#  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

Review of Universal Service and M-2017-2596907

Energy Conservation Programs

**OPINION AND ORDER**

**BY THE COMMISSION:**

 By this Opinion and Order, we are initiating a comprehensive review of the entire Universal Service and Energy Conservation model. As discussed in more detail herein, because the Universal Service and Energy Conservation Programs are intertwined regarding design, budgeting, administration, reporting, and evaluation, we find that it is appropriate to incorporate the Commission’s current work on Low-Income Usage Reduction Programs (LIURPs) and energy affordability matters into this comprehensive review.

 The Public Utility Code (Code), requires the Commission to continue, at a minimum, the policies, practices, and services that were in existence as of the effective date of the Natural Gas Choice and Competition Act, 66 Pa. C.S. §§ 2201-2212, and the Electricity Generation Customer Choice and Competition Act, 66 Pa. C.S. §§ 2801-2815. 66 Pa. C.S. §§ 2203(7) and 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. §§ 2203(8) and 2804(9). The portfolio of Universal Service Programs generally includes Customer Assistance Programs (CAPs), LIURPs, Customer Assistance and Referral Evaluation Services (CARES), and Hardship Funds. These services are primarily provided to low-income customers;[[1]](#footnote-1) however, some programs, such as CARES, may be available to non-low-income customers who meet certain requirements.

 These programs, as outlined in each utility’s Universal Service and Energy Conservation Plan, are intertwined regarding design, budgeting, administration, reporting, and evaluation. Accordingly, we believe it is appropriate to incorporate the Commission’s current work regarding LIURP and energy affordability matters into a comprehensive review of the entire Universal Service and Energy Conservation model. We have recently begun the process of reviewing two aspects of the Universal Service and Energy Conservation Programs: (1) LIURP and (2) energy affordability. Specifically, we issued a Secretarial Letter on December 16, 2016, at Docket No. L-2016-2557886, seeking informal stakeholder input on a number of questions regarding our existing LIURP Regulations at 52 Pa. Code §§ 58.1-58.18.[[2]](#footnote-2) The feedback we have received is intended to inform a possible future LIURP rulemaking. Additionally, at the March 16, 2017 Public Meeting, we adopted a Joint Motion directing the Commission’s Bureau of Consumer Services (BCS) to initiate a study to determine what constitutes an affordable energy burden for Pennsylvania’s low-income households and, based on this analysis, whether any changes in the Commission’s CAP Policy Statement, 52 Pa. Code

§§ 69.261-69.267, or other Universal Service and Energy Conservation Program guidelines are necessary to bring these programs into alignment with any affordability recommendations.[[3]](#footnote-3)

 Considering our recent action as part of a broader evaluation of Universal Service and Energy Conservation policies, we believe it is important to ensure that we receive ample stakeholder feedback throughout all of the steps of this process. These programs affect all ratepayers, whether through direct assistance to qualifying customers or through a surcharge that funds Universal Service Programs. As such, the feedback of stakeholders representing all interests, from low-income customers to consumer interest advocates to utilities, is necessary to ensure any outcomes are cost-effective and in the public interest. Only through collaboration can we address all relevant issues and balance the needs of all stakeholders.

 To initiate this comprehensive review, the Commission’s Law Bureau shall develop for this Commission’s review a report on the statutory, regulatory, and policy frameworks of existing Universal Service Programs and the steps required to initiate any proposed changes. This report will be due within thirty days of the entry date of this Opinion and Order and will be released publicly at this docket.

 Additionally, we are providing interested stakeholders with the opportunity to file comments on priorities, concerns, and suggestions for amending and improving any or all aspects of the Universal Service and Energy Conservation Programs. Such comments may include, but are not limited to, issues of program design, implementation, costs, cost recovery, administration, reporting, and evaluation. The comments may also address the contents of the Law Bureau report. These comments should be submitted within ninety days of the entry date of this Opinion and Order.

 Further, BCS shall coordinate a stakeholder meeting to allow interested parties to provide feedback on the filed comments and on any other priorities, concerns, or suggested changes pertaining to the Universal Service and Energy Conservation Programs. This stakeholder meeting will be held within sixty days of the due date for filing the aforementioned comments. BCS may also reconvene the Universal Service Working Group (USWG),[[4]](#footnote-4) as needed, to solicit additional stakeholder feedback. Notice of the stakeholder meeting, including any reconvening of the USWG, shall be published in the *Pennsylvania Bulletin* to ensure broader outreach to any parties that may not have previously been involved in the USWG. BCS is responsible for chairing any collaborative convened.

 Following the stakeholder meeting held by BCS, interested parties may file reply comments to address not only the previously-filed comments, but also any issues discussed at the stakeholder meeting. These reply comments should be filed within thirty days of the stakeholder meeting. BCS, in consultation with the Law Bureau, is directed to prepare a report for this Commission that summarizes the feedback provided in the comments and reply comments, as well as any feedback provided at the stakeholder meeting. The report should also provide a summary of all options proposed by stakeholders. This report will be submitted within forty-five days of the due date of the reply comments and will be released publicly.

 We will consider the feedback and results of the review of our LIURP Regulations and energy burden levels, as well as the reports from Law Bureau and BCS that are part of the instant comprehensive review, in making a determination regarding appropriate future actions, such as an *en banc* hearing, an Advanced Notice of Proposed Rulemaking, or a revised Policy Statement; **THEREFORE,**

 **IT IS ORDERED:**

 1. That the Commission’s Law Bureau submit a report to the Commission within thirty (30) days of the entry date of this Opinion and Order, outlining the statutory, regulatory, and policy frameworks of existing Universal Service and Energy Conservation Programs and the processes required to initiate any proposed changes to these existing statutory, regulatory, and policy frameworks.

 2. That interested parties may submit written comments at this docket, within ninety (90) days of the entry date of this Opinion and Order, outlining their priorities, concerns, and suggested changes to the Universal Service and Energy Conservation programs, consistent with this Opinion and Order.

 3. That the Commission’s Bureau of Consumer Services coordinate a stakeholder meeting, to be held within sixty (60) days of the due date of the written comments, as set forth in Ordering Paragraph No. 2, above, to allow interested parties to provide feedback on the filed comments and on any other priorities, concerns, or suggested changes pertaining to the Universal Service and Energy Conservation Programs.

 4. That interested parties may file written reply comments at this docket, within thirty (30) days of the stakeholder meeting, addressing any issues in the previously-filed comments, as well as any issues discussed at the stakeholder meeting.

 5. That, within forty-five (45) days of the due date of the reply comments referenced in Ordering Paragraph No. 4, above, the Commission’s Bureau of Consumer Services, in consultation with the Commission’s Law Bureau, prepare a report summarizing all filed comments and any feedback from the stakeholder meeting. The report should also provide a summary of all options proposed by stakeholders.

 6. That the Commission’s Secretary’s Bureau place a copy of all comments filed at Docket Nos. L-2016-2557886 and M-2017-2587711 on this docket.

 7. That this Opinion and Order be served on the following: electric distribution companies, natural gas distribution companies and city-owned natural gas utilities with universal service and energy conservation program requirements; the Commission’s Bureau of Investigation and Enforcement; the Office of Consumer Advocate; the Office of Small Business Advocate; the Industrial Energy Consumers of Pennsylvania, Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, Penn Power Users Group, Philadelphia Area Industrial Users Group, PP&L Industrial Customer Alliance and West Penn Power Industrial Intervenors (collectively, Industrial Customer Groups); the Pennsylvania Utility Law Project; the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania; the Energy Association of Pennsylvania; the Dollar Energy Fund; Community Legal Services; the Community Action Association of Pennsylvania; the Tenant Union Representative Network; the Commission on Economic Opportunity; the Action Alliance of Senior Citizens of Greater Philadelphia; the Pennsylvania Department of Community and Economic Development; and the Pennsylvania Department of Human Services.

 8. That this Opinion and Order be published in the *Pennsylvania Bulletin.*

 **BY THE COMMISSION,**

 Rosemary Chiavetta

 Secretary

(SEAL)

ORDER ADOPTED: April 6, 2017

ORDER ENTERED: May 10, 2017

1. Low-income customers are residential customers with household incomes at or below 150% of the Federal Poverty Income Guidelines (FPIG). 52 Pa. Code

§ 54.72. [↑](#footnote-ref-1)
2. *See Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1 – 58.18*, Docket No.

L-2016-2557886 (Secretarial Letter issued December 16, 2016). [↑](#footnote-ref-2)
3. *See Joint Motion of Vice Chairman Andrew G. Place and Commissioner David W. Sweet*, Docket No. M-2017-2587711 (Adopted March 16, 2017). [↑](#footnote-ref-3)
4. We initiated the USWG in 2009, with a directive to develop recommendations to coordinate residential universal service programs under the Commission’s jurisdiction and to further coordinate those programs with other state assistance programs, such as the Weatherization Assistance Program administered by the Pennsylvania Department of Community and Economic Development. *See* *Universal Service Coordination Work Group*, Docket No. M-2009-2107153 (Order entered June 11, 2009). We note that any reconvening of the USWG will not constitute a renewal of its previous directives. [↑](#footnote-ref-4)