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March 22, 2017

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Philadelphia Gas Works' ("PGW") Reply to Comments in Response to Tentative Order Entered January 26, 2017 with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,

A handwritten signature in black ink that reads "Deanne M. O'Dell".

Deanne M. O'Dell

DMO/lww
Enclosure

cc: Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Reply to Comments upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**PHILADELPHIA GAS WORKS
REPLY TO COMMENTS IN RESPONSE TO TENTATIVE ORDER
ENTERED JANUARY 26, 2017**

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I. INTRODUCTION

On April 28, 2016, Philadelphia Gas Works (“PGW”) filed its proposed Universal Service and Energy Conservation Plan (“USECP”) for the four-year period of January 1, 2017 through December 31, 2020. By Tentative Order entered January 26, 2017, the Commission identified fourteen issues needing additional input and directed PGW to provide supplemental information for further evaluation. PGW filed its Supplemental Information in response to the Tentative Order on February 15, 2017. The Tentative Order also permitted interested stakeholders to submit comments and on March 7, 2017 comments were received from the following: (1) Office of Consumer Advocate (“OCA”), (2) Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (“TURN”); and, (3) Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”). Pursuant to the Tentative Order, PGW submits this reply to the comments.

As discussed further below, PGW generally agrees with most of the comments filed by OCA and proposes modifications to its USECP 2017-2020 consistent with many of OCA’s suggestions. In contrast, many of the suggestions offered by TURN et al. and CAUSE-PA are illogical, impractical, not feasible, would strain existing resources and/or would place an unreasonable financial burden on PGW ratepayers. PGW is firmly committed to meeting the needs of all its ratepayers, this includes low-income firm customers participating in its low income assistance programs and all other firm customers (including low-income customers not participating in PGW’s low-income assistance programs who pay for the costs of the various assistance programs). As recognized in Commission reports, approximately one third of PGW’s ratepayers are confirmed low-income¹ and a portion of the rest have incomes that are just above

¹ Approximately 34.4% of PGW’s customers are confirmed low-income and this is the highest proportionate number of low income customers of all Pennsylvania’s utilities – electric or gas.

the poverty level. Therefore, when considering TURN et al. and CAUSE-PA's suggestions, PGW respectfully requests that the Commission examine the costs/benefits of their copious revisions, demands for information and litigation, and recommended changes. For these reasons and as further explained below, PGW respectfully requests that its USECP be approved as filed with the modifications proposed by PGW in its Supplemental Information and these Reply Comments.

II. REPLY TO COMMENTS OF OCA

A. Specific CRP Issues Identified In Tentative Order

1. Issue No. 1: Expanding Eligibility for CRP Based on Most Affordable Bill Payment Option

As explained in its Supplementation Information, PGW hired a consultant ("Peach") to study its CRP to analyze, among other things, the informal request of the Bureau of Consumer Services ("BCS").² In response to the Tentative Order, PGW provided a cost breakdown estimate that explains how the change would result in increased program costs.³

In its Comments, OCA states that the cost information provided by PGW "does not answer the question of how much it would cost to enroll customers with a lower budget bill in the CRP and to provide them with arrearage forgiveness and LIURP."⁴ To be clear, as provided in PGW's Supplemental Information: (1) the cost of modifying active CRP customers' monthly amount to the average bill amount could be approximately \$648,000;⁵ and, (2) the cost of adding

Pennsylvania Public Utility Commission 2015 Report on Universal Service Programs and Collections Performance, at 7-8 ("Universal Service Report 2015").

² PGW Supplemental Information at 4-8 and Attachment B, Peach Study.

³ PGW Supplemental Information at 6-7.

⁴ OCA Comments at 6.

⁵ PGW Supplemental Information at Attachment B, Peach Study at 28.

low-income customers who are not on CRP at the average bill amount (with arrearage forgiveness) could be approximately \$5,027,742.⁶

2. Issue No. 2: CRP Pilot Consumption Proposal

PGW proposes to implement a pilot program which will impose maximum consumption limits for CRP participants with higher than average usage and provided additional details in its Supplemental Information in response to the Tentative Order.⁷ OCA supports PGW's proposal but recommends: (1) that customers be provided notification periodically in advance that they are in danger of exceeding their consumption limit;⁸ (2) that a CRP customer be exempt from consumption limits if excess usage is beyond the control of the customer; and, (3) that PGW include in its Reason Analysis of the pilot how much it will cost to implement the consumption limit and how much cost reduction would occur because of the consumption limit.⁹

PGW will agree to notify customers by mail in advance of the program start (or at time of CRP application, whichever is later) and when they reach 50%, 80% and 100% of the consumption limit. Further, as proposed, the Reason Analysis will examine conditions that cause high use for discussion in the stakeholder meeting. Although PGW's final consumption limit proposal will not be made until its USECP 2021-2023, PGW does not currently foresee that it would seek exception to the factors identified at Section 69.265(3)(vi), although a final determination seems premature at this time. With respect to costs (and related cost recovery), PGW would agree that its USECP 2021-2023 proposal include a cost evaluation for cost recovery.

⁶ PGW Supplemental Information at Attachment B, Peach Study, Amendment at 2.

⁷ PGW Supplemental Information at 9-11.

⁸ OCA Comments at 8-9.

⁹ OCA Comments at 8-9.

3. **Issue No. 3: Use of External Sources to Verify CRP Household Information**

In its Supplemental Information, PGW explained its current process of verifying household income for CRP participants and committed to providing consumers with at least two weeks written notice of Federal Credit Reporting Act (“FCRA”) “rights” before removing the customer from CRP for fraud or evidence of death found from an inquiry.¹⁰ OCA supports PGW’s proposal but recommends that the customer be provided with written notice of removal thirty days in advance rather than two weeks. PGW will agree to this modification.

OCA also recommends that the removal letter provide information about how the customer may dispute the removal through either an informal or formal complaint at the Commission.¹¹ PGW is amenable to providing the customer information about his/her dispute rights. However, the preliminary dispute would be provided to PGW (not the Commission) and the customer would have the opportunity to submit an informal or formal complaint with the Commission if he or she is not satisfied with the dispute resolution.

4. **Issue No. 6: On-Line CRP Application Process**

OCA supports PGW’s proposal to allow customers to securely transmit application information through the Company’s web portal and recommends that the process include an “on-line help function” to allow customers to ask questions of CRP staff about the application.¹² As already designed, PGW’s on-line process will include a “help” button for customers to find static assistance answers and resources for additional questions. However, PGW does not have the resources or processes to operate a live “chat” service for customers. Instead, customers will be

¹⁰ PGW Supplemental Information at 12-13.

¹¹ OCA Comments at 11.

¹² OCA Comments at 11-12.

able to call the Company directly with questions and customer service representatives will be available to assist them.

OCA also recommends that PGW examine expanding the opportunity for in-person applications by considering options to utilize community-based organizations.¹³ PGW's current in-person process is union-covered work provided pursuant to PGW's agreement with the Gas Works Employees' Union of Philadelphia Local 686, Utility Workers' Union of America AFL-CIO.

5. Issue No. 8: CRP Home Comfort Health and Safety Pilot

OCA supports PGW's proposed pilot program to install health and safety measures but is concerned that the health and safety measures do not become the primary use of LIURP, or used as the primary source of funds for housing rehabilitation, if the Company were to continue the program in the future.¹⁴ PGW agrees with these concerns. To clarify the proposal, PGW's proposed \$2,000 cap per project is not intended to mean that PGW will spend \$2,000 on every home that receives health and safety services. Rather, the cap represents the maximum amount PGW will spend but only if significant overall energy savings can be achieved by undertaking the project. To put this per-project cap in context, the average comprehensive project cost in 2015 was \$3,543 – and ranged as high as \$13,709.

PGW will agree to implement OCA's request for the evaluation to track the measures installed (but not specific measures), cost of measures and savings otherwise achieved through installation as part of its evaluation. Note, however, (1) that these measures are tracked in general categories such as roof repairs (in contrast with, for example, repair of a hole in shingle

¹³ OCA Comments at 12.

¹⁴ OCA Comments at 14-15.

rear roof) and cost measures; and, (2) savings will not result from the measures so PGW will measure overall home savings resulting from non-health and safety measures.

6. Issue No. 13: Needs Assessment Including Calculation of Customers Eligible for CRP Home Comfort Program

a. Identified Low-Income Customers

Though OCA submits that PGW's revised number of confirmed low-income customers "moves in the right direction," OCA expresses concerns with the way that PGW "identifies" its confirmed low-income customers.¹⁵ Point-in-time snapshot actual data is the method that PGW uses to identify low-income customers – the use of which PGW believes provides real benefit for the overall accuracy of the assessment. PGW's identification is based on indicia pulled from its Customer information System ("CIS") which is not currently coded to capture details such as information from community based organizations or application of "other Commission consumer protections." PGW's identification of low-income customers has been accepted by the Commission for years through the reporting requirements of the Universal Service Report and PGW "carries over" low-income status for a period of two years.

To the extent PGW is directed to modify data that is collected and systematically identifiable, PGW would request recovery through its Universal Service & Energy Conservation Surcharge for related systematic modifications.

b. Limiting CRP Home Comfort Eligibility to CRP Participants

For the reasons further explained in its Supplemental Information, PGW continues to believe that the exclusion of non-CRP customers from LIURP is sound.¹⁶ OCA disagrees and

¹⁵ OCA Comments at 17-18.

¹⁶ PGW Supplemental Information at 34-37.

recommends that non-CRP participants be eligible for LIURP.¹⁷ PGW continues to maintain that this requirement should not be mandated at this time because: (1) expanding eligibility requirements unnecessarily adds a layer of costly administrative complexity; (2) there are sufficient high use CRP participants available today that need LIURP weatherization treatments; and, (3) offering LIURP services to non-CRP customers would likely erode the benefit received by non-CRP customers – including low to moderate income residential customers not participating in CRP – in terms of reduced subsidy costs that can be achieved through weatherizing the homes of CRP participations.¹⁸

If, however, the Commission directs that CRP Home Comfort be extended to non-CRP customers, PGW would ask that it be required only to include PGW LIHEAP recipients from the current or most recent LIHEAP season as eligible recipients of LIURP. Making this accommodation will ease some of the administrative complexity and cost that would be associated with making the change because the Department of Human Services has already verified income status for the PGW LIHEAP recipients.

B. Issues Not Included In Tentative Order

1. Use of Community-Based Organizations for CRP Application

OCA recommends that PGW investigate using community-based organization (“CBOs”) to help expand the population of eligible customers and to facilitate customers both applying for and timely recertifying for CRP.¹⁹ As noted in PGW’s USECP 2017-2020, PGW does currently

¹⁷ OCA Comments at 12-13.

¹⁸ PGW Supplemental Information at 34-36.

¹⁹ OCA Comments at 20.

use CBOs to assist with outreach and referrals.²⁰ Further, as discussed above in Section II.A.4, PGW's current in-person process is union-covered work provided pursuant to PGW's agreement with the Gas Works Employees' Union of Philadelphia Local 686, Utility Workers' Union of America AFL-CIO.

2. CRP Outreach

OCA supports PGW's proposal to enhance its CRP outreach and recommends that the Company expand its outreach beyond households that speak Spanish.²¹ PGW will agree to engage in outreach to senior citizen discount customers. PGW provides a third-party language line for translation of Spanish and other languages. For non-Spanish customers, PGW does not have data to identify such customers.

III. REPLY TO COMMENTS OF TURN ET. AL. AND CAUSE-PA

TURN et al. and CAUSE-PA raised very similar issues in their comments which will be addressed below. As an initial matter, however, PGW wishes to provide its comments regarding two overall themes of both comments – referral to the Office of Administrative Law Judge (“OALJ”) and the purpose of the Usage Reduction Program Advisory Panel.

A. Threshold Issues

1. Referral to OALJ

As an initial matter, PGW does not agree with TURN et al. and CAUSE-PA that referral of the USECP to the Office of Administrative Law Judge (“OALJ”) is either appropriate or necessary.²² There is no statutory obligation for such referral and neither TURN et al. nor

²⁰ First Amended USECP 2017-2020 (filed November 16, 2016) at 35-37, 39 and Appendix E. Page numbers cited in these reply comments refer to the red-lined version of the First Amended USECP 2017-2020 .

²¹ OCA Comments at 20-21.

²² TURN et al. Comments at 1-2; CAUSE-PA Comments at 2.

CAUSE-PA have identified any issue that would require referral to the OALJ. As explained in PGW's March 9, 2017 letter response to CAUSE-PA's twenty-seven data requests to PGW (which CAUSE-PA included as Attachment A to its comments), the Commission's well-established practice of reviewing proposed universal service plans relies on members of the Bureau of Consumer Services ("BCS") to act as the Commission's advisory team and make recommendations regarding the proposed universal service plan. Interested stakeholders are permitted to submit comments for the Commission's ultimate consideration and, only if there are unresolved material facts, will the Commission refer the matter to the OALJ.²³

Turning the regular Commission review of PGW's universal service program into a "mini-rate case" would involve significant time and expense for such litigation. The recent litigation of PGW's demand side management ("DSM") plan which included its low-income usage reduction program ("LIURP") provides a good example of the practical reality of taking

²³ As such, the discovery requests propounded by CAUSE-PA are not consistent with the process established for this case or the Commission's current discovery rules. Therefore, PGW elected to focus on addressing the concerns identified by the Commission, complying with the process established by the Commission, and declined to provide responses to CAUSE-PA. *See Philadelphia Gas Works Universal Service Plan for 2017-2020 Submitted in Compliance with 52 Pa. Code*, Docket No. M-2016-2542415, PGW Letter dated March 9, 2017. In response, CAUSE-PA filed a six page request that the Commission order PGW to either produce the requested information or file specific objections thereto pursuant to 52 Pa. Code § 5.342(c). In its letter, CAUSE-PA also renewed its request that this matter be referred to ALJ or that interested stakeholders be afforded an additional time-frame with which to file comments after PGW's provision of this and other information and data CAUSE-PA finds relevant to this proceeding. The inevitable outcome of acceding to CAUSE-PA's demand is: (1) every universal service plan will be sent to an ALJ upon request of CAUSE-PA (or the filing of discovery requests to the utility); or, (2) USECP filings will be handled as formal proceedings, with all of the related Chapter 5 provisions under 52 Pa. Code §§ 1.1 et seq. applied and addressed by the Commission (including but not limited to discovery objections). PGW submits that making such far-reaching changes to the long-established current universal service plan review process in the context of PGW's USECP is inadvisable, inappropriate, and not authorized under current Commission regulations. PGW also does not support the effort of CAUSE-PA to try to twist procedural rules to get the desired result, i.e. referral to an ALJ. Therefore, PGW respectfully requests that the Commission reject CAUSE-PA's requests.

this approach.²⁴ That proceeding lasted nearly two years, included the filing of thirteen pieces of testimony and sixteen exhibits sponsored by four PGW witnesses, multiple rounds of discovery and voluminous briefing and exceptions prepared by PGW.²⁵ PGW believes that the litigation of its USECP here would likely involve a similar amount of time and expense. Undertaking such process (which PGW views as wholly unnecessary) would lead to added customer expense, delays in implementation of the programs and an unnecessary diversion of Commission staff resources – particularly given the role of the BCS over many years in reviewing universal service plans and serving in an advisory role for the Commission. In sum, the Commission identified specific issues for which it sought additional information/clarification from PGW and provided a full opportunity for interested stakeholders to review this additional information and provide their comments for the Commission’s consideration. PGW submits that sufficient information on the issues identified in the Tentative Order has been presented for the Commission to resolve without further need to refer this matter to OALJ.

2. Purpose of Usage Reduction Program Advisory Panel

Pursuant to 52 Pa. Code § 58.16(c), PGW has created a Usage Reduction Program Advisory Panel to provide consultation and advice to the Company regarding usage reduction services. The first meeting of the Panel was held on December 17, 2015 and the members of the panel are UESF, OCA, CLS, Philadelphia Corporation for Aging, Philadelphia Department of Public Health, Habitat for Humanity, Energy Association of Pennsylvania, and Clean Air

²⁴ While that proceeding also included PGW’s Demand-Side Management Plan, those aspects of the proceeding were generally not contentious among the parties so the majority of the proceeding was devoted to the litigation of PGW’s LIURP. *Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan for FY 2016-2020, and Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016*, 52 Pa. Code § 62.4 – Request for Waivers, Docket No. P-2014-2459362, Final Opinion and Order entered November 1, 2016.

²⁵ PGW Supplemental Information at 2-4.

Council. PGW looks forward to working with this Panel and receiving their feedback about PGW's usage reduction program plans. CAUSE-PA appears to believe that the purpose of this Panel is to evaluate all aspects of a utility's operations that could potentially touch a low-income customer.²⁶ This, however, is not consistent with the clearly stated purpose as set forth in the Commission's regulations.²⁷ The Panel is not designed to provide input into all operations of the utility, and PGW opposes suggestions to the contrary.

B. Specific CRP Issues Identified In Tentative Order

1. Issue No. 1: Expanding Eligibility for CRP Based on Most Affordable Bill Payment Option

TURN et al.'s outrageous claims that PGW shows a "stunning disregard for the needs of low income Philadelphians" and that PGW's data collection and record keeping policies are somehow designed to mask this disregard are mistaken and should be stricken. The reality is that PGW and its ratepayers support a very generous universal service program and have for many years (even before PGW came under the jurisdiction of the Commission). In fact, PGW's voluntary decision to retain an outside expert to analyze its CRP, and the issues examined by Dr. Peach at PGW's request, demonstrate PGW's concerns with the needs of its low-income customers and how best to design its universal service program to meet those needs.²⁸

Further, TURN et al.'s criticism regarding PGW's payment arrangements and budget billing requirements (which reach into PGW's customer service operations as it relates to budget billing and payment agreement practices) are beyond the scope of this proceeding. PGW's

²⁶ CAUSE-PA Comments at 12, 19.

²⁷ 52 Pa Code § 58.16(a).

²⁸ Additionally, the unnecessarily antagonistic and hyper-critical tone of both TURN et al. and CAUSE-PA's comments (however well-intentioned they may be) is counter-productive to the cooperative relationships PGW has continually sought between stakeholders, which – if developed – could lead to greater benefits for the consumers they represent.

payment arrangement and budget terms are designed consistent with 66 Pa. C.S. §§ 1405(b) and 1407(c)(2) and Commission regulations; however, this proceeding is designed to address universal service. Therefore, TURN et al.'s recommendations on these extraneous matters are not appropriately considered here.

a. Extension of CRP benefits to all low-income customers

While TURN et al. is critical of the information provided by PGW in response to the Tentative Order deeming it to be “unsatisfactory,”²⁹ PGW provided the information it has available in response to the Commission’s requests. Thus, PGW would only be able to provide the same data if properly asked during discovery in the appropriate proceeding before an ALJ. Also, as explained above in Section II.A.1, TURN et al. is incorrect about PGW not providing a cost estimate regarding the informal suggestion of BCS.

Both TURN et al. and CAUSE-PA take issue with PGW’s concerns about the inherent unfairness which may result in expanding CRP to certain customers with an energy burden amount that is lower than what would be calculated for other customers.³⁰ Both explain that the energy affordability guidelines set the maximum allowable payment and, therefore, permitting some CRP-enrolled customers to pay below the established lower end of the range is “not material.”³¹ PGW’s concern, however, is less focused on the specific percentages defined by the current policy statement but on the fact that CRP-enrolled customers would be paying different percentages – some at the regulatory maximums, in comparison with others who would pay less. While CAUSE-PA may take the view that this is “not material,” PGW would argue that instead

²⁹ TURN et al. Comments at 3.

³⁰ TURN et al. Comments at 5; CAUSE-PA Comments at 8-10. *See also* PGW Supplemental Information at 7.

³¹ CAUSE-PA Comments at 9.

of the piecemeal setting of percentages, the Commission should determine an amount that is affordable and applicable to all customers.³² In fact, PGW's outside expert (Dr. Peach) concluded that 9% may provide better affordability than the other current percentages.

b. Affordability Analysis

Both TURN et al. and CAUSE-PA are critical of PGW's process of evaluating what is more beneficial for a customer – CRP or a payment arrangement.³³ Affordability is determined over an annual period with a set monthly bill. TURN et al. and CAUSE-PA fail to point out that the Commission specifically approved PGW's process of reviewing an account for the most beneficial payment amount under the prior approved USECP 2014-2016.³⁴ The efforts of both TURN et al. and CAUSE-PA to argue against practices that are clearly authorized and previously approved by the Commission are not constructive and results in an unnecessary waste of time and resources that could be better spent on program implementation and development.

CAUSE-PA's effort to claim that the operation of PGW's "stay out" process somehow prohibits customers who voluntarily withdraw from CRP from receiving the most beneficial payment arrangement at a later date is a misrepresentation of how PGW's stay out process works.³⁵ As approved by the Commission in PGW's USECP 2014-2016,³⁶ the stay out process

³² PGW recognizes that the Commission recently directed BCS to undertake a comprehensive review of the energy affordability guidelines. *Energy Affordability For Low Income Customers*, Docket No. M-2017-2587711, Joint Motion of Vice Chairman Andrew G. Place and Commissioner David W. Sweet, adopted March 16, 2017, order pending. PGW both supports and looks forward to participating in this process.

³³ CAUSE-PA Comments at 5; TURN et al. Comments at 6-7.

³⁴ *Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code § 62.4*, Docket No. M-2013-2366301, Final Order Re Compliance Filing entered November 23, 2014 at 8-9.

³⁵ CAUSE-PA Comments at 6-7 and 45.

³⁶ *Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code § 62.4*, Docket No. M-2013-2366301, Final Order entered August 22, 2014 at 40-42. ("*USECP 2014-2016 Final Order*").

is designed to apply to a customer who has him/herself removed from CRP even though based on household size and income they are still eligible for the program and it is more affordable than the budget billing/payment arrangement.³⁷ Moreover, the assessment of affordability is made at the time of CRP application/recertification and is not a monthly analysis. CAUSE-PA's effort to modify a mechanism that was reviewed and approved by the Commission in the USECP 2014-2016 proceeding should be rejected.

TURN et al. proposes that if a PGW determined payment request and the amount needed to establish the payment arrangement or budget bill is more than one month's CRP bill, then PGW should be directed to enroll the customer in CRP.³⁸ PGW opposes this proposal as it would completely eliminate the customer's responsibility/incentive to pay their bills and would negatively impact PGW's ability to timely collect as well as reduce arrearages. The intent of CRP is not to completely eliminate low-income customers' responsibility to pay for utility service. Instead, its purpose is to provide low-income customers with an affordable monthly bill. When examining TURN et al.'s proposal, this change would significantly increase the burden imposed on non-CRP ratepayers without holding CRP participants responsible for their outstanding bills which have already been determined to be the most affordable.

Further, TURN et al. argues that PGW could just "waive" its determined payment amount and add it to the total balance owing on the account to be calculated into the customer's monthly payment terms.³⁹ Requiring, as TURN et al. suggests, that PGW add these CRP arrearage amounts to the arrearage rather than placing the customer in the most financially

³⁷ First Amended USECP 2017-2020 at 8.

³⁸ TURN et al. Comments at 6-7.

³⁹ TURN et al. Comments at 6.

beneficial situation for him or her will essentially force many customers into the eventual position of being unable to afford their monthly bills (and be subject to termination) and, therefore, PGW cannot support the proposal.

2. Issue No. 2: CRP Pilot Consumption Proposal

Regarding PGW's proposed pilot program to impose maximum consumption limits for CRP participants with higher than average usage, TURN et al. asserts that the program lacks Commission authorization for the proposed limits and will confuse customers by converting CCF to dollars since it suggests financial impact to the customer leading to a program that undermines the affordability goal of CRP.⁴⁰ CAUSE-PA recommends that PGW: (1) notify affected CRP customers when they reach 50%, 80% and 100% of the consumption limits; and, (2) form a Universal Service Advisory Commission per 52 Pa Code § 58.16 to provide feedback.⁴¹

By proposing this as a pilot, PGW has made clear that its goal is to carefully analyze the issue to inform its final program design based on the analysis. Also as part of the pilot, PGW is not proposing any penalty to customers who exceed the initially proposed usage maximums.⁴² Regarding the customer notice issue, as explained above in Section II.A.2, PGW will agree to notify customers by mail in advance of the program start (or at time of CRP application, whichever is later) and when they reach 50%, 80% and 100% of the consumption limit. PGW

⁴⁰ TURN et al. Comments at 7-8. A dollar amount was proposed on the belief that it would be more understandable to customers consistent with the recommendations of Dr. Peach. PGW Supplemental Information, Attachment B, Peach Study at 14.

⁴¹ CAUSE-PA Comments at 10-12.

⁴² Consistent with past Commission approvals, the removal of a customer from CRP because the customer refused to accept LIURP services has been a long-time feature of PGW's program which would not be affected by this proposed pilot program. *USECP 2014-2016 Final Order* at 40-42.

had already proposed to do a mailing to all active CRP customers notifying them of the pilot and to notify customers who subsequently join CRP at the time of application.⁴³

Finally, as explained above in Section III.A.2, PGW has already formed a Universal Service Advisory Panel and does not agree with CAUSE-PA that an appropriate purpose of the Panel is to set every operational decision for the Company.

3. Issue No. 3: Use of External Sources to Verify CRP Household Information

Both CAUSE-PA and TURN et al. set forth their legal interpretations on the federal requirements of FCRA and their legal view about what the federal law requires.⁴⁴

Notwithstanding the fact that the Federal Trade Commission (“FTC”) has primary responsibility for the governmental enforcement of FCRA and the Commission has concluded in other cases that the issues related to FCRA are beyond its jurisdiction,⁴⁵ PGW has agreed to provide a FCRA notice (even though it has not agreed that one is required) and agreed to extend the timing of this notice as explained above in Section II.A.3. Thus, the legal arguments of CAUSE-PA and TURN et al. on this issue are moot.⁴⁶

In addition, TURN et al. requests that the Commission continue to monitor PGW’s use of external income verification sources and advocates that PGW take “a flexible approach to verification” to include consideration of in-kind payments made by friends or family and

⁴³ PGW Supplemental Information at 10.

⁴⁴ TURN et al. Comments at 8-11; CAUSE-PA Comments at 13.

⁴⁵ PGW Supplemental Information at 11-13.

⁴⁶ PGW does not, however, concede that its practices necessarily trigger the FCRA notice requirements under federal law. PGW also believes CAUSE-PA’s view that the Commission should take on the role of ensuring that utilities are compliant with federal consumer protection laws such as FCRA to protect utilities from having to defend against litigation would be an inadvisable and unnecessary expansion of the Commission’s jurisdictional authority. CAUSE-PA Comments at 13, n. 43.

potential errors on a consumer's credit report.⁴⁷ PGW's existing verification processes are utilized to prevent fraud and were approved by the Commission as part of the USECP 2014-2016.⁴⁸ PGW does accept letters from family or friends who provide financial assistance to the customer, and this money is counted as income. As explained in PGW's Supplemental Information, it may submit a soft inquiry to a credit reporting agency to check such factors as residency and to perform death audits. By providing the proposed FCRA notice, to the extent this information is incorrect, consumers will have the opportunity to dispute it. Regarding TURN et al.'s concern that "credit reports often contain errors," PGW would also note that the credit reporting agencies provide their own processes for consumers to dispute information on a credit report.

4. Issue No. 4: Use of Annual Tax Returns as Proof of Current Income for Self-Employed Customers

Even though PGW agreed to discontinue using quarterly tax returns as proof of income, TURN et al. advocates that PGW be required to accept any "reasonable accounting of income from self-employed individuals if a tax return is not available."⁴⁹ PGW recognizes that the forms self-employed individuals are required to file with the Pennsylvania Department of Revenue ("DOR") may vary depending on the specific structure of the self-employed person's business.⁵⁰ PGW is willing to accept any of the Pennsylvania required forms as proof of income.

⁴⁷ TURN et al. Comments at 9-11.

⁴⁸ *USECP 2014-2016 Final Order* at 36-37.

⁴⁹ TURN et al. Comments at 13.

⁵⁰ For example: (1) sole proprietors and certain single member limited liability companies report income and expenses using PA Schedule C for each business and reports the profit or loss on the Pennsylvania individual tax Form PA-40; (2) multi-member limited liability companies file a PA-20S/PA-65 Information Return and the information contained in the PA20S/PA-65 is then reported on their individual income tax returns (form PA-40); and, (3) corporations are required

However, all self-employed persons who are Pennsylvania residents, nonresidents or part-year Pennsylvania residents are required to file a Pennsylvania tax return if: (1) they received total Pennsylvania gross taxable income in excess of \$33 even if no tax is due with their Pennsylvania return; and/or, (2) they incurred a loss from any transaction as an individual, sole proprietor, partner in a partnership or Pennsylvania S corporation shareholder.⁵¹ Given these requirements, requiring individuals to provide PGW with their legally required Pennsylvania tax forms is reasonable. While TURN et al. laments that “PGW’s proposal fails to consider the tax ramifications, if any, of failure of a self-employed individual to file a return, if such filing is in fact necessary,”⁵² as TURN et al. also states, “PGW is not responsible for enforcing the Internal Revenue Code.”

5. Issue No. 5: Required Cure Payments to Re-Enroll in CRP

CAUSE-PA’s list of “open questions” about PGW’s cure policy serve no productive purpose and appear to be nothing more than an effort to support the view that this proceeding should be referred to an ALJ. While CAUSE-PA “notes its cautious and limited support for PGW’s CRP Cure policy,” it postulates that PGW “may” be requiring customers to pay a cure amount for months in which the household was without service.⁵³ To be clear, PGW does not have any reason or authority to charge customers for time their service was off.

to file either a PA RCT-101 or PA-20S/PA-65 with the information reported on the PA-40s of the individual shareholders.

⁵¹ See http://www.revenue.pa.gov/FormsandPublications/PAPersonalIncomeTaxGuide/Documents/pitguide_chapter_04.pdf

⁵² TURN et al. Comments at 13.

⁵³ CAUSE-PA Comments at 17.

TURN et al. questions how partial payments are factored into the cure policy, whether PGW consistently applies its policy, and why PGW did not propose to adopt the recommendation in the Peach Study that when customers cure CRP by paying the equivalent to the CRP amount plus the \$5.00/month toward arrearage that the customer should receive credit for the arrearage amount.⁵⁴ To answer these questions: (1) PGW includes any partial payments in its cure calculation; (2) PGW offers the cure and re-enrollment opportunity on a consistent basis to everyone for whom the program is the most beneficial option; and, (3) PGW will agree to provide arrearage credit when the customer pays the CRP amount plus \$5.00 arrearage as recommended by the Peach Study.

6. Issue No. 6: On-Line CRP Application Process

Both TURN et al. and CAUSE-PA offer qualified support for PGW's proposal to accept CRP applications online. CAUSE-PA cautions that the online application should not be construed as acceptance of the customer's consent to receive electronic bills or notice of termination.⁵⁵ PGW is not proposing to do this. Regarding the other issues identified by CAUSE-PA, they are all already addressed as set forth in the USECP 2017-2020: (1) PGW does not propose to eliminate the existing mail-in and office visit processes currently available; and, (2) information about the purpose of CRP and the customer's responsibility will be provided in both English and Spanish.⁵⁶

TURN et al. recommends that PGW expand its online process to allow customers to apply, participate and recertify for "all PGW's universal services."⁵⁷ However, as explained in

⁵⁴ TURN et al. Comments at 13-15.

⁵⁵ CAUSE-PA Comments at 18.

⁵⁶ First Amended USECP 2017-2020 at 16-17, 19.

⁵⁷ TURN et al. Comments at 15-16.

its Supplemental Information, Hardship Funds are provided through the Utility Emergency Services Fund (“UESF”) which is an organization separate from PGW. Participants for CRP Home Comfort are selected based on usage and, therefore, there is no application process to automate.⁵⁸

Importantly, PGW is embarking upon modernizing CRP to provide customers with options – something for which both CAUSE-PA and TURN et al. express support. PGW has engaged in an extensive RFP process for this work with the budget and costs of implementation based on requirements already established by PGW. Requiring the Company to provide additional (and largely unnecessary) costly automated processes would only serve to discourage utilities from initiating proposals for such modernization in the future. If, however, additional requirements are set in this proceeding beyond what PGW has already planned and budgeted, then PGW requests recovery of the additional costs through its Universal Service and Energy Conservation surcharge.

7. Issue No. 7: Transition of LIURP Services from DSM Back Into USECP

CAUSE-PA characterizes PGW’s proposed LIURP administrative costs as “astounding,” claiming – notably with no practical knowledge or experience with administering these programs – that “the same level of administration” is needed for PGW’s LIURP programs as for PGW’s market rate demand side management (“DSM”) programs.⁵⁹ As a threshold matter, CAUSE-PA is making the wrong comparisons as the basis for its analysis. CAUSE-PA

⁵⁸ PGW Supplemental Information at 14.

⁵⁹ CAUSE-PA Comments at 21-22. As explained in its Supplemental Information, programs that provide incentives that cover a portion of efficiency services purchased on the open market are considered “market rate,” in contrast to low-income weatherization program in which PGW funds the entire efficiency investment. PGW Supplemental Information at 17.

compares \$710,939 with \$2,165,482 to claim that PGW's LIURP administrative costs are 32.8% of its LIURP budget. However, the \$710,939 cited is a portion of the \$6,571,445 budget for FY2017.⁶⁰ The \$2,165,482 figure cited by CAUSE-PA is the September 2017 – December 2017 budget which includes administrative and labor costs of \$236,980.⁶¹ Using the proper comparison, these administrative costs are 10.9% of the total budget for that timeframe – well below the figure that “astounds” CAUSE-PA.

Further, CAUSE-PA is incorrect about the level of administration that is needed for PGW's LIURP vs. its DSM market rate programs. There are significant differences between these two types of programs that lead to higher administrative costs for LIURP. PGW does not conduct audits or deploy contractors in its market rate programs. It is not responsible for overseeing contractors that do the installations or the complexities that this requires. LIURP contracts and programs are more complex and require a higher degree of oversight than the market rate programs. LIURP also requires technical project oversight including quality assurance inspections and contracting training, management of customer questions and issues related to installations. The LIURP programs are also subject to significant data reporting requirements that are not required of the market rate DSM programs.

Finally, during the litigation of PGW's DSM – which included LIURP – PGW specifically sought and received a waiver of 52 Pa. Code § 58.5.⁶² Though a party in that proceeding, CAUSE-PA did not oppose PGW's requested waiver. Apparently (as also

⁶⁰ First Amended USECP 2017-2020 at 24.

⁶¹ PGW Supplemental Information at 17.

⁶² *Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan for FY 2016-2020, and Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016, 52 Pa. Code § 62.4 – Request for Waivers*, Docket No. P-2014-2459362, Tentative Opinion and Order entered August 4, 2016 at 108-110.

evidenced by CAUSE-PA's position regarding LIME), CAUSE-PA wants to have it both ways – it wants a litigated proceeding but waits until that proceeding is closed before detailing its position for the Commission's consideration. Additionally, it is an inefficient and costly use of the utility's resources and the Commission's time to expect a utility to continually explain and re-explain an issue that has been well-developed and decided by the Commission.

8. Issue No. 8: Proposed Health and Safety Pilot

Both TURN et al. and CAUSE-PA express support for PGW's health and safety pilot. TURN et al., however, notes that expansion of this program "could improve the housing stock available to low-income customers in Philadelphia."⁶³ To be clear, PGW has not proposed this pilot for this purpose and would submit that improving the Philadelphia housing stock is not the purpose of LIURP.

CAUSE-PA believes that health and safety measures should be required for all LIURP programs, PGW's LIURP budget should be increased to include these costs, and that PGW is overreaching with its targeted savings goal.⁶⁴ CAUSE-PA also objects to PGW's requested waivers intended to ensure that PGW can implement the pilot.⁶⁵ To be clear, PGW has not – as CAUSE-PA mischaracterizes – proposed this pilot as a "bargaining chip" to "pursue other ends" such as reducing its LIURP budget. While PGW believes that a pilot health and safety program could produce positive efficiency benefits for its low-income customers, such a program is not legally or otherwise required and is not necessary to PGW's LIURP. Further, PGW would

⁶³ TURN et al. Comments at 16-17.

⁶⁴ CAUSE-PA Comments at 23-25.

⁶⁵ CAUSE-PA Comments at 25-27.

submit that its USECP proceeding is not the appropriate proceeding in which the Commission should set the policy for LIURP programs across the Commonwealth.

Regarding PGW's proposed budget for the pilot, CAUSE-PA fails to acknowledge that the pilot will cap total expenditures at \$100,000 per year with a \$2,000 per project cap. As such, this will encompass 1.5% of the total LIURP budget and will not detract from PGW's ability to provide usage reduction services. The pilot budget was designed with an annual cap so that the Company could study the results of the pilot without making any significant diversion of funds from the installation of weatherization measures. Furthermore, a goal of the pilot would be to help the Company (and its ratepayers) achieve greater savings, thereby increasing the impact of the LIURP budget. As PGW has previously stated, PGW's reservation of the right to withdraw this pilot proposal if additional related cost requirements are imposed on its LIURP is reasonable and prudent given that PGW's non-CRP customers pay the costs of these programs.

Finally, the pilot is designed to maximize the effectiveness of LIURP by targeting homes with the greatest savings opportunities. Based on PGW's experience since LIURP's inception, comprehensive jobs are generally projected to save 18% on average with the highest saving projects reaching as high as 73%. By comparison, projects that receive only core measures save 4% on average. The health and safety pilot will target the greatest savings opportunities and reduce missed opportunities among the highest usage customers. For these reasons, the 25% savings target was set as a reasonable minimum goal and is grounded in PGW's actual experience.

9. Issue No. 10: Proposed LIME Program

CAUSE-PA takes that view that "all parties to the underlying DSM proceeding should be consulted about any such change" regarding PGW's proposed Low-Income Multifamily

("LIME") program regardless of the fact that only the Bureau of Investigation and Enforcement ("I&E") worked with PGW to craft mutually agreeable terms to establish the program details.⁶⁶ While PGW intends to seek input from all interested parties through a collaborative process (and indeed is in the process of scheduling that collaborative), CAUSE-PA must not be empowered to stymie forward progress through unreasonable demands and the raising of issues beyond the scope of the agreed-to settlement.

Importantly, CAUSE-PA was invited to and participated in all settlement negotiations regarding PGW's DSM litigation which involved LIURP and LIME. PGW – as evidenced by the Stipulation – expressed a desire and willingness to mutually resolve any issue of the proceeding particularly given the complexity and number of issues involved. In fact, the negotiated terms of the LIME settlement were shared with all parties prior to finalization and all parties were invited to join as signatories. The Commission's approval of a settlement does not – as CAUSE-PA argues – mandate that all parties who did not sign on to the settlement are empowered with the same rights as the signatories. If such policy were to be adopted, then there would be no incentive for parties to ever enter into a settlement because it could be completely undercut by non-signing parties.

Thus, for these reasons, PGW does not support CAUSE-PA's position that it should be empowered with the right to disapprove a future proposed threshold decrease. Such right was specifically reserved to the parties that chose to sign the stipulation, which CAUSE-PA declined to do and to which CAUSE-PA declined to object.

⁶⁶ CAUSE-PA Comments at 28-29.

10. Issue No. 12: Hardship Fund Policy

If, as recommended by both TURN et al. and CAUSE-PA,⁶⁷ (and despite the fact that PGW does not have the authority to independently modify the Hardship Fund which is administered by UESF) PGW is directed by the Commission to “immediately lift the full balance payment requirement” and UESF does not agree to the change, then PGW customers will have to pay for the share normally paid by UESF.⁶⁸ In such case, PGW requests that the Commission allow for recovery of such payments through the Universal Service and Energy Conservation Surcharge.

CAUSE-PA also noted that it “has substantial concerns about the significant decline in hardship fund program assistance since the 2009-2010 program year.”⁶⁹ The distribution of hardship funds, however, is administered by UESF and customers apply to UESF for City (and other) grants. CAUSE-PA also expresses a concern about the customer contribution rate. However, unlike other utilities which rely on shareholder contributions, PGW would note that its customers pay for the full costs of the PGW side of the program – they pay the annual operating budget contribution and the matching grants.

11. Issue No. 13: Needs Assessment Including Calculation of Customers Eligible for CRP Home Comfort Program

a. Needs Assessment and LIURP Budget

TURN et al. states that if PGW’s needs assessment does not “accurately capture” need, then “PGW’s budget for CRP Home Comfort could be significantly underestimated.”⁷⁰ This is not accurate. A needs assessment and a budget are not intrinsically linked. The purpose of the

⁶⁷ TURN et al. Comments at 18-19; CAUSE-PA Comments at 29-30.

⁶⁸ PGW Supplemental Information at 27-28.

⁶⁹ CAUSE-PA Comments at 49.

⁷⁰ TURN et al. Comments at 21.

needs assessment is to create a realistic picture of the number of customers in a particular service territory who would benefit (aka need) LIURP services. The needs assessment does not take into consideration any cost impacts.

In contrast, cost impacts must be taken into consideration when setting the LIURP budget because non-participating customers who are subsidizing LIURP will become overburdened if program costs are too high. If the budget determination does not take into consideration the composition and size of a utility's ratepayer base and the existing surcharges or rates borne by the utility's ratepayers, ratepayers could be financially "punished" for the composition of the service territory. In such an instance, the ratepayers would be required to subsidize a massive LIURP program simply because a significant percentage of the utility's customers are low-income. For these reasons, TURN et al. is misinformed if it believes that PGW is attempting to intentionally understate the need in its service territory just so that it can reduce the LIURP budget.

Similarly, CAUSE-PA also asserts that a "final needs assessment" is required to "judge the appropriateness of PGW's LIURP budget" and claims that "PGW's proposed per-job LIURP costs are higher than their actual job costs."⁷¹ CAUSE-PA arrives at this conclusion by dividing the total program budget by the projected number of jobs. This, however, is an incorrect analysis. The cost per-job reported in the Commission's Universal Services Report includes only labor and material costs for jobs. This excludes the administrative costs, inspection and evaluation costs included in PGW's annual budget figures. By using the 2015 reported spend

⁷¹ CAUSE-PA Comments at 47.

(\$7,913,908) and production figure (3,722), the average 2015 job cost including administrative costs was \$2,126.⁷²

b. Identified Low-Income

CAUSE-PA does not oppose PGW's use of its most recently reported confirmed low income customer figure but "urges the Commission to engage in a closer inquiry into PGW's policies and procedures for identifying confirmed low income customers."⁷³ As explained further above in Section II.A.6.a, PGW's number is based on actual data contained within its CIS and has been accepted by the Commission for years.

c. Usage

CAUSE-PA suggests that PGW undertake a per-square foot usage analysis to ensure that large and small homes are treated through LIURP.⁷⁴ This suggestion, however, presumes that PGW has accurate information about the size of all homes in its service territory to enable it to evaluate the customer's usage per-square foot. PGW does not have this data. Furthermore, by targeting the highest usage customers overall as proposed by PGW, PGW ensures that customers with the highest energy costs and with the greatest need for LIURP are treated first.

d. Exclusionary Criteria

CAUSE-PA makes several allegations about PGW's needs assessment "double-counting" exclusionary criteria. This is not correct. PGW's initial calculations used actual customer data to ensure all potentially eligible customers were included so it would not overestimate any exclusionary criteria. First, as PGW explained in its Amended USECP, the statistical significance was not double-counting – it was used to remove customers who met the usage

⁷² *Pennsylvania Public Utility Commission 2015 Report on Universal Service Programs and Collections Performance*, at 7-8 at 38-39 ("Universal Service Report 2015").

⁷³ CAUSE-PA Comments at 33.

⁷⁴ CAUSE-PA Comments at 33-34.

criteria but where “the weather normalized results may not be producing a statistically significant confidence level (e.g., there may be anomalous usage months; inconsistent or insufficient data; etc.)”⁷⁵ A customer could have a significant month of usage that places the property into the top 50%, but all other months may be far lower. The anomalous spike in usage would skew energy calculations and should not be used for evaluating the property for LIURP.

Second, the removal of customers without twelve months of concurrent service at the same house and those who were terminated within the last twelve months was not double-counting. Although a customer without twelve months of concurrent usage may have been terminated, not all terminated customers were off for a full month, so PGW applied both criteria. As PGW explained in its USECP, PGW’s needs assessment used real customer data and applied the criteria in a hierarchical manner.⁷⁶ Customers that met the criteria and who were removed from the eligibility pool were not counted in the application of subsequent filtering criteria.⁷⁷

e. Limiting CRP Home Comfort Eligibility to CRP Participants

Both TURN et al. and CAUSE-PA’s comments on PGW’s discussion of CRP as eligibility criteria for LIURP⁷⁸ are deceiving because they do not address PGW’s full proposal. Though not its preferred approach for all the reasons stated in its Supplemental Information, PGW specifically indicated that it had identified one affordable way of expanding eligibility, i.e. “one way of avoiding related costs would be for PGW to include LIHEAP recipients from the current or most recent LIHEAP season as eligible recipients of LIURP since the Department of

⁷⁵ First Amended USECP 2017-2020 at 12.

⁷⁶ PGW Supplemental Information at 37-38.

⁷⁷ First Amended USECP 2017-2020 at 12-13.

⁷⁸ TURN et al. Comments at 21-24; CAUSE-PA Comments at 35-39.

Human Services has already verified income status.”⁷⁹ In doing so, PGW would expand the eligibility criteria for LIURP recipients, while also potentially making participation in LIHEAP even more attractive to customers. This eligibility change would require modifications to PGW’s selection method and would not result in all high-usage non-CRP customers becoming eligible. However, PGW views this as a reasonable way to potentially expand eligibility by qualifying non-CRP customers for LIURP.

f. Cannot Treat Due to Various Issues

As explained in its Supplemental Information, there are a range of issues that would prevent weatherization from proceeding at a customer’s home and, based on PGW’s best estimate from program experience to-date, its calculations reflected a reduction of the then-remaining total number by 15%.⁸⁰ In response, CAUSE-PA opines that “it is wholly inappropriate to rely on PGW’s estimation without any support or data for how it arrived at that estimation.”⁸¹ Similarly, TURN et al. believes that “further review of PGW’s experience is necessary.”⁸² PGW’s use of a 15% adjustment for various other issues was based on experience to-date with nearly 16,000 customers weatherized through the program. As stated in the Amended USECP, PGW used the impact that these criteria had on prior program years to conservatively estimate the impact of these criteria.⁸³ As the entity with the experience administering the LIURP program and working with customers receiving LIURP services over many years, PGW is appropriately positioned to offer an estimate.

⁷⁹ PGW Supplemental Information at 37.

⁸⁰ PGW Supplemental Information at 38.

⁸¹ CAUSE-PA Comments at 40.

⁸² TURN et al. Comments at 21, n. 56.

⁸³ First Amended USECP 2017-2020 at 14.

g. Rental Premises

Although recognizing that “not all renters will obtain permission for LIURP,” CAUSE-PA is critical of PGW’s use of 50% to account for this.⁸⁴ The 50% figure, however, has been approved by the Commission for other service territories given the fact that the challenge of obtaining landlord consent to weatherize a tenant’s home is not unique to PGW.⁸⁵ For its analysis, PGW applied this percentage to the number of the City of Philadelphia’s (L&I) Housing Rental Licenses for properties with eligible customers, after applying all preceding filtering criteria. The result was a conservative figure given that not all landlords register their rental properties within the City.

In its comments, TURN et al. takes the view that treating rental homes will “not only provide savings to the current resident but to future residents.”⁸⁶ However, there is no guarantee that future tenants would meet the income requirements of LIURP. Furthermore, the purpose of LIURP is not to treat homes and remedy housing stock issues with the intention of providing savings for future residents who many not be eligible/low-income.

12. Issue No. 14: Outreach Regarding CRP Enrollment

Regarding PGW’s outreach for CRP enrollment, TURN et al. claims that “a variety of bad policies have contributed to the decline in CRP enrollment.”⁸⁷ PGW’s CRP policies have been approved for use by PGW for many years pursuant to its Commission approved USECPs.

⁸⁴ CAUSE-PA Comments at 40-41.

⁸⁵ *See, e.g., Columbia Gas of Pennsylvania, Inc. Universal Service and Energy Conservation Plan 2015-2018, submitted in compliance with Commission Order entered July 8, 2015, Docket No. M-2014-2424462, filed August 12, 2015 at 28.*

⁸⁶ TURN et al. Comments at 22.

⁸⁷ TURN et al. Comments at 25.

CAUSE-PA mischaracterizes PGW's outreach information as "a decline in outreach" and chastises PGW for not engaging "in robust marketing and direct outreach to the eligible population."⁸⁸ PGW engages in direct outreach to customers through its customer service representatives, as well as an advertising campaign that it first implemented in 2015. In addition, PGW trains its customer service representatives specifically on CRP twice a year. PGW's outreach approach is consistent with input received from CRP customers who have indicated that they find out about CRP through PGW representatives. Thus, PGW's outreach is specifically targeted toward the channel that customers themselves have indicated they find informative.

C. Issues Not Included in Tentative Order

1. Allowing Customers to Enroll in CRP Based on a Total Bill Analysis

TURN et al. proposes that "PGW should be required to maintain data on the number of customers who are unable to access CRP due to the more advantageous arrangement policy."⁸⁹ PGW complies with all Commission required data tracking and opposes being required to engage in non-regulatory required data reporting that other utilities are not required to perform. Such a result would be unduly burdensome and detract PGW resources away from other projects and requirements.

2. Welcome-back Program for Terminated Customers

TURN et al. recommends that PGW be required to: (1) track customers who have had service terminated for nonpayment and who remain without service due to unaffordable restoration terms; and, (2) offer a "welcome back program that allows customers to reinstate service on affordable terms."⁹⁰ For the reasons stated in the previous response, PGW does not

⁸⁸ CAUSE-PA Comments at 41.

⁸⁹ TURN et al. Comments at 26.

⁹⁰ TURN et al. Comments at 27-28.

support being required to track consumers who are no longer PGW customers beyond what is currently required by the Commission for the Cold Weather Survey. PGW also does not support being required to expend resources exploring “affordable” restoration options for low income customers who have had gas service shutoff due to unpaid PGW bills. PGW’s resources are more appropriately spent on determining ways to assist its current low-income customers.

3. Reducing the Energy Burden for CRP Enrollees

Citing to the Peach Study, TURN et al. critically states that “PGW has decided not to adjust its CRP tiers to improve affordability, even in the face of low levels of participation in CRP.”⁹¹ This characterization is not accurate. The Peach Study specifically recommended that “the determination of whether to modify percentages of income should not be made at this time, until the impacts of other changes to CRP that increase the subsidy paid by other customers are studied.”⁹² Since changes required under this USECP may increase program costs, PGW has accepted the recommendation of the Peach Study to hold off on making a determination at this point in time. Generally, PGW supports a Commission review of CAP affordability and notes that such investigation has been initiated. CAUSE-PA’s assertion that the Commission address the issue of affordability before approving PGW’s USECP is unnecessary.⁹³ PGW’s USECP is not the appropriate forum for this review.

⁹¹ TURN et al. Comments at 28.

⁹² PGW Supplemental Information, Attachment B, Peach Study at 19.

⁹³ CAUSE-PA Comments at 42-45.

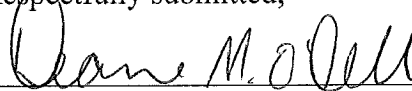
4. Retroactive Arrearage Forgiveness

CAUSE-PA expresses support for a retroactive arrearage forgiveness policy.⁹⁴ PGW would not oppose retroactive arrearage forgiveness for any monthly missed payments once the CRP balance is paid in full.

IV. CONCLUSION

PGW appreciates this opportunity to provide its response to the comments submitted by OCA, TURN, et al. and CAUSE-PA regarding its Universal Service and Energy Conservation Plan for 2017-2020. PGW respectfully requests that the Commission approve the plan consistent with PGW's Supplemental Information and Reply Comments to Tentative Order dated January 26, 2017.

Respectfully submitted,



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⁹⁴ CAUSE-PA Comments at 45-47.