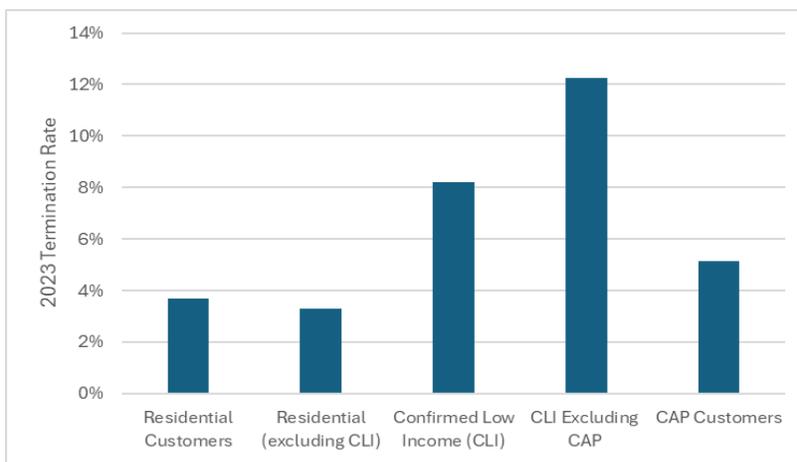
³⁸ Id. at 6.

³⁹ Id.

and terminated for non-payment due to their inability to afford service.⁴⁰ As Mr. Geller explained, 42% of Peoples’ payment troubled customers are categorized as confirmed low income customers – yet confirmed low income customers account for just 4% of Peoples’ residential customer class.⁴¹

In 2023, despite comprising only 7.9% of residential customers, confirmed low income customers accounted for 17.4% of residential terminations.⁴² Termination rates for low income customers, especially those not enrolled in CAP, were far higher than termination rates for residential customers who were not confirmed low income. In 2023, Peoples’ confirmed low income customer termination rate was approximately 8%.⁴³ For confirmed low income customer who were not enrolled in CAP, the termination rate was 12%.⁴⁴

Chart 1 – Peoples 2023 Residential Termination Rates⁴⁵



As Mr. Geller explained, “The disparity in involuntary termination rates for Peoples’ low income customers underscores the need to improve rate affordability by further strengthening the

⁴⁰ CAUSE-PA St. 1 at 6.

⁴¹ Id. at 12.

⁴² Id. at 13.

⁴³ Id. at 14.

⁴⁴ Id.

⁴⁵ Id.

availability of assistance for low income consumers through its Universal Service programs to help mitigate the impact of any potential rate increase.”⁴⁶

Mr. Geller explained the severity of the consequences of these disparate termination rates, including both short and long-term impacts to the health, safety, and general wellbeing of Pennsylvanians:

Involuntary termination of gas service can have a deep and lasting impact on the health and wellbeing of the entire household and the surrounding community. When service is terminated, households are exposed to unsafe temperatures, which can create or exacerbate health conditions, and disrupts family unity. Young children in households experiencing energy insecurity are also more likely to face housing and food insecurity. Children in families facing energy insecurity have greater odds of poor health and developmental problems.

The lack of water heating can also prevent proper sanitation and hygiene. And, when a family cannot use their stove to prepare meals at home, it adds significant costs to purchase prepared food. Following involuntary termination, renters often face eviction and/or termination of public housing assistance. Involuntary termination is also a common catalyst to homelessness, as inability to reconnect to service at a new address can form the basis for denial of public or private housing.⁴⁷

Involuntary terminations are dangerous to the physical safety of the household and their surrounding community. When a family is unable to use a primary heating system, they often resort to dangerous, high usage / high cost heating methods, which are a leading cause of fires in U.S. homes.⁴⁸ As of February 2023, Peoples reported that at least 60 of its gas heating homes across both divisions were *known* to be without a central heating source in the winter months, and at least 19 households were *known* to be using a potentially unsafe alternative heating source.⁴⁹ As Mr. Geller explained, “Increasing the cost of service without concurrently providing strong mitigation will exacerbate the health and safety consequences to Pennsylvania’s most

⁴⁶ CAUSE-PA St. 1 at 15.

⁴⁷ Id.

⁴⁸ Id.

⁴⁹ Id. at 16.

economically vulnerable households, which are disproportionately single parents with young children, people of color, seniors, and people with a disability.”⁵⁰

Even where low income customers are able to avoid termination of gas service, rate unaffordability and resulting energy insecurity can have a profound impact on families – causing many to forego food, medicine, and other basic necessities in order to maintain energy services to their home.⁵¹

Energy insecurity is particularly pronounced for low income Black families, underscoring race-based disparities in energy burden. According to the Energy Information Administration (EIA) Residential Energy Consumption Survey (RECS) released in 2022, 27.2% of United States residents reported experiencing energy insecurity; 19.9% reported reducing or forgoing food or medicine to pay for energy costs; and 10% reported leaving their homes at unhealthy temperatures because they could not afford to pay for energy.⁵² Importantly, energy insecurity is more pronounced for low income Black families. EIA’s RECS data revealed that 52% of Black and African American households experience energy insecurity, compared to 23.2% of white households – and nearly 40.2% of Black and African American households report foregoing food or medicine to pay energy costs, compared to 16.8% of white households.⁵³

Mr. Geller stressed that “It is imperative that all necessary measures be taken to mitigate the affordability challenges facing Peoples’ low income customers, especially in light of its current

⁵⁰ CAUSE-PA St. 1 at 16.

⁵¹ Id. at 11.

⁵² Id.

⁵³ Id.

rate proposal.”⁵⁴ He expressed deep concern that, if Peoples’ rate increase is approved, “disparities in energy insecurity across class and race divisions will be exacerbated.”⁵⁵

While the terms of the Low Income Stipulation do not fully address Mr. Geller’s concerns or recommendations about the affordability of rates for low income households, the terms of the Low Income Stipulation will help address the affordability challenges faced by low income consumers in Peoples service territory by expanding the availability of universal service programming, creating a path to streamline CAP enrollment, and improving customer service terms and conditions which impact the ability of low income households to connect or maintain service. The specific terms of the Low Income Stipulation are discussed in more detail later in this brief in the relevant subsections. However, overall, the terms of the Low Income Stipulation have been agreed through extensive negotiation and represent an appropriate compromise as to the positions of the parties and address many of the concerns raised by Mr. Geller. The terms of the Low Income Stipulation and the benefits they will provide to struggling low income customers are just, reasonable, and in the public interest. As such, regardless of the Commission’s decision to approve any increase in rates, CAUSE-PA urges the Commission to affirm the terms of the Low Income Stipulation.

IV. RATE BASE

CAUSE-PA does not take a position as to Rate Base in this proceeding.

V. REVENUES

CAUSE-PA does not take a position as to Revenues in this proceeding.

VI. EXPENSES

CAUSE-PA does not take a position as to Expenses in this proceeding.

⁵⁴ CAUSE-PA St. 1 at 12.

⁵⁵ Id.

VII. TAXES

CAUSE-PA does not take a position as to Taxes in this proceeding

VIII. RATE OF RETURN

CAUSE-PA does not take a position as to Rate of Return in this proceeding.

IX. REVENUE ALLOCATION AND RATE DESIGN

A. Residential Customer Charge

Through the course of this proceeding, CAUSE-PA raised concerns with Peoples’ proposal to increase the residential fixed customer charge. In his direct testimony, Mr. Geller explained, “Regardless of the level of household usage, any increase to the fixed charge erodes the ability of consumers to effectively deploy efficiency and conservation measures to achieve bill savings.”⁵⁶ He also expressed concern that increasing the fixed residential customer charge would undermine the regulatory goals for LIURP to help low income customers to reduce their bills and decrease the incidence and risk of customer payment delinquencies and the attendant utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs.⁵⁷

CAUSE-PA understands that the Residential Customer Charge is addressed in the Non-unanimous Settlement. As a condition of the Low Income Stipulation and in consideration thereof, CAUSE-PA has agreed not to oppose the Non-unanimous Settlement.

X. WEATHER NORMALIZATION ADJUSTMENT (WNA)

In his direct testimony, Mr. Geller expressed concern regarding Peoples’ proposed WNA, and explained that “Peoples’ proposed WNA would prevent residential customers from realizing bill savings that result from warming weather trends and would shift all weather-related risk from

⁵⁶ CAUSE-PA St. 1 at 37.

⁵⁷ Id. at 37-38.

the utility to the consumer.”⁵⁸ He explained that WNAs are inequitable for low income customers, who “struggle to afford service and need to retain every ability to realize bill savings due to reduced usage, even reduced usage due to changing weather.”⁵⁹ He pointed out the performance of WNAs implemented by other utilities demonstrates that residential customers will receive no actual benefit from the WNA, which have consistently led to higher residential bills in other service territories.⁶⁰

CAUSE-PA understands that the WNA is addressed in the Non-unanimous Settlement. As a condition of the Low Income Stipulation and in consideration thereof, CAUSE-PA has agreed not to oppose the Non-unanimous Settlement.

XI. LOW INCOME CUSTOMER ISSUES

B. Tracking and Reporting of Confirmed Low Income Customers

- i. The Commission should approve paragraph 1 of the Low Income Stipulation through which Peoples agrees to use the Commission’s regulatory definition of confirmed low income customer for its Universal Service reporting and low income consumer protections.*

Peoples tracks its low income customer population two ways: “*estimated low income customers*” and “*confirmed low income customers.*” Section 62.2 of the Commission’s regulations defines the term “confirmed low-income residential customer account” as:

Accounts where the NGDC has obtained information that would reasonably place the customer in a low-income designation. This information may include receipt of LIHEAP funds (Low-Income Home Energy Assistance Program), self-certification by the customer, income source or information obtained in § 56.97(b) (relating to procedures upon rate-payer or occupant contact prior to termination).⁶¹

⁵⁸ CAUSE-PA St. 1 at 39.

⁵⁹ Id.

⁶⁰ Id.

⁶¹ Id. at 6-7.

The Commission’s annual Universal Service and Collections Performance Report (herein Universal Service Report) further clarifies that “confirmed low income customers” are those for whom the utility has “obtained information that would reasonably place them within this FPIG level” and the data is reported as “an average of the 12 months of month-end data” reported by the utility.⁶²

In his direct testimony, Mr. Geller identified that Peoples maintains an internal definition of confirmed low income customers that is narrower than, and somewhat conflicting with, the Commission’s definition of the same term.⁶³ He expressed concern that, “the operation of Peoples’ internal definition of low income customers adds additional confusion to the ability to accurately measure the number of low income customers in Peoples’ service territory.”⁶⁴ He pointed out that in the 2022 Universal Service Report, Peoples reported 108,055 confirmed low income customers.⁶⁵ However, he explained that Peoples maintains a much more restrictive internal definition of confirmed low income customers, counting only those that are actively enrolled in CAP or who have received a LIHEAP grant in the past 24 months.⁶⁶ He pointed out that, according to this internal definition, Peoples only classified 52,973 customers as low income in 2022, accounting for less than half of the confirmed low income customers reported to the Commission.⁶⁷

Mr. Geller expressed concern that Peoples use of this restrictive definition to respond to discovery questions resulted in a significant undercount of Peoples’ low income customers, detrimentally impacts the ability of customers to access low income consumer protections.⁶⁸ He

⁶² CAUSE-PA St. 1 at 7.

⁶³ Id. at 6.

⁶⁴ Id.

⁶⁵ Id. at 7.

⁶⁶ Id.

⁶⁷ Id.

⁶⁸ Id.

also explained it more difficult to analyze Peoples’ universal service program performance.⁶⁹ Mr. Geller recommend that Peoples adopt a consistent, broader definition of confirmed low income customers consistent with the Commission’s regulation 62.2, and, at a minimum, count any customers who self-report having low income.⁷⁰

Under the terms of the Low Income Stipulation, Peoples will amend its definition of confirmed low income customer to comply with the Commission’s regulatory definition of the term. The Low Income Stipulation states:

1. The Company will modify its definition of and reporting for “confirmed low income customer” data to include self-attestation for all purposes, including but not limited to the annual Universal Service Report, consistent with the Commission’s definition in 52 Pa. Code § 62.2. Peoples will utilize this definition for reporting on 2024 data and will maintain this method of reporting for all future years.⁷¹

This term will help improve the data collection and tracking of Peoples’ low income customers, which will, in turn, improve the ability of Peoples, stakeholders, and the Commission to accurately measure the number of low income customers in Peoples’ service territory. Thus, this term is just, reasonable, and in the public interest. CAUSE-PA respectfully urges the Commission to approve this term of the Low Income Stipulation.

C. Low Income Security Deposit Prohibition

- i. The Commission should approve paragraphs 3, 4, and 5 of the Low Income Stipulation, which address Peoples’ compliance with the Commission’s prohibition on low income security deposits.*

Section 56.32(e) of the Commission’s regulations prohibits utilities from collecting security deposits from customers who are confirmed to be income eligible for its customer

⁶⁹ CAUSE-PA St. 1 at 7-8.

⁷⁰ *Id.* at 8-9.

⁷¹ Low Income Stipulation at ¶ 1.

assistance programs.⁷² The Commission has issued explicit guidance on this issue and was clear that a low income household does not need to enroll in CAP or another universal service program for the prohibition on security deposits to apply.⁷³ In its Chapter 56 Rulemaking Order, the Commission clarified that the prohibition on collecting security deposits from low income customers is “referring to eligibility based upon the customer’s household income – *not on other miscellaneous eligibility criteria that can vary by utility.*”⁷⁴ The Commission further explained its interpretation of the statutory low income security deposit prohibition:

*[S]ection [1404(a.1)] specifies “eligible,” not “enrolled” or “participating.” We think this language is sufficient direction that the customer only has to be “eligible” and not actually enrolled in CAP to be exempt from a deposit request.*⁷⁵

The Commission also requires verbal notice of the exemption to applicants and customers *at the time the security deposit is assessed*, as well as instructions for how the applicant or customer can verify income.⁷⁶ Utilities must refund improperly held deposits, together with any accrued interest, directly to the customer/applicant.⁷⁷

Through discovery, Peoples admitted that it has failed to comply with the terms of the settlement in its last rate case, in which it agreed to the following:

Peoples Natural agrees to automatically review its residential accounts at least once every six months to ensure it is not holding deposits for customers who are confirmed low income. If it discovers that deposits are being held, Peoples Natural will refund those deposits to customers within 30 days.⁷⁸

⁷² 52 Pa. Code § 56.32(e).

⁷³ Id.

⁷⁴ Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 56 to Comply with the Amended Provisions of 66 Pa. C.S. Ch. 14, L-2015-2508421, Final Rulemaking Order, Attach. One at 48 (Feb. 28, 2019).

⁷⁵ Id. (emphasis added), citing 66 Pa. C.S. § 1404(a.1).

⁷⁶ Id.; see also 52 Pa. Code §§ 56.36, 56.286. Written procedures regarding security deposits “must also specify that any applicant that is confirmed to be eligible for a customer assistance program will not be required to pay a deposit.” Id.

⁷⁷ 52 Pa. Code § 56.53.

⁷⁸ CAUSE-PA St. 1 at 17; citing Pa. PUC v. Peoples, R-2018-3006818, Joint Petition for Approval of Settlement Stipulation at ¶ 56 (Submitted Jul. 9, 2019).

In response to discovery, Peoples indicated that it had not implemented the agreed upon process to automatically return security deposits to confirmed low income customers other than those who enroll in CAP.⁷⁹ Mr. Geller explained that, Based on Peoples’ multiple inconsistent definitions of confirmed low income customer, it is difficult to determine whether Peoples is actually complying with the regulation and its settlement obligations regarding which customers are granted the security deposit exemption.⁸⁰ Mr. Geller voiced concern that the Company had not indicated any process for screening for low income security deposits other than enrollment in CAP and receipt of LIHEAP funds.⁸¹

Mr. Geller recommended that the Commission should require Peoples to develop an automated process to immediately refund all security deposits held for customers which meet the definition of “confirmed low income customer” under section 62.2, and be further ordered to inform all consumers of the prohibition at the time a security deposit is assessed and provide information about how Peoples gathers income information to prevent imposition of a deposit and what customers can do to access the exemption if it is not automatically applied.⁸²

In rebuttal to Mr. Geller’s testimony on this matter, Peoples’ witness Rita Black clarified that the Company accepts verbal attestation of income for security deposit exemption.⁸³ She explained that, "At the start of service, the Company asks for income information in order to determine if a security deposit and connection fee should be waived and as an opportunity to refer income eligible customers into universal service programs."⁸⁴ Likewise, Peoples witness Heather

⁷⁹ CAUSE-PA St. 1 at 17, Append. B (CAUSE-PA I-8).

⁸⁰ Id. at 17-18.

⁸¹ Id. at 18.

⁸² Id. at 19-20.

⁸³ Peoples St. 9-R at 5.

⁸⁴ Id. at 4.

Doyle-Conley also indicated that “With their verbal indication of low income status, security deposits are not requested or billed.”⁸⁵ She indicates that the Company will commit to implementing a periodic review process by which the Company will “ensure the identification and release of any security deposits that may be held by low income households.”⁸⁶

In surrebuttal, Mr. Geller indicated he appreciated Peoples commitment but remained concerned that it was not implemented sooner and recommended that Peoples immediately release all low income customer security deposits and implement the automatic semiannual review and release process agreed to in the prior settlement.⁸⁷ He also recommended that: “To help ensure compliance now, and in the future, the Commission should require Peoples to develop an implementation plan, and share it with stakeholders at the earliest possible Universal Service Advisory Group (USAG) meeting. He further recommended that, “Peoples should be ordered to clarify that security deposits will be applied to a customer's ‘asked to pay’ amount – or, *at the election of the customer*, returned by check. If a security deposit is credited to a customer upon their enrollment in CAP, it should be applied toward the customers’ monthly asked to pay amount, and not the balances deferred through the CAP program.”⁸⁸

In rejoinder, Ms. Doyle-Conley sought to assure Mr. Geller that all security deposits had been reviewed and any security deposits identified on low income accounts were immediately released and that the process to review deposits on a regular basis, in compliance with the 2018 rate case settlement, had been implemented.⁸⁹ She also indicated that “employee training to

⁸⁵ Peoples St. 16-R at 3.

⁸⁶ *Id.* at 4.

⁸⁷ CAUSE-PA St. 1-SR at 5.

⁸⁸ *Id.* at 5.

⁸⁹ Peoples St. 16-RJ at 5.

reinforce the policy to ensure future security deposits are not requested from low income customers and applicants has been implemented.”⁹⁰

According to the terms of the Low Income Stipulation:

3. Within 30 days of the entry of this Stipulation, Peoples will refund all currently held security deposits collected from confirmed low income customers, utilizing the Commission’s definition of confirmed low income customer in 52 Pa. Code § 62.2.
4. Peoples will initiate a monthly review of security deposits and refund all security deposits being held from accounts designated as confirmed low income to the customer within 30 days.
5. Peoples will report on its monthly results of its low income security deposit refunds at each USAG meeting.

CAUSE-PA respectfully asserts that these terms are just, reasonable, and in the public interest because they will help ensure that Peoples’ low income customers are not inappropriately charged security deposits. Moreover, in the event that a security deposit is collected from a customer who is later identified as a confirmed low income, the proposed monthly screening process will ensure that the inappropriately collected security deposit is returned to the customer. Further, these terms provide oversight to help ensure that Peoples properly implements these changes through periodic review with Peoples USAG. Therefore, CAUSE-PA urges the Commission to approve these terms.

D. Customer Assistance Program (CAP)

- i. The Commission should approve paragraph 7 of the Low Income Stipulation, which is intended to address Peoples’ declining CAP enrollment.*

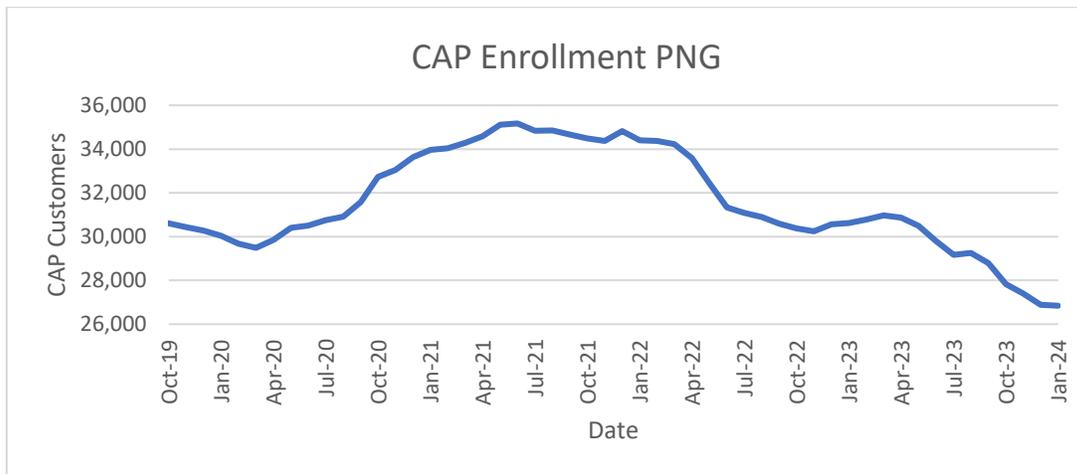
As discussed in greater length in Section III of this Main Brief (Overall Position on Rate Increase), Peoples’ CAP is an effective tool to help mitigate rate unaffordability and reduce

⁹⁰ Id.

payment trouble and terminations among vulnerable customers. Thus, strengthening the availability of CAP could help low income customers to better afford service and help mitigate the impact of any potential rate increase.⁹¹ However, in his direct testimony, CAUSE-PA witness Harry Geller expressed concern about Peoples’ declining CAP enrollment. He explained that “Peoples’ CAP is reaching only a small percentage of *confirmed* low income customers and an even smaller percentage of its *estimated* low income customers.”⁹²

Mr. Geller pointed out that Peoples’ CAP enrollment has declined by approximately 13% across both divisions since 2019.⁹³ Both PNGD and PGD CAP enrollment increased during the pandemic before significantly declining which is substantially lower even than pre-pandemic levels.⁹⁴ Charts 1 and 2 show Peoples CAP enrollment rates across both divisions since October 2019:

Chart 1 - PNG CAP Enrollment⁹⁵



⁹¹ CAUSE-PA St. 1 at 21.

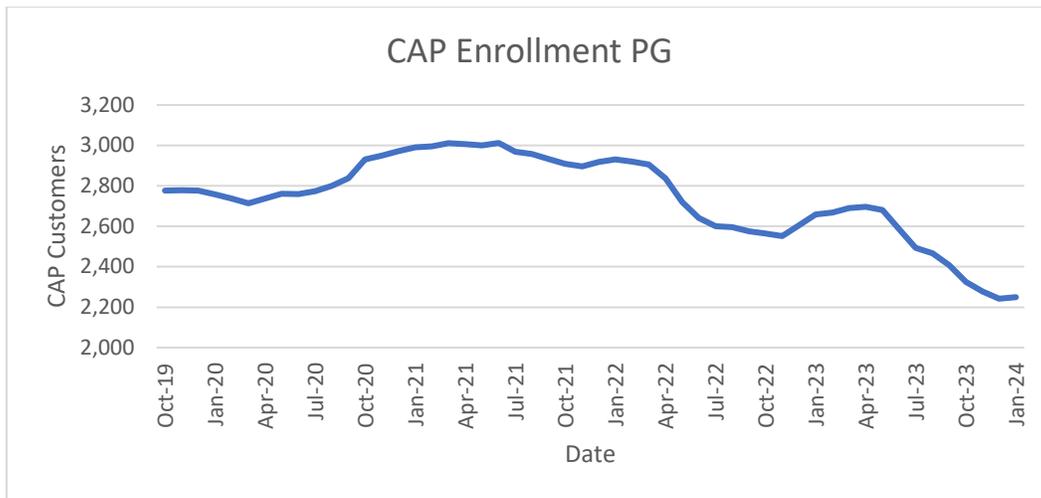
⁹² Id.

⁹³ Id. at 22.

⁹⁴ Id.

⁹⁵ Id.

Chart 2 – PG CAP Enrollment⁹⁶



As shown in these charts, PNGD reached a high CAP enrollment of 35,171 in June 2021, before dropping to a low of 26,842 as of January 2024, and PGD reached a high of 3,012 in June 2021 before dropping to a low below 2,250 in December 2023 and January 2024.⁹⁷

Mr. Geller explained, “This steep decline in enrollment is especially concerning, considering that the number of estimated low income customers in Peoples’ service territory has actually increased by approximately 4% since 2019.”⁹⁸ He explained that Peoples’ estimated low income count remains substantially higher than its pre-pandemic level.⁹⁹ Chart 3 shows Peoples estimated low income customer count since 2019.

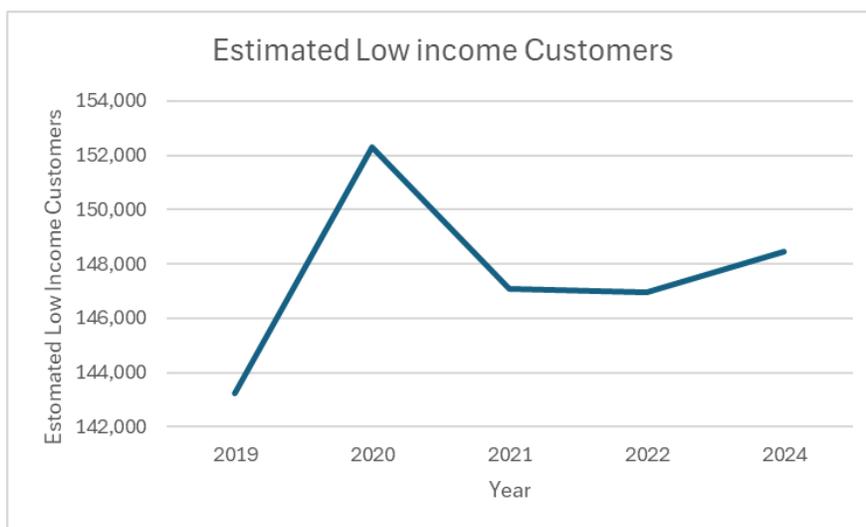
⁹⁶ CAUSE-PA St. 1 at 22.

⁹⁷ See id.

⁹⁸ Id. at 21-22.

⁹⁹ Id.

Chart 3 – Peoples’ Estimated Low Income Customers¹⁰⁰



Although some of the recent decline can be attributed to the reinstatement of CAP recertification requirements after the pandemic, Peoples CAP enrollment has fallen **below** pre-pandemic levels - **despite an increase in its low income population** over that same period.¹⁰¹ He pointed out, that the 29,091 customers enrolled in CAP as of January 2024 only account for 20% of Peoples’ 148,473 estimated low income customers.¹⁰² Based on his analysis, Mr. Geller recommended that the Commission order Peoples to “take immediate steps to increase outreach and enrollment of the remaining 80% of its estimated low income population that is not enrolled currently in CAP.”¹⁰³

According to the terms of the Low Income Stipulation, Peoples will work with the USAG to develop a list of non-emergency call scenarios that Peoples can use for agent training to screen for income level and CARES/CAP referrals.¹⁰⁴

¹⁰⁰ CAUSE-PA St. 1 at 23.

¹⁰¹ Id.

¹⁰² Id. at 23-24.

¹⁰³ Id.

¹⁰⁴ Low Income Stipulation at ¶ 7.

This term of the Low Income Stipulation is an important first step to addressing Peoples declining CAP enrollment. As Mr. Geller explained, “Improving the identification of low income customers, and better matching them to critical rate assistance and usage reduction services at the earliest opportunity is essential to improving Peoples’ ability to provide just and reasonable rates and services to low income households.”¹⁰⁵ Thus, CAUSE-PA respectfully urges the Commission to approve this term of the settlement as it is just, reasonable, and in the public interest because it is critical that Peoples address the disparate rates of payment trouble and terminations among low income customers, which will grow more pronounced if its substantial rate increase proposal is approved.¹⁰⁶

ii. The Commission should approve paragraph 6 of the Low Income Stipulation which addresses Peoples process for enrollment of LIHEAP recipients into CAP.

As part of its rate filing, Peoples proposes to remove language from the tariff, which states ‘Customers will automatically be enrolled in CAP if: a. the customer has defaulted on a payment arrangement, and b. the customer has received a LIHEAP payment within the past two years.’¹⁰⁷ In her direct testimony, Rita Black indicates that this provision refers to an enrollment process, which the Company does not actually perform.¹⁰⁸

Peoples has indicated that it is currently unable to determine when this provision was added to the tariff and under what circumstances.¹⁰⁹ Peoples’ LIHEAP auto-enrollment provision dates back at least to Peoples’ April 3, 2000 Tariff¹¹⁰ and has remained in full force and effect since.¹¹¹

¹⁰⁵ CAUSE-PA St. 1 at 28.

¹⁰⁶ *Id.* at 23-24.

¹⁰⁷ Peoples St. 9 at 7.

¹⁰⁸ CAUSE-PA St. 1 at 24-25.

¹⁰⁹ *Id.* at 25, Append. B, CAUSE-PA IV-8

¹¹⁰ CAUSE-PA St. 1 at 25.

¹¹¹ *See* 66 Pa. C.S. § 103.

Peoples has not explained why it has not been following the rules in its own tariff for so many years.

In his direct testimony Mr. Geller opposed the removal of the tariff language regarding CAP enrollment for LIHEAP recipients and pointed to the steep decline in Peoples' CAP enrollment, the *substantial* number of LIHEAP recipients who are not enrolled in CAP, and the struggles facing low income customers throughout its service territory.¹¹² He recommended that Peoples “should be focusing on ways to simplify and improve CAP enrollment,” not eliminating potential pathways to enrollment.

Mr. Geller specifically voiced concern for low income customers who have already had their income vetted through the Department of Human Services' (DHS) income screening process for participation in LIHEAP.¹¹³ He explained that, while Peoples customers receiving a LIHEAP grant are able to enroll in the program without providing income documentation, but that such enrollment is voluntary and initiated by the customer, this process has not proven effective enrolling LIHEAP recipients into CAP.¹¹⁴

As of January 2024, Peoples reported 51,433 “confirmed low income customers” across both divisions, but only 29,091 were enrolled in CAP.¹¹⁵ Thus, 22,342 (43%) of confirmed low income customers received LIHEAP funds but were not enrolled in CAP as required by its own tariff and Commission rules.¹¹⁶ Mr. Geller explained that these customers received LIHEAP grants

¹¹² CAUSE-PA St. 1 at 24-25.

¹¹³ Id.

¹¹⁴ Id.

¹¹⁵ Id.

¹¹⁶ Id.

and were certified to have income at or below 150% FPL, “yet were not able to access the discounted bill and arrearage management benefits provided through Peoples’ CAP.”¹¹⁷

Mr. Geller acknowledged that LIHEAP is a critically important program and provides life-sustaining assistance to those in need; however, he explained that LIHEAP, by itself, is insufficient to remediate the affordability challenges facing Peoples’ low income customers.¹¹⁸ He explained that, “In Pennsylvania, LIHEAP cash grants are intended to provide only supplemental assistance in the winter heating season, and is not enough to mitigate the financial harm of a rate increase.”¹¹⁹ He further explained that many customers designate their LIHEAP grant to their electric provider as a secondary or supplemental heating source.

As of the date of filing of Mr. Geller’s direct testimony, in the 2023-2024 LIHEAP season, the average LIHEAP Cash grant for low income gas customers was \$364.¹²⁰ Mr. Geller explained that Peoples proposed rates would increase the annual bill for a typical PNGD customer by \$187.56 - absorbing more than half (51.5%) of the average LIHEAP cash grant for these customers.¹²¹ He pointed out the effect of the increase on the effectiveness of LIHEAP grants, stating, “After paying for the proposed increase, very little of the grant will be left to address existing affordability challenges.”¹²²

Mr. Geller explained that the general trend is toward auto enrollment of LIHEAP recipients into CAP, in stark contrast with Peoples’ proposal to remove auto-enrollment provisions from its tariff. He pointed to the recently approved LIHEAP auto-enrollment program in UGI’s electric

¹¹⁷ CAUSE-PA St. 1 at 25.

¹¹⁸ Id. at 26.

¹¹⁹ Id.

¹²⁰ Id.

¹²¹ Id.

¹²² Id.

division rate case, which allows UGI Electric will implement required modifications to its IT system and processes to use LIHEAP participant income data once DHS begins sharing with utilities. Using this data, UGI will be able to automatically enroll non-shopping LIHEAP recipients into CAP, and to recertify income and eligibility for current CAP participants.¹²³

Mr. Geller recommended that the Company keep its current tariff language but amend the language by removing the required payment arrangement default, which will make the process more effective at addressing the unmet need in Peoples' territory.¹²⁴ He further recommended that Peoples be required to file a Petition to amend its USECP to permit auto-enrollment and auto-recertification, and to work with its USAG to develop the details of the program - including customer communications, in line with Mr. Geller's recommendations.¹²⁵

According to the terms of the Low Income Stipulation:

Peoples will file a Petition at its current USECP docket within 90 days of a final order in this case seeking authorization to amend its USECP to allow the Company to initiate auto-enrollment of LIHEAP recipients with significant balances into CAP, to permit auto-recertification, and to waive income documentation requirements for CAP applicants that have received LIHEAP in the last two years. The settling parties are not bound to take a certain position regarding Peoples' Petition.¹²⁶

Regarding the relevant tariff language, the Low Income Stipulation also states:

The Company will retain Gas-PA PUC No. 48, Original Page 41 Paragraph 7 and will replace: "a. the customer has defaulted on a payment arrangement, and" with "a. the customer has a significant account balance, and".¹²⁷

CAUSE-PA respectfully asserts that this term is vitally important considering the Company's continued decline in CAP enrollment, the substantial number of Peoples customers

¹²³ CAUSE-PA St. 1 at 26; see also Pa. PUC v. UGI Utilities, Inc. Electric Division, R-2022-3037368, Joint Petition for Approval of Settlement of All Issues at ¶ 60(c) (Submitted July 14, 2023).

¹²⁴ Id. at 27.

¹²⁵ Id.

¹²⁶ Low Income Stipulation at ¶ 6.

¹²⁷ Id. at ¶ 15.

who received a LIHEAP grant but were not enrolled in CAP, and Peoples' substantial proposed rate increase. CAUSE-PA respectfully urges the Commission approve this term of the Low Income Stipulation as it is just, reasonable, and in the public interest. This approach will help implement LIHEAP auto-enrollment in a useful and meaningful way to improve rate affordability.¹²⁸

iii. Peoples should be permitted to remove the section 'Payments Toward Arrearage' from its tariff.

In its filing, Peoples proposes to remove the section 'Payments Toward Arrearage' from its tariff to reflect the change approved in the Company's most recent USECP to eliminate the \$5 copay towards pre-program arrearages.¹²⁹ In Mr. Geller's direct testimony he indicated that he strongly supports this change, as it is in line with the Company's recent changes to its Universal Service and Energy Conservation Plan and the Commission's Final CAP Policy Statement Order.¹³⁰ Mr. Geller explained, "Elimination of the \$5 CAP copayment will help CAP customers afford service by more closely aligning their bills with the customers' ability to pay. This will help CAP customers afford their monthly bill, which will help reduce low income terminations and, in turn, uncollectible expenses for the Company."¹³¹

CAUSE-PA respectfully urges the Commission to allow Peoples to implement this change to their tariff language so that it accurately reflects Peoples' elimination of the CAP copayment - a change previously ordered by the Commission in its USECP order.¹³²

¹²⁸ CAUSE-PA St. 1 at 27.

¹²⁹ Peoples St. 9 at 6.

¹³⁰ CAUSE-PA St. 1 at 24.

¹³¹ Id.

¹³² Peoples Gas Company LLC Universal and Energy Conservation Plan for 2019-2024, Final Order, Docket No. M-2020-3021343, at 35 (order entered May 12, 2022).

E. Low Income Usage Reduction Program (LIURP)

i. The Commission should approve paragraph 9 of the Low Income Stipulation, which addresses Peoples' Low Income Usage Reduction Program (LIURP) budget.

Peoples' LIURP is an essential universal service program that provides free weatherization and energy efficiency measures to low income, high usage households, including but not limited to a heating system clean and tune, energy audit, and air sealing and insulation.¹³³ The program is designed to improve energy efficiency, bill affordability, reduce arrearages, and termination rates over the long term, and work in tandem with CAP to help reduce uncontrollably high usage attributable to home energy inefficiencies that low income households cannot afford to address on their own.¹³⁴ However, Peoples currently approved LIURP budget is insufficient to address the existing need for LIURP services in its territory, a need that is only set to grow if a rate increase is approved in this proceeding, as the increased cost of gas is likely to lead to increased payment trouble and terminations among low income, high usage households.¹³⁵

In 2023, Peoples spent \$3,770,589 to provide LIURP services across both rate divisions, which included spending its entire annual budget plus a substantial amount of rollover funds accrued while the program was shut down due to the COVID pandemic.¹³⁶ However, its currently approved budget for 2024 and beyond is only \$3,030,000 per year, which is less than it spent in 2023.¹³⁷ The need for LIURP services will not be reduced and, in fact, the need will increase due to the rate increase which will exacerbate unaffordability for low income, high usage households, leading to an increased need for LIURP services, but a lower budget with which to deliver them.

¹³³ Peoples St. 9 at 5; CAUSE-PA St. 1 at 29.

¹³⁴ 52 Pa. Code § 58.1.

¹³⁵ CAUSE-PA St. 1 at 29-33.

¹³⁶ *Id.* at 32.

¹³⁷ *Id.*

It is vitally important to protect and improve the availability of LIURP to low income, high usage families to help mitigate the disproportionate impact of Peoples’ proposed rate increase if it is approved. Bill reduction through comprehensive energy efficiency and conservation measures can improve affordability and help to ensure that low income customers are able to remain connected to service at more affordable rates.¹³⁸ Peoples’ LIURP has achieved high energy savings, averaging about *20 percent* of the customers’ pre-treatment natural gas usage.¹³⁹ Throughout Pennsylvania, gas heating customers who receive LIURP services achieve 14.5% energy reduction with average annual bill savings of \$220 per year.¹⁴⁰

Peoples’ LIURP program *could* help mitigate the impact of its proposed rate increase on low income high-use households by reducing usage in households that cannot otherwise afford to adopt efficiency measures.¹⁴¹ However, Peoples’ LIURP is not adequately funded to meet even the currently identified need of its low income customer base – let alone to offset any of the increased energy burdens resulting from its rate proposal in this proceeding.

Peoples’ confirmed low income customers consistently have average usage that is *22-23% higher* average annual usage than residential customers who are not confirmed low income.¹⁴²

Table 2 shows the difference in average annual usage between these two subsets of customers:

TABLE 2: Average Annual Customer Usage (Mcf)¹⁴³

	2019	2020	2021	2022	2023
Confirmed Low Income	106.4	98.3	103.8	106.6	96
Residential excluding low income	87.3	80.7	84.7	86.7	78.5
Difference	22%	22%	23%	23%	22%

¹³⁸ Id. at 30.

¹³⁹ Id.

¹⁴⁰ Id.

¹⁴¹ Id.

¹⁴² Id.

¹⁴³ Id.

This disparity in usage is the result of disparities in access to efficient housing and heating equipment.¹⁴⁴ Peoples’ LIURP can provide approximately 20 percent reduction of low income customers’ pre-treatment natural gas usage, the program can and does help address this disparity in usage rates to the extent that it is available to customers who need it.¹⁴⁵ However, the program is not sufficiently funded to meet that need.

In 2023, Peoples reported the lowest LIURP budget projected spending per residential customer of any NGDC.¹⁴⁶ Table 3 shows 2023 projected LIURP spending per customer among all PA NGDCs.

Table 3: LIURP Spending Per Customer¹⁴⁷

Utility	2022 Residential Customers	2023 Projected LIURP Spending	2023 Projected Monthly Spending Per Customer
NFG	196,741	\$3,388,596	\$1.43
PGW	487,336	\$8,105,134	\$1.39
Columbia	409,611	\$5,893,673	\$1.20
UGI Utilities – Gas	618,589	\$3,964,350	\$0.53
PECO-Gas	500,154	\$3,150,000	\$0.52
Peoples	594,250	\$3,466,437	\$0.49
Total / Industry Avg.	2,806,681	\$27,968,190	\$0.83

Peoples had the lowest LIURP budget per capita in 2023 and well below the industry average. For example, Peoples budget is roughly on par with NFG’s budget – yet NFG only has roughly ***one third*** of the residential customers. This level of funding is wholly insufficient to meet the need for services in its territory.

¹⁴⁴ Id.

¹⁴⁵ Ex. RFB-1, Attachment A at 19.

¹⁴⁶ CAUSE-PA St. 1 at 31

¹⁴⁷ Id.

To make matters worse, Peoples budget will further reduce in 2024 and beyond because a substantial portion of Peoples' 2023 budget consisted of unspent rollover funds accumulated through Peoples' cessation of LIURP services during the pandemic.¹⁴⁸ Peoples spent \$3,770,589 in LIURP funds across both divisions in 2023. However, despite the demonstrated need for services, and the fact that Peoples has the lowest spending per capita among NGDCs in 2023, the lack of additional rollover funds means that the Company's LIURP budget will actually *decrease* by 13% to \$3,264,486 for 2024 and will decrease an additional 7% to \$3,030,000 once the remaining COVID-19 rollover funds are spent, ***resulting in a 20% reduction from 2023 spending levels.***¹⁴⁹ This is an unacceptable result, especially if volumetric rates increase in this proceeding, which will disproportionately impact low income, high usage households. Thus, any argument that Peoples is unable to expend its current LIURP budget is without merit.¹⁵⁰

As Mr. Geller explained in his surrebuttal testimony,

There is no evidence that Peoples' rollover budget in recent years was a result of a lack of need in Peoples service territory. To the contrary, Peoples inability to fully expend its budget was a result of the cessation of LIURP production during the pandemic and the struggle to ramp back up production after the shut-down. If Peoples now begins to reduce the number of LIURP jobs produced annually due to budgetary constraints it is not only failing to address the current need, but may struggle to maintain workforce and ramp back up again in the future. It is also important to keep in mind that the cost of labor and materials has substantially increased in the past several years. Thus, I continue to strongly recommend that Peoples maintain a LIURP budget that will allow it to continue to complete at least 317 LIURP jobs per year, consistent with its demonstrated 2023 program performance capabilities.¹⁵¹

As of 2020, Peoples estimated that it had approximately 12,832 customers eligible for LIURP services for its PNG division.¹⁵² Since then, it has served approximately 2,000

¹⁴⁸ Id. at 32.

¹⁴⁹ Id.

¹⁵⁰ CAUSE-PA St. 1-SR at 11-14.

¹⁵¹ Id. at 12.

¹⁵² CAUSE-PA St. 1 at 32-33.

households.¹⁵³ However, the Company is proposing to lower the LIURP minimum usage threshold for PNG division, which will expand the potential number of eligible households. Even at its 2023 completion rate of 317 LIURP jobs per year, Peoples will not be able to serve an adequate number of households to address the identified need for weatherization, energy efficiency, and conservation within a reasonable amount of time, let alone at a 13% lower budget.

Mr. Geller strongly recommended that the Company increase its LIURP budget to address current and anticipated need for comprehensive usage reduction services.¹⁵⁴ He explained it is vital that these steps be ordered in the current proceeding to protect the availability of LIURP services for Peoples customers and to mitigate the impact of the proposed increase on low income high usage households. Peoples' next USECP is not due to be filed until April 2028 – with a target effective date of 2029-2033. As Mr. Geller explained in his surrebuttal testimony, “This is far too long to wait for Peoples to implement meaningful, currently needed improvements to its universal service programming and to offset the financial impact of any approved rate increase resulting from this case.”¹⁵⁵

According to the Low Income Stipulation, Peoples will increase its annual LIURP budget to a total of \$3,500,000 per year.¹⁵⁶ CAUSE-PA respectfully urges the Commission to approve this term as it is just, reasonable and in the public interest. These improvements are needed urgently to protect the availability of the LIURP program and to help address the disproportionate impact of the rate increase on high usage low income households.

¹⁵³ Id.

¹⁵⁴ Id.

¹⁵⁵ CAUSE-PA St. 1-SR at 13.

¹⁵⁶ Low Income Stipulation at ¶ 9.

ii. The Commission should approve paragraph 8 of the Low Income Stipulation, which sets Peoples' LIURP minimum usage threshold to 120 Mcf across both divisions.

As explained above, LIURP provides free weatherization and energy efficiency measures to customers at or below 150% FPL and special needs customers with incomes between 151 and 200% FPL across both Peoples rate divisions. However, PNGD and PGD divisions currently use different LIURP minimum usage thresholds of 140 Mcf and 120 Mcf respectively.¹⁵⁷ As both divisions are brought together under a single tariff, Peoples has proposed in this proceeding to apply the lower 120 Mcf LIURP minimum usage threshold currently utilized by PG division to PNG as well. In 2023, the average usage for low income Peoples customers ranged between 78.5-107 Mcf of gas for the year.

Peoples' proposed 120 Mcf minimum usage threshold would require customers use between 12%-53% above average to qualify for LIURP. In his direct testimony, Mr. Geller recommended the Commission approve this proposal to adopt the 120 Mcf minimum usage threshold as it will make the program more accessible, which is important to help the affordability challenges facing low income households.

According to the Low Income Stipulation, Peoples will adopt its proposed 120 Mcf LIURP minimum usage threshold.¹⁵⁸ This term is just, reasonable, and in the public interest and should be approved as it will help to ensure a greater number of households are eligible to participate in LIURP to help remediate usage that is disproportionately higher than similarly situated households.

¹⁵⁷ Peoples St. 9 at 5.

¹⁵⁸ Low Income Stipulation at ¶ 8.

F. Hardship Fund

i. The Commission should approve paragraph 10 requiring Peoples to increase its annual hardship funding.

As part of its suite of Universal Service Programs, Peoples' Hardship Fund provides grants of up to \$500 and is available for customers with income at or below 200% FPL.¹⁵⁹ In Mr. Geller's direct testimony, explained that the program is underfunded to meet the need for hardship funding and that the size of the grants is not sufficient to alleviate the hardships of many low income customers.¹⁶⁰

As of January 2024, confirmed low income customers accounted for 25.7% of total dollars in debt, despite making up just 7.9% of residential customers.¹⁶¹ Of the 53,931 residential customers in an active payment arrangement, 58% of those are confirmed low income customers and those customers carry 43.9% of the actual debt in dollars held by residential customers in an active payment arrangement.¹⁶² As of January 2024, 6,283 of Peoples' confirmed low income customers, *excluding CAP enrollees*, were carrying arrearages.¹⁶³ The average debt of these customers was \$492.24.¹⁶⁴

People's low income customers also face terminations at disproportionate levels compared to other residential customers, which is evidence of a substantial unmet need for emergency assistance to maintain gas service for these customers.¹⁶⁵ Mr. Geller explained in his direct testimony that, "If Peoples' proposed rate increase is approved, the need for hardship fund

¹⁵⁹ People's St. 9 at 4.

¹⁶⁰ CAUSE-PA St. 1 at 34-35.

¹⁶¹ Id. at 34.

¹⁶² Id.

¹⁶³ Id.

¹⁶⁴ Id.

¹⁶⁵ Id.

assistance will grow.”¹⁶⁶ He pointed out that Peoples’ proposed rate increase, by itself, will consume over 50% of the average LIHEAP grant and reduce the effectiveness of Peoples’ Hardship Fund grants.¹⁶⁷ He concluded that it is thus imperative that the Commission order Peoples’ to expand its Hardship Fund “to improve the availability of emergency grant assistance to those in need of emergency grant assistance to maintain gas service to their home.”¹⁶⁸

Thus, Mr. Geller recommended that Peoples increase its maximum grant amount and annual hardship fund budget, and refocus the hardship fund program to reduce low income termination rates.¹⁶⁹

Mr. Geller recommended that Peoples increase the amount of funding available for grant assistance by at least a percentage equal to any residential rate increase approved in this proceeding.¹⁷⁰ In support of this recommendation he explained that, “low income customers already struggle to afford service and are at a greater risk of service termination compared to residential customers as a whole.”¹⁷¹ Thus, he explained, “Any increase to the cost of essential utility service, such as People’s currently proposed rate increase, will worsen these struggles and lead to an increased threat of involuntary termination – while at the same time eroding both the adequacy and effectiveness of Peoples’ current maximum grant levels *and* available funding.”¹⁷² He therefore recommended that the Commission order Peoples to increase funding for its Hardship

¹⁶⁶ Id.

¹⁶⁷ Id.

¹⁶⁸ Id.

¹⁶⁹ Id. at 35.

¹⁷⁰ Id. at 35-36.

¹⁷¹ Id.

¹⁷² Id.

Fund “to address unaffordability felt by low income customers at both present and proposed rates.”¹⁷³

According to the Low Income Stipulation:

Essential shareholders will contribute an additional \$150,000 each year to the Peoples’ Hardship Fund until Peoples files its next USECP. This increase will be over and above the funding levels that are currently in place as per the Company’s current USECP, and retains the increased contribution established in the Aqua-Peoples Acquisition (Docket Numbers A-2018-3006061 – A-2018-3006063) beyond its original expiration. Nothing will preclude any party from requesting approval of a different budget amount in a subsequent proceeding.¹⁷⁴

CAUSEPA respectfully urges the Commission approve this term of the Low Income Stipulation. These additional emergency funds are necessary to prevent terminations in light of increasing rates and will help the program budget better keep pace with the cost of residential service.¹⁷⁵ Thus, this term is just, reasonable and in the public interest and should be approved.

XII. CUSTOMER/QUALITY OF SERVICE ISSUES

CAUSE-PA does not take a position as to Customer/Quality of Service Issues in this proceeding other than those addressed above. Pursuant to the terms of the Low Income Stipulation, CAUSE-PA does not oppose the Non-unanimous Settlement.

XIII. ALLEGHENY VALLEY CONNECTOR

CAUSE-PA does not take a position on Allegheny Valley Connector in this proceeding.

XIV. DISCOUNT RATES

CAUSE-PA does not take a position as to Discount Rates in this proceeding.

¹⁷³ Id. at 36.

¹⁷⁴ Low Income Stipulation.

¹⁷⁵ CAUSE-PA St. 1 at 35-36.

XV. MICELLANEOUS/OTHER ISSUES

CAUSE-PA does not propose any additional positions as to Miscellaneous/Other Issues in this proceeding.

XVI. CONCLUSION

For the reasons set forth above, and in the direct and surrebuttal testimony of Harry S. Geller, Esq., CAUSE-PA urges the Honorable Administrative Law Judge Mary D. Long and the Pennsylvania Public Utility Commission to approve the terms of the Low Income Stipulation to ensure that low income consumers are protected from the impact of any rate increase.

Respectfully Submitted,
Counsel for CAUSE-PA



May 30, 2024

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APPENDIX A:

SUMMARY TABLES OF POSITION AND ADJUSTMENTS

CAUSE-PA does not enter a position as to Revenue in this main brief and is therefore not submitting any tables, positions, or adjustments related to the Revenue, Rate Base, or other issues requiring the submission of such tables in this proceeding.

APPENDIX B:
PROPOSED FINDINGS OF FACTS,
CONCLUSIONS OF LAW AND ORDERING PARAGRAPHS

PROPOSED FINDINGS OF FACTS

1. CAUSE-PA, PWPTF, and Peoples have entered into a stipulated agreement exclusively addressing universal service program and low income customer service issues. See Low Income Stipulation.
2. Only a portion of CAP participants enrolled in Peoples' Customer Assistance Program Percentage of Income Plan (PIP) rate are insulated from any approved rate increase, as they already pay a rate based on a fixed percentage of their income. CAP participants enrolled in the average CAP rate will bear the full brunt of any approved rate increase, up to their respective PIP rate. CAUSE-PA St. 1 at 20-21.
3. Peoples' CAP overall is reaching only a small percentage of low income customers and has been rapid decline over the past five years. CAUSE-PA St. 1 at 21.
4. As of January 2024, only approximately 20% of Peoples' estimated low income customers were actually enrolled in CAP. CAUSE-PA St. 1 at 23.
5. An estimated 23% of PNGD and 22% of PGD residential customers have "low income" – meaning their household income is at or below 150% of the federal poverty level. CAUSE-PA St. 1 at 9.
6. The income levels for low income customers is far below the levels required to pay for basic necessities without assistance. CAUSE-PA St. 1 at 5.
7. A family of four at 150% FPL has a gross annual income of just \$46,800. CAUSE-PA St. 1 at 5.
8. The average annual income for Peoples' currently identified confirmed low income customers is \$19,576 - and is just \$19,145 for Peoples' customers currently enrolled in its Customer Assistance Program (CAP). CAUSE-PA St. 1 at 6.
9. Peoples low income customers are disproportionately likely to be payment troubled and terminated for non-payment due to their inability to afford service. CAUSE-PA St. 1 at 5.
10. Peoples reported that, as of January 2024, it had 25,057 payment troubled residential customers across both divisions, of which 10,467 (42%) were confirmed low income customers. CAUSE-PA St. 1 at 12.
11. These 10,467 payment troubled customers accounted for **20%** of Peoples' 51,433 confirmed low income customers that month. CAUSE-PA St. 1 at 12.
12. This high rate of payment trouble among confirmed low income customers stands in stark contrast to the **4%** of Peoples' residential customers who were payment troubled during that same month. CAUSE-PA St. 1 at 12.
13. Low income customers have a markedly higher rate of termination compared to residential customers as a whole. CAUSE-PA St. 1 at 13.

14. In 2023, despite comprising only 7.9% of residential customers, confirmed low income customers accounted for 17.4% of residential terminations. CAUSE-PA St. 1 at 13.
15. Termination rates for low income customers, especially those not enrolled in CAP, were far higher than termination rates for residential customers who were not confirmed low income. CAUSE-PA St. 1 at 13-14.
16. In 2023, Peoples' confirmed low income customer termination rate was approximately 8%. For confirmed low income customer who were not enrolled in CAP, the termination rate was 12%. Id.
17. Involuntary termination is a common catalyst to homelessness, as inability to reconnect to service at a new address can form the basis for denial of public or private housing. CAUSE-PA St. 1 at 15.
18. When a family is unable to use a primary heating system, they often resort to dangerous, high usage / high cost heating methods, which are a leading cause of fires in U.S. homes. CAUSE-PA St. 1 at 15.
19. As of February 2023, Peoples reported that at least 60 of its gas heating homes across both divisions were *known* to be without a central heating source in the winter months, and at least 19 households were *known* to be using a potentially unsafe alternative heating source. CAUSE-PA St. 1 at 16.
20. Even where low income customers are able to avoid termination of gas service, rate unaffordability and resulting energy insecurity can have a profound impact on families – causing many to forego food, medicine, and other basic necessities in order to maintain energy services to their home. CAUSE-PA St. 1 at 11.
21. Energy insecurity is particularly pronounced for low income Black families, underscoring race-based disparities in energy burden. CAUSE-PA St. 1 at 11.
22. The terms of the Joint Settlement are intended to address the he substantial unaffordability of rates for Peoples' low income customers at both present and proposed rates through improvements to its Universal Service programs and low income customer assistance. Low Income Stipulation at ¶¶ 1-11.
23. Peoples maintains an internal definition of confirmed low income customers that is narrower than, and somewhat conflicting with, the Commission's definition of the same term. CAUSE-PA St. 1 at 6.
24. The operation of Peoples' internal definition of low income customers adds additional confusion to the ability to accurately measure the number of low income customers in Peoples' service territory. Id.
25. Peoples had previously agreed to automatically review its residential accounts at least once every six months to ensure it is not holding deposits for customers who are confirmed low income and refund an inappropriately collected deposits to customers within 30 days. CAUSE-PA St. 1 at 17.
26. In response to discovery, Peoples indicated that it had not implemented the agreed upon process to automatically return security deposits to confirmed low income customers other than those who enroll in CAP. Id.

27. Peoples' CAP can be an effective tool to help mitigate unaffordability of rates and reduce payment trouble and terminations among vulnerable customers; thus, strengthening the availability of CAP could help low income customers to better afford service and help mitigate the impact of any potential rate increase. CAUSE-PA St. 1 at 21.
28. Peoples' CAP is reaching only a small percentage of *confirmed* low income customers and an even smaller percentage of its *estimated* low income customers. CAUSE-PA St. 1 at 21.
29. Peoples' CAP enrollment has declined by approximately 13% across both divisions since 2019. CAUSE-PA St. 1 at 22.
30. Both PNGD and PGD CAP enrollment increased during the pandemic before significantly declining which is substantially lower even than pre-pandemic levels. CAUSE-PA St. 1 at 22.
31. The number of estimated low income customers in Peoples' service territory has actually increased by approximately 4% since 2019. CAUSE-PA St. 1 at 21-22.
32. The 29,091 customers enrolled in CAP as of January 2024 only account for 20% of Peoples' 148,473 estimated low income customers. CAUSE-PA St. 1 at 23-24.
33. 22,342 (43%) of confirmed low income customers received LIHEAP funds but were not enrolled in CAP as required by its own tariff and Commission rules. CAUSE-PA St. 1 at 25.
34. LIHEAP, by itself, is insufficient to remediate the affordability challenges facing Peoples' low income customers. CAUSE-PA St. 1 at 26
35. Peoples' LIURP is a critical universal service program that provides free weatherization and energy efficiency measures to low income, high usage households, including but not limited to a heating system clean and tune, energy audit, and air sealing and insulation. Peoples St. 9 at 5; CAUSE-PA St. 1 at 29.
36. Peoples currently approved LIURP budget is insufficient to address the existing need for LIURP services in its territory, a need that is only set to grow if a rate increase is approved in this proceeding. CAUSE-PA St. 1 at 29-33.
37. In 2023, Peoples spent Peoples spent \$3,770,589 to provide LIURP services across both rate divisions, which included spending its entire annual budget plus a substantial amount of rollover funds accrued while the program was shut down due to the COVID pandemic. CAUSE-PA St. 1 at 32
38. Peoples currently approved LIURP budget for 2024 and beyond is only \$3,030,000 per year, which is less than it spent in 2023. CAUSE-PA St. 1 at 32
39. Peoples' confirmed low income customers consistently have average usage that is 22-23% *higher* average annual usage than residential customers who are not confirmed low income. CAUSE-PA St. 1 at 30.
40. In 2023, Peoples reported the lowest LIURP budget projected spending per residential customer of any Pennsylvania NGDC. CAUSE-PA St. 1 at 31.
41. There is no evidence that Peoples' rollover budget in recent years was a result of a lack of need in Peoples service territory. CAUSE-PA St. 1-SR at 12.

42. PNGD and PGD divisions currently use different LIURP minimum usage thresholds of 140 Mcf and 120 Mcf respectively. Peoples St. 9 at 5.
43. As part of its suite of Universal Service Programs, Peoples' Hardship Fund provides grants of up to \$500 and is available for customers with income at or below 200% FPL. People's St. 9 at 4.
44. The Hardship Fund program is underfunded to meet the need for hardship funding and that the size of the grants is not sufficient to alleviate the hardships of many low income customers. CAUSE-PA St. 1 at 34-35.
45. As of January 2024, confirmed low income customers accounted for 25.7% of total dollars in debt, despite making up just 7.9% of residential customers. CAUSE-PA St. 1 at 34.
46. These additional emergency funds are necessary to prevent terminations in light of increasing rates and will help the program budget better keep pace with the cost of residential service. CAUSE-PA St. 1 at 35-36.

PROPOSED CONCLUSIONS OF LAW

1. In any rate case filed pursuant to section 1308 of the Public Utility Code, such as the current case filed by Peoples, the burden of proof is on the public utility. 66 Pa.C.S. §§ 315(a), 1308(a).
2. The public utility must satisfy its burden of proof by a preponderance of the evidence, which means only that one party has presented evidence that is more convincing, by even the smallest amount, than the evidence presented by the other party. NRG Energy, Inc. v. Pa. PUC, 233 A.3d 936, 939 (Pa. Commw. Ct. 2020).
3. The Commission has ordered an investigation to “determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained” in Peoples proposed tariff. S&I Order at ¶¶ 1,4.
4. The Commission’s S&I Order also requires that the parties consider the “lawfulness, justness, and reasonableness of the Peoples Natural Gas Company LLC’s existing rates, rules, and regulations.” Id.
5. By ordering an investigation into the propriety of existing and proposed rates on Commission motion, the Commission clearly placed the burden of justifying those rates on Peoples. Sharon Steel Corp. v. Pa. PUC, 468 A.2d 860, 862 (Pa. Commw. Ct. 1983).
6. In determining the justness and reasonableness of rates the “PUC is obliged to consider broad public interests in the rate-making process.” Id. citing Pa. Elec. Co. v. Pa. PUC, 509 Pa. 324, 331, 502 A.2d 130, 134 (1985).
7. The term "just and reasonable" was not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulation but rather to confer upon the regulatory body the power to make and apply policy concerning the appropriate balance between prices charged to utility customers and returns on capital. Sharon Steel Corp. v. Pa. PUC, 468 A.2d 860, 862 (Pa. Commw. Ct. 1983).
8. Section 102 of the Code defines “rates” broadly to include every individual, or joint fare, toll, charge, rental, or other compensation whatsoever of any public utility ... made, demanded, or received for any service, and whether received directly or indirectly, . . . and any rules, regulations, practices, classifications or contracts affecting any such compensation, charge, fare, toll, or rental. McCloskey v. Pa. PUC, 219 A.3d 1216, 1223 (Pa. Commw. Ct. 2019); see 66 Pa. C.S. §102.
9. When considering whether rates are just, reasonable, and in the public interest, it is imperative that the Commission also consider the rules, regulations, programs, and practices affecting such rates. McCloskey v. Pa. PUC, 219 A.3d 1216, 1223 (Pa. Commw. Ct. 2019).
10. The paramount standard for all utility ratemaking is the constitutionally-based “just and reasonable” standard. See 66 Pa.C.S. § 1301.

11. The Commission has a “duty to set ‘just and reasonable’ rates.” Popowsky v. PUC, 665 A.2d 808, 811, 542 Pa. 99, 107-108 (1995); 66 Pa. C.S. § 1301.
12. The just and reasonable standard requires the Commission to conduct a careful weighing of the interests of customers in affordable rates against the financial needs of the utility. Id.
13. Courts evaluating the application of the substantial evidence standard have clarified that the sufficiency of the evidence required is directly related to the nature and extent of the authority (i.e., rate increase) requested. Lansberry v. Pa. PUC, 578 A.2d 600, 603 (Pa. Commw. Ct. 1990).
14. It is unjust and unreasonable to raise rates for gas service, which is already unaffordable for a large number of Peoples customers, without taking clear and articulable steps to mitigate the impact of the proposed rate increase on vulnerable households. 66 Pa. C.S. § 1301.
15. The terms of the Low Income Stipulation and the benefits they will provide to struggling low income customers are just, reasonable, and in the public interest and should be approved by the Commission. Low Income Stipulation at ¶¶ 1-11
16. The Commission’s LIURP regulations explicitly provide that LIURP is intended to help low income customers to reduce their bills and decrease the incidence and risk of customer payment delinquencies and the attendant utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs.” 52 Pa. Code § 58.1.
17. Section 62.2 of the Commission’s regulations defines the term “confirmed low-income residential customer account” as: “Accounts where the NGDC has obtained information that would reasonably place the customer in a low-income designation. This information may include receipt of LIHEAP funds (Low-Income Home Energy Assistance Program), self-certification by the customer, income source or information obtained in § 56.97(b) (relating to procedures upon rate-payer or occupant contact prior to termination).” 52 Pa. Code § 62.2.
18. Section 56.32(e) of the Commission’s regulations prohibits utilities from collecting security deposits from customers who are confirmed to be income eligible for its customer assistance programs. 52 Pa. Code § 56.32(e).
19. The terms of the Low Income Stipulation between CAUSE-PA, PWPTF, and Peoples are just, reasonable, and in the public interest and should be approved. Low Income Stipulation at ¶¶ 1-18.

PROPOSED ORDERING PARAGRAPH

1. The terms and conditions set forth in the Low Income Stipulation of CAUSE-PA, PWPTF, and Peoples are just, reasonable, and in the public interest and are therefore approved without modification.