

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY)	
COMMISSION)	
)	
v.)	Docket R-2018-3000164
)	
PECO Energy Company--Electric)	
Division)	

SURREBUTTAL TESTIMONY OF
ROGER D. COLTON

ON BEHALF OF THE
OFFICE OF CONSUMER ADVOCATE

August 8, 2018

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Roger Colton. My business address is 34 Warwick Road, Belmont, MA
3 02478.

4
5 **Q. ARE YOU THE SAME ROGER COLTON WHO PREVIOUSLY PREPARED**
6 **DIRECT TESTIMONY IN THIS PROCEEDING ON BEHALF OF THE OFFICE**
7 **OF CONSUMER ADVOCATE?**

8 A. Yes.

9

10 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY.**

11 A. The purpose of my Surrebuttal Testimony is to respond to the Rebuttal Testimony of
12 PECO Witness Mark Kehl regarding low-income customer issues.

13

14 **Q. PLEASE RESPOND TO MR. KEHL'S TESTIMONY REGARDING YOUR**
15 **CALCULATION OF THE EFFECTIVE REVENUE LOSS TO LOW-INCOME**
16 **CUSTOMERS ATTRIBUTABLE TO PECO'S PROPOSED INCREASE TO ITS**
17 **CUSTOMER CHARGE.**

18 A. PECO Witness Mark Kehl argues that low-income customers will not be harmed by
19 PECO's proposed \$4.05 per month increase in the Company's fixed monthly customer
20 charge because "confirmed low-income customers enrolled in CAP will not experience a
21 \$4.05 per month increase in their bill." (PECO Statement 7-R, at 5). Mr. Kehl's
22 argument fails on two levels. First, Mr. Kehl does not respond to the fact that, as I note
23 in my Direct Testimony, CAP enrollment is a relatively small percentage of the total

1 number of estimated low-income customers. While PECO has an estimated 381,799 low-
2 income customers on its system (OCA Statement 4, at 8), the Company enrolls fewer
3 than 133,000 CAP participants. (OCA Statement 4, at 26). In other words, PECO enrolls
4 roughly only one-third of its low-income customers in CAP. Moreover, not all CAP
5 participants take service under the Company's percentage of income plan. Instead,
6 PECO allows income-eligible customers to enroll in CAP, even if their electric bill
7 burden (*i.e.*, bill as a percentage of income) is affordable, in order to access arrearage
8 forgiveness. These CAP participants will pay the full amount of the Company's
9 proposed increase in the monthly customer charge.

10
11 Moreover, Mr. Kehl's comments about the Low-Income Home Energy Assistance
12 Program ("LIHEAP") being a federal program and how "PECO is not proposing to
13 decrease LIHEAP funding in this proceeding," does not respond to my Direct Testimony.
14 My Direct Testimony was that the "increased customer charge will reduce the buying
15 power of LIHEAP for PECO Electric's customers." (OCA Statement 4, at 6) (emphasis
16 added). I did not testify that the Company is "proposing to decrease LIHEAP funding in
17 this proceeding." Rather, I established that the proposed increase in the customer charge
18 "has the same impact on PECO Electric confirmed low-income customers as an 82%
19 reduction in LIHEAP benefits for those PECO Electric confirmed low-income
20 customers." (OCA Statement 4, at 7) (emphasis added). As such, Mr. Kehl does not
21 respond to my testimony that this impacts the most payment-troubled customers on the
22 PECO system.

1 **Q. PLEASE RESPOND TO MR. KEHL’S REBUTTAL TESTIMONY REGARDING**
2 **YOUR RECOMMENDATION THAT PECO TARGET A CERTAIN PORTION**
3 **OF ITS LIURP INVESTMENTS TO HIGH USE, HIGH CAP CREDIT,**
4 **CUSTOMERS.**

5 A. Mr. Kehl does not respond to my recommendation that PECO target a specified portion
6 of LIURP investments to high use, high CAP Credit customers other than to argue that
7 the Company’s “LIURP implementation strategy is appropriate.” (PECO Statement 7-R,
8 at 15). Mr. Kehl does not address the fact that PECO has an obligation to operate in an
9 efficient and effective manner in controlling costs, including controlling the costs of CAP
10 credits paid by CAP non-participants. Mr. Kehl does not dispute the fact that targeting
11 high use, high CAP credit customers would generate dual benefits to both CAP
12 participants (by improving affordability) and to CAP non-participants (by reducing the
13 costs of the CAP credits which they pay). While Mr. Kehl summarily argues that
14 targeting a subset of customers for LIURP investments would be “both burdensome and
15 unnecessarily restrictive” (PECO Statement 7-R, at 15), he makes no effort to explain
16 why, or how, or to what extent, such targeting would be “burdensome” and/or
17 “restrictive.” By its very nature, of course, the LIURP program involves some
18 “targeting” of subsets of customers. Every Pennsylvania utility, including PECO,
19 engages in such targeting of subsets of low-income customers. What I propose in my
20 recommended targeting of high use, high CAP credit, CAP participants is not different
21 in-kind from the existing types of targeting in which PECO engages. It would be no
22 more burdensome or restrictive than other PECO LIURP implementation decisions. The
23 primary difference in the additional targeting which I recommend, and which Mr. Kehl

1 did not dispute, is that it would reduce the costs of CAP more than PECO's current
2 practice and, as a result, would also reduce the rates paid by CAP non-participants.

3
4 **Q. PLEASE RESPOND TO MR. KEHL'S REBUTTAL TESTIMONY RESPONDING**
5 **TO YOUR RECOMMENDATIONS ON ADDITIONAL MEANS TO VERIFY**
6 **INCOME WHEN A CUSTOMER IS FACING A WINTER TERMINATION.**

7 A. Mr. Kehl opposes providing additional means to verify income when a customer is facing
8 a winter termination. (PECO Statement 7-R, at 16 – 17). He argues that such
9 modifications are not necessary given the Commission's ongoing generic proceeding to
10 update statewide universal service program requirements. (PECO Statement 7-R, at 16-
11 17). Mr. Kehl did not acknowledge, however, that the Staff Report on universal service
12 (Docket No. M-2017-2596907, March 28, 2018) did not include the winter moratorium
13 implementation as a "universal service" issue to be considered in that proceeding. The
14 scope of that investigation was set forth in the PUC's Motion establishing the proceeding
15 (Docket M-2017-2596907, April 6, 2017) and was limited to universal service programs
16 as set forth in each utility's Universal Service and Energy Conservation Plan ("USECP"),
17 along with the process of reviewing those USECPs. Implementation of the winter
18 moratorium is not part of the USECP process.

19
20 Moreover, PECO argues that it recently reached a settlement with the Bureau of
21 Investigation and Enforcement ("I&E") regarding verifying proof of income for purposes
22 of the winter moratorium. (PECO Statement 7-R at 17-18). The OCA was not a party to
23 that proceeding and has not yet had the opportunity to comment on that settlement in

1 accordance with PUC procedures.¹ In addition that proceeding was much narrower in
2 scope than the issues which I raised in my Direct Testimony. The Settlement of that
3 proceeding involving I&E states in relevant part that “This matter concerns an informal
4 investigation initiated by I&E prosecutory staff based on information referred to I&E by
5 the Commission’s Bureau of Consumer Services (‘BCS’). BCS received informal
6 complaints from several customers that PECO had terminated electric service to low-
7 income customers during the winter months in 2015 and 2016 despite knowledge that
8 these customers’ incomes met or fell below the 250% of the federal poverty threshold. . .”
9 (Docket No. M-2018-2531404, I&E Settlement, at 3) (emphasis added). The I&E
10 Settlement stated that “BCS reviewed these informal complaints and identified nearly
11 three dozen total informal complaints for which BCS concluded that PECO had
12 impermissibly terminated low-income customers during the winter months.” (Id., at 4)
13 (emphasis added). As can be seen, the settlement arose from a proceeding in which BCS
14 found that PECO had terminated winter service “despite knowledge that these customers’
15 incomes met or fell below” the income entitling them to winter protections.

16
17 My Direct Testimony specifically addresses a different group of customers from those
18 identified in the I&E Settlement. The I&E Settlement addresses those customers who
19 have been *identified* as confirmed low-income customers by PECO. My Direct
20 Testimony stated “the disconnection of service to customers who have been identified as
21 confirmed low-income customers is not the problem which I seek to address.” (OCA
22 Statement 4, at 30) (emphasis added). Instead, my Direct Testimony addresses the

¹ OCA would not have been a party to this enforcement action of I&E as these matters are kept confidential until the Settlement is filed at the Commission. The Commission would then generally address that Settlement at a Public Meeting and provide an opportunity for comment by other interested stakeholders.

1 inadequacy of PECO’s efforts to identify all appropriate low-income customers with
2 which to begin. I demonstrate that “the Company has implemented a very limited way
3 through which customers may demonstrate that they have household incomes at or below
4 250% of the Federal poverty level” and that “the Company’s tariff seems to be unduly
5 restrictive in the documentation it seeks customers to produce.” (OCA Statement 4, at
6 30). As can be seen, the issue presented in my Direct Testimony is of a substantively
7 different character than that issue which was addressed in the I&E Settlement. Mr.
8 Kehl’s referencing of that Settlement does not respond to the issue which I raise.
9
10

11 **Q. PLEASE RESPOND TO MR. KEHL’S REBUTTAL TESTIMONY REGARDING**
12 **PECO’S IDENTIFICATION OF CONFIRMED LOW-INCOME CUSTOMERS.**

13 A. Mr. Kehl states in a headnote that his Rebuttal Testimony is designed to respond to my
14 Direct Testimony regarding PECO’s failure to reasonably identify confirmed low-income
15 customers, but his Rebuttal Testimony does not respond to that issue. Instead, Mr. Kehl
16 responds only to issues regarding the winter shutoff moratorium. As my Direct
17 Testimony specifically notes, however, the process of identifying confirmed low-income
18 customers raises issues “quite aside from the application of regulatory winter shutoff
19 protections. . .” (OCA Statement 4, at 26). With PECO not responding to or rebutting
20 directly any aspect of my Direct Testimony regarding its failure to adequately identify
21 confirmed low-income customers, my recommendations on this issue should be adopted.
22

1 **Q. PLEASE RESPOND TO MR. KEHL’S REBUTTAL TESTIMONY REGARDING**
2 **BUDGET BILLING.**

3 A. Mr. Kehl agrees with my Direct Testimony that “targeted outreach regarding budget
4 billing to low-income customers and customers with a [deferred payment arrangement]
5 DPA would be reasonable.” (PECO Statement 7-R, at 18). If coupled with an agreement
6 to implement the actions steps I recommended through which such an agreement would
7 be implemented, that Rebuttal Testimony seems to satisfactorily resolve this issue.

8
9 Mr. Kehl, however, opposes maintaining customers with a DPA on budget billing once
10 their DPA is successfully completed. (PECO Statement 7-R, at 18). He states that
11 “PECO does not support the automatic enrollment of customers with a DPA into budget
12 billing because customers should have the flexibility to determine their own bill
13 structure.” (PECO Statement 7-R, at 18). What Mr. Kehl does not acknowledge is that
14 even under my recommendation, customers would always have the opportunity to request
15 that they be billed through PECO’s standard billing procedures rather than through a
16 budget bill. PECO would not maintain a customer on Budget Billing over the objection
17 of the customer. Given the advantages of budget billing to both the customer and to
18 PECO, budget billing would simply be the default billing mechanism upon completion of
19 a DPA.

20
21 **Q. PLEASE RESPOND TO MR. KEHL’S REBUTTAL TESTIMONY REGARDING**
22 **10- AND 11-MONTH BUDGET BILLING PLANS.**

1 A. Mr. Kehl opposes the implementation of 10-month and/or 11-month budget billing plans.
2 (PECO Statement 7-R, at 19). He offers no assessment or evidence to support his
3 opposition. He merely asserts, without analysis or facts, that such plans “could have the
4 effect of breaking good payment habits and increasing the overall risk of customer
5 nonpayment.” (PECO Statement 7-R, at 19) (emphasis added). Mr. Kehl does not
6 respond to my Direct Testimony, based on my extensive work in this area, on how and
7 why 10- and 11-month payment plans not only would not result in that effect, but would
8 have the opposite effect. For all of the undisputed reasons presented in my Direct
9 Testimony (OCA Statement 4, at 22 – 23), the offer of 10-month and/or 11-month
10 levelized payment plans would improve the payment patterns for clearly identified
11 sectors of the residential population.

12

13 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

14 A. Yes it does.

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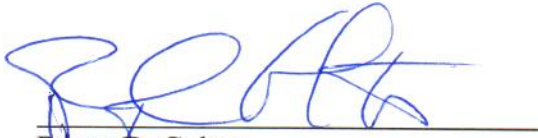
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
v. : Docket No. R-2018-3000164
PECO Energy Company :

VERIFICATION

I, Roger D. Colton, hereby state that the facts above set forth in my Surrebuttal Testimony, OCA Statement No. 4S, are true and correct and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Signature:



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DATED: August 8, 2018
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