

COMMONWEALTH OF PENNSYLVANIA



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March 7, 2017

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

Re: Philadelphia Gas Works Universal Service
and Energy Conservation Plan for 2017-2020
Submitted in Compliance with § 62.4
Docket No. M-2016-2542415

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Comments in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in black ink that reads "Christy M. Appleby".

Christy M. Appleby
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Enclosures

cc: Joseph Magee, BCS
Sarah Dewey, BCS
Louise Fink Smith, Law Bureau
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Philadelphia Gas Works Universal Service :
And Energy Conservation : Docket No. M-2016-2542415
Plan for 2017-2020 Submitted in :
Compliance with § 62.4 :

COMMENTS
OF THE
OFFICE OF CONSUMER ADVOCATE

The Office of Consumer Advocate (OCA) files these Comments pursuant to the Pennsylvania Public Utility Commission's (Commission) directive in the Tentative Order entered on January 26, 2017.¹

I. INTRODUCTION

On April 28, 2016, Philadelphia Gas Works (PGW or Company) filed its Universal Service and Energy Conservation Plan (USECP or Plan) for 2017 through 2020, in accordance with the Commission's regulations at 52 Pa. Code § 62.4, relating to natural gas universal service and energy conservation requirements. On January 26, 2017, the Commission entered its Tentative Order on the Plan which requested Comments from interested parties. The Commission requested that PGW provide Supplemental Information within twenty days from the Order and requested Comments from interested parties twenty days thereafter. On February 15,

¹ The OCA was assisted in the preparation of these Comments by its consultant, Roger D. Colton. Roger Colton is a principal in the firm of Fisher Sheehan & Colton, Public Finance and General Economics. Mr. Colton provides technical assistance to a variety of public utilities, state agencies, and consumer organizations on rate and customer service issues for telephone, water/sewer, natural gas and electric utilities. Mr. Colton's work focuses on low-income energy issues, and he has testified and published extensively in this area.

2017, PGW filed the Supplemental Information in Response to the January 26, 2017 Tentative Order.

As part of the Settlement of PGW's Phase I Demand Side Management (DSM) Plan at Docket Nos. R-2009-2139884 and P-2009-2097639, PGW moved its Low Income Usage Reduction Program (LIURP) from the Universal Service and Energy Conservation Plan (USECP) into its Phase I DSM Plan. See, Tentative Order, History at 4. On December 23, 2014, PGW filed its proposed Phase II DSM Plan for 2015 through 2020 at Docket No. P-2012-2459362. Id. In the Phase II Petition, PGW proposed to continue to offer LIURP as part of its Phase II DSM Plan and to change the name of the LIURP program to CRP Home Comfort. Id. As part of its Order in the Phase II DSM Plan, the Commission reduced the annual LIURP budget from \$7.6 million to \$5,860,506 and directed PGW to incorporate the CRP Home Comfort program back into the Company's 2017-2020 USECP. Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan for FY 2016-2020 and Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 52 Pa. Code § 62.4 – Request for Waivers, Docket No. P-2014-2459362, Order at 34-35 (November 1, 2016) (Phase II DSM Plan Order).

PGW's 2017-2020 Universal and Energy Conservation Plan contains four components: (1) the Customer Responsibility Program (CRP), PGW's Customer Assistance Program, which provides discounted rates for low-income customers; (2) Low Income Usage Reduction Program (LIURP), CRP Home Comfort, that provides weatherization and usage reduction services to help low-income customers; (3) a Customer Assistance Referral and Evaluation Services (CARES) program that provides referral services for low-income customers with special needs; and (4) a

Hardship Fund that provides grants to customers who have had their utility service terminated or are in danger of termination.

In the January 26, 2017 Tentative Order in this proceeding, the Commission requested additional information from PGW on a large number of important and inter-related issues including the following:

- (1) Provide details of its cost-estimate evaluation of allowing customers to enroll in CRP based on a PIP or a budget bill payment, whichever is more affordable. The Company should also provide the requested information regarding CRP denials.
- (2) Address the questions regarding the proposed CRP pilot consumption limit policy.
- (3) Explain whether its use of external sources to verify CRP household information has changed.
- (4) Address whether the Company will accept annual tax returns as proof of current income for self-employed customers.
- (5) Explain what amounts the Company requires a customer to pay prior to reenrollment in CRP.
- (6) Explain whether the Company's online application process will allow customers to securely submit requested documentation (e.g., paystubs, identification, tax returns) through its website and whether this process will allow customers to complete CRP recertifications and applications for CRP Home Comfort or its Hardship Fund.
- (7) Provide specific information related to the CRP Home Comfort \$710,939 program and administrative cost, and indicate which costs, or which portion of the costs, are associated with the DSM or USECP.
- (8) Indicate the duration of the proposed CRP Home Comfort Health and Safety pilot and the reason(s) waivers to Sections 58.11, 58.12, and/or 58.18 would be necessary. Comply with the prerequisites for requesting waivers.
- (9) Provide the requested details about its Conservation Incentive Credits Pilot program.
- (10) Address the concerns and questions raised about the LIME program.

- (11) Explain why the Company is not currently tracking quick-fix CARES referrals and whether this information will be tracked in the future.
- (12) Address whether the Company will modify its Hardship Fund policy which requires a Hardship Fund grant to eliminate a CRP customer's deferred arrears and identify the number of customers rejected in 2014 and 2015 because the Hardship Fund grant amount would not eliminate their deferred arrearage balance.
- (13) Recalculate the needs assessment based on the direction provided in this Order.
- (14) Explain why CRP outreach to SCD participants was discontinued and share its findings from its annual analysis of its CRP outreach efforts.
- (15) Explain why it is unwilling or unable to make any suggested changes.

Tentative Order at 40-41.

The Tentative Order also invited interested parties to comment on any provision of the Company's Proposed Plan. Tentative Order at 1. The OCA addresses the following issues in its Comments: (1) percentage of income vs. budget bill; (2) pilot consumption limits; (3) external sources used to verify CRP customers; (4) CRP future intake process; (5) CRP Home Comfort, or LIURP, including eligibility, proposed health and safety pilot program, and budget; (6) Hardship Fund; and (7) the needs assessment. The OCA has raised two additional issues regarding the use of community-based organizations to increase CRP applications and potential improvements to the CRP outreach proposal.

II. COMMENTS

A. Percentage of Income vs. Budget Bill

The Tentative Order examines whether PGW should modify the CRP to allow customers to enroll in CRP at their budget billing level if it is lower than the PIP and to allow these customers to receive the benefits of CAP, including arrearage forgiveness, LIURP, and waived late payment charges. Tentative Order at 10. The Tentative Order states that prior to the filing

of the Amended Proposed 2017-2020 Plan, the Bureau of Consumer Services informally requested that PGW consider this modification. Tentative Order at 10. BCS identified that out of 399 informal complaints regarding CRP, 19 percent were from customers who were determined to be ineligible for CRP because the monthly budget was lower than the CRP Percentage of Income Payment (PIP) amount. Tentative Order at 11. In order to qualify for the budget bill or payment arrangement, these otherwise income eligible customers were required to make up-front payments beyond their means. Tentative Order at 11. The Tentative Order states that if the customer had broken two payment arrangements, the Company would still not enroll the customer in the CRP, if the budget amount was lower than the PIP amount. Tentative Order at 11. The OCA supports the Tentative Order's recommendation that PGW modify its program to allow income-eligible low-income customers the opportunity to receive the benefits of CRP, including arrearage forgiveness, LIURP and waived late payment fees in this situation.²

PGW states that it concluded BCS's proposal would increase the costs of CRP by approximately \$26 million to \$36 million annually. Amended Plan at 4. The Tentative Order requests that PGW provide a breakdown of the cost estimate that would explain how the proposed modification would result in an increase in program costs of approximately \$26 million to \$36 million. Tentative Order at 12. In its Supplemental Information, PGW states that the Company requested that H. Gil Peach & Associates review PGW's CRP and consider CRP policy modifications. Supplemental Information at 6-7. In the Supplemental Information, PGW states that the Company initially misunderstood the question asked by BCS to mean that "BCS's suggestion (and goal) was to have all low-income customers included in CRP, including those who are not currently on CRP but for whom the program would be beneficial as currently

² One concern that will need to be addressed with the customer is that the customer is not eligible for a Commission-made payment arrangement if the customer gets in arrears on the CRP payments.

structured.” Supplemental Information at 6. PGW states that they hired Gil Peach to conduct an evaluation of the (1) the inclusion of all low-income customers on a modified CRP and (2) the current affordability of PGW’s CRP program. Supplemental Information at 6. PGW states that as a result of the study, “expanding CRP as suggested would provide certain customers with an energy burden amount that is lower than what would be calculated under the current policy statement on customer assistance programs.” Supplemental Information at 7.

As PGW acknowledges in its Supplemental Information, the cost information for \$26 million to \$36 million would be for a very different program than what was proposed by the Tentative Order and BCS. The Supplemental Information does not answer the question of how much it would cost to enroll customers with a lower budget bill in the CRP and to provide them with arrearage forgiveness and LIURP. The OCA submits that the cost of such a program would likely be significantly less than PGW’s estimate. The OCA submits that in 2015, PGW had total CRP costs of \$56.5 million, only 12 percent of those costs were associated with arrearage forgiveness (or \$6.8 million). Bureau of Consumer Services 2015 Universal Service Programs & Collections Performance at 46-47. In 2014, the total CRP costs reached \$71.2 million, but only 8%, or \$5.7 million, were associated with arrearage forgiveness. Id. at 46-47. In 2015, the average annual arrearage forgiveness per customer was \$112, and in 2014 was \$94. Id. at 45. The OCA submits that the actual additional costs should be a fraction of the amounts identified in PGW’s Supplemental Information. PGW should provide a revised estimate for the Commission and the parties.

The OCA supports allowing low-income customers who would qualify for a \$0 CAP discount rate to still enroll in CAP and receive arrearage forgiveness by making budget billing payments. Prior to PECO’s change to the current Fixed Credit Option program, PECO’s

residential heating (RH) customers at the highest income tiers were enrolled in CAP and received arrearage forgiveness but did not receive a CAP discount. In its Supplemental Information, PGW argues that the customers already have an affordable bill, and therefore, arrearage forgiveness would mean decreasing the energy burden for the customer below the requirements of the Commission's CAP Policy Statement. Supplemental Information at 7-8. The OCA does not agree that the energy burdens identified by the Commission's CAP Policy Statement would be impacted. The energy burdens are designed to establish an affordable rate for the low-income customer. The calculation of arrearage forgiveness is not used to determine the energy burden for the customer because the CAP customer does not pay the arrearage forgiveness – the arrearage forgiveness is paid for by all other ratepayers.³

B. Pilot Consumption Limits

In its Amended Plan, PGW proposes that “CRP customers that use more than 2,125 ccf annually will receive energy education material and be referred to the CRP Home Comfort Program as appropriate.” Amended Plan at 18. Under the pilot, the Company will send the customer a letter explaining the CAP Policy Statement exemptions to consumption limits and provide conservation tips. *Id.* PGW states that the household would also be referred to CRP Home Comfort for weatherization. *Id.* If CRP Home Comfort services are declined, PGW would remove the customer from the CRP. *Id.* PGW proposes to develop a “Reasons Analysis” in order to explore the causes of excess gas usage and use the information to propose a consumption limit policy in the next USECP filing. Amended Plan at 19. PGW would then propose to develop a consumption or CAP credit limit for CRP that would be recalculated each year based on a usage distribution analysis. Amended Plan at 19.

³ The OCA notes that PGW's customers pay a nominal \$5 co-payment towards the arrearages which would otherwise increase the customer's asked-to-pay amount. Amended Plan at 7.

The Tentative Order requests additional information about PGW's proposed pilot consumption limit program:

- How and when will CRP participants be informed of this consumption limit once implemented?
- What will happen if CRP participants continue to exceed the consumption limit after energy education and weatherization services are provided?
- What is the projected annual cost of the proposed "Reasons Analysis" for evaluating the causes of excess gas usage?

Tentative Order at 14. In the Supplemental Information, PGW responds that PGW will do a mailing to all active CRP customers to notify them about the program and notify new customers at the time of the application. Supplemental Information at 10. PGW states that the purpose of the pilot is to develop the Reasons Analysis for excess energy usage and that a final consumption limit policy would be proposed in the next 2021-2023 USECP. PGW proposes to conduct a stakeholder collaborative in 2019 or 2020 to discuss the next steps. Id. PGW proposes to conduct the study through an internal analysis and does not currently request cost recovery. Id.

The Company's proposal is consistent with the CAP Policy Statement. Section 69.265(3)(iii) provides that limits on consumption should be set at a percentage of the participant's historical average usage and recommends a level of 110%. 52 Pa. Code § 69.265(3)(iii). Consumption limits are an effective mechanism to control the costs of the program for all other ratepayers. The OCA agrees that the Company's proposed Reasons Analysis would help to identify the appropriate consumption level to be established in the next universal service plan.

In order to be effective, however, the OCA submits that CRP participants must be notified of the consumption limit in advance. Customers should be provided notification periodically in advance that they are in danger of exceeding their consumption limit. Such

notification should be provided in sufficient time to allow customers to adjust their behavior. Customers also should be provided with specific energy education information that will allow the customers to have the tools to reduce their energy consumption, and as the PGW proposal indicates, high usage customers should be referred to LIURP for treatment.

The OCA supports reasonable consumption limits which are within the control of the customer.⁴ The CRP customer should be exempt from such consumption limits if the excess usage is “beyond the control of the customer.” The OCA would define “beyond the control of the customer” by using the factors identified in the Commission’s CAP Policy Statement, Section 69.265(3)(vi). These factors would include: (1) the household experienced the addition of a family member; (2) a member of the household experienced a serious illness; (3) energy consumption was beyond the household’s ability to control; (4) the household is located in housing that is or has been condemned or has housing code violations that negatively affect energy consumption; or (5) energy consumption estimates have been based on consumption of a previous occupant. 66 Pa. C.S. § 69.265(3)(vi)(A)-(E).

Finally, the OCA submits that the Reasons Analysis should examine how much it will cost to implement the consumption limit and how much cost reduction would occur because of the consumption limit. Increases to the costs of the consumption limit would include, but not be limited to, such factors as cost of periodic notifications to customers, costs of energy education information, and increases needed to the LURP budget.

C. External Sources Used To Verify CRP Customers

⁴ The OCA would define “beyond the control of the customer” by using the factors identified in the Commission’s CAP Policy Statement, Section 69.265(3)(vi). These factors would include: (1) the household experienced the addition of a family member; (2) a member of the household experienced a serious illness; (3) energy consumption was beyond the household’s ability to control; (4) the household is located in housing that is or has been condemned or has housing code violations that negatively affect energy consumption; or (5) energy consumption estimates have been based on consumption of a previous occupant. 66 Pa. C.S. § 69.265(3)(vi)(A)-(E).

The Amended Plan states that CRP participants must “authorize PGW to use external sources (*e.g.*, government records, credit reporting bureaus, and third party income verification sources) to verify household composition and income.” Amended Plan at 9. The Tentative Order states that PGW reports that the Company does not utilize credit reports or information from unregulated data brokers as part of the review process. Tentative Order at 15. The Commission requests that PGW clarify that the Company only utilizes information from the City of Philadelphia Office of Property Assessment and LIHEAP during random reviews of CRP accounts. Tentative Order at 14-15. The Commission requests that PGW provide information regarding how it complies with the Federal Credit Reporting Act requirements if the Company uses credit bureau information to question a CRP participant’s eligibility. Tentative Order at 15, citing PECO 2016-2018 USECP Final Order, Docket NO. M-2015-2507139 at 33-38 (August 11, 2016).

PGW responds that the Company only uses a credit reporting agency to check factors such as residency and to perform death audits. Supplemental Information at 12. PGW also states that it will change its policy to include the FCRA notification to customers in writing and provide customers an opportunity to dispute the information with PGW prior to removal from the program. Supplemental Information at 12. PGW proposes to provide the customer with “at least two weeks” to dispute the information. Supplemental Information at 12.

The OCA agrees with the proposal to include FCRA notification to customers when credit reporting information is used for any purposes to determine CRP eligibility. The OCA submits that the customer should be provided with thirty days, instead of two weeks, to dispute the information with PGW prior to removal from the CRP program. If the customer is provided with only two weeks from the date of the letter, the OCA submits that this may limit the

customer's ability to respond. For example, it may take several days for the letter to reach the consumer, and the consumer may need to gather information to respond back to the Company. Thirty days will give the customer the opportunity to put together the necessary information, including addressing the discrepancy with the credit reporting agency. If the Company elects to remove the customer from CAP after the time period for dispute, the removal letter to the customer also should provide information about how the customer may dispute the removal through either an informal or formal complaint at the Commission.

D. CRP Future Intake Process

PGW proposes to develop an enhancement to accept CRP applications online with an estimated implementation date of Fiscal Year 2018. PGW proposes to allow customers to securely submit on-line the requested documentation through a website to complete both CRP applications and CRP re-certifications. PGW indicates that they are currently planning to send this work out for a Request for Proposal. PGW states in its Supplemental Information that "PGW has not sought recovery of these costs." PGW Supplemental Information at 14-15. PGW clarifies in its Supplemental Information that the program will not be used for CRP Home Comfort Applications or Hardship Funds.⁵ The Tentative Order states that "we support PGW's effort to provide customers with more options in applying for CRP." Tentative Order at 17.

The OCA also supports providing customers with the option of securely transmitting application information through the Company's web portal. The OCA proposes that the on-line application information should include an "on-line help function" to allow customers to ask questions of CRP staff about the applications. The "on-line help function" would include step-

⁵ PGW states that it will not use on-line applications for CRP Home Comfort because the CRP Home Comfort program is only provided for customers who meet certain eligibility criteria. PGW also states that it will not use the on-line applications for Hardship Fund grants because they are provided through the Utility Emergency Services Fund (UESF) organization. PGW Supplemental Information at 14.

by-step instructions about how to fill out the application, perhaps an FAQ, and resources to assist the consumer with resolving any technical difficulties. The on-line information should also include Company contact information and locations and hours of operation for the PGW service centers so that consumers may call the Company with questions or visit the service center in person if consumers are experiencing problems with the on-line application process.

As part of this process, the OCA submits that PGW should also examine its in-person application process, application by mail process, and recertification process. According to PGW’s website, district offices are open from 9 a.m. to 5 p.m. on designated weekdays.⁶ It is the OCA’s understanding from the Commission’s 2014-2016 USECP Tentative Order that opportunities for PGW customers to apply or recertify for CRP in-person are limited to three days per week in four district offices, and four days per week in the other two. PGW 2014-2016 USECP Tentative Order at 18. The OCA submits that PGW should examine options to utilize community-based organizations to assist CRP customers with their applications. The use of community-based organizations would provide CRP customers with an additional option to receive assistance with their applications and also engage the community-based organization in making referrals to the CRP program for eligible clients.

E. CRP Home Comfort (LIURP)⁷

1. CRP Home Comfort Eligibility

In its Tentative Order, the Commission identifies a concern with PGW’s policy of excluding non-CRP participants from enrollment in the CRP Home Comfort program. Tentative Order at 20. The Commission states that the “regulations do not designate or require that low-income customers be enrolled in customer assistance programs in order to be eligible for LIURP,

⁶ <http://www.pgworks.com/residential/contact-us/our-locations>

⁷ The OCA notes that it discusses the CRP Home Comfort Budget in Section H below.

so the use of CRP/non-CRP status is not an acceptable criterion for eligibility determination.” Tentative Order at 20. The OCA agrees with the Commission that CRP participation should not be a requirement for LIURP participation. As the OCA stated in its recent Comments filed regarding the LIURP regulations, the OCA specifically recommends that the Commission’s LIURP regulations be revised to allow low-income non-CAP participants to participate in LIURP. See, Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1-58.18, Docket No. L-2016-2557886, OCA Comments at 18-20 (January 30, 2017).

The OCA supports the Commission’s recommendation to allow non-CRP participants to be eligible for LIURP. Tentative Order at 20. The OCA agrees that LIURP should be targeted towards the highest users with the primary goal of reducing energy usage. Using CRP customers as the only eligibility criterion would miss customers whose consumption would be within the highest 30% of users but do not participate in CRP. See, Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan for FY 2016-2020 and Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 52 Pa. Code § 62.4 – Request for Waivers, Docket No. P-2014-2459362, OCA Comments at 20 (August 15, 2016). All customers, and the system, can benefit from reducing the energy use of the highest use customers whether or not the customer is in CAP.

2. Health and Safety Allowance Pilot

In its Amended Plan, PGW proposes to initiate a health and safety pilot program to begin in 2017 that would allow contractors to spend up to \$2,000 per project on the installation of health and safety measures, without the cost impacting the project’s Total Resource Cost (TRC) test cost-effectiveness. Amended Plan at 25. PGW states that the total program costs will be

limited to \$100,000. Id. PGW requests waivers of Sections 58.11, 58.12, and/or 58.18 in order to implement the program. Tentative Order at 22-23.

In its Tentative Order, the Commission states that it supports the pilot and is interested in seeing the results of the health and safety pilot. Tentative Order at 22. The Commission requests that PGW provide additional information regarding the duration of the pilot and what types of metrics would be necessary to move the program to permanent status. Id. In the Supplemental Information, PGW states that the program would be limited to the duration of USECP, from 2017-2020, and the proposed budget is included as a part of the LIURP budget. The LIURP budget would not be increased to accommodate this pilot program. PGW states that it intends to study the impacts of the proposal to determine the next steps after the 2017-2020 USECP Plan. PGW Supplemental Information at 19.

The OCA supports a proposed pilot program to install health and safety measures. The OCA, however, is concerned about the Company's proposal to spend up to \$2,000 per project on such measures. The OCA is concerned that health and safety measures do not become the primary use of LIURP, or as the primary source of funds of housing rehabilitation, if the Company were to continue the program in the future. The OCA is satisfied that the proposed budget cap of \$100,000 will limit the program's cost to ratepayers, but the OCA's acceptance of the \$2,000 per project budget cap for purposes of the pilot should not be construed as consent to maintain such a budget if the Company proposes to make the health and safety pilot a permanent program.

PGW states that to evaluate the success of the pilot, first, PGW will consider how the pilot will help to decrease the number of cases that are deferred from comprehensive weatherization due to health and safety needs. Second, PGW will evaluate whether the pilot

increases the number of projects that would provide deep savings greater than 25%. PGW Supplemental Information at 19. The OCA supports the identified elements to be examined and submits that the Commission's Order specifically should require that the Company collect this data at the conclusion of the pilot program. The OCA also recommends that an evaluation of the program should track the specific measures installed, the costs of the measures installed, and the savings otherwise achieved through the installation of the health and safety measures.

Regarding the requested waivers of Section 58.11 (payback periods), 58.12 (incidental repairs), and/or 58.18 (petition for exemptions from the LIURP regulations), the OCA submits that the waivers should be limited only to the health and safety measures implemented within the pilot program. As the Tentative Order indicates, the waivers should also be of a limited timeframe. Tentative Order at 22-23. The OCA submits that the waivers should be limited to the timeframe of the pilot, which the Company indicates would be from 2017-2020.

F. Hardship Fund

The Tentative Order identifies a concern with PGW's current policy regarding Hardship Funds. Tentative Order at 27-28. PGW's policy requires the Hardship Fund to satisfy all arrears, including frozen deferred arrears for CRP participants. Amended Plan at 29; Tentative Order at 27. PGW states in its Supplemental Information that the Company has engaged in discussions with its Hardship Fund partner, Utility Emergency Service Fund (USEF), regarding this modification. Supplemental Information at 26-27. PGW states that the Company has requested that USEF "examine whether it would consider modifying certain of their policies – to allow a Hardship Fund grant to be paid to a CRP customer but not all CRP deferred arrears, and removing the two year stay out requirement." Supplemental Information at 28. According to

PGW, UESF has “expressed some concerns” because one of the purposes of the UESF grants has been to provide the customer with a clean slate. Id.

The OCA supports the recommendation of the Tentative Order that the customer’s frozen arrears not be considered for the Hardship Fund. The OCA appreciates the efforts of the Company to address this issue with USEF. While the OCA appreciates USEF’s perspective to give the customer a clean slate, an arrearage forgiveness mechanism has been established through the CRP to do just that – to provide forgiveness over 36 months to the customer for on-time, in-full payments. Those funds are not immediately “owed” by the customer to get back into the CRP program and to get service restored. The frozen arrearages do not appear on the asked-to-pay amount in a bill tendered to the customer. The OCA submits that given that Hardship Funds are limited, this policy also reduces Hardship Funds that would be available to other customers who have unpaid bills that are not subject to arrearage forgiveness.

G. Needs Assessment

In the Tentative Order, the Commission identifies several concerns with the Needs Assessment calculations, and in particular, the number of LIURP-eligible customers. Tentative Order at 31. In particular, the Commission states that it finds “it unrealistic that a utility whose service territory has the highest percentage of low-income customers in the Commonwealth could identify a total of only 21,349 low-income customers who could benefit from LIURP services.” Tentative Order at 31. The Tentative Order estimates conversely that there could be at least 101,893 potentially eligible low-income customers for the program years 2017-2020. Tentative Order at 31. In its Supplemental Information, PGW revised and increased its number of confirmed low-income customers from 21,349 customers to 67,367 customers. Supplemental Information at 31.

The OCA submits that PGW's revised number of confirmed low-income customers moves in the right direction. The OCA, however, submits that PGW's revised Needs Assessment is still unrealistically low given the known population of low-income customers in PGW's service territory. In general, the OCA has concerns with the way that PGW "identifies" its confirmed low-income customers. PGW's definition of "low-income" consumers greatly limits the pool of confirmed low-income customers. PGW states that it only includes "active CRP customers, non-CRP customers who received a utility grant, and non-CRP customers with a low-income payment agreement." Tentative Order at 30. The Commission's regulations define "confirmed low-income customer" much more broadly as any customer that PGW has "accounts where the NGDC would reasonably place the customer in a low-income designation." 52 Pa. Code § 62.2. Information regarding a customer's low-income status may reasonably come from a determination of eligibility for winter shutoff protections, for deposit protections, from communications with community-based organizations, or from application of other Commission consumer protections not involving a payment plan. PGW's limited construct of "confirmed low-income customers" unnecessarily limits the potential pool of applicants.

PGW's information does not indicate whether it carries this information from year to year, but it appears from the Company's statements provided in the Supplemental Information that the Company does not carry forward the confirmed low-income customer designation information. PGW states that its estimate was based on "real data" and represents a "point-in-time snapshot of the number of customers." Supplemental Information at 28. In particular, PGW states that the number of LIURP eligible customers "does not present a single, exclusionary list of customers that will be used for program implementation purposes and does not represent the total universe of customers who could ever become eligible for LIURP."

Supplemental Information at 28. The OCA submits that a single point-in-time CRP participation number does not accurately indicate the total number of CRP participants that would be eligible for LIURP even within a single twelve-month time period.

The OCA submits that the Commission's Tentative Order estimate of 101,893 LIURP-eligible customers should be adopted. The OCA submits that the Commission's confirmed low-income customer estimate and LIURP-eligible estimate more appropriately identifies the full population of confirmed low-income customers who may be eligible for LIURP and should be adopted.

H. CRP Home Comfort Budget

In its 2017-2020 Plan, PGW proposes to increase its LIURP budget from the \$5,860,506 budget level approved in the DSM II Plan to \$6,571,445 in 2017, \$6,582,749 in 2018, \$6,697,3122 in 2019, and \$6,622,194.⁸ Tentative Order at 5; Amended Plan at 24. As discussed in Section G above, the Commission identifies concerns with the Company's Needs Assessment and notes that "the LIURP budget will need to be revised consistent with any revisions to the Needs Assessment figure." Tentative Order at 38. The OCA supports PGW's proposed increase to its LIURP budget for the Plan years 2017-2020, and the OCA also supports a further increase to the LIURP budget to address the increased LIURP needs identified by the Commission's Needs Assessment. The OCA submits that the Needs Assessment performed in the Tentative Order supports an increase to PGW's proposed \$6.5 to \$6.6 million budget for the 2017-2020 period.

The OCA submits that the Company's budget should be increased to \$7.6 million. As the OCA discussed in its Comments regarding PGW's Phase II DSM Plan, PGW, in the past, has

⁸ The CRP Home Comfort budget includes programmatic/administrative costs (including labor) and costs for the LIME pilot at \$120,048 per year. Tentative Order at 37.

fully used its previous \$7.6 million budget every year to serve more customers than any other utility. PGW has in the past spent at or near 100% of its LIURP budget every year. Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan for FY 2016-2020 and Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 52 Pa. Code § 62.4 – Request for Waivers, Docket No. P-2014-2459362, Comments at 9. In 2014, PGW spent \$7.898 million of the \$7.6 million budget; in 2013 \$7.5 million of the \$7.642 million budget. Id.

The \$7.6 million LIURP budget benefitted the low-income community in Philadelphia and would enable more low-income CRP customers to maintain service. Moreover, the Commission has proposed in this proceeding to expand the pool of eligible LIURP customers to include non-CRP low-income customers. PGW has also proposed a consumption pilot in its 2017-2020 Plan that will more closely examine the reasons for excess gas usage. PGW specifically states that customers will be referred to LIURP as a result. The OCA submits that based upon these two factors combined with the larger pool of potential LIURP participants, the OCA submits that PGW's LIURP budget should be increased to \$7.6 million.

I. Other Issues

1. Community-Based Organizations

In its most recent evaluation, APPRISE recommended that PGW make greater use of agencies that provide other low-income services. APPRISE stated that applications are more likely to be completed if the agency staff members assist the customers with the application. The OCA submits that use of community-based organizations will provide a benefit to both CRP participants and to the CRP program.

The OCA submits that use of community-based organizations may help to broaden the reach of the program into other areas of the city – areas that are not currently being tapped by the Company’s current efforts. The OCA submits that PGW should investigate using community-based organizations to help expand the population of eligible customers and to facilitate customers both applying for and timely recertifying for CRP.

2. CRP Outreach

PGW proposes to enhance its CRP Outreach “to customers who receive a LIHEAP grant, are on a low-income payment agreement, or speak Spanish.” Tentative Order at 7. The OCA supports PGW’s efforts to expand its outreach to populations which are currently under-served in CRP. The OCA submits that the Company should also expand its efforts to target the elderly pursuant to the APPRISE Evaluation recommendation as well as customers speaking other languages.

In particular, the Company’s 2012 APPRISE Evaluation recommended that PGW enhance its outreach to elderly households. APPRISE Evaluation at 79-80. APPRISE Evaluation stated that “while 27 of current and past participants had one or more elderly household members, 52 percent of non-participants had one or more elderly household members.” APPRISE Evaluation at 54, 79. The OCA submits that APPRISE identified the elderly as an under-served potentially eligible population, and PGW should explore additional opportunities to reach out to the elderly. In particular, PGW should target those elderly customers who may be better served under the CRP program than the Senior Citizen Discount program.

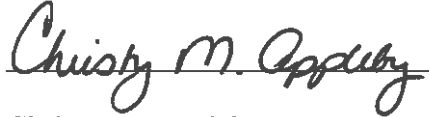
The OCA also recommends that the Company expand its outreach beyond households that speak Spanish. According to the Census Bureau, approximately one of every fourteen

households does not have someone over the age of 14 that speaks English or speaks English “very well.” American Community Survey, 2011 3-year data, Table S1602. These linguistically-isolated households include Indo-European languages (31.0%), Asian/Pacific Island languages (43.8%), and other languages (20.8%). Id. PGW should also address these populations through its outreach.

III. CONCLUSION

The OCA appreciates to Comment on PGW's Universal Service and Energy Conservation Plan for 2017-2020. The OCA respectfully submits that its comments and recommendations contained herein should be adopted.

Respectfully Submitted,



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DATE: March 7, 2017
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CERTIFICATE OF SERVICE

Philadelphia Gas Works Universal Service :
And Energy Conservation Plan for 2017-2020 : Docket No. M-2016-2542415
Submitted in Compliance With :
52 Pa. Code § 62.4 :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 7th day March 2017.

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