

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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March 22, 2017

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

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

Dear Secretary Chiavetta:

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

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

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

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Enclosures

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

*230340

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

REPLY COMMENTS
OF THE
OFFICE OF CONSUMER ADVOCATE

The Office of Consumer Advocate files these Reply Comments pursuant to the Pennsylvania Public Utility Commission's (Commission) directive in the Tentative Order entered on January 26, 2017 at the above-referenced docket.

I. INTRODUCTION

On April 28, 2016, Philadelphia Gas Works (PGW or Company) filed its Universal Service and Energy Conservation Plan (USECP or Plan) for 2017 through 2020, in accordance with the Commission's regulations at 52 Pa. Code § 62.4, relating to natural gas universal service and energy conservation requirements. On November 16, 2016, PGW filed its Amended USECP. On January 26, 2017, the Commission entered its Tentative Order on the Plan which requested Comments. The Commission requested that PGW provide Supplemental Information within twenty days from the Order and requested Comments from interested parties twenty days thereafter. On February 15, 2017, PGW filed the Supplemental Information in Response to the January 26, 2017 Tentative Order. Pursuant to the Tentative Order, the OCA, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), and the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia

(TURN *et al.*) filed Comments. The OCA responds to the Comments of CAUSE-PA and TURN *et al.* regarding: (1) retroactive arrearage forgiveness and (2) the use of annual tax returns for self-employed individuals.

II. COMMENTS

A. Retroactive Arrearage Forgiveness

PGW's Amended Plan provides that the customer will "receive arrearage forgiveness for each monthly CRP bill that is paid on time and in full regardless of any past due bills." PGW Amended Plan at 7. CRP customers, however, do not receive retroactive forgiveness for missed CRP payments. In Comments, CAUSE-PA and TURN *et al.* propose that PGW also should apply arrearage forgiveness retroactively to any months missed once those missed payments are caught up. CAUSE-PA Comments at 45-47; TURN *et al.* Comments at 15. The OCA agrees that a customer who catches up on several months' worth of missed payments should be given arrearage forgiveness for those months that were missed. The OCA submits that this policy encourages CRP participants to catch up on missed payments as quickly as possible.

As CAUSE-PA discussed in its Comments, the Commission did not require PGW to adopt this arrearage forgiveness policy in PGW's 2014-2016 USECP, but the Commission encouraged PGW to review this policy in its next triennial filing. CAUSE-PA Comments at 46, citing PGW USECP for 2014-2016, Docket No. M-2013-2366301, Order at 25-26 (August 21, 2014). The Commission also identified strong support for the policy in its PGW 2014-2016 USECP Order. The Commissions stated:

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 1/36 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.

PGW 2014-2016 USECP at 25-26, citing NFG 2011-2014 USECP Final Order, Docket No. M-2010-2192210 at 12 (May 9, 2011); Duquesne Light Company 2014-2016 USECP Final Order, Docket No. M-2013-2350946 at 19-20 (March 6, 2014).

For the reasons set forth in the OCA's Comments in the 2014-2016 PGW USECP proceeding, the OCA submits that a retroactive arrearage forgiveness policy encourages CRP customers to make up the past due payments as quickly as possible. The OCA submits that the retroactive arrearage forgiveness policy recognizes that customer assistance programs frequently serve households that are employed in low-wage, often unstable or inconsistent income jobs. The policy also acknowledges that it can be difficult for these households to consistently pay on time every month and rewards customers' attempts to catch up on retroactive payments.

B. Use of Annual Tax Returns

In response to the Tentative Order and in its Supplemental Response, PGW eliminates the requirement for self-employment to provide to quarterly tax return information. PGW instead provides that self-employed CRP participants may provide an annual income tax return as proof of income. In its Comments, TURN *et al.* recommends that PGW support greater flexibility in income reporting requirements for self-employed individuals beyond providing an annual tax return. TURN *et al.* Comments at 12-13. TURN *et al.* proposes that PGW should accept reasonable accounting of income from self-employed individuals if a tax return is not available. TURN *et al.* at 13. The OCA agrees that PGW should provide self-employed individuals with greater flexibility to provide income information.

The OCA agrees that self-employed individuals should be able to provide an annual tax return as proof of income. The OCA, however, submits that an annual income tax return should not be the only income statement accepted for self-employed individuals. As TURN *et al.* states in its Comments, the requirement to provide an annual tax return would present a problem for a low-income, self-employed individual who may not be required to file a tax return under the law, or for some other reason, has not otherwise filed a tax return in the prior year. TURN *et al.* at 13. Moreover, the OCA submits that even if a customer has filed a tax return, a self-employed individual's income is likely to change much more from year to year than non-self-employed individual. The tax information reflected in an annual tax return may be dated.

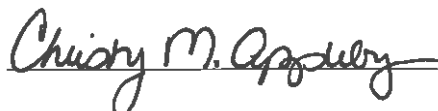
The State LIHEAP Plan provides self-employed individuals with greater flexibility. In its income requirements, the LIHEAP State Plan defines income requirements for self-employed individuals as "profit of a self-employed person is gross receipts minus costs of operating a business or farm, practicing a profession, providing day-care for children in an approved family day-care facility, or renting nonresident real property." LIHEAP FY 2017 State Plan, Section 601.82(2).¹ The OCA submits that PGW should permit self-employed individuals similar flexibility.

¹ The calculation specifically does not allow the following to be deducted from gross receipts: (1) depreciation, (2) personal business and entertainment expenses; (3) personal transportation; (4) purchase of capital equipment; and (5) payment on the principal of loans for capital assets or durable goods. LIHEAP FY 2016 State Plan, Section 601.82(2)(i). The calculation also does not permit the loss of one source of income to offset another source of income. LIHEAP FY 2016 State Plan, Section 601.82(2) (iii).

III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate respectfully requests that Duquesne's Universal Service and Energy Conservation Plan be approved subject to the OCA's Comments and the recommendations contained herein.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

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

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

Dated this 22nd day March 2017.

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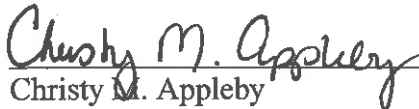
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