

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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	:	
	:	

**Comments of the Coalition for Affordable Utility Services and Energy Efficiency in
Pennsylvania (CAUSE-PA)**

March 7, 2017

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I. INTRODUCTION AND BACKGROUND

On November 16, 2016, Philadelphia Gas Works (PGW) filed its amended Universal Service and Energy Conservation Plan for 2017-2020. On January 26, 2017, the Commission issued a Tentative Order, which set forth a number of issues that required further attention before issuing its approval for the Plan. In setting forth the identified issues, the Commission ordered PGW to provide supplemental information and responses to the Commission's questions within 20 days of the entry of the Tentative Order.¹ The Commission also allowed for interested parties to provide comments within 20 days of PGW's supplemental response and reply comments within 15 days thereafter.² On February 15, 2017, PGW filed Supplemental Information responding to the issues identified by the Commission.

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) hereby submits the following comments, pursuant to the Commission's Tentative Order, which assess and respond to PGW's Supplemental Information and provide additional comments on a number of other issues raised by PGW's Amended USECP.

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 is open to moderate and low-income individuals residing in the Commonwealth of Pennsylvania who are committed to the goal of helping low-income families maintain affordable access to utility services and achieve economic independence. CAUSE-PA has appreciable

¹ TO at 42.

² TO at 42.

interests in the impact that PGW's proposed USECP has on its moderate- and low-income residential customers, which includes several members of CAUSE-PA.

As a preliminary issue, CAUSE-PA notes that PGW's Amended USECP and the Commission's Tentative Order raise numerous issues of material fact which require an evidentiary hearing. While CAUSE-PA appreciates that the Commission took care to note that it "urge[d] the parties to be cooperative in the exchange of information and data relative to this formal proceeding," the timeframe allowed for the exchange of information – just 20 days from the date parties received PGW's supplemental information – was insufficient to allow this exchange of information to occur. As Commissioner David Sweet noted in his Statement, the questions raised in this proceeding are serious and could affect well over 100,000 vulnerable, low income customers that may remain unserved by PGW's universal service programs.³ As discussed throughout, PGW's proposed enrollment levels and budgets for its package of universal service programs are insufficient to adequately serve the population, and set forth a trajectory for continued and substantial decline. This proceeding must be referred for full evidentiary hearings to gather and assess all relevant data to ensure that PGW's plan will meet the needs of its low income customers, as required by the Natural Gas Competition Act, pursuant to Commission regulation, and in furtherance of important public policy goals of this Commonwealth.⁴ This level of review is critical to ensure that PGW's program is designed with precise, evidence-based policies to deliver universal service to households that cannot otherwise afford the overwhelming cost of energy.

³ Statement of Commissioner David W. Sweet (Jan. 26, 2017).

⁴ 66 Pa. Code §§ 2802, 2803(8); 52 Pa. Code § 69.261 *et al.* (Policy Statement on Customer Assistance Programs); 52 Pa. Code Ch. 58 (residential low income usage reduction programs);

An illustration of energy insecurity in Philadelphia is helpful to contextualize CAUSE-PA’s comments and recommendations, and the urgency with which we seek comprehensive program reforms. Families and individuals with limited economic resources have the highest energy burdens,⁵ but have the least ability to satisfy or reduce that burden to a level comparable to the energy burden of median income households. **In 2015, the average income of a natural gas customer enrolled in CAP was 2015 was just \$12,223.**⁶ Yet the self-sufficiency wage for Philadelphia – meaning the level of income necessary to meet all of life’s essentials, food, medicine, housing, transportation, and childcare – is between \$40,000 and \$44,999, more than three times the average household income of a CAP customer.⁷ Even with the assistance of universal service programs, CAP-eligible households are energy insecure, and must decide each month which of life’s basic essentials they will be able to afford, and which they will go without.

Energy insecurity is a multi-dimensional and intersectional problem that reverberates into the health, safety, and welfare of the household and the broader community. Recent social science research has delineated energy insecurity into three distinct dimensions: economic, physical, and behavioral.⁸ Economic energy insecurity “represents the disproportionate financial burden that high energy costs impose on low-income households,” which is linked to the financial hardships associated with an inability to pay bills such as utility arrearages, frequent

⁵ Low income households in Pennsylvania face staggering energy burdens. For households with income less than 150% of the federal poverty level, these energy burdens are anywhere from 9-30% of their income. Roger Colton, Home Energy Affordability Gap for Pennsylvania, 2nd Ser. (April 2016), www.homeenergyaffordabilitygap.com. LIHEAP-eligible households pay between 17 and 22 percent of their income on energy costs. Economic Opportunity Studies, Meg Power, The Burden of Residential Energy Bills on Low-Income Consumers (Mar. 20, 2008), available at http://www.opportunitystudies.org/repository/File/energy_affordability/Forecast_Burdens_08.pdf

⁶ Pa. PUC, BCS, 2015 Report on Universal Service & Collections Performance, at 36 (2016) (hereinafter 2015 Universal Service Report), available at http://www.puc.state.pa.us/filing_resources/universal_service_reports.aspx.

⁷ Pa. Pathways, Overlooked and Undercounted: How the Great Recession Impacted Household Self-Sufficiency in Pennsylvania, at 7 (2012), <http://selfsufficiencystandard.org/sites/default/files/selfsuff/docs/PA2012.pdf>.

⁸ Diana Hernandez, Understanding “Energy Insecurity” and Why It Matters to Health, J. Social Science & Medicine 167, at 1-10 (2016).

terminations and disruption of service, and an inability to move from inefficient homes due to barriers associated with outstanding utility debt.⁹ Physical energy insecurity is characterized by “deficiencies in physical infrastructure of the home environment that impact thermal comfort, induce harmful exposures and increase energy costs.”¹⁰ Finally, behavioral energy insecurity is defined by “strategies used to cope, improvise and counteract the impacts of economic and physical energy insecurity.”¹¹ Taken together, these indicia of energy insecurity harm low-income households in myriad ways through the rise in food insecurity, poor health, dangerous living conditions, and often homelessness.¹² The harm, of course, also negatively impacts other ratepayers through increased uncollectible expenses and ongoing programmatic costs.

The portfolio of universal service programs – CAP (CRP), LIURP (CRP Home Comfort), Hardship Funds (UESF), and CARES – are intended to attack the intersectional problem of energy insecurity from all sides, and must be carefully tailored, both in structure and funding, to serve the needs of the individual household and, in turn, to ensure that low-income households have universal access to stable and affordable utility services.¹³ This is the Commission’s obligation in overseeing universal service programming in the Commonwealth.¹⁴ As such,

⁹ Id. at 4.

¹⁰ Id. at 6.

¹¹ Id.

¹² A 2011 survey of LIHEAP recipients conducted by the National Energy Assistance Directors’ Association (NEADA) revealed that, to pay for energy, 24% went without food, 37% went without medical or dental care, and 34% did not fill or took less than the prescribed dosage of medication. NEADA, 2011 National Energy Assistance Survey (Nov. 2011), available at <http://www.neada.org/news/nov012011.html>. Moreover, research conducted by the University of Colorado found that the inability to pay for home energy is the leading cause of homelessness for families with children.” Colorado Interagency Council on Homelessness et al., Colorado Statewide Homeless Count (2007); see also Child Health Impact Working Group, Unhealthy Consequences: Energy Costs and Child Health: A Child Health Impact Assessment of Energy Costs and the Low Income Home Energy Assistance Program (Boston, 2006).

¹³ 66 Pa. Code §§ 2802, 2803(8). As the Commission explained in its Tentative Order, “Universal service programs are subject to the administrative oversight of the Commission, which must ensure that the utilities run the programs in a cost-effective manner and that services are appropriately funded and available in each utility distribution territory. TO at 3, citing 66 Pa. Code § 2803(8).

¹⁴ See Coalition for Affordable Utility Services & Energy Efficiency in Pennsylvania et al. v. Pa. PUC, 120 A.3d 1087, 1103-1104 (Pa. Commw. Ct. 2015), appeal denied, 2016 WL 1383864 (Pa. Apr. 5, 2016) (hereinafter

PGW’s plan should not be approved until the Commission is satisfied, based on substantial evidence, that PGW’s programs meet this rigorous standard of service to alleviate all aspects of pervasive energy insecurity.

II. ISSUES IDENTIFIED BY COMMISSION

a. **Issue 1: Expanding Eligibility for CRP Based on Most Affordable Bill Payment Option**

PGW’s low income, payment troubled customers whose bills are less than the percentage of income discount threshold of PGW’s CRP should be permitted to enroll in CRP in order to receive the other benefits of program participation – including arrearage forgiveness and weatherization services.

A low-income customer of PGW is currently able to enroll in CRP only if the percentage of income threshold set for CRP results in the most affordable payment option.¹⁵ “If it is determined that CRP does not provide the most affordable bill, the customer will be provided with the lower monthly payment option and will not be enrolled in the program.”¹⁶ In essence, PGW conditions CRP enrollment on its percentage of income calculation of CRP benefits. This condition is not appropriate and contradicts both established Commission policy and important public policy considerations.

CAUSE-PA et al.) (citing 66 Pa. C.S. § 2802 (7), (9), (10), (14), (17)) (emphasis added). Note that, while the Commonwealth Court in CAUSE-PA et al. was interpreting sections of the Electric Generation and Competition Act, the universal service provisions contained in the Natural Gas Competition Act closely tracks the language interpreted by the Commonwealth Court.

¹⁵ PGW Supplemental Information at 4-5.

¹⁶ PGW First Amended Plan at 6.

First, PGW's eligibility requirement is contrary to the Commission's CAP Policy Statement.¹⁷ The Commission's CAP policy statement sets forth eligibility criteria for CAP programs, and requires only the following:

- (i) Status as a utility ratepayer or new applicant for service is verified.
- (ii) Household income is verified at or below 150% of the Federal poverty income guidelines.
- (iii) The applicant is a low income, payment troubled customer.¹⁸

But beyond this basic contradiction with established Commission policy, PGW's restrictive eligibility criteria contradicts important public policy by depriving vulnerable low income consumers from receiving the other benefits of CRP, including arrearage forgiveness and referrals to other community programs and services. For low-income households with arrears, the ability to enter CRP and take advantage of CRP's arrearage forgiveness should not be conditioned on having gas usage that exceeds a certain, set percentage of their income. Otherwise, these households would be left with no choice but to enter a payment arrangement, which, depending on the size of their arrears and their income, may be unaffordable. Likewise, the inability to access the benefits of CRP prevents otherwise eligible customers from accessing PGW's low income usage reduction program (CRP Home Comfort), which is currently limited to those who are enrolled in CRP.¹⁹

PGW's eligibility criteria also creates a problematic disparity, exacerbating the issue of program churn and the detrimental impact of PGW's year-long stay out provision.²⁰ Customers who enroll in CRP and later find that their budget bill amount is lower than their CRP amount

¹⁷ 52 Pa. Code § 69.261 et seq.

¹⁸ 52 Pa. Code § 69.265(4) (Eligibility criteria).

¹⁹ See PGW First Amended Plan at 21 ("CRP Home Comfort provides free, in-home weatherization and energy conservation education services for single-family customers enrolled in CRP.") Expansion of CRP Home Comfort to include non-CRP customers is discussed at greater length in section II.m.v below.

²⁰ PGW's CRP stay-out provisions are discussed further in section III.a.ii below.

are penalized with a one-year stay-out if they voluntarily withdraw from the program, yet others are prohibited from entering the program when their budget bill is lower than their applicable percentage of income.²¹ In other words – if a customer applies for CRP when their PIPP amount is higher than their budget amount they are excluded from the program, and the resulting arrearage management benefits; however, customers that are enrolled in CRP, and later find that their budget bill would be less than their PIPP amount, are required to stay in the program or face a one-year stay-out penalty for withdrawing from the program. While this may maximize cost-savings for PGW, it is irrational from the point of view of the customer.

CAUSE-PA asserts that the calculation of PGW’s CRP “asked-to-pay” amount should be completed *after* the eligibility determination is made, allowing those who enroll in CRP to pay *the lesser of their budget bill amount or the applicable percent of income payment, whichever is more beneficial to the customer*. Furthermore, this calculation should be done monthly as it is with other natural gas customer assistance programs (CAPs) across the state that allow eligible customers to enroll in CAP to access beneficial program components regardless of whether they also receive a monthly discount or credit and allow customers to pay the most affordable bill each month.²²

²¹ See PGW First Amended Plan at 8 (CRP Stay-out Provision).

²² See Peoples Natural Gas Company, LLC, Universal Service and Energy Conservation Plan, 2015-2018, at 8 (eligibility criteria) and 10 (payment plan) (amended Jan. 2016), *available at* http://www.puc.state.pa.us/general/pdf/USP_Plan-Peoples.pdf (“If the ratepayer’s monthly CAP payment, as calculated above, exceeds the otherwise applicable monthly budget payment amount, the monthly budget payment amount will be accepted as the CAP payment.”); *see also* UGI Gas, UGI PNG, UGI CPG, UGI Electric, Revised Universal Service and Energy Conservation Plan 2014-2017, at 13-14 (customer eligibility requirements) and 14-15 (monthly CAP payment amount) (amended Jan. 2015), *available at* <http://www.puc.state.pa.us/pdocs/1343605.pdf> (“If a customer’s monthly CAP payment amount as a percentage of the customer’s monthly income, as calculated above, exceeds the customer’s otherwise applicable average bill amount, the customer’s average bill will be set as the customer’s monthly CAP payment amount.”).

In declining to implement this approach to CRP eligibility, PGW first argues that doing so would be prohibitively costly – estimating that such a revision would cost ratepayers between \$26 and \$36 million annually.²³ But, upon further inquiry, it appears that PGW’s estimate represents the additional cost incurred if *all* low-income customers were to enroll in CRP – which its consultant estimated would cost \$26,302,840.²⁴ But expanded program eligibility does not mean that every low income household will apply for the program. Indeed, the weighted average natural gas participation rate across the state in 2015 was 35%.²⁵ As PGW admitted in submitting supplemental information about its Plan to the Commission, the cost of implementing expanded CRP eligibility is much lower: “the cost of modifying active CRP customers’ monthly amount to the average bill amount could be approximately \$648,000” and “the cost of adding low-income customers who are not on CRP at the average bill amount (with arrearage forgiveness) could be approximately \$5,027,742.”²⁶

After initial inquiry into PGW’s cost-based argument, PGW’s added a second argument in its Supplemental Response – asserting that there “may be an inherent unfairness” if it expanded CRP eligibility to include budget bill customers because some CRP customers would pay less than the maximum affordability level set forth in the Commission’s policy statement.²⁷ But PGW’s arguments fails to recognize that the Commission’s policy statement sets forth **maximum** affordability guidelines, but does not prescribe a floor.²⁸ Thus, the fact that some

²³ PGW First Amended USECP at 4; TO at 11

²⁴ PGW Supplemental Information at 6-7.

²⁵ Pa. PUC, BCS, 2015 Report on Universal Service Programs & Collections Performance, at 42 (2016).

²⁶ PGW Supplemental Information at 7. The discrepancy between PGW’s first cost estimate and its revised cost estimate underscores the fact that PGW’s alleged facts in this proceeding are not subject to the level of scrutiny required when there is a materially disputed fact at issue. The fact that PGW submitted a report of its expert, H. Gil Peach & Associates, LLC, does not resolve the dispute – in fact, it makes the need for an evidentiary hearing all the more necessary to ensure that parties are able to cross-examine the findings described in Mr. Peach’s report.

²⁷ PGW Supplemental Information at 7.

²⁸ 52 Pa. Code § 69.265 (2)(i)(B).

CRP customers would be paying less than this amount is not material. This is particularly true given that those customers whose CRP bills would be less than the percentage of income amounts approved in PGW's plan would not require any CAP-credit subsidy from non-CRP ratepayers.

Last, contrary to PGW's assertion, the notion that the maximum range set forth in the Commission's policy statement promotes affordability is contrary to established evidence.²⁹ Indeed, nothing in the CAP policy statement suggests that CAPs cannot reach greater levels of affordability, which are more in line with the average 3.5% energy burden that higher income households enjoy.³⁰ Most experts agree that, to be affordable, a combined energy burden (electric and heating costs) must not exceed 10% of the household income.³¹

This issue is the first of many that warrants a further evidentiary inquiry to resolve the disputed material facts that form the basis of the Commission's ultimate policy determination. Indeed, the cost and impact of revisions to PGW's policy are supported only by PGW's expert, and have not been subject to cross-examination or inquiry by the parties to probe the findings and recommendations included in that report. While CAUSE-PA was able to put together a basic inquiry into the basis of many conclusions contained in PGW's Supplemental Information, the 20 days allowed for an inquiry into PGW's asserted facts and conclusions has been insufficient to allow the level of inquiry required in a fully litigated proceeding. CAUSE-PA asserts that the only appropriate way to ensure an adequate assessment of the underlying facts

²⁹ See Introduction above, and section III.a.i. below.

³⁰ See 52 Pa. Code § 69.621 et seq.; see also ACEEE, Ariel Dreobl & Lauren Ross, Lifting the High Energy Burden in America's Largest Cities: How Energy Efficiency Can Improve Low-Income and Underserved Communities, (April 2016), available at <http://aceee.org/research-report/u1602>.

³¹ See e.g., Diana Hernandez, Understanding "Energy Insecurity" and Why It Matters to Health, J. Social Science & Medicine 167, 1-10 (2016).

would be to refer the proceeding to the Office of Administrative Law Judge for an evidentiary proceeding where the alleged facts and circumstances can be fully vetted, subjected to cross-examination, and – if necessary – countered with other relevant facts and circumstances which may have been left out of PGW’s program assessments.

b. Issue 2: CRP Pilot Consumption Proposal

PGW should be required to notify affected CRP customers when they reach 50%, 80%, and 100% of the consumption limits, each time encouraging enrollment in LIURP, providing energy conservation tips, and identifying available exemptions and how those exemptions are exercised.

PGW is proposing to implement a consumption limit of 2125 ccf per year.³² PGW proposes to send a letter to households who reach this consumption limited *only after it has been reached*, and would then refer the household to CRP Home Comfort.³³ If the household refuses CRP Home Comfort services, PGW will remove the household from CRP.³⁴ Before adopting the consumption limits into its next Plan, PGW proposes to use a “Reason Analysis” to identify the causes of excess usage and to propose a final consumption limit policy.³⁵ PGW is proposing to notify active CRP customers of this policy change upon implementation, and will notify all future CRP customers “at the time of application.”³⁶

Given PGW’s proposed use of consumption limited are new, CAUSE-PA supports PGW’s pilot approach, and agrees that it is prudent to engage in a thorough analysis of the pilot

³² TO at 13.

³³ TO at 13.

³⁴ TO at 13; PGW First Amended Plan at 18.

³⁵ TO at 13.

³⁶ PGW Supplemental Information at 10.

before proposing a final consumption limit policy. CAUSE-PA asserts that PGW should be required to demonstrate how it arrived at a flat consumption limit and provide data on the adequacy of this limit for meeting the needs of its customers. Limits that are not tied to the factors faced by individual households can often have arbitrary results. For instance, a flat consumption limit may unreasonably punish larger households – both in household composition and housing size. A better approach may be to monitor households who exceed 110% or 120% of the participant’s historic usage, a methodology that is supported by the Commission’s current policy statement.³⁷

CAUSE-PA further believes that, to be successful in reducing low income household usage, PGW must be required to provide customers with clear notice of how much energy they have used at several points throughout the year. If PGW waits to notify the customer of their usage until the household reaches the maximum threshold, the household is then deprived of any opportunity to remediate their usage. This undermines the very purpose of implementing a maximum usage threshold, which is to encourage energy conservation. CAUSE-PA suggests that PGW adopt a notice period similar to that used by PPL to notify customers when they use 50% and 80% of their maximum CAP credit.³⁸ Alternatively, PGW could incorporate a monthly notice on their bill that clearly states the percentage of the consumption maximum used by the household thus far in the program year. A household cannot be expected to curtail their usage without providing the household with a convenient and understandable benchmark against which

³⁷ 52 Pa. Code § 69.265(3)(iii).

³⁸ See PPL Universal Service and Energy Conservation Plan for 2014-2016, Docket No. M-2013-2367021, at 11, available at <http://www.puc.state.pa.us/pcdocs/1318186.pdf> (“To help facilitate awareness and education regarding a customer’s CAP credit usage level, the Company’s system automatically sends letters to OnTrack customers at specific points in time. The first letter is sent when an OnTrack customer reaches 50 percent of his or her CAP credit maximum. A second letter is sent when the customer reaches 80 percent of his or her CAP credit maximum.”).

the household can measure their own usage. Current bill messaging, which shows the monthly usage amount, is insufficient to provide this notice, as it does not show the usage amount relative to the overall yearly consumption limit.

Finally, CAUSE-PA strongly recommends that PGW form a Universal Service Advisory Committee, as required by 52 Pa. Code § 58.16, made up of representatives from interested stakeholder groups – such as the Community Based Organizations which administer PGW’s programs, as well as other community and governmental organizations which represent consumer interests, including legal services organizations. In this context, an advisory committee could provide feedback about proposed methods of customer notification to ensure that PGW’s communications best reach the target population.

c. Issue 3: Use of External Sources to Verify CRP Household Information

In response to the Commission’s question regarding its use of credit reports, PGW clarified that it does use credit reporting agencies to conduct what it refers to as “a soft inquiry ... to check such factors as residency and to perform death audits in order to ensure that incidents of fraud do not occur within the program.”³⁹ If PGW discovers “an indicator of fraud or death,” it sends a letter requiring the customer to contact PGW “within two weeks to confirm the information obtained.”⁴⁰ PGW obtains authorization to perform these credit checks “at the time of application,” and has agreed to provide notice to customers consistent with Fair Credit Reporting Act if it makes an adverse determination against a CRP participant based on its credit inquiries.⁴¹

³⁹ PGW Supplemental Information at 12.

⁴⁰ PGW Supplemental Information at 12.

⁴¹ PGW Supplemental Information at 12.

As a preliminary matter, CAUSE-PA notes that PGW lists “residency” and “death audits”, but leaves open the possibility that it will use credit reports to investigate other factors which may not be appropriate factors to base a CRP determination.⁴²

Importantly, PGW’s characterization of its credit check process as a “soft inquiry” does nothing to exempt PGW from the fact that FCRA requires notice in such instances.⁴³ . FCRA was designed to ensure “fair and accurate credit reporting” and to prevent incorrect information from negatively impacting consumers in other aspects of their life.⁴⁴ In doing so, FCRA set forth “reasonable procedures”, which include basic notice requirements when a negative decision is made about a consumer based on a credit report. PGW’s use of credit reporting to make a determination about their CRP enrollment is precisely the sort of negative impact that FCRA envisioned, and sought to prevent.⁴⁵ As such, consumers must be provided with sufficient FCRA notice when PGW uses credit information to make an adverse determination.

CAUSE-PA supports PGW’s proposal to provide notice to CRP customers when an adverse action is taken against the customer (such as removal from CRP) based on PGW’s credit check, but nonetheless asserts that PGW’s proposed notice is insufficient to sufficiently apprise

⁴² Estimated property value, for example, is an inappropriate basis to determine program eligibility. See Columbia Gas of Pa., Inc. Universal Service and Energy Conservation Plan for 2015-2018 Submitted in Compliance with 52 Pa. Code § 62.4, Final Order, Docket No. M-2014-2424462, at 42-43 (July 8, 2015).

⁴³ 15 U.S.C. § 1681a(d). A “consumer report” is defined by FCRA as:

“any written, oral, or other communication of any information by a consumer reporting agency bearing on the consumer’s credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer’s eligibility for (1) credit or insurance to be used primarily for personal family, or household purposes, or (2) employment purposes, or (3) other purposes authorized under section 604.

Id.; see also 15 U.S. Code § 1681b (section 604; Permissible purposes of consumer reports). While PGW is correct that the Federal Trade Commission is “primarily” responsible for FCRA enforcement, it is good public policy for the Commission to ensure that utilities under its jurisdiction are compliant with important consumer protection laws, and prevents utilities from having to expend resources later to defend against individual claims by consumers for individual FCRA violations.

⁴⁴ 15 U.S.C. § 1681(a) (Accuracy and fairness of credit reporting).

⁴⁵ 15 U.S.C. § 1681(b) (Reasonable procedures).

consumers of the manner and method in which to dispute PGW’s adverse determination. PGW’s proposed two-week time-frame for consumers to correct misinformation is also insufficient to provide CRP customers with a meaningful opportunity to defend against the negative action. CAUSE-PA recommends that PGW be required to provide 30-day notice to consumers, and that it be required to clearly describe the manner and method that the consumer can use to dispute the negative finding. This approach is consistent with the approach approved for PECO in its most recent Universal Service and Energy Conservation Plan proceeding,⁴⁶ and provides – in balance – an appropriate level of protection to ensure fairness and accuracy in PGW’s reliance on consumer credit reports.

d. Issue 4: Use of Annual Tax Returns as Proof of Current Income for Self-Employed Customers

CAUSE-PA supports PGW’s use of annual tax returns as proof of income for self-employed CRP applicants.

e. Issue 5: Required Cure Payments to Re-Enroll in CRP

PGW’s proposed Plan provides that CRP customers who are terminated must pay their past-due CRP bills in full – in addition to the reconnection fee – to restore service and re-enroll in CRP.⁴⁷ In clarifying what it calls the “CRP Cure” procedure, PGW explained that any CRP customer who is voluntarily or involuntarily removed from the program must pay a “cure” amount before reenrolling in CRP.⁴⁸ PGW calculates the cure amount by taking the number of bills since the removal, multiplied by the customer’s CRP asked-to-pay amount. That amount is

⁴⁶ See PECO Energy Company Universal Service and Energy Conservation Plan for 2016-2018 Submitted in Compliance with 52 Pa. Code §§ 54.74 and 62.4, Final Order, Docket No. M-2015-2507139, at 38 (August 11, 2016).

⁴⁷ PGW Amended Plan at 17; TO at 16-17.

⁴⁸ PGW Supplemental Information at 13.

then added to any unpaid CRP bills, and any payments applied to the account are then subtracted from the total due. Essentially, as PGW notes, “the calculation results in the same amount (if any) that would have been due if the customer had never been removed from CRP.”⁴⁹ As

CAUSE-PA understands it, this could be expressed as follows:

(# of bills since removal x CRP asked-to-pay amt) + total # of unpaid CRP bills at the time of removal (i.e. CRP arrears) – payments made since removal = CRP Cure amount.

On its face, this policy appears to include all of the relevant factors, but there remain significant unanswered questions about PGW’s CRP Cure policy that must be answered before CAUSE-PA can comment fully on the likely impact of the policy on low income households who rely on assistance from CRP to access essential services for their home. Among the open questions are:

- Does the CRP Cure policy apply while the household is subject to a stay-out?
- Are remaining preprogram arrears re-deferred when the CRP Cure amount is paid?
- Will the CRP customer receive retroactive arrearage forgiveness for the “cured” months after reenrollment?
- Do all payments count, even if made by sources such as LIHEAP, hardship funds, or other non-customer payments?

In addition to the forgoing questions concerning the operation of the program, there are significant unanswered questions about how often and to whom the policy is applied. By way of example:

⁴⁹ PGW Supplemental Information at 13.

- How many CRP customers are involuntarily removed from CRP for nonpayment or failure to recertify?
- How many CRP customers voluntarily remove themselves from the program, and in what months do they most often remove themselves?
- How many CRP customers who voluntarily remove themselves from the program have pre-program arrears? How much?
- Can a household that has been removed from CRP access hardship fund assistance or a payment arrangement to satisfy the CRP Cure amount?
- Does the CRP Cure policy apply to households that have been terminated? If so, are these households required to pay a “cure” amount for the months that they were without service? In other words, since PGW describes its cure payment as being “calculated as though the customer had remained on CRP and was making payments under that program,”⁵⁰ do the months where service is off count for calculation purposes?

Each of these is an open question of material fact about the operation of PGW’s cure program, and requires additional information to decipher the full impact of the policy on PGW’s vulnerable, low income customers.

Notwithstanding receipt of answers to CAUSE-PA’s questions – which CAUSE-PA posed to PGW through the informal discovery channel encouraged by the Commission, and will comment on further once responses are received – CAUSE-PA notes its cautious and limited support for PGW’s CRP Cure policy *as applied to those who are removed from CRP for*

⁵⁰ PGW Supplemental Information at 13.

nonpayment or for failure to recertify, but whose service is not yet terminated, because it appears to provides a path to reenrollment into the program. However, in cases where a customer has been removed from CRP and ultimately terminated for nonpayment it is unclear from PGW's draft policy whether these customers are required to pay a cure amount for months in which the household was without service. This result would be patently unfair, and would penalize low income households, further exacerbating their poverty and the resultant health and safety concerns surrounding the loss of service.

Likewise, in cases where the household is subject to a one-year CRP stay-out,⁵¹ CAUSE-PA believes that PGW's CRP Cure policy may result in unnecessarily punitive harm to economically vulnerable households. Close attention must be paid to whether CRP customers are informed and understand the extent of the financial ramifications of voluntary CRP removal. It is a rational economic choice for low income households to voluntarily withdraw from CRP to save money in the summer and shoulder months, when their CRP asked to pay amount is more likely to exceed their monthly bill amount. Indeed, this is among the reasons why CAUSE-PA believes that PGW should be making the calculation each month and require CRP customers to pay *the lesser of* their budget bill or the CRP PIPP amount. In the absence of this change, households should not be penalized for engaging in this sort of careful budgeting. But as designed, PGW's "CRP Cure" policy could result in a significant financial burden when the customer seeks to reenroll in the program. Pursuant to PGW's policy, a household that voluntarily withdraws from the program is prohibited from reenrolling for a full year.⁵²

⁵¹ PGW's Stay-Out polices are addressed below, section III.a.ii.

⁵² PGW Amended Plan at 8.

Thereafter, pursuant to PGW's "CRP Cure" policy, the household may also be on the hook to make an additional payment to reenroll in CRP.

Again, CAUSE-PA has requested information from PGW about its CRP Cure policy so that it can better understand the issue and make recommendations for how to best ensure that CRP customers fully understand the consequences of withdrawing from CRP.⁵³ CAUSE-PA reserves further comment on this topic for reply comments. Nevertheless, CAUSE-PA continues to urge the Commission to refer this issue to a full evidentiary proceeding so that the full impact of the policy can be better understood and appropriately assessed.

f. Issue 6: Additional Details Regarding Proposed On-Line CRP Application Process

PGW proposes to implement an online CRP application process in fiscal year 2018 that would allow customers to submit CRP applications and accompanying documentation through a secure online platform, and sign the documentation electronically.

CAUSE-PA supports this advancement, with a few important caveats. First, it is critical that the online application not be construed in any way as acceptance to consent to receive electronic bills or notice of termination. Low income households are often unable to maintain cell phone and internet service in any given month, often making electronic notice ineffective as a means to consistently communicate with this population. Moreover, it is likewise important that other avenues to apply for CRP remain available for the many low income households that do not have access to the internet, or lack a method with which to scan and upload their

⁵³ See Attachment A, CAUSE-PA Request for Information (March 2, 2017).

documents to submit through the online platform.⁵⁴ Finally, CAUSE-PA strongly recommends that PGW be required to craft its online application to provide clear, concise, plain-language disclosures, *in English and in Spanish*,⁵⁵ to all applicants that explain terms and conditions of CRP and the rights and responsibilities of the household as participants therein. These disclosures should not be presented as an afterthought, or reduced to fine-print, but should be prominently presented, and require affirmative acknowledgement by the applicant through the online interface. As noted earlier, CAUSE-PA supports the creation of a Universal Service Advisory Committee for interested stakeholders and experts in the community to provide PGW with input into the language and format of the online application to ensure that customers enrolling or renewing enrollment in CRP are fully apprised of their rights and responsibilities as program participants.

g. Issue 7: Transition of LIURP Services from DSM Back Into USECP

Pursuant to the Commission’s Order in PGW’s most recent Demand Side Management proceeding, PGW has incorporated its LIURP (CRP Home Comfort) back into its USECP, with a prorated budget to account for the 4-month gap between the 2017 calendar year and PGW’s fiscal year.⁵⁶ The Commission noted in its Tentative Order that the pro-rated budget “appears to be a satisfactory approach,” but asked that PGW provide further clarification regarding the prorated budget, delineating the costs associated with its transition of CRP Home Comfort from

⁵⁴ Of households with school-aged children, 31.4% do not have internet access. Pew Research Center, The Numbers Behind the Broadband ‘Homework Gap’ (2015), http://www.pewresearch.org/fact-tank/2015/04/20/the-numbers-behind-the-broadband-homework-gap/ft_15-04-17_broadband/. Low income black and Hispanic households are disproportionately impacted: 38.6% of black households and 37.4% of Hispanic households do not have internet access in their home. *Id.* Importantly, even if a household has access to the internet in their home, she or he may not also have the equipment necessary to scan and upload documents to PGW’s online platform.

⁵⁵ See 52 Pa. Code § 56.201 (Public information) (“A public utility which serves a substantial number of Spanish-speaking customers shall provide billing information in English and in Spanish.”).

⁵⁶ PGW Amended Plan at 26.

DSM to USECP.⁵⁷ The Commission also specifically questioned the \$710,939 difference between the LIURP budget approved in PGW's DSM proceeding and the LIURP budget PGW submitted in its USECP.

In response to the Commission's inquiry, PGW explained that the additional \$710,939 is to cover LIURP administrative costs. PGW explained that this figure represents a portion of its DSM administrative costs of \$920,000, and that the figure was derived by calculating "the administrative cost contribution for each program based on [the] program's proportion of the budget."⁵⁸ PGW provided a chart showing the yearly allocation of administrative costs for its LIURP and non-LIURP (market rate) energy efficiency programs.

PGW's prorated LIURP administrative costs of \$710,939 represent an astounding **32.8%** of its prorated 2017 LIURP budget of \$2,165,482. **This is more than two times the 15% administrative cost cap contained in the Commission's LIURP regulations.**⁵⁹ CAUSE-PA asserts that PGW's calculation, which is based solely on relative program budget of its LIURP and non-LIURP DSM programming, inappropriately inflates the cost of LIURP administration. By its very nature, LIURP has a higher per-measure cost compared to non-low-income (market rate⁶⁰) energy efficiency programming. Unlike non-LIURP energy efficiency offerings where participants contribute to the cost of the measures, LIURP programs are paid at 100% of the installed measure cost. This is so because LIURP participants simply do not have the disposable income to contribute to the costs of energy reduction services.⁶¹ However, the same cost-disparity should not be reflected in the administration needed to operate the programs. The

⁵⁷ TO at 22.

⁵⁸ PGW Supplemental Information at 16-17.

⁵⁹ 52 Pa. Code § 58.5 (Administrative Costs).

⁶⁰ See PGW Supplemental Information at 17 (chart).

⁶¹ See 2015 Universal Service Report at 36 (noting that the average income for a LIURP household was \$15,486).

same level of administration is needed to process the applications, conduct an audit, and deploy a contractor to conduct the job, *regardless of whether the audit is conducted for a participant in LIURP or a participant in PGW's non-LIURP DSM program*. CAUSE-PA asserts that PGW's proposed allocation of administrative costs should be revised to reflect the aforementioned realities.⁶²

h. Issue 8: Additional Details Regarding Proposed CRP Home Comfort Health and Safety Pilot

In its USECP, PGW proposes to implement a pilot policy that would allow contractors to spend up to \$2,000 per project to address health and safety measures “with the goal of installing measures that will achieve at least 25% savings and target the highest usage homes.”⁶³ PGW places conditions on its pilot, noting that it will *only* implement the pilot if the pilot costs are included in its proposed LIURP budget, and its proposed LIURP budget is not increased.⁶⁴ In furtherance of this proposal, PGW requests waiver of sections 58.11, 58.12, and/or 58.18.

In its Tentative Order, the Commission conveyed its support for expanded health and safety services, but noted that PGW failed to specify the duration of the pilot or metrics with which to measure the success of the pilot for full adoption.⁶⁵ The Commission also asked PGW to clarify the reasons it is requesting regulatory waiver, and the basis for granting those waivers.⁶⁶

⁶² Note that CAUSE-PA posed clarifying questions to PGW regarding its administrative allocation, and reserves the right to further comment on this issue pending receipt of PGW's responses thereto. See Attachment A, CAUSE-PA Request for Information (March 2, 2017).

⁶³ PGW Amended Plan at 25.

⁶⁴ PGW Amended Plan at 5-6; PGW Supplemental Information at 18.

⁶⁵ TO at 22.

⁶⁶ TO at 22-23.

In terms of timing, PGW clarified that it “has no intent to continue the pilot health and safety program after December 2020.” Instead, PGW plans to study the pilot and “may consider proposing an extension of this program or a similar program in its next universal service plan filing.”⁶⁷ And, with regard to PGW’s proposed evaluation of the pilot policy, PGW clarified that it will (1) evaluate whether the pilot decreases the number of LIURP jobs deferred for health and safety issues, and (2) whether the pilot produces savings greater than 25%.

Like the Commission, CAUSE-PA strongly supports efforts to include health and safety remediation targeted at high-usage low income households which are otherwise unable to access usage reduction services as a result of health and safety concerns. A recent report released by the Green and Healthy Homes Initiative, *Weatherization and Its Impact on Occupant Health Outcomes*, explains that low-income households – explains the risks of unmitigated health and safety issues, and the benefits of providing comprehensive weatherization services that include health and safety remediation:

Low-income families occupy many of the 30 million structurally damaged houses in the U.S., which expose residents to hazardous environmental conditions that negatively impact their health: low indoor air quality; poor movement of heat and moisture; radon; slips/trips and falls; dust mites; tobacco smoke and fires.

The health effects most commonly linked to poor housing conditions are respiratory symptoms; asthma; lung cancer; depression and anxiety; injury or death from fires or accidents; hypothermia; and skin and eye irritation. Young children and older adults (aged 65 and older) are at greatest risk, as they spend a larger proportion of their time in the home compared to working age adults.

Weatherization services, like those provided to low-income households by the Weatherization Assistance Program (WAP), provide improvements that lower energy consumption and increase overall energy efficiency. At the same time these multicomponent weatherization services also produce non-energy benefits that address many health issues by remediating the hazardous environmental conditions that cause or are associated with negative health outcomes.

⁶⁷ PGW Supplemental Information at 18-19.

...

Investments in community-based programs that provide energy efficiency, weatherization or other integrated housing interventions generate non-energy benefits related to improvements in housing stability, affordability and quality of low income housing.⁶⁸

The report provides an extensive assessment of the relative non-energy benefits derived from addressing health and safety concerns through comprehensive weatherization and energy efficiency programming.⁶⁹ CAUSE-PA asserts that it is imperative to include comprehensive health and safety remediation for LIURP households, as it ensures that households with the greatest needs – those living in extremely poor housing with uncontrollably high and unmitigated energy costs – are not left behind as the rest of the community receives comprehensive usage reduction services. CAUSE-PA asserts that addressing health and safety should be part and parcel to any LIURP program, and should be approved as a permanent policy change. While it may be appropriate to adjust the program in later years, the inclusion of health and safety remediation should remain a policy priority for the Commission – and the LIURP programs it oversees.

Notwithstanding its support for PGW's health and safety policy revision, CAUSE-PA questions the various conditions PGW placed on the pilot, and has questions about PGW's 25% savings threshold requirement and savings goal. CAUSE-PA also objects to PGW's request for regulatory waiver, which is inappropriately broad and unnecessary to implement PGW's revised health and safety program.

First, CAUSE-PA believes that any approval of the proposed pilot must come with an increase in the overall LIURP budget. If PGW's proposal is approved without an increase in the

⁶⁸ Green and Healthy Homes Initiative, Weatherization and Its Impact on Occupant Health Outcomes, (Feb. 2017), http://www.greenandhealthyhomes.org/sites/default/files/Weatherization-final_online.pdf.

⁶⁹ Id.

LIURP budget, the cost of each LIURP job would increase by as much as \$2,000, detracting from PGW's ability to serve the critical usage reduction needs of its low income customers with the already woefully inadequate LIURP budget proposed by PGW⁷⁰ Indeed, PGW's proposal to condition its health and safety pilot on approval of its inadequate LIURP budget serves no legitimate purpose toward furthering the goals of the LIURP program and fulfilling the stated intent of the program:

The programs are intended to assist low income customers conserve energy and reduce residential energy bills. The reduction in energy bills should 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. The programs are also intended to reduce the residential demand for electricity and gas and the peak demand for electricity so as to reduce costs related to the purchase of fuel or of power and concomitantly reduce demand which could lead to the need to construct new generating capacity. The programs should also result in improved health, safety and comfort levels for program recipients.⁷¹

The adequacy of PGW's LIURP budget must be determined based on need, as discussed at length below, and should not be used as a bargaining chip for PGW to pursue other ends. PGW should implement its health and safety policy change if it is in the best interests of all consumers. Based on available evidence - CAUSE-PA asserts that it is in the best interests of all consumers and, therefore, the policy should be approved.

Second, while PGW's 25% savings goal for its health and safety pilot policy is laudable – and deep savings should always be pursued – CAUSE-PA this should threshold to access health and safety remediation – or to form the basis of the policy's evaluation. For context, the average annual energy savings for gas heating programs was 15.9% in 2013; 17.5% in 2012 and 2011;

⁷⁰ See sections II.m and III.b below for a full discussion of PGW's LIURP needs assessment and budget.

⁷¹ 52 Pa. Code 58.1.

and 14.2% in 2010.⁷² Indeed, there is no evidence that PGW has achieved this 25% level of savings through the provision of LIURP services – regardless of whether health and safety concerns are addressed.⁷³ This gap in information underscores the need for additional information. While it is excellent public policy that should absolutely be pursued, removing health and safety barriers to the provision of LIURP services does not necessarily equate to deeper achievable savings than any other household receiving LIURP services. CAUSE-PA has posed several questions about PGW’s savings benchmark and reserves further comment until after it receives answers to those questions.⁷⁴ But as an initial observation, CAUSE-PA notes that PGW should be required to set threshold eligibility standard and evaluation benchmark that is aligned with documented and achievable savings. Doing so will ensure that the policy is more appropriately tailored to fulfill the intent of LIURP and, in turn, the requirements of the Natural Gas Competition Act.⁷⁵

CAUSE-PA also objects to and seeks clarification of PGW’s requested waiver of sections 58.11(a), 58.12, and 58.18:

⁷² 2015 Universal Service Report at 41; 2014 Universal Service Report at 41; 2013 Universal Service Report at 36; 2012 Universal Service Report at 34. Note that “LIURP reporting results for the program year always trail two years behind the USRR reporting year due to the process of evaluating post-installation usage for 12 months, with analysis performed in the following year.” 2015 Universal Service Report at 41. 2013 savings were lower due to extreme winter temperatures during the Polar Vortex. Id.

⁷³ CAUSE-PA is not aware of any publically available reports or evaluation of PGW’s LIURP savings. The Commission’s yearly publication of its Report on Universal Service Programs and Collections Performance only reports on the average LIURP savings. And, PGW’s most recent Universal Service Program Impact Evaluation, conducted in November 2012, did not include an assessment of LIURP because the program was not part of its Universal Service portfolio.

⁷⁴ See Attachment A, CAUSE-PA Request for Information (March 2, 2017). This request was made in furtherance of the Commission’s Tentative Order: “We urge the parties to be cooperative in the exchange of information and data relative to this formal proceeding.”

⁷⁵ 66 Pa. C.S. §§ 2202, 2203(8); see also CAUSE-PA et al., 120 A.3d at 1103-1104. As explained above, CAUSE-PA et al. interprets the Commission’s obligations with respect to the Electric Competition Act, but is relevant here because the Natural Gas Competition Act closely tracks the language of the Electric Competition Act with respect to universal service requirements.

Section 58.11(a) (Energy Survey)

Section 58.11(a) sets forth a 7-year simple payback period for general program measures, and a 12-year simple payback period for insulation, heating system replacement, or water heater and refrigerator replacements. PGW explains that it is requesting a waiver of this payback provision in favor of a “per-project cap” – but does not specify the cap that it proposes to impose. This is a critical detail which must be answered and further assessed. In general, CAUSE-PA is supportive of PGW’s stated intent to impose a per-project cost cap – rather than a per-measure cost cap. Evaluating the total resources invested to determine cost-effectiveness is a best-practice approach to low income energy efficiency, and furthers the clear and stated goals and intent of the program. Nevertheless, CAUSE-PA cannot support a waiver request without additional information about the per-job cost cap PGW intends to implement. It is critical that PGW’s per-job cost cap be reviewed for appropriateness to ensure that its LIURP budget is targeted to maximize the depth and reach of the program.

Section 58.12 (Incidental Repairs)

Section 58.12 provides that a program may cover “incidental repairs” if necessary to install appropriate program measures. PGW requested waiver of this provision because it “contemplates extensive health and safety home measures that would be beyond ‘incidental repairs.’”⁷⁶ In doing so, PGW confuses “incidental” with “inexpensive”. Regardless of the cost of a measure, a health and safety program measure addressed through LIURP should still be required to be “incidental” to the provision of other energy efficiency – as required by section 58.12. That is, the health and safety measure should never be the primary reason for the

⁷⁶ PGW Supplemental Information at 21.

provision of LIURP service. For example, fixing a broken window or a hole in the wall is incidental to the proper functioning of a heating system, as it prevents the added stress to the household's system. Waiver of this regulation appears to be unnecessary, and is not based on alleged "special circumstances" necessary to approve a regulatory waiver of this chapter.⁷⁷

Section 58.18 (Exemptions)

Section 58.18 provides that a utility may – in "special circumstances" – petition the Commission for an exemption from the LIURP regulations.⁷⁸ PGW clarified that it "is not proposing exemption of its LIURP from the LIURP chapter," but continues to request a waiver to the extent the Commission finds its health and safety proposal inconsistent with current LIURP regulations. Regulatory waiver would not achieve the result that PGW seeks. Waiver of 58.18 would simply waive PGW's ability to petition the Commission for a LIURP exemption pursuant to that section – and the applicable standard for waiver of a section in this chapter, "special circumstances." This is most likely not PGW's intent. If PGW wishes to petition the Commission for an exemption from LIURP, then it can do so pursuant to this section. Indeed, PGW has done this by petitioning for waiver of sections 58.11(a) and 58.12 as part of this USECP proceeding. As such, PGW's proposal to waive section 58.18 should be denied.

i. Issue 9: Additional Details Regarding Proposed Pilot Conservation Incentive Program

CAUSE-PA supports PGW's proposed pilot conservation incentive program.

⁷⁷ 52 Pa. Code § 58.18. As discussed below, this section sets forth the standard for regulatory waiver – "special circumstances" – and should not in itself be subject to waiver as requested by PGW in this proceeding.

⁷⁸ 52 Pa. Code § 58.18.

j. Issue 10: Additional Details Regarding Proposed LIME Program

PGW asserts that the only party which should be considered a “signatory party” – and therefore able to review and approve LIME program changes – is the Bureau of Investigation and Enforcement. This is simply not true. While the *Stipulation* was signed only by PGW and the Bureau of Investigation and Enforcement, the *Recommended Decision* – which approved the terms of LIME as modified by the *Stipulation* – applied the modifications to the program as a whole.⁷⁹ Indeed, the *Stipulation* modified the underlying LIME program proposal made by PGW, and incorporated the program terms contained therein – and did not limit the application of any provision to the parties which signed the stipulation.⁸⁰ The *Recommended Decision* explained:

Specifically, OCA alleges that those properties covered by LIME should have at least 75% of the apartments occupied by low-income customers. The LIME, as modified by the *Stipulation*, requires the low income residency requirement to be revised to subsidized housing with 75% conformed low income. It noted that PGW reserves the right to decrease this percentage beginning in FY 2017 but only after a showing of cause for program incentive under-spending, and with either the unanimous approval of the signatory parties, to be obtained by written consent or by Commission Order. **We believe that this addresses OCA’s concern and will allow for input if the Company wishes to revise this percentage.**⁸¹

ALJs Christopher Pell and Marta Guhl were explicit that the terms of the *Stipulation* “will allow for input if the Company wishes to revise this percentage” – undeniably contemplating that the provision allowed input from *all parties in the proceeding*, not just the Bureau of Investigation and Enforcement. Indeed, use of the term “signatory parties” in the *Stipulation* – and then echoed in the *Recommended Decision* – may have been a drafting error rather than an intentional

⁷⁹ Petition of Phila. Gas Works for Approval of Demand-Side Management Plan for FY 2016-2020, and Phila. Gas Works Universal Service and Energy Conservation Plan for 2014-2016, 52 Pa. Code § 62.4 – Request for Waivers, Docket No. P-2014-2459362, Recommended Decision, at 155-156 (March 8, 2016).

⁸⁰ Id.

⁸¹ Id.

limitation on the parties who could comment on this change. Indeed, prudence would appear to dictate that all parties to the underlying DSM proceeding should be consulted about any such change.

k. Issue 11: Process Regarding Tracking Quick-Fix CARES Referrals

CAUSE-PA does not have any comments with regard to PGW’s CARES program at this time, but reserves its right to comment on the issue in reply comments as appropriate, either in response to other commenters or to information received in response to CAUSE-PA’s request for more information.

l. Issue 12: Hardship Fund Policy⁸²

PGW’s current Hardship Fund policy requires that grant assistance – combined with customer contribution – fully resolve all outstanding arrears, including any arrears which may be eligible for deferral or re-deferral and forgiveness through enrollment in CRP.⁸³ In response to the Commission’s inquiry into this policy, PGW explained that this is a requirement of the Utility Emergency Service Fund (UESF), the agency contracted to administer PGW’s Hardship Fund Assistance Program.⁸⁴ PGW notes that UESF’s policy is to require full satisfaction of arrears because its grant recipients are subject to a two-year stay-out – and explains that UESF is not opposed to making the change, but has “concerns with a modification (e.g. how much arrearage should be allowed to remain).”⁸⁵ PGW then asserts that “UESF’s Board of Directors would have to authorize such changes.”⁸⁶

⁸² Note that the inadequacy of PGW’s Hardship Fund budget – which has declined by over \$1,000,000 since 2009 – is addressed below in section III.c.

⁸³ PGW Amended USECP at 30.

⁸⁴ PGW Supplemental Information at 27-28.

⁸⁵ PGW Supplemental Information at 28.

⁸⁶ PGW Supplemental Information at 28.

Based on the information available to it at this time, CAUSE-PA strongly supports the elimination of this program rule, and agrees with the Commission's assessment that arrears eligible to be re-deferred should not be a part of the calculus for a cure amount. CAUSE-PA believes that there are likely hundreds of hardship fund applicants who are denied assistance and forced to go without natural gas service for arrearage amounts which could be deferred through CRP. Indeed, the impact of this policy on low income populations is a materially disputed fact which must be resolved to allow the Commission to have substantial evidence with which to base its decision. As such, CAUSE-PA urges the Commission to allow for a full review of applicable information and data through an evidentiary proceeding. Nevertheless, in an attempt to discover at least some information with which to base its recommendations, CAUSE-PA has posed several questions about the impact of PGW's policy on the low income community, and reserves the right to provide further comment after review of that information.⁸⁷

By way of further comment, UESF's program rules must not be allowed to dictate *PGW's Hardship Fund program rules*, which are established by PGW and approved by the Commission. Entities with whom PGW contracts to operate its program should not be permitted to dictate the terms of PGW's universal service programs. This sort of back-channel regulating undermines the Commission's regulatory authority and the Commission's ability to fulfill its statutory charge to oversee universal service programming. As such, CAUSE-PA asserts that PGW should be required to immediately lift the full balance payment requirement imposed on hardship fund applicants, and require approval of grants when sufficient to allow the customer to enroll or reenroll in CRP.

⁸⁷ See Attachment A, CAUSE-PA Request for Information (March 2, 2017).

m. Issue 13: Needs Assessment Including Calculation of Customers Eligible for CRP Home Comfort Program

In its initial needs assessment for its LIURP (CRP Home Comfort Program), PGW identified just 21,349 households in need of usage reduction services, using a set of data points discussed in turn below. After its initial review, the Commission explained: “We find 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.”⁸⁸ After adjusting PGW’s calculation, and adding back in several categories of potential program participants (addressed in turn below), the Commission estimated that “at least 101,893” low income households were potentially eligible for LIURP in program years 2017-2020.⁸⁹ Based on the Commission’s initial assessment, PGW proposed an additionally modified needs assessment of 67,367.⁹⁰

From the outset, CAUSE-PA notes that the discrepancy between all three needs assessments – PGW’s originally proposed needs assessment, the Commission’s modifications to PGW’s needs assessment, and PGW’s modified needs assessment⁹¹ – raises genuine issues of material fact, which necessitates a hearing to assess the accuracy of the multiple figures set forth by PGW.⁹² As explained below, it is unclear what each figure included in the needs assessment calculation represents, how it was calculated, and whether the data used is an accurate representation of the subgroup included or excluded from the calculated needs assessment. More

⁸⁸ TO at 31.

⁸⁹ TO at 31.

⁹⁰ PGW Supplemental Information at 30.

⁹¹ See PGW Amended USECP at 38-39; PGW Supplemental Information at 30; TO at 31-34.

⁹² Chester Water Auth. v. PUC, 822 A.2d 146, 152 (Pa. Commw. Ct. 2003) (“Where issues of material fact are raised, however, due process concerns require a hearing.”).

discovery is needed to adequately assess each figure.⁹³ Given the wide discrepancy between each proposed figure, and the lack of supportive data disclosed by PGW to support its calculations,⁹⁴ it is imperative that a more searching inquiry be conducted of the figures included in PGW's needs assessment.

CAUSE-PA's concerns with each component of PGW's LIURP needs assessment are discussed, in turn, below.

i. Estimated Low-Income Customers

To the extent that more precise information is unavailable, CAUSE-PA supports the use of census data to identify the number of estimated low income customers in PGW's service territories, in proportion to the percentage of customers served in a given service territory.⁹⁵

ii. Identified Low-Income Customers

After identifying the total estimated low income population, PGW begins its calculated needs assessment with the number of identified low income customers.⁹⁶ The Commission explained is defined as an account "where the NGDC has obtained information that would reasonably place the customer in a low-income designation."⁹⁷ The Commission required that PGW modify its Confirmed Low-Income customer figure to reflect the Confirmed Low Income

⁹³ As noted above, CAUSE-PA submitted a list of questions to PGW raising a number of questions about its universal service programs. That said, as a result of the extremely limited time-frame provided for comment in this proceeding – just 20 days after PGW submitted significant revisions and supplemental information – has severely curtailed the amount of inquiry possible to probe all aspects of PGW's proposal. CAUSE-PA continues to assert that a full evidentiary hearing is necessary in this proceeding to assess verified facts and evidence related to this and a multitude of other issues with PGW's USECP.

⁹⁴ While PGW has not provided any data or work product with which to assess its estimated figures, PGW claims that it has "significant, current, and actual data available regarding the characteristics of its customers and whether or not they are realistically eligible at this present time for LIURP services." PGW Supplemental Information at 29. If this is the case, then PGW should have no trouble providing evidence to support its claims.

⁹⁵ See TO at 30; PGW Amended Plan at 14.

⁹⁶ TO at 31-32;

⁹⁷ TO at 32, n. 21, citing 52 Pa. Code § 62.2.

customer figure reported in its most recent Universal Service Report to the Commission, and PGW agreed to comply.⁹⁸

CAUSE-PA supports the Commission's use of PGW's most recently reported Confirmed Low Income Customer figure, but nevertheless urges the Commission to engage in a closer inquiry into PGW's policies and procedures for identifying Confirmed Low Income Customers. The policies and procedures in place at each utility to identify low income customer accounts varies widely. Some do not identify an account as a confirmed low income account until the household is enrolled in a universal service program. And, once identified, some utilities do not maintain that designation on the customer's account the following year unless the customer reenrolls in a universal service program. Depending on PGW's policies for confirming low income customers, the number could vary widely. CAUSE-PA asserts that it is imperative for the Commission to explore PGW's policies and procedures for identifying low income consumers to ensure that the basis of its needs assessment is sound, and based on an accurate assessment of confirmed low income households.

iii. Lower Usage (Less than 50%)

PGW proposes to exclude from its needs assessment 50% of its Confirmed Low Income customers, noting that they are below the median usage.⁹⁹ CAUSE-PA believes that PGW's usage threshold is inappropriately restrictive, and necessarily excludes low income households that live in smaller homes, but may have relatively high usage per square foot which is beyond their ability to control. Rather than impose a blanket exclusion of all those below the median usage, CAUSE-PA supports the use of a per-square foot usage analysis to ensure that large and

⁹⁸ TO at 31; PGW Supplemental Information at 31-32.

⁹⁹ PGW Supplemental Information at 32.

small homes are treated through LIURP.¹⁰⁰ Of course, as with the other issues of materially disputed facts, CAUSE-PA strongly urges the Commission to conduct a full evidentiary proceeding to more fully assess the usage patterns of PGW’s low income population and, in turn, to determine whether there is substantial evidence to support PGW’s 50% median usage threshold and, in turn, its use of the figure in assessing relative program need.

iv. Usage Not Significant

PGW’s next step in its proposed needs assessment was to exclude the number of “actual customers whose weather normalized usage was not statistically significant and could not be properly evaluated for cost effectiveness.”¹⁰¹ The Commission questioned whether this group was already accounted for in its exclusion of 50% of Confirmed Low Income customers. PGW explained that it had not double counted, noting that it derives this figure “by calculating the coefficient of determination (R-squared) between heating and consumption and heating degree days” and argues that it is necessary “to remove customers where the weather normalized usage was not reliably calculated.”¹⁰² But this explanation falls short of explaining how its blunt usage approximation – removing 50% off the top of its Confirmed Low Income customer count – did not account for those at the bottom of the usage threshold. Further inquiry into the data and accounting methods employed by PGW are necessary to understand how and why this figure is not double counting the number of customers below 50% of the median usage.

¹⁰⁰ In response to the Commission’s recent invitation to comment on a potential revision of LIURP regulations, the OCA included information in its reply comments demonstrating that inequities associated at looking only at absolute usage unfairly penalizes apartment dwellers and those in multi-family buildings who have high usage on a square foot basis. *See* Reply Comments of the Office of Consumer Advocate at 14, 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.

¹⁰¹ PGW Supplemental Information at 33.

¹⁰² PGW Supplemental Information at 33.

v. Expanding CRP Home Comfort Eligibility to Include Non-CRP Customers

In PGW's amended USECP, it set forth the following eligibility criteria:

- Must be enrolled in CRP
- Priority is given to the highest users (top 50% of CRP customers)
- Have at least 12 months of continuous service
- Must not have received weatherization services over the previous seven years
- Must reside in a single-family home
- For multi-family properties: At least 75% of tenants must have incomes at or below 150% of FPIG.¹⁰³

In assessing PGW's LIURP eligibility criteria, the Commission tentatively ordered that PGW "include all known low-income customers when determining LIURP eligibility, regardless of their enrollment status in CRP or request a waiver of Section 58.10(a)(1) consistent with regulations."¹⁰⁴ The Commission explained that section 58.10(a)(1) explicitly prioritizes LIURP participants "based on usage, arrears, and income" – and concluded that "the use of CRP/non-CRP status is not an acceptable criterion for eligibility determination."¹⁰⁵

In its Supplemental Information, PGW explains that it is willing to include non-CRP customers in its needs assessment, but that it would prefer to continue excluding non-CRP from actually participating in LIURP.¹⁰⁶ PGW argues that its exclusion of non-CRP customers from CRP Home Comfort is necessary due to administrative complexity – requiring it to add a new screening step for non-CRP customers. It argues that it should not be required to serve non-CRP customers because: (1) there are enough CRP customers already in the pipeline for services; (2) offering services to non-CRP customers will detract from the reduction in the CRP costs derived

¹⁰³ TO at 20-21, 29; PGW Amended USECP at 20-21.

¹⁰⁴ TO at 20.

¹⁰⁵ TO at 20.

¹⁰⁶ PGW Supplemental Information at 34.

through LIURP services; (3) “the particular dynamics of PGW’s service territory (which includes a significant number of low-income non-CRP customers who pay for the CRP program)”¹⁰⁷; and (4) “the fact that PGW customers bear – by far – the highest average annual universal services spend per customer in the Commonwealth. In the alternative, PGW specifically requests that the Commission waive section 59.10(a)(1). And, as a second alternative, if the Commission requires PGW to serve non-CRP customers, PGW asks that the Commission allow for cost-recovery for the increased costs to process non-CRP applications.

CAUSE-PA supports the Commission’s requirement that PGW expand CRP Home Comfort eligibility to non-CRP customers, and asserts the following in direct response to each of PGW’s arguments. First, in assessing need and identifying an appropriate budget to serve that need, it does not matter how many jobs are already in the pipeline. Need is need. What matters is that LIURP services be provided to eligible customers in need of usage reduction services without discrimination based on CRP enrollment status. As the Commission rightly points out, there are thousands of customers who are “systematically excluded” from CRP – including those enrolled in the Senior Citizen Discount Program, those on budget billing, those subject to a stay-out, those who are unable to make the lump-sum payment to gain entry into CRP – either because of the “CRP Cure” payment and/or because they are unable to access hardship fund assistance.¹⁰⁷

Moreover, while the reduction in CRP costs as a result of LIURP is beneficial, it should not drive the decision of whether to allow non-CRP customers to enroll in CRP. CAUSE-PA asserts that, rather than categorically exclude non-CRP customers from participation in LIURP,

¹⁰⁷ See sections II.e and II.l above.

PGW should instead encourage non-CRP customers who participate in LIURP to also apply for CRP. And, in turn, PGW should be actively working to remove the many barriers to CRP enrollment which are discussed throughout these Comments.

To PGW's third and fourth rationalizations for prohibiting non-CRP customers from LIURP, Philadelphia is not unique in that a large percentage of the low income population are not enrolled in each utility's respective CAP.¹⁰⁸ In fact, this is all the more reason to remove the prohibition against non-CRP low income customers. Indeed, low income customers who help finance the program should undoubtedly be allowed to benefit from the program – especially in light of PGW's recently filed request for a \$70 million increase in its base rates, which will exacerbate the need for both usage reduction services and bill pay assistance programs.¹⁰⁹

While it is true that PGW's per-customer costs are higher than other utilities in Pennsylvania,¹¹⁰ it is unclear why this is the case. The fact is, PGW's service territory is unique in other ways, in that non-residential customers pay a percentage of PGW's CAP and LIURP costs¹¹¹ – which means that program costs are shared across a larger pool of contributing ratepayers. To the extent that there is an appreciable difference in the poverty rate in Philadelphia, this cross-class cost allocation works to offset any difference between the scope of poverty in Philadelphia compared to the rest of the state. Nevertheless, the ultimate issue – whether non-CRP customers should be allowed to enroll in CRP Home Comfort – must not hinge solely on program costs. The Commission's obligation pursuant to the Choice Act is to ensure that Universal Service programs are available to those who qualify. In doing so, the

¹⁰⁸ 2015 Universal Service Report at 42 (CAP Participation Rates).

¹⁰⁹ See PGW, Supplement No. 100 to Gas Service Tariff - Pa PUC No. 2, Docket No. R-2017-2586783 (filed February 27, 2017).

¹¹⁰ 2015 Universal Service Report at 58.

¹¹¹ 2015 Universal Service Report at 58.

Commission is right to remove the inequitable barrier that prohibits low income households from enrolling in CRP Home Comfort.

With respect to PGW's request for a waiver of section 58.10(a)(1), CAUSE-PA asserts that PGW has not alleged any special circumstances with which to justify its request. As explained above, PGW is not unique in that many low income customers not enrolled in a utility's CRP-equivalent CAP program shoulder the burden of paying for those programs. PGW has put forth no evidence to suggest that the administrative costs associated with modifying CRP Home Comfort eligibility are appreciably higher to warrant an exemption. Without sufficient offer of proof, CAUSE-PA disputes this assertion. As CAUSE-PA has noted for so many of these pressing issues, if the Commission is concerned about the additional costs associated with expansion of CRP Home Comfort eligibility, it must order an evidentiary hearing to resolve this materially disputed fact.

Finally, CAUSE-PA does not object to PGW's third alternative – that it be allowed cost-recovery for any additional costs associated with increased “administrative complexity” of allowing non-CRP customers to enroll in LIURP. However, CAUSE-PA asserts that additional information and data is necessary to fully assess the associated costs. Moreover, PGW should be required to mitigate those costs by using alternative verification – such as LIHEAP and/or participation in other state-funded assistance programs.

CAUSE-PA continues to support the Commission's Tentative Order requiring PGW to expand eligibility of its CRP Home Comfort program to include non-CRP customers. As such, PGW should not exclude non-CRP low income customers from its needs assessment, and should be ordered to allow non-CRP customers to participate in LIURP. Doing so will ensure equitable

treatment of PGW's non-CRP low income customers, who are already subject to significant barriers in their ability to access PGW's universal service programming.¹¹²

vi. Insufficient Usage; Terminations; New Customers; Treated
Comprehensively

PGW proposed to exclude various other customer subsets in its needs assessment, including those with concurrent service and/or residency for less than 12 months; those terminated in the previous year; and those who received weatherization services in the last seven years.¹¹³ In its Tentative Order, the Commission "suggested that half of these customers should be added back in to recognize that year-to-year ineligible status could change during the remaining three years of the USECP."¹¹⁴

CAUSE-PA objects to these exclusions in PGW's calculation of need and in its program restrictions, and notes that there are a number of factual and policy issues with these categorical exclusions. To begin, excluding those who have been terminated within the past year is particularly restrictive, and creates a perverse result whereby those most in need of bill savings through comprehensive usage reduction are likely to be categorically excluded from receipt of valuable usage reduction services. Moreover, it is unclear whether the number of customers without 12 months of concurrent service are the same households that were terminated within the last 12 months. Indeed, this is a possible double-counting, and requires further factual inquiry.

CAUSE-PA suggests that the Commission's proposed resolution -- to arbitrarily reduce the exclusions by 50% -- is an insufficient resolution, in that it is not based on evidence or

¹¹² See TO at 20; see also section II-a, e, l, m.

¹¹³ PGW Supplemental Information at 38.

¹¹⁴ TO at 34.

motivated by sound public policy. Again, further inquiry is necessary into the appropriateness of these exclusions and the accuracy of the underlying data.

vii. Cannot Treat Due to Various Issues

PGW next proposes to exclude households which it cannot treat due to various issues with the home. PGW arrived at this figure by using its “best estimated from program experience to-date” – which it then reduced by 15%.¹¹⁵ PGW offered no further explanation of how it estimated this figure, and did not provide any data or information to support its estimation. In its Tentative Order, the Commission proposed that PGW include this category in the previous four categories, and reduce the exemption by 50%. Again, as explained above, CAUSE-PA asserts that the Commission’s solution of reducing this deduction by 50% is insufficient, as it is based on an arbitrary reduction rather than evidence based analysis. Moreover, CAUSE-PA asserts that more information is needed to understand how PGW even arrived at the figures it presented. Indeed, it is wholly inappropriate to rely on PGW’s estimation without any support or data for how it arrived at that estimation – or why a 15% offset for that figure is appropriate.

viii. Rental Premises (i.e. Landlord Refusals)

PGW next excluded 50% of customers who reside in rental properties to account for a 50% landlord refusal rate.¹¹⁶ The Commission agreed with this exclusion, explaining that it found “it is reasonable to expect that not all renters will receive landlord permission to participate in CRP Home Comfort.”¹¹⁷

While it is reasonable to expect that not all renters will obtain permission for LIURP, PGW has set forth no evidence to support its assertion that 50% of landlords withhold

¹¹⁵ PGW Supplemental Information at 38.

¹¹⁶ PGW Supplemental Information at 39.

¹¹⁷ TO at 34.

permission for free weatherization and energy efficiency services. CAUSE-PA asserts that more information is necessary to assess whether PGW's efforts to obtain landlord approval are appropriately targeted to obtain landlord consent. Indeed, the Commission should not approve the exclusion of 50% of renters based on the unsupported assertion that 50% of landlords withhold approval for participation in the program.

In all, the various exclusions contained in PGW's LIURP needs assessment are largely unexplained and unsupported. A further inquiry into the appropriateness and accuracy of each exclusion is necessary to ensure that PGW's LIURP – and its resultant budget and job completion projections¹¹⁸ – is necessary, given the plethora of unresolved material facts at issue.

n. Issue 14: Additional Details Regarding Outreach Regarding CRP Enrollment

In response to the Commission's questions regarding PGW's CRP outreach, PGW disclosed that – in 2016 – it reached out to just over 1/3 (one third) of the population it reached out to in 2014, resulting in less than 1/2 (one half) of the previous CRP program enrollments.¹¹⁹ This decline is otherwise unexplained by PGW in its supplemental response. PGW's decline in outreach – at a time when enrollment is in decline and need is on the rise – is unacceptable. In addition to ensuring that the terms and conditions of the program are appropriately calibrated to achieve affordability, the Commission has a duty to ensure that universal service programs are accessible to the population which it serves. CAUSE-PA asserts that PGW is not fulfilling the universal service requirements contained within the Choice Act if it does not engage in robust marketing and direct outreach to the eligible population. CAUSE-PA asserts that the appropriateness of PGW's CRP outreach efforts should be referred to an evidentiary hearing to

¹¹⁸ See below, section III-b for further discussion about PGW's proposed LIURP budget and projected job completion rates.

¹¹⁹ PGW Supplemental Information at 40.

determine whether its current and planned outreach activities are sufficiently robust and targeted to ensure that the eligible population can access available programs and services.

III. ADDITIONAL COMMENTS

In addition to the issues raised in the Commission's Tentative Order, to which PGW responded, CAUSE-PA has several additional comments with regard to PGW's universal service program portfolio.

a. CRP

i. CRP Affordability

CAUSE-PA asserts that PGW should be required to adjust its percentage of income levels to better address persistent unaffordability. PGW's 2015 Customer Responsibility Program Policy Evaluation (CRP Evaluation) identified a troubling issue of with regard to CRP affordability, explaining that PGW's program attrition is significantly higher for those at the 8% (0-50% FPL) and 10% (101-150% FPL) percentage of income tiers, and suggests that a downward adjustment of these tiers to 7% and 9%, respectively, may reduce program attrition.¹²⁰ The CRP Evaluation surmises that the difference in attrition between the top and bottom income tiers compared to the middle income tier may be explained by looking to the Commission's Policy Statement. The 9% target for the middle income range is at the middle of the stated affordability range, while PGW's 8% and 10% targets for the lowest and highest income tier, respectively, "are at the top of their respective ranges."¹²¹ CAUSE-PA asserts that further exploration of this finding, and how it relates to program affordability, is critically important to ensure that PGW's CRP is delivering affordable services to vulnerable low income households.

¹²⁰ PGW Supplemental Information, Attachment B, H. Gil Peach et al, 2015 Customer Responsibility Program Evaluation, at 2-3 (May 2016).

¹²¹ Id. at 3; see 52 Pa. Code § 69.265(2)(i)(B).

PGW’s affordability targets cannot be assessed in a vacuum – and must be contextualized with the customer’s full energy burden, which includes their likely electricity costs. PECO’s affordability targets for non-heating electricity customers are 5% for customers with income at 0-50% FPL; 6% for customers with income at 51-100% FPL; and 7% for customers with income at 101-150% FPL.¹²² The following chart shows the combined energy burden targets for PGW’s gas heating customers:

Combined Energy Burden for PGW Gas Heating Customers:

	PGW CRP Energy Burden Target	PECO CAP Energy Burden Target	COMBINED ENERGY BURDEN
0-50% FPL	8%	5%	13%
51-100% FPL	9%	6%	15%
101-150% FPL	10%	7%	17%

To put these figures in context, a household of 3 at the lowest income tier (at or below 50% FPL) has a *maximum household income* to qualify for that tier of \$10,210 – of which they pay approximately \$1,327 / year (13%) for energy costs alone if they are enrolled in PGW’s CRP and PECO’s CAP.¹²³ This leaves the household with a total of \$8,883 to pay for all of their other expenses for the entire year – including food, housing, medication, transportation, childcare, etc. At the high end of the eligible income level (between 101-150% FPL), a household of 3 has a household income between \$20,421 (101% FPL) and \$25,525 (150% FPL) – of which they pay between \$3,471.57 and \$4,339.25 (17%) for energy costs alone if they are enrolled in PGW’s

¹²² PECO Universal Service and Energy Conservation Plan for 2016-2018, at 30-31, *available at* <http://www.puc.state.pa.us/pdocs/1510970.pdf>.

¹²³ These figures were calculated using the 2017 Federal Poverty Level chart and the combined gas and electric energy burden for CRP- and CAP-enrolled customers in PGW’s service territory. *See* Dep’t of Health and Human Services, ASPE, Poverty Guidelines, <https://aspe.hhs.gov/poverty-guidelines>.

CRP and PECO's CAP. This leaves between \$16,949 and \$21,185.75 to pay for all of their other expenses for the year.

The self-sufficiency standard – which “measures how much income a family of a certain composition in a given place needs to adequately meet their basic needs” – is between \$40,000 and \$44,999 in Philadelphia County¹²⁴ – and is significantly higher than the household income of those eligible for CRP. As noted in the introduction, the average annual household income of a natural gas CAP customer is just \$12,223 – less than 1/3 of the income required to meet a household's basic living expenses.¹²⁵ If between 13 and 17% of this meager income is devoted to energy costs each month, it leaves very little to attend to the many other needs – food, medicine, housing, healthcare, transportation, and childcare. Indeed, now is the time – as PGW pursues a \$70 million base rate increase¹²⁶ – to closely examine the affordability thresholds to ensure that the program is creating a level of affordability that is sustainable for economically vulnerable households.

Not only would a downward adjustment of the percent of income payment requirements help address rate unaffordability for current CRP customers, it would also help capture the likely thousands of customers who are currently locked out of CRP because their budget payment is lower than the percentage of income payment requirement. Should PGW be allowed to maintain this adverse policy, it is all the more imperative that PGW be required to make a downward adjustment to its affordability levels.

¹²⁴ Pa. Pathways, Overlooked and Undercounted: How the Great Recession Impacted Household Self-Sufficiency in Pennsylvania, at 7 (2012), <http://selfsufficiencystandard.org/sites/default/files/selfsuff/docs/PA2012.pdf>.

¹²⁵ 2015 Universal Service Report at 36.

¹²⁶ See PGW, Supplement No. 100 to Gas Service Tariff - Pa PUC No. 2, Docket No. R-2017-2586783 (filed February 27, 2017).

CAUSE-PA asserts that it is imperative that the Commission address this issue before approving PGW's plan and order a full evidentiary proceeding to examine the affordability of PGW's tiered CRP levels, and the respective enrollment levels and attrition rates. Indeed, the information contained in the 2015 CRP Evaluation reveals that affordability is a genuine issue of material fact, which must be resolved to ensure that PGW's programs are providing an adequate level of affordability is provided through its universal service programs.¹²⁷

ii. CRP Stay-Out Provisions

In its request for information from PGW, CAUSE-PA posed several questions related to PGW's stay-out provisions.¹²⁸ We reserve further comment on this issue until after it has had an opportunity to review PGW's answers, to the extent they are provided. Notwithstanding, the impact of PGW's CRP stay-out provisions warrants further scrutiny by the Commission. Indeed, these stay-out provisions create far-ranging consequences, such as those discussed with regard to PGW's CRP Cure policy. More information about the impact of PGW's stay-out provisions is necessary to fully understand the policy, and whether changes are warranted to ensure that CRP customers are protected from further financial harm.

iii. Retroactive Arrearage Forgiveness

In PGW's last Universal Service and Energy Efficiency Plan proceeding, the Commission questioned PGW's arrearage forgiveness policy, and whether PGW should be required to provide retroactive arrearage forgiveness when a customer "catches up" on a missed

¹²⁷ 66 Pa. C.S. §§ 2202, 2203 (8). As the Commission explained in its Tentative Order, "Universal service programs are subject to the administrative oversight of the Commission, which must ensure that the utilities run the programs in a cost-effective manner and that services are appropriately funded and available in each utility distribution territory." TO at 3, citing 66 Pa. Code § 2803(8). See also CAUSE-PA et al., 120 A.3d at 1103-1104.

¹²⁸ Attachment A, CAUSE-PA Request for Information (March 2, 2017).

CRP payment.¹²⁹ In its Final Order - after review of several supportive comments, including strong support from CAUSE-PA – the Commission declined to order retroactive arrearage forgiveness, but noted strong support for the policy:

As mentioned above, NFG and Duquesne have voluntarily allowed CAP customers to receive arrearage forgiveness for any monthly payments missed once the entire CAP balance is paid in full. Applying arrearage forgiveness in this way provides a strong incentive for customers to catch up on missed payments and make up the missed forgiveness. The Commission encourages utilities to evaluate whether applying arrearage forgiveness retroactively would be feasible under their CAP programs, but has not mandated this change. Therefore, we are not requiring PGW to apply the 1/36th arrearage forgiveness retroactively to months missed once the CRP amount is paid in full at this time, but are encouraging PGW to review this option for its next triennial Plan.¹³⁰

CAUSE-PA continues to assert that retroactive arrearage forgiveness is a critical component to an arrearage management program, as it incentivizes regular payment while still accounting for the harsh realities facing low income families in any given month, as they stretch severely limited resources to cover basic life necessities. The fact that PGW charges a \$5 per month co-pay towards arrearages – which is above and beyond the percent of income payment – is further reason to allow for retroactive arrearage forgiveness. Indeed, by charging this additional amount, PGW is making it even harder for households to meet their monthly payment obligations. Allowing retroactive arrearage forgiveness will help create a positive payment history by allow faster resolution of outstanding debt.

As CAUSE-PA asserted in PGW’s last USECP proceeding, further exploration of this policy is warranted to collect evidence relevant to the Commission’s determination. A few of the unanswered questions here include:

¹²⁹ PGW Universal Service and Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code § 62.4, Final Order, Docket No. M-2013-2366301 (Aug. 21, 2014).

¹³⁰ Id. at 25-26.

- How many CRP customer successfully earn full arrearage forgiveness?
- How many months does it take CRP customers to obtain full arrearage forgiveness?
- What is the impact of the \$5 arrearage forgiveness co-pay on the ability of CRP customers to pay?
- How has the retroactive arrearage forgiveness policy changed payment behaviors of CAP customers in NFG and Columbia service territories?

These questions should be answered to enable the Commission to make a fully informed decision about the policy.

b. CRP Home Comfort / LIURP Budget

In its Tentative Order, the Commission “reserve[d] any determination of the appropriateness of the CRP Home Comfort budgets for years 2018-2020 until we can review the revised needs assessment.”¹³¹ Without the final needs assessment, it is impossible to provide succinct comments on the appropriateness of PGW’s resultant LIURP budget. CAUSE-PA argues that this issue must be referred to a full evidentiary proceeding to ensure that the resultant budget is appropriately tied to the needs assessment – which in turn must be based on substantial evidence in support thereof. In the alternative, CAUSE-PA asserts that the Commission must, at the very least, provide a subsequent comment period on the appropriateness of PGW’s budget in light of the revised needs assessment.

Notwithstanding the need for a final needs assessment to judge the appropriateness of PGW’s LIURP budget, CAUSE-PA notes that PGW’s initial budget proposal is woefully

¹³¹ TO at 34.

inadequate in relation to need – even compared to the significantly lower needs assessment initially proposed by PGW. PGW’s current plan proposes to complete 2,735 jobs per year. Even if one were to accept PGW’s revised needs assessment of 67,367, it would take approximately 24.6 years to serve all eligible customers. This is simply too long. In recently filed comments to the PUC regarding its initial inquiry into a LIURP rulemaking, attorneys for CAUSE-PA – joined by several other organizations – explained that, in setting a LIURP budget, the Commission should “establish a policy for the length of time over which it would be reasonable and appropriate to provide services to all eligible customers.”¹³² It was suggested that this should be either 10 years, to coincide with the decennial census, or every 12 years, to coincide with the LIURP payback period.¹³³

Moreover, PGW’s proposed per-job LIURP costs are higher than their actual job costs without adequate explanation, and deserve a closer look to ensure that the budget – and the projected job completion rate - is appropriately set. At 2,735 LIURP jobs per year, and a budget of \$6.5 million, the cost is approximately \$2,377 per job.¹³⁴ In 2015, PGW’s average job cost was \$1,657 -- over \$700 less than its projected per job costs for 2018, 2019, and 2020. This is yet another example of the many material facts that are in dispute. CAUSE-PA maintains that this proceeding must be referred for an evidentiary proceeding to establish a factual basis to support PGW’s projected job completion rate and per job cost.

¹³² Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1-58.18, Joint Comments of the Pennsylvania Utility Law Project et al., Docket No. L-2016-2557886, at 27 (Jan. 30, 2017).

¹³³ Id. at 27.

¹³⁴ TO at 35, 37.

c. Hardship Fund / USEF Budget

PGW proposes to serve 1,000 customers annually through its Hardship Fund, at a funding level of \$1,055,649. CAUSE-PA has submitted a number of questions to PGW regarding its Hardship Fund budget and historical participation rates, and reserves further comment on the issue until after it receives responses to those questions.¹³⁵ That said, CAUSE-PA notes that it has substantial concerns about the significant decline in hardship fund program assistance since the 2009-2010 program year. The following chart, which was compiled using the Universal Service Reports from 2010 through 2015, provides a clear picture of the steady and substantial decline in hardship fund programming:¹³⁶

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	Projected
Benefits Distributed	\$2,252,986	\$2,263,653	\$1,681,218	\$1,273,999	\$1,387,671	\$1,223,937	\$1,055,649
Ratepayers Receiving Grant	2,257	2,263	1,676	1,184	1,324	992	1,000

In addition to this steep and documented decline, PGW has only collected a combined total of \$2,032 in voluntary ratepayer donations since 2012.¹³⁷ This represents a \$0.00 per customer contribution rate, and is by far the lowest contribution rate in the state. CAUSE-PA submitted specific questions to PGW regarding these disturbing trends in the administration and availability of its Hardship Fund program. CAUSE-PA will provide further comment after reviewing that information.

¹³⁵ See Attachment A, CAUSE-PA Request for Information (March 2, 2017).

¹³⁶ 2015 Universal Service Report at 52; 2014 Universal Service Report at 52; 2013 Universal Service Report at 46; 2012 Universal Service Report at 44; 2011 Universal Service Report at 50.

¹³⁷ 2013 Universal Service Report at 45; 2014 Universal Service Report at 51; 2015 Universal Service Reports at 51.

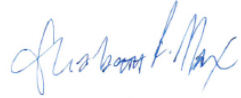
IV. CONCLUSION

CAUSE-PA thanks the Commission for this opportunity to submit comments in this proceeding, and respectfully requests that the Commission, and urges the Commission to adopt the recommendations contained herein.

Respectfully Submitted,

PENNSYLVANIA UTILITY LAW PROJECT

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Re: Philadelphia Gas Works Universal Service Plan for 2017-2020 Submitted in Compliance with 52 Pa. Code § 62.4, Docket No. M-2016-2542415

Request for Information and Data

Dear Counsel,

As you know, in the Tentative Order dated January 26, 2017, the Commission urged parties “to be cooperative in the exchange of information and data relative to this formal proceeding.” (TO at 1). In furtherance of the Commission’s Tentative Order, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) submits the following questions regarding PGW’s pending Universal Service and Energy Conservation Plan for 2017-2020. We respectfully request that answers to these questions be provided in a timely manner, and that reasonable efforts be made to respond to all questions on or before Friday, March 17, 2017 (15 days from the date of this request) to allow time for us to review the information provided prior to the March 22, 2017 deadline for reply comments in this

proceeding. We believe this timeframe is fair, given the timeframe for discovery in most litigated proceedings is modified to allow just 10 days for discovery responses.

If there are any questions, concerns, or objections to the below requests for information, please contact us at your earliest convenience to discuss.

REQUESTS FOR INFORMATION AND DATA

CRP

1. How and when are customers informed of CRP? Please identify each circumstance in which a CRP referral is triggered in the course of contact with a customer, and provide a copy of any call scripts, call center policies or procedures, memoranda, letters, marketing materials, or other correspondence which is used to inform customers of their option to apply for CRP.
2. Reference page 8 of PGW's Supplemental Information. PGW explains: "[C]ustomers may elect to enter a payment agreement instead of apply for CRP and there could be a number of reasons why customers would want to do so." Aside from having a lower budget payment than CRP payment, please identify the reasons that PGW believes customers would enter a payment agreement rather than CRP.
3. When PGW offers a customer a payment agreement, do they also solicit the customer to apply for CRP? Please provide all supporting documentation, including call scripts, call center policies or procedures, memoranda, letters, marketing materials, or other correspondence.
4. Is PGW's CRP cure policy available to customers seeking restoration after a termination for non-payment?
5. Is PGW's CRP cure policy available to customers seeking restoration after a second or subsequent termination for non-payment?
6. When and how does PGW inform customers about the CRP Cure? Please identify each type of customer contact, and provide a copy of any call scripts, letters, or other correspondence with the customer that explain CRP Cure.
7. If a CRP customer is subject to a one-year stay-out, are they also required to pay a "CRP Cure" amount to reenroll in CRP?
8. How many CRP customers have voluntarily withdrawn from CRP in the past three (3) years, disaggregated by month?

9. How many CRP customers have been removed from CRP for nonpayment in the past three (3) years, disaggregated by month?
10. How many CRP customers have been removed from CRP for failure to recertify in the past three (3) years, disaggregated by month?
11. At the time of removal, what is the average pre-program arrearage of CRP customers who voluntarily remove themselves from CRP?
12. What is the average pre-program arrearage of CRP customers who are removed from CRP for failure to recertify? Please separately indicate the number of customers with zero arrearages, and do not include these customers in calculating the average.
13. What is the average pre-program arrearage of CRP customers who are removed from CRP for nonpayment?
14. See PGW Supplemental Information at 16-17: “PGW proposes to continue allocating administrative costs using the same method that has been approved by the Commission previously which calculates the administrative cost contribution for each program based on program’s proportion of the budget.” Please identify the location within PGW’s approved DSM Plan which sets forth the proration of PGW’s administrative costs between individual programs.
15. As of March 1, 2017, what are the total arrearages for CRP eligible customers who have been placed on a payment arrangement or budget bill due to the more beneficial arrangement policy?

LIURP

16. What is the basis for PGW’s conclusion that its health and safety pilot is capable of producing energy savings in excess of 25%?
17. Will PGW’s proposed health and safety pilot program address de facto heating? Please explain why or why not.
18. Over the past three years, disaggregated by year and month, how many of PGW’s completed LIURP jobs exceeded 25% savings?
19. Over the past three years, disaggregated by year and month, how many LIURP jobs were deferred due to the inability to address health and safety issues? Please also provide a list of the specific issues identified by PGW or its contractors for deferral of the program, and any cost estimates associated with the repairs.

HARDSHIP FUND

20. Does PGW actively solicit donations for its hardship fund from its customers? If yes, please identify all of the points of contact, marketing efforts, and fundraising events that PGW engages in to solicit donations. If not, please explain why not.
21. Since the 2009-2010 program year, the total benefits distributed through PGW's Hardship Fund have decreased by \$1,029,049. What are the reason(s) for this decline?
22. Why has PGW only collected a combined total of \$2,032 in voluntary ratepayer contributions to its Hardship Fund since its 2012-2013 program year?
23. For the 2010-2011, 2011-2012, 2012-2013, 2013-2014, and 2014-2015 program years, what was the dollar amount of UESF grants contributed to the Hardship Fund and matched by PGW?
24. Since the 2009-2010 program year, the number of Hardship Fund grants awarded to PGW ratepayers decreased from 2,257 to just 992 in the 2014-2015 program year. What are the reason(s) for this decline?

CARES

25. How many staff are currently employed in PGW's CARES unit?
26. Provide the name(s) and job title(s) of any staff currently employed in PGW's CARES unit.
27. Please identify the total number of LIHEAP Crisis grants that PGW denied during the 2015-2016 and the 2016-2017 LIHEAP seasons (disaggregated by program year) because the grant amount was not enough to satisfy the balance needed to maintain or restore service.

Sincerely,



Elizabeth R. Marx, Esq.
Patrick M. Cicero, Esq.
Joline Price, Esq.
The Pennsylvania Utility Law Project
On behalf of CAUSE-PA

CC: Pursuant to Attached Certificate of Service