**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

|  |  |
| --- | --- |
|  | Public Meeting held April 6, 2017 |
| Commissioners Present:  Gladys M. Brown, Chairman  Andrew G. Place, Vice Chairman  John F. Coleman, Jr.  Robert F. Powelson  David W. Sweet, Statement |  |
| PPL Electric Utilities Corporation Universal Service and Energy Conservation Plan for 2017-2019 Submitted in Compliance with 52 Pa. Code § 54.74. | Docket No. M-2016-2554787 |

**TENTATIVE ORDER**

**BY THE COMMISSION**

On June 30, 2016, PPL Electric Utilities Corporation (PPL or Company) filed its proposed Universal Service and Energy Conservation Plan (Proposed 2017-2019 Plan) in accordance with the Commission’s regulations at 52 Pa. Code §§ 54.71-54.78. By this Tentative Order, we indicate issues that require further attention before fully approving the Plan. We invite parties to comment on any provisions of the Proposed Plan regardless of whether those issues have been addressed in this Tentative Order.

**I. BACKGROUND**

This Commission and various stakeholders began to address formally low-income policies, practices, and services at least as early as 1984. *See Recommendations for Dealing with Payment Troubled Customers*, Docket No. M-840403.[[1]](#footnote-1) As a result of that proceeding, the energy utilities began filing low-income usage reduction plans (LIURPs) and considering how to address arrearages for low-income customers.

The Commission’s Customer Assistance Programs (CAP) Policy Statement at 52 Pa. Code §§ 69.261-69.267 (adopted in 1992 and last amended it in 1999) applies to class A electric distribution companies (EDCs) and natural gas distribution companies (NGDCs) with gross annual operating revenue in excess of $40 million. It provides guidance on affordable payments and arrearages and establishes a process for utilities to work with the Commission’s Bureau of Consumer Services (BCS) to develop CAPs. The Commission balances the interests of customers who benefit from CAPs with the interests of the other residential customers who pay for such programs. *See* *Final Investigatory Order on CAPs: Funding Levels and Cost Recovery Mechanisms*, Docket No. M-00051923 (Dec. 18, 2006), (*Final CAP Investigatory Order*), at 6-7.

The Commission’s LIURP regulations at 52 Pa. Code §§ 58.1 – 58.18 (adopted in 1993 and last amended in 1998) require covered utilities to establish fair, effective, and efficient energy usage reduction programs for their low-income customers. The programs are intended to assist low income customers conserve energy and reduce residential energy bills.

The Electricity Generation Customer Choice and Competition Act (Competition Act), 66 Pa. C.S. §§ 2801-2812 (1997), opened the electric market to competition. Its universal service provisions tie the affordability of electric service to a customer’s ability to maintain utility service. “Universal service and energy conservation” is defined as the policies, practices and services that help low-income customers maintain utility service. The term includes CAPs, usage reduction programs, service termination protections, and consumer education. 66 Pa. C.S. § 2803. The Competition Act requires the Commission to continuing, at a minimum, the policies, practices, and services that were in existence as of the effective date of the Competition Act. 66 Pa. C.S. § 2802(10). 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. 66 Pa. C.S. §2804(9).

The Commission’s Universal Service and Energy Conservation (USEC) Reporting Requirements at 52 Pa. Code §§ 54.71-54.78 (1998) require each EDC serving more than 60,000 residential accounts to submit an updated USECP every three years to the Commission for approval. 52 Pa. Code § 54.77. As an EDC serving over 1.2 million customers,[[2]](#footnote-2) PPL is required to maintain an approved triennial USECP.

**II. HISTORY**

PPL’s most recent USECP is its 2014-2016 Plan, approved by the Commission at Docket No. M-2013-2367021, by order entered on September 11, 2014. A six-year evaluation of the Company’s universal service and energy conservation efforts was completed in October 2014, by Applied Public Policy Research Institute for Study and Evaluation (2014 APPRISE Evaluation).[[3]](#footnote-3)

In compliance with Commission regulations, PPL submitted its Proposed 2017-2019 Plan on June 30, 2016, and served the Office of Consumer Advocate (OCA), the Pennsylvania Utility Law Project (PULP), and the Bureau of Investigation and Enforcement (BIE).

PPL’s Proposed 2017-2019 Plan appears to substantially comply with Title 66, Commission regulations, and Commission policy statements. The Proposed Plan appears to contain all of the components included in the definition of universal service at 66 Pa. C.S. §2803, which mandates that universal service programs be available in each large EDC service territory and that the programs be appropriately funded. The Proposed Plan also appears to meet the submission and content obligations of the USEC Reporting Requirements, the LIURP regulations, and the CAP Policy Statement.

PPL’s Plan contains four major components that help low income customers maintain utility service. The four major components are as follows: (1) OnTrack (*i.e.*, PPL’s CAP), which provides discounted rates for low-income residential customers; (2) the Winter Relief Assistance Program (WRAP) (*i.e.*, PPL’s LIURP), which provides weatherization and usage reduction services to help low-income customers reduce their utility bills;(3) the Operation Help (*i.e.*, PPL’s Hardship Fund), which provides financial assistance to customers with annual incomes at or below 200% of the FPIG who are unable to pay the full amount of their energy bills due to a temporary hardship; and (4) the Customer Assistance and Referral Evaluation Services (CARES) Program, which provides referral services and account credits for customers experiencing a temporary hardship. Thus, PPL’s Proposed 2017-2019 Plan contains the four programs required by the Competition Acts. We shall discuss each program in greater detail below.

**III. DISCUSSION**

1. **Proposed USECP Modifications for the 2017-2019 Plan**
2. **OnTrack**

PPL listed several changes for OnTrack in 2017-2019 compared to its last three year Plan:

* Eliminates the requirement that a customer must be payment troubled (*i.e.*, established a payment arrangement within the past 12 months) to qualify for OnTrack.
* Eliminates the “graduation” process from OnTrack.[[4]](#footnote-4)
* Establishes an increasing scale for maximum OnTrack credits; with the lowest income customers receiving the highest credit limit.
* Extends enrollment for OnTrack Lifestyle, which is a limited-time program for customers with incomes less than or equal to their rent or mortgage, from six to nine months.

1. **WRAP**

PPL listed several changes for WRAP in 2017-2019 compared to its last three year plan:

* Increases the LIURP budget from $9.5 million to $10 million.[[5]](#footnote-5)
* Encourages OnTrack customers to participate in WRAP.
* Enhances WRAP intake, outreach, and referral process.
* Enhances energy education procedures, including a mechanism to allow customers to provide feedback 12 months after receiving WRAP.
* Replacing compact fluorescent light bulbs (CFLs) with light-emitting diode bulbs (LEDs), adding measures needed for municipal requirements, and removing window tints.
* Implements a Ductless Heat Pump pilot.
* Explores the feasibility of introducing a Home Area Network pilot for low-income customers.
* Identifies enhanced communications, monitoring, and referral process for LIURP contractors.
* Identifies improvements made to its WRAP data collection based on feedback to its Low-Income Energy Assistance Programs (LEAP) system.
* Identifies the installation date of WRAP measures as the demarcation date for the pre-and-post evaluation period.

1. **Operation Help**

PPL reports no major changes to its Operation Help program in its Proposed 2017-2019 Plan compared to the approved 2014-2016 Plan.

1. **Customer Assistance and Referral Evaluation Services (CARES)**

PPL reports no major changes to its CARES program in its Proposed 2017-2019 Plan compared to its approved 2014-2016 Plan.

1. **Program Descriptions**
2. **OnTrack – PPL’s CAP**

OnTrack offers discounted electric bills to low-income customers who are not able to pay their electric service bills in full as recommended by the CAP Policy Statement at 52 Pa. Code § 69.264. PPL funds the OnTrack program through residential base rates and a universal service fund surcharge. In addition to reduced utility bills, OnTrack customers also receive the opportunity to have their pre-program arrearages completely forgiven within 18 months of entering the program.

To qualify for OnTrack, PPL customers must have household incomes at or below 150 % of the FPIG, have a source of income, and be a permanent resident in PPL’s Pennsylvania service territory. Customers cannot be enrolled in the OnTrack program if they own multiple properties or have multiple PPL accounts.

The OnTrack program is administered by eight (8) community-based organizations. PPL customers can call or visit these OnTrack agencies to apply for the program.

Customers who report zero income are ineligible for OnTrack. Customers can claim earned and unearned sources of income to qualify for OnTrack. Unearned income can include government assistance or money from organizations, friends, or relatives. If OnTrack applicants receive unearned income from an undocumented source(s), they must submit a notarized statement describing how they are paying for their basic living needs (*e.g.,* food, shelter, etc.).

OnTrack applicants who report having an income less than or equal to their mortgage or rent – and are not facing foreclosure or eviction – can temporarily be accepted into limited-time OnTrack program called OnTrack Lifestyle.  Customers may remain in OnTrack Lifestyle for up to nine (9) months.  If Lifestyle customers do not verify new and adequate income information after nine months, they will be removed from the program.  If Lifestyle customers document that their income exceeds their rent/mortgage, they will be enrolled in the regular OnTrack program.

PPL’s OnTrack system calculates a customer’s bill using three separate payment options. It then recommends the one closest to the customer’s “ability to pay”. The three options are:

**Option 1. Minimum Payment** = (Customer’s estimated monthly budget amount) – (maximum monthly CAP credit) + ($5 per month arrearage co-payment) + (CAP Plus).

**Option 2. Percent of Bill** = (Estimated average monthly bill) X (Percent of Bill Amount in Table 1) + ($5 per month arrearage co-payment) + (CAP Plus).

**Option 3. Agency Selected** = Same calculation used to determine Percent of Bill payment, but an additional discount is provided based on extenuating circumstances caused by the customer’s household and/or financial situation.

**Table 1**

**Payment Amounts for Percentage of Bill Payment Option**

|  |  |
| --- | --- |
| **Income** | **Percent of Bill Customer Charged** |
| 0-50% FPIG | 50% |
| 51- 100% FPIG | 70% |
| 101- 150% FPIG | 80% |

PPL limits the calculated OnTrack payment to no more than 16% of the household’s gross monthly income, with the exception of minimum payment requirements. The minimum monthly payment in OnTrack is $30 for heating customers and $12 for non-heating customers.

All OnTrack payment plans include a CAP Plus charge. This additional charge is used to offset program expenses for all residential ratepayers. The amount of the CAP Plus charge can change annually every November based on the availability of federal funding for the LIHEAP program in the prior year. The current CAP Plus amount is $3.83. PPL calculates the monthly amount of the CAP Plus payment by “taking the total amount of LIHEAP funding received by OnTrack participants [in the previous year], dividing that dollar amount by the number of active OnTrack accounts as of September 30, and then dividing that annual amount by 12 months.” Proposed 2017-2019 Plan at 7. Since the Department of Human Services (DHS) prohibits the use of LIHEAP funds to offset the cost of utility CAP programs, PPL does not apply a customer’s LIHEAP cash grant toward CAP Plus charges.

PPL limits the amount of CAP credits limit a customer can receive in 18 months based on income level and account type, as described in Table 2.

**Table 2**

**Maximum CAP Credits**

|  |  |  |
| --- | --- | --- |
| **Income** | **Non-electric Heat** | **Electric Heat** |
| 0-50% FPIG | $1,585 | $4,027 |
| 51- 100% FPIG | $1,441 | $3,661 |
| 101- 150% FPIG | $1,310 | $3,328 |

Removal from the OnTrack program may occur for one or more of the following reasons:

* Failure to make two consecutive on-time OnTrack payments. Customers may be reinstated in the program if they pay the OnTrack catch-up amount (*i.e.,* total of OnTrack arrears and the amount the customer would have paid if still on OnTrack) within six (6) months of dismissal.
* Exceeding the maximum allowable CAP credits. Households who exceed their maximum CAP credits are transitioned into OnTrack Budget Billing (OTBB), which allows them to continue to receive arrearage forgiveness as they pay their monthly budget bill amount. OTBB customers may re-apply for regular OnTrack again 18 months after their original enrollment date.
* Failure to provide access to the household’s electric meter. Households will remain ineligible for OnTrack until access to the meter is granted.
* Failure to comply with WRAP. Households will remain ineligible until the required WRAP action has been completed.
* Failure to provide verification of income at recertification. Reinstatement in the program occurs when the household provides proof of income.

Based on our analysis of PPL’s CAP, we require clarification and/or correction regarding the issues detailed below.

*a. Telephone Enrollments* – Clarification Requested

The Proposed 2017-2019 Plan states that non-OnTrack customers who received LIHEAP are contacted and offered the opportunity to enroll in OnTrack over the telephone. Proposed 2017-2019 Plan at 27. The Proposed Plan does not, however, specify how or if these customers are provided with a full explanation of the benefits and responsibilities that come with this enrollment.

It is essential that a customer being enrolled into a CAP understand the ramifications of such enrollment and the obligations to make required timely payments. Once enrolled in CAP, customers must make their CAP payment each month and must understand the consequences of default from CAP. Failing to honor a CAP payment plan can result in termination of service as specified in Chapter 14, 66 Pa. C.S. §§ 1401 – 1418.

Consumer education normally occurs through the CAP application process. Without that, the customer may not know the importance of the associated payment responsibilities and their inability to obtain a payment agreement through the Commission once enrolled in CAP. 66 Pa. C.S. § 1405(c). We have concerns that PPL’s telephone OnTrack enrollment process may limit customer education for the sake of expediency. The Proposed 2017-2019 Plan does not explain what other form of OnTrack education, if any, is provided to customers after speaking to an OnTrack representative.

*Proposed Resolution*: In its response to this Tentative Order, PPL should explain how it educates customers applying for OnTrack over the telephone about the benefits and responsibilities of the program. Further, PPL should explain what aspects of OnTrack enrollment are handled in house by its own customer service representatives and what aspects are handled by its OnTrack agencies.

*b. Applying for OnTrack via the Web* – Clarification Requested

The Proposed 2017-2019 Plan lists multiple options for customers to begin the OnTrack application process. One of these options is for the customer to visit an OnTrack agency website and download an application.

We support making universal service applications available online and encourage PPL to expand the use of web-based applications. Electronic submissions could make the application process more convenient and allow a faster exchange of information between OnTrack agencies and PPL customers.

At least one utility is planning to offer online applications for its CAP. In its latest USECP filing, Philadelphia Gas Works (PGW) reports it is developing an online CAP application that will allow customers to apply for the program through the its website, check the status of their application, and receive electronic correspondence. [[6]](#footnote-6) *See* PGW Amended Proposed 2017-2020 Plan at 13 and *PGW 2017-2020 USECP Tentative Order* at 17, Docket No. M-2016-2542415. PPL customers could benefit from a similar web-based application process.

*Proposed Resolution:* In its response to this Tentative Order, PPL should explain whether it is developing or exploring the use of web-based applications and electronic documentation process for OnTrack. If so, PPL should explain how customer education will be handled during this process.

*c. OnTrack Customer’s Ability to Pay and Energy Burden Levels* – Clarification Requested

In explaining PPL’s use of three possible payment options in OnTrack (*i.e.,* Minimum Payment, Percent of Bill, and Agency Selected), the Company explains that it chooses the payment option “that most closely matches the customer’s ability to pay.” Proposed 2017-2019 Plan at 6. However, the Plan does not explain how PPL determines what OnTrack customers can afford to pay for electricity when assigning their payment option.

Claiming that a customer’s OnTrack payment is based on the customer’s “ability to pay” suggests that the monthly bill reflects what the household can afford. However, PPL also charges OnTrack participants a $5 co-payment for pre-program arrears and a CAP Plus charge. It is not clear how these additional charges impact customers’ ability to afford their monthly OnTrack bill.

The 2014 APPRISE Evaluation examined OnTrack’s impact on energy burden levels for customers enrolled in 2012. The Evaluation found that 85% of non-heating customer and 46% of heating customers with incomes at or below 50% of the FPIG still had energy burden levels exceeding the CAP Policy Statement guidelines[[7]](#footnote-7) after participating in the OnTrack program for a year. Table 3 reflects the change in energy burden levels for full-year OnTrack participants:

**Table 3**

**Energy Burden Levels for Full-Year OnTrack Participants[[8]](#footnote-8)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Non-Electric Heating** | | | | | |
| **Poverty Level** | **Mean Energy Burden** | | **PUC Energy Burden Target** | **Percent with Burden  Above PUC Target** | |
| **Pre** | **Post** | **Non-Heating** | **Pre** | **Post** |
| ≥ 50% | 22% | 11% | 2%-5% | 99% | 85% |
| 51-100% | 10% | 5% | 4%-6% | 80% | 38% |
| 101-150% | 7% | 4% | 6%-7% | 36% | 2% |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Electric Heating** | | | | | |
| **Poverty Level** | **Mean Energy Burden** | | **PUC Energy Burden Target** | **Percent with Burden  Above PUC Target** | |
| **Pre** | **Post** | **Heating** | **Pre** | **Post** |
| ≥ 50% | 37% | 17% | 7%-13% | 94% | 46% |
| 51-100% | 15% | 8% | 11%-16% | 36% | 3% |
| 101-150% | 10% | 6% | 15%-17% | 9% | 0% |

*Source:* 2014 APPRISE Evaluation at 169

PPL’s proposed change to its CAP credit limits – which offers the highest amount of CAP credits to its lowest income customers – may help to reduce the energy burden levels for OnTrack participants with incomes at or below 50% of the FPIG. However, the APPRISE study does not identify how much of the customer’s “post-OnTrack” energy burden level is made up of the program’s $5 co-payment and CAP Plus charge.[[9]](#footnote-9) A more detailed analysis is needed to determine how these additional charges impact the affordability of PPL’s OnTrack program.

*Proposed Resolution*: In its response to this Tentative Order, PPL should explain how it determines a customer’s “ability to pay” when choosing the appropriate OnTrack payment option. The Company should also provide average energy burden levels for full-year OnTrack participants in 2014, 2015, and 2016. Participant information should be broken out by FPIG level (*i.e.,* 0-50%, 51-100%, and 101-150%) and heating type. In addition, the energy burden level for the OnTrack bill should be identified separately from the energy burden level for additional OnTrack charges (*i.e.,* $5 co-payment and CAP Plus).

*d. OnTrack Lifestyle* – Clarification Requested

As described previously, PPL limits OnTrack enrollments to nine (9) months if customers report household income that is less than their mortgage payment or rent and they are not in the process of foreclosure or eviction. If the customer’s income or living situation has not changed after nine months in the program, he/she is removed from OnTrack. Proposed 2017-2019 Plan at 13.

The Commission has previously approved OnTrack Lifestyle in PPL’s previous USECP filings.[[10]](#footnote-10) However, we would like PPL to provide additional information about this program. Specifically:

* Does PPL explain to OnTrack applicants that receiving help to pay bills from third-parties (*e.g.,* friends, relatives) should be reported as income? If so, how is this information communicated? Does PPL ask OnTrack applicants if someone is paying their bills?
* Are OnTrack applicants who are facing foreclosure or eviction ineligible for OnTrack entirely or only for OnTrack Lifestyle?

*Proposed Resolution*: In its response to this Tentative Order, PPL should address the Commission’s questions concerning OnTrack Lifestyle.

*e. Recertification of OnTrack Budget Billing (OTBB) Customers* – Change Requested

The Company’s OnTrack recertification policy allows participants whose primary source of income is Supplemental Security Income (SSI) or who have received LIHEAP in the past 16 months to be automatically recertified for OnTrack for another 18 months.[[11]](#footnote-11) During the 17th and 18th months after OnTrack enrollment, PPL’s system will review OnTrack accounts to determine if the participant qualifies for automatic recertification. OTBB customers are, however, not eligible for automatic recertification. PPL Proposed 2017-2019 Plan at 16. Instead, as the recertification date nears, all OTBB customers receive an OnTrack application and a letter inviting them to reapply for the program. PPL Proposed 2017-2019 Plan at 18.

PPL introduced OTBB in response to the Commission’s directive that the Company allow OnTrack participants to remain in the program at budget billing after they exceed their CAP credit limits. *See PPL 2014-2016 USECP Final Order* at 19-23. OTBB partially meets this directive by allowing customers to continue to receive arrearage forgiveness while paying their budget bill each month. PPL has not explained why automatic recertification is not permitted for OTBB customers. Thus, PPL’s policy of denying OTBB customers automatic recertification and requiring them to re-enroll in the program suggests these OTBB customers are considered non-OnTrack customers.

We recommend PPL treat OTBB customers as full program participants and allow them to benefit from automatic recertifying if they have received LIHEAP within 16 months or have SSI as their primary source of income.

*Proposed Resolution*: In its response to this Tentative Order, PPL should identify the estimated timeframe and costs of implementing a change that would allow OTBB to use the automatic recertification process on an equal footing with other OnTrack customers. If PPL maintains that providing such services for OTBB customers is not feasible, PPL should explain why.

*f. Reenrollment Procedure for Former OnTrack Participants* – Clarification Requested

The Proposed 2017-2019 Plan states that customers removed from OnTrack for non-payment can re-enroll in the program within six (6) months by paying the “OnTrack catch-up amount,” which is the difference between what the customer would have paid if on OnTrack and payments actually made to PPL. If electric service is terminated during the six month window, the OnTrack catch up amount will represent the amount needed for reconnection. When customers pay the OnTrack catch-up amount, the system re-enrolls them at their prior OnTrack payment and provides any CAP credits or arrearage forgiveness they may have missed and removes any late payment charges incurred after removal from the program. The process allows the customer to re-enroll in OnTrack as if he/she had never left. Proposed 2017-2019 Plan at 18-19.

We support this practice as it provides former OnTrack customers who fall behind on payments an opportunity to regain the full benefits of the program by making up the OnTrack balance. However, the Plan also does not specify whether the process described above applies to customers who default from OnTrack for non-payment reasons (*e.g.*, failure to recertify). Further, the Proposed 2017-2019 Plan does not explain the re-enrollment process for customers who have been out longer than six months.

*Proposed Resolution*: In its response to this Tentative Order, PPL should explain what amount it will require a customer to pay to re-enroll in OnTrack more than six months after removal for non-payment. In addition, PPL should identify whether customers who default from OnTrack for non-payment reasons can also re-enroll in the program within six months by paying the OnTrack catch-up amount.

*f. Providing WRAP to OnTrack Customers* – Change Requested

One of the objectives of the OnTrack program is to maintain or reduce a household’s energy usage. Proposed 2017-2019 Plan at 4. Exceeding pre-OnTrack consumption could result in removal from the program unless there are extenuating circumstances (*e.g.*, serious illness, severe weather, structural damage, or consumption beyond the household’s control). Proposed 2017-2019 Plan at 20-21. PPL offers WRAP services (*i.e.*, LIURP) to electric heat, electric water heating, and baseboard OnTrack customers who have the potential for energy savings. Proposed 2017-2019 Plan at 21. There is no priority given to OnTrack customers applying for WRAP services, but the Company can accelerate WRAP activities upon the request from or on behalf of an OnTrack customer. Proposed 2017-2019 Plan at 22.

The Proposed 2017-2019 Plan states that failure to fulfill WRAP requirements (*e.g.*, responding to requests for information or appointments) may result in removal from OnTrack. Proposed 2017-2019 Plan at 23. However, this consequence applies only to OnTrack customers who have requested WRAP services. PPL does not automatically enroll OnTrack customers into its WRAP or require a WRAP audit for OnTrack high energy users. Considering that one of the primary objectives of OnTrack is to maintain or reduce usage and that customers can be removed from the program if usage increases, we question why the Company does not mandate all high usage OnTrack customers to participate in a WRAP audit and allow the installation of WRAP measures, if necessary.

We note that other utilities require CAP customers to participate in LIURP if they meet certain usage conditions. A few examples:

* Duquesne Light may require customers who heat with electricity or use more than 500 kWh per month to complete a Smart Comfort visit prior to CAP enrollment. Duquesne Light 2014-2016 USECP, Docket No. M-2013-2350946, at 6.
* PECO requires CAP customers to participate in LIURP if they have average monthly usage at or above 500 kWh. PECO 2016-2018 USECP, Docket No. M‑2015-2507139, at 14-15.
* Columbia Gas prioritizes CAP customers for LIURP if their average winter consumption exceeds 170 Therms. CAP customers must apply for LIURP services as a condition of enrollment. Columbia Gas 2015-2018 USECP, Docket No. M-2014-2424462, at 19-20.
* The UGI companies refer any CAP customers that exceed its high usage thresholds to LIURP, if applicable. UGI may remove these customers from CAP if they refuse to participate in LIURP. UGI 2014-2017 USECP, Docket No. M‑2013-2371824, at 18.

PPL reports that it has incorporated an “OnTrack high usage approach” to its WRAP. Proposed 2017-2019 Plan at 22. However, the Company does not define or explain this “approach” in the Proposed Plan. We recommend that PPL develop a procedure to automatically refer and prioritize high usage OnTrack customers for WRAP and, additionally, further strengthen the relationship between OnTrack and WRAP by screening all new OnTrack enrollees for WRAP eligibility.

*Proposed Resolution*: In its response to this Tentative Order, PPL should address the Commission’s proposal. It should also identify the estimated timeframe and costs of implementing this policy change. In addition, PPL should explain how customers who exceed pre-OnTrack consumption are notified prior to removal from OnTrack, identify provisions for re-enrollment, and identify how many customers were removed for this reason in 2014, 2015, and 2016.

We also request clarification of how its “OnTrack high usage approach” operates.

*g. OnTrack Payments for Customers Who Relocate* – Clarification Requested

Through a recent informal complaint filed with BCS, we became aware that PPL does not re-calculate the OnTrack payment when a customer transfers service unless the account is changing from “non-electric heat” to “electric heating” (or *vice versa*). Since the Company bases the OnTrack payment on the budget bill amount for the original residence, OnTrack customers who move into more energy efficient dwellings – and there is no change in heat source – may initially pay more on OnTrack than regular budget billing. PPL has reported to BCS that it is tracking these situations and is currently considering system enhancements to address it.

*Proposed Resolution*: In its response to this Tentative Order, PPL should provide more details about this situation. Specifically, PPL should identify the number of customers impacted, the average payment disparity these customers are experiencing (*i.e.*, what they are billed on OnTrack versus what the OnTrack bill should be at the new residence), and the estimated timeframe and costs of implementing the system change needed to adjust the budget bill after relocation.

*h. 16 Percent Rule* – Clarification Requested

PPL reports that its system will not allow a customer’s monthly OnTrack payment to exceed 16% of the household income. When determining the OnTrack payment, the system calculates all possible OnTrack payment options. If all of the options result in payments exceeding 16% of the customer’s income, the system will use 16% of income as the customer’s monthly payment amount (*i.e.*, the 16percent rule). Proposed 2016-2018 Plan at 20.

While we support PPL’s effort to protect customers from an excessive energy burden level, we have concerns if this “rule” is appropriate for non-heating accounts or OnTrack households with incomes at or below 50% of the FPIG. For electric non-heating accounts, the CAP Policy Statement recommends a maximum energy burden level of 5% for incomes at or below 50% of the FPIG, 6% for incomes between 51-100% of the FPIG, and 7% for incomes between 101-150% of the FPIG. Section 69.265(2)(i)(A) The recommended maximum energy burden for electric heating customers with incomes at or below 50% of the FPIG is 13%. Section 69.265(2)(i)(C).

An OnTrack payment for a non-heating account based on 16% of the household’s income (presuming this amount is not based on minimum payment requirements) may not be affordable. Likewise, a household with income at or below 50% of the FPIG may have difficulty paying this amount even for electric heat.

*Proposed Resolution*: In its response to this Tentative Order, PPL should explain if it has applied its 16% rule to non-heating accounts or customers with incomes at or below 50% of the poverty level. The Company should also identify how many customers had OnTrack payments calculated to exceed 16% of income in 2014, 2015, and 2016 and whether any of these customers were referred to and received WRAP.

*i. Unearned Income* – Clarification Requested

The Proposed 2017-2019 Plan lists the types of earned and unearned income PPL counts when determining financial eligibility for OnTrack. The Company reports these income guidelines are consistent with LIHEAP. Proposed 2017-2019 Plan at 12. We request clarification regarding some of the following types of unearned income included in this list:

* Public assistance grants. What types of public assistance grants are counted as income for OnTrack?
* Support payments. Does PPL verify whether support payments are actually received by the household or are these payments counted based on a court order – regardless of whether they are received or not?
* Cash gifts and contributions. Are one-time lump sum payments/gifts counted in this category, or are non-recurring payments excluded?

*Proposed Resolution*: In its response to this Tentative Order, PPL should address our questions regarding counted unearned income identified above.

1. **WRAP – PPL’s LIURP**

WRAP provides weatherization and conservation services to OnTrack and other low-income customers. The primary objectives for WRAP are to reduce customer energy usage and arrearages. To be eligible for WRAP, a customer must have income at or below 150% of the FPIG,[[12]](#footnote-12) a primary home within the PPL service territory, at least nine (9) months of usage history at the premise,[[13]](#footnote-13) annual usage of at least 6,000 kWh,[[14]](#footnote-14) and no history of receiving weatherization services from LIURP WRAP and/or Act 129 WRAP within the past three (3) years[[15]](#footnote-15).

PPL may use up to 20% of the LIURP budget annually to serve customers in the 151%-200% FPIG range, as well as customers with special needs--such as those with disabilities, those who require medical equipment, elderly or customers with small children in the house. Apartment buildings with at least three units may receive WRAP services if at least 50 percent of tenants are determined eligible. PPL prioritizes WRAP services based on customers with the highest electric usage or OnTrack customers in danger of exceeding CAP credit limits. For customers with rent/mortgage obligations that exceed their income or who have significant usage. PPL offers baseload or partial WRAP services and/or energy conservation education. Referrals for WRAP come from PPL customer service representatives, OnTrack agencies, gas utilities, state weatherization providers, and direct customer requests for weatherization services.

*a. 20% LIURP Budget—*Clarification Requested

In the Proposed 2017-2019 Plan, PPL states that it may use up to 20% of the annual LIURP budget to serve customers that are between 150%-200% of FPIG. Proposed 2017-2019 Plan at 37. This is consistent with the LIURP regulations at § 58.10(c). PPL further states that the 20% could include service for “special needs” customers (those with disabilities, medical equipment in the home, or elderly or small children), customers living in multi-unit projects and/or customers referred through inter-utility coordination. In a footnote, PPL explains that Act 129 WRAP may treat multi-unit households below 150% FPIG in a building, and that the Act 129 Conservation Service Provider (CSP) would refer any remaining households between 150%-200% FPIG to LIURP WRAP. Proposed 2017-2019 Plan at 37. We ask PPL to clarify that in those multi-unit projects coordinated with Act 129 WRAP, the customers between 150%-200% FPIG would not necessarily be required to meet the annual usage threshold of 6,000 kWh and to confirm that no master-metered buildings would be treated with LIURP WRAP (*i.e.*, universal service) funds under this arrangement.

The Commission has previously approved FirstEnergy’s 2015-2018 USECP, which relaxed usage thresholds for LIURP jobs coordinated with an NGDC’s LIURP or the Department of Community and Economic Development’s (DCED) Weatherization Assistance Program (WAP). [[16]](#footnote-16) We support this step to reduce the barriers for coordinating programs because it leverages resources and funding, and creates efficiencies by treating all of the tenants in a multi-unit building, rather than only treating some of the units. We ask PPL if its usage requirement could be similarly relaxed for inter-utility coordinated jobs and/or jobs coordinated with WAP.

*Proposed Resolution:* In its response to this Tentative Order, PPL should address our questions regarding relaxation of the usage thresholds for coordinated jobs.

*b.*  *Intake and LEAP system*—Clarification Requested

PPL’s LEAP Database System currently tracks how WRAP participants heard about the program. PPL asserts that this is a vital component for evaluating outreach effectiveness. PPL states that the proposed intake process for LIURP WRAP mirrors the intake process for Act 129 WRAP, which began June 1, 2016. PPL’s intake process can occur in a number of ways, including customer-initiated efforts through phone, hard copy, electronic or in-person application, contractor-initiated referral, or OnTrack caseworker referral. PPL designed the intake process and LEAP system to assign a qualified customer to LIURP WRAP or Act 129 WRAP “based on pre-determined criteria.” Proposed 2017-2019 Plan at 40-41.

We appreciate that PPL is attempting to make this process seamless from the customer’s perspective, but since the system and process are new endeavors, we want to ensure they are performing as designed.

*Proposed Resolution:* In response to this Tentative Order, we ask PPL to provide the requested details regarding the WRAP intake process, so the Commission has both a better understanding of how the customer is assigned to a program by LEAP and reassurance that potential customers are matched with the appropriate WRAP program.

1. **Operation HELP – PPL’s Hardship Fund**

Operation HELP is PPL’s hardship fund and provides grants to residential customers who are low income with overdue balances and an inability to pay the full amount of their energy bills. Operation HELP is administered by 15 community-based organizations and operates year-round (funding-permitted) with ongoing donations from PPL Corporation, its employees, retirees, and customers. Customers are eligible for this program if they have: (1) household incomes at or below 200% of the FPIG; (2) a current hardship; and (3) an inability to pay the full amount of energy bills. Hardships may include the death or serious illness of a primary wage earner and life-threatening situations. Operation HELP provides financial assistance for any type of energy bill (*e.g.*, electric, gas, coal, and oil). A customer may not receive more than one Operation HELP grant per year. The Company projects it can assist about 3,900 customers each year in Operation HELP if the annual budget remains constant at $1.4 million.

At this point, we are not requesting any additional information relative to PPL’s Operation HELP.

1. **CARES Program**

The CARES program assists customers who are experiencing temporary hardships (*i.e.,* expected to last three months or less) that may lead to a loss of electric service. Temporary hardships can include injury, illness, loss of employment, or high medical bills. PPL’s CARES program has no income eligibility requirement. Company representatives make referrals to social service agencies and provide information regarding available programs. In situations where other assistance may not be available, CARES customers may also receive a credit on their PPL account (CARES Credits) to help them maintain electric service through the temporary hardship. PPL sets an annual budget of $54,000 for CARES Credits, which is taken from the Company’s annual donation to Operation HELP. In 2015, 158 customers received CARES Credits with an average credited amount of $342 per account.

At this point, we are not requesting any additional information relative to PPL’s CARES program.

1. **Eligibility Criteria**

The four major components of PPL’s Proposed Plan have slightly different eligibility criteria. Table 4 below shows the eligibility criteria for each universal service component.

|  |  |  |
| --- | --- | --- |
| **Table 4**  **Eligibility Criteria** | | |
| **Program** | **Income Criteria** | **Other Criteria** |
| OnTrack | * 150% FPIG or less | * Residential customer with permanent Pennsylvania address in the PPL service territory. * Documented source of income * Cannot own or be listed on multiple properties/PPL accounts. |
| WRAP | * 150% FPIG or less   (Note: 20% of the budget may be allocated to customers with incomes between 151% to 200% of the FPIG) | * Residential customer, age 18 or older, living in the primary home for at least nine months. * Must not have received weatherization services from LIURP WRAP or Act 129 WRAP within the past three years. * Must have minimum annual usage of 6,000 kWh. Exceptions made for small premises or hardship situations. |
| Operation HELP | * 200% FPIG or less | * Residential customer faced with a hardship * Inability to pay the full amount of energy bills (*i.e.,* electric, gas, coal, or oil). |
| CARES | * None | * Experiencing a temporary hardship (*i.e.,* expected to last three months or less). |

1. **Projected Needs Assessment**

In compliance with Section 54.74(b)(3), PPL submitted needs assessment information for its universal service programs in its Proposed 2017-2019 Plan, which is depicted in Table 5.

**Table 5**

**Needs Assessment**

|  |  |
| --- | --- |
|  |  |
| 1. Estimated number of low-income customers\* | 325,879 |
| 2. Identified number of low-income customers\*\* | 174,000 |
| 3. Identified number of payment troubled, low-income customers\*\*\* | 27,200 |

\* Number based on 2013 Census Data of households with incomes below 150% of the FPIG and the percentage of households served by PPL in each county.

\*\* Based on financial information provided by customers with incomes at or below 150% of the FPIG in 2015 (Confirmed low-income).

\*\*\* Number of identified low income customers with an overdue balance or payment arrangement in 2015.

Source: Proposed 2017-2019 Plan at 14.

*WRAP Needs Assessment* – Clarification Requested

PPL’s WRAP-LIURP needs assessment identified “some factors to consider” when screening the pool of low-income customers to determine the number of customers potentially eligible for WRAP. Proposed 2017-2019 Plan at 49.

PPL did not, however, follow through with the calculations and provide the numbers of customers it was screening out/deducting for each factor.[[17]](#footnote-17) Therefore, the Commission cannot verify that PPL followed the appropriate methodology relative to screening customers. Further, PPL has provided no final figures upon which to evaluate its determination of “adequate funding.”[[18]](#footnote-18) The needs assessment for WRAP also did not include an estimated number of customers who may be income- and usage- (*i.e.*, greater than 6,000 kWh annually) eligible for the program. PPL did provide a figure for the number of customers who have previously received WRAP services, but after subtracting the 44,244 from the number of low-income customers (174,000), we are left with approximately 129,756 customers.

*Proposed Resolution:* PPL describes different reasons why income-eligible customers may not receive LIURP services (*e.g.,* landlord/customer refusal),[[19]](#footnote-19) but we are not persuaded that this satisfies the required components of a basic needs assessment. In its response to this Tentative Order, PPL must provide the requested information and the estimated total number of potential program participants in its service territory and the cost to serve them.

1. **Projected Enrollment Levels**

Table 6 shows the projected enrollment levels for PPL’s OnTrack, WRAP, Operation HELP, and CARES programs.

|  |  |  |  |
| --- | --- | --- | --- |
| **Table 6**  **Projected Enrollment Levels** | | | |
| **Universal Service Component** | **2017** | **2018** | **2019** |
| OnTrack | 57,000 | 62,500 | 67,500 |
| WRAP\*  Full Cost  Low Cost  Baseload | 2,010  2,010  2,010 | 575  575  575 | 715  715  715 |
| Operation HELP | 3,900 | 3,900 | 3,900 |
| CARES | 850 | 850 | 850 |

**\*** PPL expects to serve additional low-income customers not eligible for WRAP with weatherization kits, referral services, and energy education.

*OnTrack Enrollment* – Clarification Requested

We note that participation in PPL’s OnTrack has increased significantly in recent years. During 2016, the number of customers enrolled in OnTrack increased by 20%. By the end of 2016, the OnTrack program was serving 51% more customers than it had three years prior. Table 7 provides a year-end summary of OnTrack enrollment from 2013 through 2016.

**Table 7**

**OnTrack Enrollment 2013-2015**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **12/31/13** | **12/31/14** | **12/31/15** | **12/31/16** |
| OnTrack Participants | 37,204 | 41,288 | 46,936 | 56,223 |

*Source:* PPL

PPL projects that it will add another 11,000 customers to OnTrack by 2019. Considering that PPL’s service territory includes at least 174,000 low-income households, we are encouraged to see PPL is having success enrolling more customers into OnTrack. The Proposed 2017-2019 Plan does not indicate whether enhancements to outreach efforts or application processing (*e.g.,* telephone enrollments), or both, are responsible for the recent increase in OnTrack participation.

*Proposed Resolution*: In its response to this Tentative Order, PPL should explain which of its policies or practices have led to the significant increase in OnTrack enrollments. In addition, PPL should identify the average OnTrack application processing time for each of its eight (8) OnTrack agencies.

1. **Program Budgets**

Table 8 below shows the proposed budget levels for PPL’s universal service components for 2017-2019.

|  |  |  |  |
| --- | --- | --- | --- |
| **Table 8**  **Universal Service Program Budgets** | | | |
| **Universal Service Component** | **2017** | **2018** | **2019** |
| OnTrack | $106,000,000 | $118,000,000 | $129,000,000 |
| WRAP | $10,000,000 | $10,000,000 | $10,000,000 |
| Operation HELP\* | $1,400,000 | $1,400,000 | $1,400,000 |
| CARES | $100,940 | $103,968 | $107,087 |
| **Total** | **$117,500,940** | **$129,503,968** | **$140,507,087** |
| Estimated Number of Residential Customers\*\* | 1,233,954 | 1,237,655 | 1,241,368 |
| Average Monthly Cost  per Residential Customer | $7.84 | $8.63 | $9.34 |

\*No funds for Operation HELP are recovered through base rates and therefore this budgeted amount is not counted as part of the “Average Monthly Spending per Residential Customer.”[[20]](#footnote-20)

\*\*Based on an average of 1,226,583 residential customers in 2015 and an annual 0.3% increase in PPL residential customers from 2012 through 2015. 2012-2015 Reports on Universal Service Programs & Collections Performance at 6.

*a. OnTrack Budget* – Clarification Requested

We have concerns about the increasing cost of PPL’s OnTrack program, which is funded by all residential ratepayers through a universal service rider. As illustrated in Table 9, OnTrack costs have increased by 78% from 2012 to 2015. By the end of 2015, PPL residential customers were paying approximately $5.70 monthly to fund this program.

**Table 9**

**Actual OnTrack Spending and Monthly Cost: 2012-2015\***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2012[[21]](#footnote-21)** | **2013[[22]](#footnote-22)** | **2014[[23]](#footnote-23)** | **2015[[24]](#footnote-24)** |
| Actual OnTrack Spending | $47,106,215 | $55,223,019 | $72,016,857 | $83,614,471 |
| Average Monthly Cost per Residential Customer | $3.23 | $3.78 | $4.91 | $5.68 |

\*Actual OnTrack spending information for 2016 is not yet available.

The Proposed 2017-2019 Plan anticipates OnTrack costs will continue to increase significantly each year of the Plan. Based on the proposed universal service budgets, we estimate the monthly cost to PPL residential ratepayers for universal service programs will exceed $9 by 2019. See Table 8 (Universal Service Program Budgets). As shown in Table 10 (Projected OnTrack Spending and Monthly Cost: 2017-2019), OnTrack costs will make up over 90% of this amount.

**Table 10**

**Projected OnTrack Spending and Monthly Cost: 2017-2019**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2017** | **2018** | **2019** |
| Projected OnTrack Spending | $106,000,000 | $118,000,000 | $129,000,000 |
| Estimated Number of Residential Customers | 1,233,954 | 1,237,655 | 1,241,368 |
| Projected Monthly Cost per Residential Customer | $7.16 | $7.95 | $8.66 |

The largest expenditure for OnTrack is CAP credits. In 2015, PPL reported it spent 65% of its $84 million OnTrack budget issuing CAP credits to participating households. As seen in Table 11 (Average Annual Electric CAP Credits per CAP Customer), PPL spends hundreds more on CAP credits per customer than any other major Pennsylvania electric utility. The Company’s average annual CAP Credits issued in 2015 ($1,187) was 57% more than Met Ed, which had the second highest amount of CAP credits issued ($756).

**Table 11**

**Average Annual Electric CAP Credits per CAP Customer**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company** | **2012[[25]](#footnote-25)** | **2013[[26]](#footnote-26)** | **2014[[27]](#footnote-27)** | **2015[[28]](#footnote-28)** |
| Duquesne | $358 | $343 | $347 | $386 |
| Met-Ed | $780 | $768 | $800 | $756 |
| PECO-Electric | $578 | $565 | $561 | $594 |
| Penelec | $641 | $653 | $690 | $660 |
| Penn Power | $739 | $655 | $646 | $684 |
| ***PPL*** | ***$811*** | ***$1,034*** | ***$1,300*** | ***$1,187*** |
| West Penn | $227 | $336 | $385 | $482 |

PPL’s current OnTrack payment determination is one possible reason why PPL’s CAP credit spending is significantly higher than other electric utilities. When a customer enrolls in OnTrack, the Company does not consider the household’s current energy burden level when determining the program discount. All three OnTrack payment options provide varying levels of CAP credits off the customer’s budget (average) bill. The highest OnTrack payment possible, before adding a $5 co-payment (if applicable) and CAP Plus charge, is 80% of the customer’s average bill. Unlike First Energy and PECO’s CAPs, customers participating in PPL’s OnTrack program do not have to exceed an energy burden threshold to qualify for CAP Credits.[[29]](#footnote-29)

The second biggest expenditure for OnTrack is forgiveness of pre-program arrearages. From 2012 through 2015, PPL’s average annual arrearage forgiveness per customer has increased from $491to $587. As seen in Table 12 (Average Annual Electric Arrearage Forgiveness per CAP Customer), PPL’s spending in this category far exceeds every other Pennsylvania electric CAP in Pennsylvania. In 2015, the Company’s annual arrearage forgiveness ($587) was 185% more than West Penn Power, which had the second largest amount of annual arrearage forgiveness per customer at $206.

**Table 12**

**Average Annual Electric Arrearage Forgiveness per CAP Customer**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company** | **2012[[30]](#footnote-30)** | **2013[[31]](#footnote-31)** | **2014[[32]](#footnote-32)** | **2015[[33]](#footnote-33)** |
| Duquesne | $71 | $75 | $65 | $101 |
| Met-Ed | $127 | $125 | $130 | $125 |
| PECO-Electric | $87 | $77 | $88 | $73 |
| Penelec | $85 | $85 | $87 | $83 |
| Penn Power | $114 | $94 | $78 | $75 |
| ***PPL*** | ***$491*** | ***$468*** | ***$512*** | ***$587*** |
| West Penn | $130 | $159 | $196 | $206 |

The higher amount spent by PPL on arrearage forgiveness suggests that OnTrack customers may carry larger amounts of pre-program debt than customers in other electric CAPs. Enrolling low-income customers into OnTrack before they accrue significant debt may help to decrease the amount PPL spends on arrearage forgiveness.

PPL’s policy to allow customers to receive forgiveness for more than one set of arrearages could be another reason why these costs are significantly higher than other electric utilities. It is BCS’s understanding that if an OnTrack participant leaves the program – and the pre-program balance has been forgiven or paid off – then the customer can receive arrearage forgiveness on a new balance if they re-enroll in OnTrack at a later time. In most utility CAPs, arrearage forgiveness is a one-time benefit and the customer cannot receive forgiveness on a new balance if they leave the program and later re-enroll. OnTrack particpants do not have this restriction.

*Proposed Resolution*: The Commission is responsible for ensuring that universal service programs operate in a cost-effective manner. 66 Pa. C.S. 2804(9). In its response to this Tentative Order, PPL should explain what factors are driving the increasing costs of its OnTrack program and provide the following information:

* The number of OnTrack customers enrolled in 2015 with energy burdens at or below the recommended levels in the CAP Policy Statement. Participant information should be broken out by FPIG level (*i.e.*, 0-50%, 51-100%, and 101-150%) and heating type.
* The average deferred balance carried by customers upon enrollment into OnTrack in 2014, 2015, and 2016. Participant information should be broken out by FPIG level (*i.e.,* 0-50%, 51-100%, and 101-150%) and heating type. Identify how many of these customers were previously enrolled in OnTrack and had already received arrearage forgiveness in the past and average deferred balance upon re-enrollment.
* The estimated impact PPL’s proposed CAP credit change have on the projected OnTrack budgets through 2019.
* The total number of customers with in-program arrears and the total dollar amount of in-program arrears in 2014, 2015, and 2016.

*b. CARES Budget* – Clarification Requested

PPL’s projects its CARES budget will increase by over $3,000 per year through 2019. It is not clear why the Company estimates annual costs will increase while enrollments in the program are anticipated to remain static.

*Proposed Resolution*: In its response to this Tentative Order, PPL should explain why the CARES budget projects annual increase with no changes in enrollment.

1. **Use of Community-Based Organizations (CBOs)**

The Competition Act directs the Commission to encourage utility companies to use community-based organizations to assist in the operation of universal service programs. 66 Pa. C.S. § 2804(9). In accordance with these provisions, PPL provided the following information about its use of CBOs:

* The OnTrack program is administered by eight (8) CBOs, with eight (8) supervisors and 54 caseworkers.
* PPL contracts with 22 organizations to perform WRAP services.
* Operation HELP is administered by 15 CBOs, with 40 caseworkers at 25 sites.
* CARES staff work with up to 16 CBOs in each of the five PPL regions within its service territory to provide assistance to customers.

At this point, we are not requesting any additional information relative to PPL’s use of CBOs.

1. **Organizational Structure**

The organizational structure for company staff assigned to PPL’s Universal Services Programs is shown in Table 5.

**Table 13**

**Staffing for Each PPL Universal Service Program**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | V.P. Customer Service | Regulatory Programs & Business Services | Regulatory Program Specialists | Universal Service Reps | General Office Admin. Support |
| OnTrack | 1 | 2 | 5 | 0 | 2 |
| WRAP | 1 | 2 | 5 | 10 | 0 |
| Operation HELP | 1 | 2 | 5 | 0 | 2 |
| CARES | 1 | 2 | 5 | 1 | 2 |

*CARES Staffing Levels* – Clarification Requested

It is not clear how many CARES specialists PPL employs to work with its customers. Other than management staff, the Proposed 2017-2019 Plan identifies one Universal Service Representative and 2 support staff working in CARES. It is unclear whether this staffing level is sufficient to provide services to any PPL customer experiencing a temporary hardship.

*Proposed Resolution*: In its response to this Tentative Order, PPL should clarify how many of its employees provide direct CARES services.

**V. CONCLUSION**

The Commission tentatively finds that PPL’s Proposed 2017-2019 Plan, in large measure, appears to comply with the Competition Act at 66 Pa. C. S. §§ 2801-2812, the universal service reporting requirements at 52 Pa. Code § 54.74, the Commission’s CAP Policy Statement at 52 Pa. Code §§ 69.261-69.267, and the LIURP regulations at 52 Pa. Code §§ 58.1-58.18. This Tentative Order sets forth the aspects that PPL will need to address prior to our approval of the Proposed 2017-2019 Plan. This Tentative Order also calls for comments from stakeholders.

In particular, we direct PPL to address the following points in a supplemental filing consistent with the discussion and directions herein. To the extent that PPL has responsive proposals for additional relief, those proposals, along with timelines and cost estimates, should be described in its response to afford other parties the opportunity to comment and reply.

1. Explain how customers enrolled in OnTrack over the telephone are educated about the benefits and responsibilities of the program and explain what aspects of OnTrack enrollment are handled in house by PPL customer service representatives and what aspects are handled by OnTrack agencies.
2. Explain whether the Company is developing or exploring the use of web-based applications and electronic documentation process for OnTrack and, if so, explain how customer education will be handled during this process.
3. Explain how the Company determines a customer’s “ability to pay” when choosing the appropriate OnTrack payment option. Pursuant to the directives in this Order, the Company should also provide average energy burden levels for full-year OnTrack participants in 2014, 2015, and 2016.
4. Address the Commission’s questions concerning OnTrack Lifestyle.
5. Identify whether PPL will offer automatic recertification for OnTrack to OTBB participants and, if so, the estimated timeframe and costs of implementing this change.
6. Explain what amount the Company requires customers to pay to re-enroll in OnTrack more than six months after removal for non-payment. PPL should identify whether customers who default from OnTrack for non-payment reasons can also re-enroll in the program within six months by paying the OnTrack catch-up amount.
7. Address whether the Company will develop a procedure to automatically refer and prioritize high usage OnTrack customers for LIURP and screen new OnTrack enrollees for WRAP eligibility. PPL should also provide additional details about its OnTrack consumption policy and its “OnTrack high usage approach.”
8. Identify what steps the Company is taking to address OnTrack budget billing disparities when customers relocate.
9. Explain if the “16% rule” has been applied to non-heating accounts or customers with incomes at or below 50% of the poverty level and identify how many customers had OnTrack payments calculated to exceed 16% of income in 2014, 2015, and 2016 and whether any of these customers were referred to and received WRAP services.
10. Address the Commission’s questions concerning counted unearned income for OnTrack eligibility.
11. Address the Commission’s questions regarding relaxation of the usage thresholds for coordinated LIURP jobs.
12. Provide requested details about the WRAP intake process and program assignment through the LEAP system.
13. Update the WRAP needs assessment with the requested information.
14. Explain what policies or practices have led to the significant increase in OnTrack enrollment and identify the average OnTrack application processing time for each of its OnTrack agencies.
15. Explain what factors are driving the increase in OnTrack program costs and provide requested information.
16. Explain the anticipated annual increase in the CARES budget.
17. Clarify the staffing level for its CARES program.

PPL’s supplemental information must be filed and served on or before twenty (20) days after the entry of this Tentative Order. Comments are due twenty (20) days after PPL’s supplemental information filing deadline, and reply comments are due fifteen (15) days thereafter. If the comments and reply comments raise relevant material factual issues, we may refer this matter, in whole or in part, to the OALJ for hearing and decision; **THEREFORE,**

**IT IS ORDERED:**

1. That approval of the Proposed Universal Service and Energy Conservation Plan for 2017-2019 as filed by PPL Electric Utilities Corporation, on June 30, 2016, is withheld pending review of requested information and stakeholder comments, as set forth in this Tentative Order.

2. That a copy of this Tentative Order be served on PPL Electric Utilities Corporation, the Office of the Consumer Advocate, the Bureau of Investigation and Enforcement, and the Pennsylvania Utility Law Project. A copy shall also be served on the parties to Docket No. M-2013-2367021.

3. That PPL Electric Utilities Corporation shall file and serve the supplemental information requested herein within twenty (20) days of the entry of this order.

4. That comments to this Tentative Order shall be filed within twenty (20) days after the filing deadline for PPL’s supplemental information. Reply comments shall be filed within fifteen (15) days thereafter.

5. That one original signed copy of comments and reply comments shall be filed with the Commission’s Secretary at P.O. Box 3265, Harrisburg, PA 17105-3265. Comments and reply comments may also be filed electronically through the Commission’s e-filing system, in which case no paper copy needs to be filed with the Secretary provided the comments are less than 250 pages.

6. That an electronic copy in WORD or WORD-compatible format, of all filed submissions, comments and reply comments be provided to Joseph Magee, Bureau of Consumer Services, [jmagee@pa.gov](mailto:jmagee@pa.gov), Sarah Dewey, Bureau of Consumer Services, [sdewey@pa.gov](mailto:sdewey@pa.gov), and to Louise Fink Smith, Law Bureau, [finksmith@pa.gov](mailto:finksmith@pa.gov).

7. That the contact person for this Tentative Order is Joseph Magee, Bureau of Consumer Services, 717-772-1204, [jmagee@pa.gov](mailto:jmagee@pa.gov).

**BY THE COMMISSION,**



Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: April 6, 2017

ORDER ENTERED: April 6, 2017

1. This docket number is also referred to as “Docket No. M-00840403.” [↑](#footnote-ref-1)
2. PPL reported serving 1,226,583 residential customers in 2015. 2015 Report on Universal Service Programs & Collections Performance at 6. [↑](#footnote-ref-2)
3. <http://www.puc.pa.gov/General/pdf/USP_Evaluation-PPL.pdf>. [↑](#footnote-ref-3)
4. An OnTrack household currently “graduates” from the program when all pre-program arrearages have been forgiven and the Company determines they have a good payment history and the OnTrack installment amount is within 10% of their budget bill. [↑](#footnote-ref-4)
5. This budget increase was part of a distribution rate case settlement at Docket No. R-2015-2469275. [↑](#footnote-ref-5)
6. We also note that the Department of Human Services (DHS) now offers a mobile application that allows applicants to check the status of their application for DHS benefits, report changes, and upload photographs of requested documentation. <http://www.dhs.pa.gov/citizens/compassmobileapp/> [↑](#footnote-ref-6)
7. Section 69.265 (2)(i)(A,C). [↑](#footnote-ref-7)
8. This analysis does not reflect the energy burden levels for all OnTrack participants. APPRISE used a treatment group consisting of 2012 CAP enrollees for this study. These tables examine the energy burden levels of 1,581 non-heating electric accounts and 1,101 electric heating accounts. There were a total of 33,563 OnTrack participants at the time of this evaluation. 2014 APPRISE Evaluation at 152-162. [↑](#footnote-ref-8)
9. The monthly CAP Plus charge changes each November. It was set at $8 in November 2011; $5.00 in November 2012; $2.50 in November 2013; $4.00 in November 2014; $3.00 in November 2015; and $3.83 in November 2016. [↑](#footnote-ref-9)
10. For example, see the *PPL 2014-2016 USECP Final Order*, Docket No. M-2013-2367021 (September 11, 2014), at 14-15. [↑](#footnote-ref-10)
11. All OnTrack customers must recertify at least once every 36 months, so automatic recertification does not occur consecutively. [↑](#footnote-ref-11)
12. PPL may use up to 20% of the LIURP budget to serve customers with incomes between 151% and 200% of the FPIG. These customers must be “special needs” or live in low-income multi-unit buildings. Proposed 2017-2019 Plan at 37. [↑](#footnote-ref-12)
13. PPL will make exceptions to the nine-month usage history requirement on a case-by-case basis. Households may also qualify for Act 129 WRAP. Proposed 2017-2019 Plan at 38. [↑](#footnote-ref-13)
14. PPL may make exceptions to the usage criteria for small premises or hardship situations. Proposed 2017-2019 Plan at 39. [↑](#footnote-ref-14)
15. PPL customers who have less than nine months of usage history at their residence or who have received LIURP or ACT 129 WRAP services in the past seven years may still be eligible for WRAP upon Company approval. Proposed 2014-2016 Plan (WRAP) at 2. [↑](#footnote-ref-15)
16. *See* FirstEnergy’s 2015-2018 USECP, Docket M-2014-2407728 (May 19, 2015), at 42. [↑](#footnote-ref-16)
17. LIURP regulations at Section 58.4(c)(1)-(4) provide guidance on how the steps/factors should be considered. [↑](#footnote-ref-17)
18. 66 Pa. C.S. §§ 2804(8) and 2804(9). [↑](#footnote-ref-18)
19. Proposed 2017-2019 Plan at 49. [↑](#footnote-ref-19)
20. PPL reports Operation HELP administrative costs are recovered from PPL’s corporate contribution to the program. Proposed 2017-2019 Plan at 69. [↑](#footnote-ref-20)
21. 2012 Report on Universal Service Programs & Collections Performance at 6 and 39. [↑](#footnote-ref-21)
22. 2013 Report on Universal Service Programs & Collections Performance at 6 and 41. [↑](#footnote-ref-22)
23. 2014 Report on Universal Service Programs & Collections Performance at 6 and 47. [↑](#footnote-ref-23)
24. 2015 Report on Universal Service Programs & Collections Performance at 6 and 47. [↑](#footnote-ref-24)
25. 2012 Report on Universal Service Programs & Collections Performance at 39. [↑](#footnote-ref-25)
26. 2013 Report on Universal Service Programs & Collections Performance at 39. [↑](#footnote-ref-26)
27. 2014 Report on Universal Service Programs & Collections Performance at 44. [↑](#footnote-ref-27)
28. 2015 Report on Universal Service Programs & Collections Performance at 44. [↑](#footnote-ref-28)
29. First Energy’s CAP provides CAP credits to customers who pay over 3% of income for non-heating electric and 9% of income for electric heat. PECO’s CAP energy burden levels vary from 5% to 17% of household income, based on household poverty level and account type. Both First Energy and PECO offer arrearage forgiveness to CAP customers who do not qualify for CAP Credits. See Met-Ed, Penenlec, and Penn Power’s 2015-2018 USECPs at 8, West Penn Power’s 2015-2018 USECP at 8-9, and PECO’s 2016-2018 USECP at 30-31. [↑](#footnote-ref-29)
30. 2012 Report on Universal Service Programs & Collections Performance at 39. [↑](#footnote-ref-30)
31. 2013 Report on Universal Service Programs & Collections Performance at 39. [↑](#footnote-ref-31)
32. 2014 Report on Universal Service Programs & Collections Performance at 44. [↑](#footnote-ref-32)
33. 2015 Report on Universal Service Programs & Collections Performance at 44. [↑](#footnote-ref-33)