



June 7, 2017

Via Electronic Filing

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

Re: 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

Dear Secretary Chiavetta,

Enclosed please find the Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) in the above referenced proceeding. Copies of this filing are being provided in accordance with the attached Certificate of Service.

Please feel free to contact me directly should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Joline Price".

Joline Price
Counsel for CAUSE-PA
pulp@palegalaid.net
717-236-9486 x. 217

Enclosures

cc: Joseph Magee, BCS (via email)
Sarah Dewey, BCS (via email)
Louise Fink Smith, Law Bureau (via email)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify that I have this day, June 7, 2017, served copies of the **Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) to the April 6, 2017 Tentative Order and PPL Supplemental Responses.**

VIA EMAIL

Amy E. Hirakis, Esq.
Kimberly Klock, Esq.
PPL Electric Utilities Corporation
Two North Ninth Street
Allentown, PA 18101-1179
aehirakis@pplweb.com
kklock@pplweb.com

Christy M. Appleby, Esq.
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Forum Place
Harrisburg, PA 17101-1923
cappleby@paoca.org

John R. Evans
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
jorevan@pa.gov

Richard Kanaskie, Esq.
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120
rkanaskie@pa.gov

Joseph L. Vullo, Esq.
Burke Vullo Reilly Roberts
1460 Wyoming Ave
Forty Fort, PA 18704
jlvullo@aol.com

Dated: June 7, 2017

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA

A handwritten signature in black ink, appearing to read "Joline Price".

Joline Price, Esq.
PA ID # 315405
118 Locust Street
Harrisburg, PA 17101
717-236-9486
pulp@palegalaid.net
jpricepulp@palegalaid.net

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

COMMENTS OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND
ENERGY EFFICIENCY IN PENNSYLVANIA (CAUSE-PA) TO THE
APRIL 6, 2017, TENTATIVE ORDER AND PPL SUPPLEMENTAL RESPONSES



The Pennsylvania Utility Law Project

Patrick M. Cicero, Esq.
Elizabeth R. Marx, Esq.
Joline Price., Esq.
118 Locust Street
Harrisburg, PA 17101
Tel.: 717-236-9486
Fax: 717-233-4088
pulp@palegalaid.net

**On behalf of the Coalition for Affordable Utility
Services and Energy Efficiency in Pennsylvania**

June 7, 2017

I. Introduction and Background

On June 30, 2016, PPL Electric Utilities Corporation (PPL or Company) filed its proposed Universal Service and Energy Conservation Plan (Proposed 2017-2019 USECP, or USECP, or Plan) in accordance with the Commission's regulations at 52 Pa. Code §§ 54.71-54.78.¹

On April 6, 2017, the Pennsylvania Public Utility Commission (Commission or PUC) entered a Tentative Order (TO), in which it indicated that a number of issues required further attention before full approval of the Plan. In its TO the Commission listed those issues for which it required PPL to submit supplemental information.

In compliance with the TO, PPL filed Supplemental Information on April 26, 2017 (First Supplemental Information or First Supplement). The Commission's Bureau of Consumer Services (BCS) reviewed PPL's First Supplement and identified several areas where PPL's answers were either incomplete or required clarification. On May 3, 2017, a Secretarial Letter (May 3, 2017 Letter) was issued, specifying the matters for which additional information and/or clarification by PPL was required. The May 3, 2017 Letter reset the time schedule for responsive

¹ The *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code §§ 54.1-54.9 require regulated utilities to submit an updated universal service and energy conservation plan every three years to the Commission for approval. 52 Pa. Code § 74(a) (1). The regulations place the responsibility on the PUC to determine if the plan meets the goal of universal service to provide utility service to all Pennsylvanians at an affordable rate. 52 Pa. Code § 54.73. The Commission may approve, reject or modify the plan. 52 Pa. Code 54.74(a)(5). The triennial submission and review of each utility's Universal Service and Energy Conservation Plan is the only regulatory opportunity for the PUC to analyze the utility's universal service program in its entirety. This complete program review is needed to determine if the Company's universal service program adheres to all legal and policy requirements; is structured and administered in a manner which achieves universal service goals; is appropriately funded and available; and provides an affordable payment structure which enables low income customers to maintain essential utility service. Although during the intervening three years between triennial program approvals it is not uncommon for modifications of certain program aspects to occur, it is during the triennial review when the entire universal service program is reviewed and approved as an integrated whole. It is, therefore, critical for the PUC to permit and embrace full and complete participation of the public during the triennial review period to ensure that universal service programs are designed in a manner that best serves the needs of low income individuals.

comments, and directed PPL to file additional information and serve all parties and interveners at this docket within 15 days. Interested stakeholders were permitted to file Comments to PPL's Proposed 2017-2019 Plan and Supplemental Information within twenty (20) days of the date of PPL's filing deadline and Reply Comments within fifteen (15) days thereafter.

On May 18, 2017, PPL filed its additional information and/or clarification (Second PPL Supplemental Information or Second Supplement). Seven days later, on May 25, 2017, PPL made a third filing (Third PPL Supplemental Information or Third Supplement) in response to an informal request for further clarification from BCS regarding information in its Second Supplement.

CAUSE-PA is an unincorporated association of low-income individuals that advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating and telecommunication services. CAUSE-PA membership is open to moderate and low-income individuals residing in the Commonwealth of Pennsylvania who are committed to the goal of helping low-income families maintain affordable access to utility services and achieve economic independence. CAUSE-PA has interests in the impact that PPL's proposed USECP will have on moderate- and low-income residential customers. Members of CAUSE-PA are customers of PPL and other regulated utilities across the Commonwealth. They will be directly affected by the Company's proposed USECP. CAUSE-PA has been granted intervenor status in other proceedings involving PPL and has actively participated in those proceedings.

CAUSE-PA, through its attorneys at the Pennsylvania Utility Law Project, respectfully files these comments regarding matters of particular consequence to its members. In accord with

TO, these comments will address a number of the provisions of the Proposed Plan regardless of whether those issues had been specifically addressed in the TO.

At the outset, CAUSE-PA wishes to express its appreciation to the Commission and to PPL for the level of analysis and attention to program details which has taken place thus far in evaluating PPL's 2017-2019 USECP. CAUSE-PA further appreciates the Commission's efforts to enhance its traditional process of review by engaging in a transparent exchange of information between PPL and the Commission's Bureau of Consumer Services.²

Before it can approve PPL's proposed USECP, the Commission must ensure that the Plan meets the requirements set forth in the Electricity Generation Customer Choice and Competition Act ("Competition Act" or "Act"), 66 Pa. C.S. § 2801 *et seq.* which became effective on January 1, 1997; the *Universal Service and Energy Conservation Reporting Requirements* (USEC Reporting Requirements) at 52 Pa. Code §§ 54.1-54.9; the LIURP regulations at 52 Pa. Code §§ 58.1-58.18; the directives articulated by the Commission in the CAP Policy Statement at 52 Pa. Code §§ 69.261-69.267; the Final Investigatory Order entered December 18, 2006 to Docket No. M-00051923; as well as to other relevant Secretarial letters, Commission rules, policies, and orders.

² Notwithstanding, CAUSE-PA respectfully submits that the enhanced exchange of information – coupled with a brief comment and reply comment period – is no substitute for the ability of an interested and affected party to participate in a proceeding wherein interested and affected parties may engage in targeted discovery, identify patterns and issues which emerge from close review, submit testimony (both expert and lay) which analyzes the issues and adds context to information learned through discovery, and brief the issues for the Commission to make a fully informed decision. While the Commission may be permitted to consider comments filed by interested individuals and groups, comments are not evidence and are no substitute for evidence and legal argument. Indeed, Universal Service Programs are statutorily required and are essential to the health and well-being of a utility's most vulnerable customers – but they are subject to review and evaluation by the Commission only once every three years, and are never subject to a more searching inquiry by the public through the course of a litigated proceeding like other periodic program plans filed with the Commission, such as Act 129 Energy Efficiency and Conservation Plans. In the absence of comprehensive and updated Customer Assistance Program Regulations, duly promulgated by the Commission, it is respectfully submitted that the participants, the intended beneficiaries of universal service, and the public are deprived of the full extent of due process to which they are entitled.

The universal service provisions of the Competition Act tie the affordability of electric service to a customer's ability to pay for that service and place the responsibility to ensure that such service is appropriately funded and available in each electric distribution territory upon the Commission.³ The statutory goals of universal service are to be achieved through the enactment, establishment and maintenance of policies, practices, and services that help low-income customers maintain their electric service. Universal service includes customer assistance programs, usage reduction programs, service termination protections and consumer education.⁴

The *Universal Service and Energy Conservation Reporting Requirements* require an electric distribution company (EDC) to submit an updated universal service and energy conservation plan (USECP) every three years to the Commission for approval.⁵ It is the Commission's responsibility to determine whether the EDC's plan meets the goals of universal service.⁶ The Commission may approve, reject or modify the plan.⁷

The triennial submission and review is an explicit regulatory opportunity for the Commission to analyze a utility's universal service portfolio as a whole. This complete program review is needed to determine if the Company's universal service program adheres to all legal and policy requirements; is structured and administered in a manner which achieves universal service goals; is appropriately funded and available to eligible populations across PPL's service territory; and provides an affordable payment structure which enables low income customers enrolled in the program(s) to maintain essential utility service. This last requirement should not be overlooked. Recently, the Commission has undertaken a comprehensive review of energy

³ 66 Pa. C.S. § 2804(9).

⁴ 66 Pa. C.S. § 2803.

⁵ 52 Pa. Code § 54.74(a)(1).

⁶ 52 Pa. Code § 54.73.

⁷ 52 Pa. Code § 54.74(a)(5).

affordability levels⁸ and universal service programs⁹ that will inform future proceedings such as this one. In the interim, however, the Commission is responsible for ensuring that PPL's universal service programs are reasonably targeted to achieve affordability for CAP participants so as to assist these vulnerable households in maintaining service.

Through the intervening three years between triennial program approvals, it is necessary and appropriate for modifications of individual aspects of the universal service programs to occur as a result of regulatory or statutory changes, base rate proceedings, or other factors which affect the affordability and accessibility of utility service for low income populations; however, it is during the triennial review that the universal service and energy conservation program is reviewed and approved as an integrated whole.

In the TO, the Commission identified seventeen matters in which it directed that PPL provide supplemental information and/or clarification. These directives were:

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.

⁸ See *Energy Affordability for Low Income Customers*, Docket No. M-2017-2587711 (Opinion and Order entered May 5, 2017); Joint Motion of Vice Chairman Andrew G. Place and Commissioner David W. Sweet, Docket No. M-2017-2587711 (Adopted March 16, 2017).

⁹ See *Review of Universal Service and Energy Conservation Programs*, Docket M-2017-2596907 (Opinion and Order dated May 10, 2017).

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.

In addition, Commissioner Sweet issued a Statement in which he noted:

While I commend PPL for modifying certain aspects of their proposed USECP, the Order raises some serious concerns regarding OnTrack enrollments, costs and subsequent benefits. Therefore, in their filing of supplemental information as directed in the Tentative Order, I specifically request that PPL address the concerns raised by BCS, particularly regarding the Company's OnTrack calculation methods, the determination of a customer's ability to pay and how, if at all, energy burden levels of low-income customers are accounted for in these calculations. I also ask that the impact of any programmatic changes that target this issue be included. Finally, I ask that PPL explain what factors are driving the increasing costs of the OnTrack program and what, if any, policies are in place to ensure low-income customers are enrolled in OnTrack before significant debt is accrued.

CAUSE-PA respectfully submits the following comments regarding the TO, the responses by PPL to the Commission's directives, Commissioner Sweet's Statement, as well to other critical aspects of PPL's Proposed 2017-2019 USECP. These comments are intended to aid the Commission and PPL attain the shared objectives of a USECP: That programs within the utility's portfolio be structured and administered in a manner which achieves universal service goals; is appropriately funded and available; and provides an affordable payment structure which enables low-income households within PPL's service territory to connect to and maintain essential utility service.

II. COMMENTS

CAUSE-PA's Comments are organized to first address and respond to each of the Commission's seventeen directives from its Tentative Order, and the Supplemental Information provided by PPL in response to each directive. These directives are addressed in subsection A below. Additional issues not identified in the Tentative Order are addressed in subsection B.

A. COMMENTS TO COMMISSION DIRECTIVES AND SUPPLEMENTAL INFORMATION

- i. Directive 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.**

CAUSE-PA appreciates the LIHEAP Customer Contact Initiative, which PPL indicated in its First Supplement was “previously” undertaken by a third party contractor in April, 2016.¹⁰ Based upon the PPL response, it appeared to be well-timed and structured. Implementing direct LIHEAP customer contact is responsive to the recommendations made by APPRISE in its most recent evaluation,¹¹ and is an appropriately targeted outreach method to achieve CAP enrollment growth. Considering that the PPL CAP enrollment levels have historically been lower than needed to address chronic energy unaffordability, such outreach is especially welcome. Although not directly addressed by PPL in its response, this targeted outreach effort appears to have been a factor in the higher than usual enrollment levels in 2016.¹² Based upon the PPL response, CAUSE-PA recommends two actions for Commission inclusion within its Final Order:

- a. The LIHEAP Customer Contact Initiative should be incorporated as part of its 2017-2019 USECP to take place, at a minimum, once a year in the 2nd calendar year quarter (April-Jun).*

PPL’s First Supplement describes the LIHEAP Customer Contact Initiative in the past tense, and indicates that it may be undertaken in the future, “as needed.”¹³ CAUSE-PA submits that the merits of this targeted and effective outreach effort warrants that it be utilized at a

¹⁰ First Supplement at 1-3.

¹¹ APPRISE, PPL Electric Utilities Universal Service Programs, Final Evaluation Report, at xvii - xviii (Oct. 2014) (hereinafter APPRISE Evaluation).

¹² TO at 30; First Supplement at 18-20. OnTrack enrollment is addressed below, regarding Directive 12 in the Commission’s Tentative Order.

¹³ First Supplement at 2.

minimum, once each year. The second quarter of the calendar year (April-June) would likely be the most effective time. LIHEAP has historically closed at the end of March or the beginning of April. As such, during the April – June period, PPL has timely access to the full roster of its potential LIHEAP eligible customers, who have pursued critical subsidies to make their electric bill more affordable, but are not availing themselves of the benefits of OnTrack. Because April is also the first month following the winter moratorium period, it is the optimal time to contact customers who are most receptive to learning about the benefits of a program which will potentially prevent service termination, freeze and ultimately forgive arrears, and provide future affordable payments. This LIHEAP Customer Telephonic Contact Initiative outreach approach undertaken by PPL should be an integral and required annual component of its 2017-19 USECP.

b. The LIHEAP Customer Telephonic Contact Initiative should have a follow-up component.

PPL's First Supplement indicates that the traditional post-enrollment package is sent to all households who have indicated by phone a desire to enroll in OnTrack. This appears to be an expeditious way to follow-up the initial contact. By not requiring an in-person visit to an agency, PPL has made the process simpler and less expensive for the household and for PPL and its ratepayers. The process is initiated by a cold-call, and PPL indicates that in a number of cases the customer does not, at that time, proceed with the full enrollment process. As such, the Commission is rightly concerned that the customer may not be fully aware of all the benefits or obligations of OnTrack. CAUSE-PA therefore recommends the following:

- At the time of the initial contact, the customer should be informed that the post-enrollment package will be followed by another call, after receipt of the first bill, to review the parameters of the program and answer any questions the customer may have.
- The post-enrollment package should contain notice, as part of the introductory message, that PPL – or someone from the local CBO – will follow up with a call after the customer receives their first OnTrack bill to answer any questions the customer may have.

In this manner, the customer and recent phone enrollee will be afforded the time to review the materials and the opportunity to formulate questions at the most significant time: after receipt of the first OnTrack bill. Importantly, it would also offer participants and PPL the opportunity to address any issues that arise through the course of enrollment, which are most likely to appear with the first bill. Further, it provides the Company a critical opportunity to remind customers of the importance of making regular payments and of the need to periodically recertify to remain in the program. An additional point of contact with the customer upon enrollment will set the tone for participation, and assures vulnerable customers – who are reliant on assistance from OnTrack to afford basic utility services – that they will not be lost in the bureaucracy of a large program. Positive reinforcement about the program after the customer receives their first bill will benefit the recent enrollee, PPL, and the goals of a well administered universal service program.

ii. Directive 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.

CAUSE-PA believes that **voluntary** access to an on-line application and the **voluntary** submission of electronic documentation is a valuable addition to the use of the current in-person, mail-based, and LIHEAP customer telephonic outreach process enrollment options. The use of multiple means of enrollment enables households to choose the means that works best for them and their circumstances. However, since many low income customers do not have ready access to advanced communication tools the use of electronic/on-line means should not be required, but should be an option. Moreover, the reasons stated above regarding the LIHEAP customer telephonic outreach enrollment process remain a concern with PPL's move to a web-based enrollment system. As such, CAUSE-PA recommends that:

- The Commission affirmatively assure that *PPL* will not *require* applicants, enrollees, or those providing supportive documentation to use the web-based or electronic process, and

that alternative means of enrollment – including in-person, mail, or email – should remain available for those without access to the Internet or other secure advanced communication tools.

- The Commission require a follow-up component if a web-based application process is utilized, as described above, to ensure that electronic communications are appropriately processed.

As recommended above, PPL, its representative, or a designated contractor should be in direct contact with the newly enrolled customer at the time of receipt of the first CAP bill to provide reinforcement regarding the benefits and obligations of OnTrack, to answer any questions regarding the program and the bill, and to resolve any enrollment issues that may arise.

iii. Directive 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.

In its TO, the Commission notes that the 2014 APPRISE Evaluation examined the impact of OnTrack on a participant’s energy burden levels for customers enrolled in the program in 2012.¹⁴ APPRISE found that, after participating in the OnTrack program for one year, 85% of non-heating customers and 46% of heating customers with income at or below 50% of the Federal Poverty Level (FPL) still had energy burden levels exceeding the CAP Policy Statement guidelines.¹⁵ In light of the APPRISE findings, the Commission requested further information

¹⁴ TO at 14.

¹⁵ TO at 14; APPRISE Report at 169; see also 52 Pa. Code § 69.265 (2)(i)(A,C). Of course, it is well established that the affordability guidelines contained within the Commission’s CAP Policy Statement already exceed generally accepted affordability levels. The average energy burden of a middle income earner is approximately 3-4%. See Diana Hernandez, *Energy Insecurity: A Framework for Understanding Energy, the Built Environment, and Health Among Vulnerable Populations in the Context of Climate Change*, 103(4) Am. J. Pub. Health (2013), available at <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3673265/#bib20>. As referenced above, there is currently an open docket for a state-wide examination into energy affordability in Pennsylvania. See Joint Motion of Vice Chairman Andrew G. Place and Commissioner David W. Sweet, Docket No. M-2017-2587711 (Adopted March 16, 2017); see also Press Release, PUC Initiates Study of Home Energy Burdens for Low-Income Consumers; Recommendations May Help Shape Future Customer Assistance Programs (March 16, 2017), http://www.puc.state.pa.us/about_puc/press_releases.aspx?ShowPR=3827 (“The average Pennsylvanian spends 5

regarding PPL's assertion that the company determines the individual participant's ability to pay when choosing a payment option.¹⁶

In its First and Second Supplements, PPL submitted average energy burden data¹⁷ for its CAP customer population, which clearly shows that OnTrack customers face excessive burdens that are inversely proportional to a household's ability to pay: The highest burdens fall on the lowest income households and those most vulnerable (those at 50% or below FPL), and the lowest burdens fall on those in the highest tier (100-150% FPL).¹⁸ Specifically, the data presented shows that electric heating households at 50% FPL or below are required to pay **double the energy burden** of their fellow OnTrack participants within the 101-150% FPL tier, and **a 50% higher energy burden** than those at the 51-100% FPL.¹⁹

The disparity in PPL's relative energy burden for the poorest households is even more egregious when the flat sum CAP payment "add-ons" – a \$5 arrearage co-payment and a CAP-Plus payment based on the total LIHEAP dollars collected each year – are included in the calculation.²⁰ It appears clear to CAUSE-PA that the CAP payment requirements currently required in OnTrack are burdensome, excessive, and beyond many households' ability to pay. Based on the information produced thus far in the course of this limited proceeding, it is reasonable to conclude that the affordability crisis for the lowest income customers identified in the APPRISE report persists.

percent of their income on energy bills, while some low-income families experience an energy burden that is up to 30 percent of their income – even when factoring historically low energy prices.”).

¹⁶ TO at 14.

¹⁷ It bears noting that the average energy burden data produced by PPL does not show a complete picture of the affordability problem, and is not directly comparable to the more specific, household-level energy burden data contained in the APPRISE Report.

¹⁸ See First Supplement at 6; Second Supplement at 2, Tables 1A and 1B.

¹⁹ Id.

²⁰ Second Supplement at 2, Table 1B.

In its 2014 USECP, PPL eliminated two of its previous OnTrack payment options – including its percentage of income program – and instead settled on three different payment options that are designed to be as close as possible to the customer’s annualized average payment. Specifically, PPL states it enrolls customers in one of the following: Percent of bill option, minimum payment option, or agency selected option.²¹ In selecting the payment type, PPL states that it seeks to “identify the payment amount that most closely matches the customer’s ability to pay.”²² The data disclosed in this proceeding appears to show that PPL’s current approach at targeting affordable payments is flawed, and has resulted in requiring payments of its CAP participants which not only exceed the Commission’s maximum allowable energy burdens, but which ultimately result in payments by OnTrack households directly contrary to the customer’s ability to pay.

CAUSE-PA strongly asserts that, in the face of the data showing persistent levels of unaffordability – particularly for the most economically vulnerable households with income at or below 50% FPL – the Commission must act immediately to halt the additional flat fee add-on of the \$5.00 co-pay and the CAP-Plus fee in an attempt to ameliorate the current situation. While it is acknowledged that a more structural fix to the present OnTrack payment structure may require some additional time and study, it is respectfully submitted that there is no reason to delay the implementation of the most apparent of required steps; namely, the elimination of flat fee add-ons to CAP payments.

Further, PPL’s Second Supplement indicates that the \$5 arrearage co-payment is collected from all OnTrack participants, regardless of the amount or existence of frozen arrears.²³ Not only

²¹ PPL USECP 2017-2019 at 4-8, § 1.6 (Payment Plan Design).

²² PPL USECP 2017-2019 at 6.

²³ Second Supplement at 7-8.

does this policy directly contradict the purported rationale of an *arrearage* co-payment, it adds also to the energy burden of households and penalizes those households who have worked diligently to stay current or pay-down their arrears. This practice must cease.

CAUSE-PA submits that, in addition to elimination of the flat-fee add-ons, the Commission should require PPL to reinstate its percentage of income payment option, which it abandoned in 2014. This was the single option in which APPRISE, through its evaluation, found to most likely produce a CAP payment structure which complied with maximum Commission energy burdens.²⁴

One means of doing this would be to require PPL to look not only at what the household paid in the past 12 months, but also to the Commission's affordability guidelines contained within the CAP policy statement. PPL currently calculates what a participant has paid during the past 12 months to determine the appropriate payment option. If that payment amount is higher than what the household would have paid if the payment was set based on a percentage of the household's income, PPL should adjust the payment downward to a targeted percentage that is at the lower end of the guidelines found at 52 Pa Code § 69.265(2). Doing so would ensure that all CAP households would not be paying more than they can actually afford to pay based on their household income.

CAUSE-PA respectfully submits that if the Commission is not inclined to require this change in PPL's OnTrack payment calculations based on the information before it, the Commission should refer this matter to the Office of Administrative Law Judge for hearings. The purpose of the hearings would be to establish the factual and evidentiary basis to determine the appropriate household energy burden level for PPL to use, to ensure that PPL's CAP customers are not paying more than they can afford to pay, and that the lowest poverty level households

²⁴ APPRISE Report at xv.

actually bear the lowest energy burden. In the alternative, CAUSE-PA submits that the Commission should order this issue to mediation, similar to the process ordered in Duquesne Light Company's recent USECP proceeding, where data showed similar levels of unaffordability for the lowest income households in that service territory.²⁵

iv. DIRECTIVE 4: Address the Commission's questions concerning OnTrack Lifestyle

PPL's First Supplement indicates that, in assessing whether to enroll a household into OnTrack Lifestyle – as opposed to the full OnTrack program – it does not affirmatively ask customers how they are paying their bills.²⁶ CAUSE-PA submits that, it PPL should affirmatively request further information about how the household meets their rent or mortgage payments, and allow households whose income is less than their rent or mortgage to demonstrate that they are in fact meeting their monthly expenses. The concerns expressed here are also true for households with unearned income or zero income, an issue addressed more fully in subsection B. ii, below.

Households with little or no income at the time they apply for OnTrack should be permitted to explain to PPL how they are meeting their monthly expenses without sufficient income, and should not be required to relocate or be excluded or automatically removed from OnTrack at the conclusion of nine months.

CAUSE-PA understands that PPL would like to determine how households are paying their mortgage or rent on an ongoing basis when their reported income is less than those amounts. However, CAUSE-PA submits that removing these households from OnTrack at the conclusion of nine months does not serve the needs of the households. If PPL's concern is that households

²⁵ See Duquesne Light Universal Service and Energy Conservation Plan for 2017-2019 submitted in Compliance with 52 Pa Code §§ 54.74, Docket No. M-2016-2534323 (Order dated March 23, 2017)

²⁶ First Supplement at 6.

are not reporting all of their income, then PPL should reach out to the households and ask that other sources of money to the household be reported. For example, PPL could provide a check list of its unearned income categories and ask the household to report income in each category with a general “other” in case none of the categories fits perfectly. This would allow households to realize that for purposes of OnTrack, income that is not from employment also should be counted.

Confusingly, PPL also indicates that those facing eviction or foreclosure are eligible for regular OnTrack enrollment, even if their income is less than their rent or mortgage.²⁷ It is not clear why PPL makes this distinction.

Finally, with respect to OnTrack Lifestyle, CAUSE-PA asserts that OnTrack Lifestyle participants should not be categorically excluded from receiving full cost WRAP jobs.²⁸ Many households face periods of unemployment or under-employment, followed by periods of relative stability. If a household is enrolled in OnTrack Lifestyle during a period of unemployment or under-employment, she or he is currently excluded from receiving comprehensive usage reduction services – at precisely the time when the household needs the assistance the most. Comprehensive usage reduction services can play a critical role in helping that household stretch their finances during periods of economic distress. These households should not be categorically excluded from receiving this critical benefit.

- v. **Directive 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.**

²⁷ First Supplement at 6.

²⁸ See PPL USECP at 39 (“PPL Electric offers baseload WRAP when a family’s income is less than their monthly rent or mortgage payment.”).

CAUSE-PA appreciates that PPL will implement automatic recertification to allow eligible OTBB participants to reenroll in OnTrack.²⁹

- vi. **Directive 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.**

In PPL's First and Second Supplements, PPL clarified its practice for re-enrollment of prior OnTrack participants.³⁰ CAUSE-PA submits that these clarifications demonstrate a workable and realistic practice – one that is consistent with CAP policies promoting the ability of low-income households to make up and bring current missed CAP payment obligations. Doing so allows those households to continue to receive the benefits of the program, which include reduced monthly payments and arrearage forgiveness. CAUSE-PA supports a non-punitive approach for households who have previously been on CAP, removed, and have satisfied the elements required for reenrollment.

That said, CAUSE-PA notes that there is one point about PPL's reenrollment policy which remains unclear after reviewing the various Supplements provided by the Company. In its Second Supplement, in response to the Commission's questions about those removed from OnTrack for longer than 6 months, PPL indicates that "the normal program timeframe is 18 months and the earliest date a customer can re-apply for OnTrack is 18 months from the (original) enrollment date."³¹ It is not clear what happens to households between 7 and 18 months from their enrollment.

²⁹ First Supplement at 7.

³⁰ First Supplement at 7-8; Second Supplement at 4-5.

³¹ Second Supplement at 4.

Are they subject to a functional stay-out period? If so, CAUSE-PA submits that implementation of a stay-out in this manner would prevent vulnerable customers (and those who revert to applicant status after significant periods without service) from accessing or maintaining electric service throughout the year. While a 6 month time limit may be reasonable for purposes of catchup without providing a new application, CAUSE-PA submits that households beyond this timeframe should be permitted to reapply for CAP and, if eligible, re-enroll. To impose a stay out is contrary to the basic tenants of universal service programming, which is to ensure that vulnerable households can access and maintain affordable utility services.

- vii. DIRECTIVE 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.”**

In its First Supplement, PPL indicates that it intends to develop a procedure to automatically refer and prioritize high usage OnTrack customers for LIURP and screen new OnTrack enrollees for WRAP eligibility.³² CAUSE-PA supports such implementation. However, it is unclear how or if PPL intends to screen and refer new OnTrack enrollees for WRAP services at the time of their enrollment into OnTrack. CAUSE-PA submits that an early screening process would be beneficial for new OnTrack enrollees by providing the energy conservation assistance before the symptoms of high usage result in loss of service. Indeed, early intervention and prevention can reduce costs and provide enhanced stability over the long term. Much like seeing a doctor when symptoms first appear, early WRAP screening will provide critical usage reduction services for high users before they face excessive energy

³² First Supplement at 9.

burdens or exceed maximum CAP credit limits. Indeed, the benefits of early WRAP treatment accrue to all ratepayers in that it reduces the levels of subsidies that are required to reach an affordable bill, and helps ensure that the customer is successful in making regular, on-time bill payments over the long term.

viii. DIRECTIVE 8: Identify what steps the Company is taking to address OnTrack budget billing disparities when customers relocate.

PPL indicates that it intends to enhance the OnTrack move feature to make adjustments to the customer's payment level when a customer moves.³³ CAUSE-PA believes that such an adjustment will be beneficial.

ix. DIRECTIVE 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.

CAUSE-PA joins the Commission in its concern that households at or below 50% FPL are already challenged in meeting disproportionately high energy burdens. PPL's responses regarding its 16% rule do not allay those concerns. Indeed, PPL applies the 16% rule to "any type of account (electric heat or non-electric heat) regardless of poverty level" – meaning that, on its face, PPL's 16% rule does not comply with the Commission's affordability guidelines.³⁴

As discussed earlier, PPL produced clear data showing that the lowest income OnTrack households have the highest energy burdens, and often far exceed Commission affordability

³³ First Supplement at 10.

³⁴ 52 Pa. Code § 69.265 (2)(i)(A,C).

guidelines³⁵ – particularly for non-heating accounts.³⁶ Of course, further exacerbating these affordability concerns is the fact that PPL charges all OnTrack customers a CAP-Plus fee, regardless of application of the 16% rule, which further detracts from affordability.³⁷ Unfortunately, PPL does not track the impact of the 16% rule, or its potential use for referral to WRAP, so it is hard to identify the full extent of the impact of the 16% rule.³⁸

CAUSE- PA acknowledges that the intent of the 16% rule is to maintain a program which, in the face of multiple payment options, ensures that no CAP participant has an excessive payment burden. This intent is commendable. However, it appears that PPL’s 16% rule does not ensure that such a goal is achieved, as it is not adjusted based on usage type and poverty level.

CAUSE-PA submits that - rather than employ multiple payment options, which require an additional system to confirm affordability of the option chosen - a percentage of income payment structure would arrive at the affordable payment level with far more assurance and simplicity, limiting the disparity in relative energy burden and eliminating the need for the 16% rule. However, should the Commission determine that the current payment options may continue without amendment, PPL should be required to amend its 16% rule to include tiered maximum percentage of income which vary based on whether the customer is heating or non-heating and their relative poverty tier. At most, the maximum that any household should pay are those maximums set out in the Commission’s current energy burden guidelines found at 52 Pa. Code § 56.269(2)(i), which should be inclusive of any and all additional charges that PPL imposes.

³⁵ It is well established that the Commission’s affordability guidelines far exceed generally accepted affordability standards. Affordability is, of course, the central focus of two open dockets. *See Energy Affordability for Low Income Customers*, Docket No. M-2017-2587711.

³⁶ *See* TO at 14; First Supplement at 6; Second Supplement at 2.

³⁷ In its Second Supplement, PPL notes that customers who fall within the 16% rule are not charged the \$5 arrearage co-payment. (Second Supplement at 8).

³⁸ First Supplement at 12.

Regardless of the corrective action ordered by the Commission, CAUSE-PA submits that PPL should be required to track its implementation of the 16% rule, and suggests that it be required to convene a Universal Service Advisory Committee to address this issue more fully.³⁹

x. DIRECTIVE 10: Address the Commission’s questions concerning counted unearned income for OnTrack eligibility.

a. Support Payments

With regard to support payments, PPL indicates that it “verifies that support payments are received by the household” – but it then explains that it uses court orders and other official documentation of support acquired through Domestic Relations. Presumably, PPL is using these official documents as proof that support is actually received.

It is well known that child and spousal support awards regularly go unpaid.⁴⁰ The party responsible for paying support may be unemployed, under-employed, incarcerated, or working under the table – such that they evade wage garnishment. In many other cases, support awards are never enforced because the party responsible for making payments is unable to be located – or may even pose a danger to the parent who is owed support, such as situations involving domestic violence. PPL’s policy of imputing support income based on official records, regardless of whether payments are actually received, is damaging to single parent families with children, as it may improperly disqualify these uniquely vulnerable households from receiving critical energy assistance.

³⁹ This suggestion is addressed more fully in section B.iii below.

⁴⁰According to the United States Census Bureau, “[t]he aggregate amount of child support due in 2013 was \$32.9 billion” – but only about 68.5% of that 32.9 billion was actually received. US Census, Current Population Reports: Custodial Mothers and Fathers and Their Child Support - 2013 (Jan. 2016), <https://www.census.gov/content/dam/Census/library/publications/2016/demo/P60-255.pdf>.

CAUSE-PA strongly recommends that PPL be required to ask whether support payments are actually received before imputing support income on a household, and should exclude support payments from the household's income calculation where appropriate.

b. Lump Sum / One-Time Payments

PPL explains in its First Supplement that it only counts lump sum payments as income if “received on a regular basis and/or are large enough to pay monthly expenses.”⁴¹ Households who are in crisis – such as recently unemployed households, households facing a medical emergency, or those experiencing domestic violence or the loss of a family member – are often in dire need of energy assistance, but may have temporary lapse in household income. As discussed below (subsection B), these households may be without income for several months as they handle the crisis before them. But as it currently stands, these households are categorically ineligible to receive critical assistance through OnTrack or OnTrack Lifestyle because they have zero income. Often times, households experiencing an acute hardship receive support from their community, local churches, domestic violence shelters, homeless service providers, families, and friends. While there is rarely any guarantee or assurance that this type of payment will be ongoing, it often fills in the gaps to ensure that the household remains housed and safe during a difficult transition. Every effort should be made to ensure that these households are not excluded from participating in OnTrack – and OnTrack Lifestyle – merely because the income they are temporarily reliant on is not guaranteed to continue. If PPL is allowed to continue excluding zero income households from participation in OnTrack (which CAUSE-PA urges the Commission against), CAUSE-PA submits that, in all appropriate cases, PPL should make every effort to identify any possible source of income – including irregular or on-time lump sum payments – to ensure that the most vulnerable

⁴¹ First Supplement at 13.

households in our communities are not allowed to fall through the cracks during periods of acute hardship.

xi. DIRECTIVE 11: Address the Commission's questions regarding relaxation of the usage thresholds for coordinated LIURP jobs.

CAUSE-PA supports PPL's plan to relax the high usage thresholds for multifamily units served through Act 129 programming which would benefit from additional LIURP services. Low income households disproportionately live in multifamily buildings.⁴² And, while their overall usage is generally lower than higher income households, low income households generally have very high usage per square foot, indicating that multifamily buildings would greatly benefit from usage reduction services.⁴³ However, under traditional high usage thresholds, LIURP services have rarely addressed multifamily buildings' incrementally high usage. As such, CAUSE-PA supports this targeted approach to reach this traditionally underserved and difficult to reach population.

CAUSE-PA further supports PPL's plan to coordinate with its Act 129 delivery with LIURP, and encourages this level of coordination in its provision of single family and multifamily energy efficiency, conservation, and usage reduction programming. Coordination of these programs creates economies of scale, particularly in the multifamily context where coordinated whole-building services can be provided, benefitting multiple tenants in a single visit.

Notwithstanding strong support of PPL's initiatives, CAUSE-PA nonetheless cautions against expanded LIURP services at the expense of providing targeted usage reduction services to

⁴² See Gary Pivo, Energy Efficiency and its Relationship to Household Income in Multifamily Rental Housing (Sep. 2012), https://www.fanniemae.com/content/fact_sheet/energy-efficiency-rental-housing.pdf.

⁴³ US DOE, Residential Energy Consumption Survey, T. CE1.2, <https://www.eia.gov/consumption/residential/data/2009/index.cfm?view=consumption>.

the highest users. Though, at this time, it seems that the separate high-usage threshold for multifamily residences is likely to sufficient to ensure that high users continue to be the focus of LIURP to maximize the benefits of usage reduction for other ratepayers through reduced uncollectible expenses and CAP shortfall costs. CAUSE-PA recommends that PPL closely track the impact of its adjusted multifamily high usage threshold, and share the results with stakeholders through formation of a Universal Service Advisory Committee.⁴⁴

xii. DIRECTIVE 12: Provide requested details about the WRAP intake process and program assignment through the LEAP system.

PPL’s coordination between Act 129 and LIURP is commendable, and it appears on its face that the LEAP system is well designed to appropriately triage applications to the appropriate program. That said, CAUSE-PA is cautious in its support, as the devil is in the detail. It is unclear what level of services are provided under Act 129, and whether CSPs provide appropriately prescriptive usage reduction programming comparable to that provided through LIURP. More information about the number of jobs completed and the types of measures installed is necessary to adequately assess whether the triage system is appropriately functioning to match services with applicants’ needs.

xiii. DIRECTIVE 13: Update the WRAP needs assessment with the requested information.

PPL’s WRAP needs assessment, as well as the calculation used to arrive at its estimated cost to serve, appear to be reasonable. CAUSE-PA agrees with the exclusions set forth in PPL’s ultimate needs assessment, though it cautions against any attempt to quantify and exclude several other “additional factors” mentioned by PPL. First, customers served through the federally funded Weatherization Assistance Program, gas utility, or county weatherization program should

⁴⁴ The formation of a universal service advisory committee is addressed in subsection B.iii, below.

not be excluded from an assessment of need for electric utility customers. While these programs can be leveraged to achieve deeper savings and greater cost efficiencies, the need for services will not significantly decline as a result of the availability of complementary programs.

Likewise, the fact that PPL has circulated thousands of energy efficiency kits to low income households should not be used to artificially decrease PPL's WRAP needs assessment. While these consumable measures may be broadly deployed, the presence of simple consumable baseload measures in a low income households in no way reduces the need for deep, prescriptive measures to achieve lasting energy efficiency savings. Indeed, the presence of increased baseload measures should not undercut need, it should only shift the focus of the programming to address energy efficiency and usage reduction on a deeper level.

Finally, while CAUSE-PA agrees that the per-cost job is likely to decrease with increased synergies between and across energy efficiency programming, it is premature to quantify that number for the purposes of assessing overall programming needs. Any decline in per-job costs should be calculated at the time of the needs assessment, and should not be based on speculative and uncertain future savings.

xiv. DIRECTIVE 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.

CAUSE-PA commends PPL for its increase in CAP enrollment, and acknowledges that its efforts to increase enrollment appear to be effective and well targeted to help customers understand the benefits of the program and facilitate their entry into the program. PPL has given several reasons for increased OnTrack enrollment, all of which seem plausible and each of which are commendable.⁴⁵

⁴⁵ See First Supplement at 18-20.

That said, CAUSE-PA notes that PPL’s CAP enrollment is still significantly lower than its confirmed and estimated income-eligible populations. As of December 31, 2016, PPL had 56,223 OnTrack customers⁴⁶ - compared to 173,806 confirmed low income customers and 325,879 estimated low income customers.⁴⁷ Moreover, PPL has a disproportionately high percentage of low income customers in debt who are not on an agreement (over 10% higher than the industry average),⁴⁸ indicating that there are a significant number of eligible households who would greatly benefit from enrollment on OnTrack. In 2015, there were approximately 69,215 confirmed low income customers who were behind on their bill.⁴⁹ At the same time, PPL’s low income termination rate has increased drastically while other EDC low income termination rates have declined.⁵⁰ Each of these economically vulnerable households are likely to be eligible for and would benefit from enrollment in OnTrack. As such, PPL should be encouraged to continue its robust efforts to enroll new OnTrack customers – bringing greater levels of affordability to struggling households across PPL’s service territory.

xv. DIRECTIVE 15: Explain what factors are driving the increase in OnTrack program costs and provide requested information.

In its TO, the Commission raised concern about increasing program costs of OnTrack.⁵¹ While CAUSE-PA appreciates that the Commission must ensure that universal service programs remain affordable for customers who utilize them and for customers who pay for the programming, PPL has submitted information demonstrating why these costs of have increased.

⁴⁶ TO at 30.

⁴⁷ BCS, Report on 2015 Universal Service Programs & Collections Performance, at 7 (2016).

⁴⁸ *Id.* at 20 (Approximately 23.9% of PPL’s confirmed low income customers in debt are without a payment agreement, compared to the industry average of 12.6%).

⁴⁹ *Id.* at 18.

⁵⁰ *Id.* at 12 (PPL’s confirmed low income customer termination rate increased 22.4% from 2013 to 2015, while the industry average declined over the same period of time. PECO – which had the next highest increase in termination rates, increased by 12.5%).

⁵¹ TO at 32-35.

First, PPL provides data demonstrating that its average monthly OnTrack participation has gained steadily from 2013-2016 from 35,197 in 2013 to 53,765 in 2016. PPL estimates that this increase in enrollment will continue through 2019 with CAP enrollment projected to be 67,500, which would be a CAP enrollment increase of 48% from 2013 levels. Of course, increased CAP participation comes with increased costs in terms of CAP credit and arrearage forgiveness.

Second, PPL correctly points out other significant contributing factors:⁵²

- PPL has a higher percentage of homes that electric heated homes than other utilities.
- PPL moved to a fixed 18-month arrearage forgiveness timeline in 2014 from a tiered approach of 12 or 36 months.
- PPL revised OnTrack so that customers who exceed their maximum CAP credits are no longer removed from OnTrack, but are placed on OnTrack Budget Billing until they next recertification date. This has the effect of increasing arrearage forgiveness costs because more customers remain in OnTrack than in the past;
- PPL now allows customers to remain in OnTrack when they move from one residence to another within PPL's service territory;
- PPL increased its maximum CAP credit amounts to reflect increases in their baserates and other costs.

Each of these reasons are rational drivers of the cost increases that PPL's OnTrack has experienced and projects. More significantly, however, each of these is a good, rational, and desirable reason for costs to increase, as the outcome fulfills the public interest and meets the explicit goals of universal service programming. Taken together, they reflect PPL's careful and targeted outreach to more customers, program refinements that increase the likelihood of customer success, and the realities that low-income households struggle significantly to pay for

⁵² First Supplement at 22-27.

their energy and utility costs without substantial assistance. CAUSE-PA supports each of these initiatives and the cost-increases shown appear indicative of a far better program in 2017 than existed previously.

One significant factor contributing to high program costs that was clearly noted in the APPRISE evaluation,⁵³ but was not mentioned by either PPL or the Commission, is the impact of CAP Shopping. PPL's OnTrack customers have for quite some time been permitted to shop for competitive electric supply without limitation, paying any cost charged by electric generation suppliers – at least until June 1, 2017. Unlike the other cost drivers, this program feature has caused significant and wasteful cost increases and hardships to CAP customers and the ratepayers who pay for the CAP program. Evidence presented in PPL's recent default service proceeding demonstrated that the net financial impact of OnTrack shopping increased programmatic costs by approximately \$2.7 million annually. These excessive energy charges paid for supply provided to OnTrack customers increases the amount paid by other Residential customers through the universal service rider.⁵⁴ Again, unlike the factors addressed by PPL for increased costs, which go directly towards addressing the affordability gap for vulnerable Pennsylvanians, this is \$2.7 million of wasted money each year. The added costs in no way increase CAP affordability, and there is no evidence that it provided anything of value to low

⁵³ See APPRISE Report at xiv, xvi, xviii-xx, 24, & 98. (“PPL has found shopping for alternate electric suppliers to be a challenge with their OnTrack customers. Over 50 percent of OnTrack customers are shopping compared to about 30 or 40 percent of other residential customers. In 2013, about 67% of OnTrack shoppers paid a price higher than PPL's price to compare. We recommend that PPL be permitted to prevent the customer from selecting a supplier with a price above the price to compare, or, alternatively, to hire a contractor knowledgeable about the market to shop for these customers. Customers need education so that they are made aware when their high bills result from the suppliers and the fact that they have a shared responsibility for these costs.”).

⁵⁴ See *Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period of June 1, 2017 Through May 31, 2021*, Docket No. P-2016-2526627 (Opinion and Order entered October 27, 2016) (“PPL DSP Order”).

income customers in PPL's service territory. It was, in effect, CAP customers and the ratepayers who pay for CAP enriching competitive suppliers - with no valid public purpose.

As a result of this waste, many of the parties to PPL's most recent default service proceeding⁵⁵ formed a joint litigation proposal that CAP customers should no longer be permitted to shop without restrictions while they remain enrolled in OnTrack. This position was accepted by the Commission. In denying a petition for reconsideration filed by RESA in that proceeding, the Commission stated:

Furthermore, in the instant Petition, RESA never mentions the most crucial aspect of any CAP Shopping Plan and the most determinative factor in the Commission's decision, that being how the Plan will impact the CAP customer and the non-CAP residential customers who pay the costs of the program. **We emphasize that the overwhelming substantial evidence presented in this proceeding demonstrated that there has been significant harm to both CAP shopping customers and non-CAP residential customers who pay the costs of the program.**⁵⁶

Thus, the Commission saw unrestricted CAP shopping as a serious contributor to increased CAP costs and ultimately held that there was substantial evidence to support a new program launched by PPL on June 1, 2017 called CAP Standard Offer Program (CAP-SOP).⁵⁷

⁵⁵ Specifically, CAUSE-PA, PPL, the OCA, and I&E.

⁵⁶ *Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period of June 1, 2017 Through May 31, 2021*, Docket No. P-2016-2526627, Opinion and Order entered January 26, 2017 at 18 (emphasis added).

⁵⁷ The details of the CAP-SOP program are set forth in Paragraph 14 of the Commission's October 27, 2016 Order:

That the Customer Assistance Program - Standard Offer Program proposed by PPL Electric Utilities Corporation, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania is approved:

- (a) Effective June 1, 2017, the CAP-SOP is the only vehicle that a CAP customer may use to shop and receive supply from an EGS.
- (b) Any CAP customer shopping request that does not get processed through the CAP-SOP will be denied.
- (c) EGSs participating in the CAP-SOP must agree to serve customers at a 7% discount off the PTC at the time of enrollment. This price shall remain fixed for the 12-month CAP-SOP contract unless terminated earlier by the customer.

As of the filing of these comments, PPL is 7 days into its CAP-SOP program. CAUSE-PA believes that this will assist in driving unnecessary CAP costs down, and that it should be given time to work. The removal of wasteful cost drivers will benefit not only CAP customers, but also the customers who pay for the programs.

CAUSE-PA also notes here that concerns raised by the Commission later in its Tentative Order regarding the cost of PPL's arrearage forgiveness component⁵⁸ are likely to be reduced on a forward-going basis, given PPL has proposed to eliminate its "graduation" policy in recognition that low income households simply cannot afford the full cost of energy without assistance.⁵⁹ Households that remain in CAP – and receive an uninterrupted discount based on their "ability to pay" – are far more likely to keep up with payments. When PPL ceases its practice of removing

(d) CAP customers may terminate the CAP-SOP contract at any time and without any termination or cancellation fees or other penalties.

(e) A CAP customer who terminates a CAP-SOP contract or whose CAP-SOP contract reaches the end of its term can re-enroll in the CAP-SOP.

(f) At the conclusion of a 12-month CAP-SOP contract, the CAP customer will be returned to the CAP-SOP pool and be re-enrolled in a new CAP-SOP contract, unless the CAP customer requests to be returned to default service or is no longer a CAP customer.

(g) All CAP customer shopping fixed-term contracts in effect as of the effective date of the CAP-SOP will remain in place until the contract term expires and/or is terminated.

(h) Once the existing CAP customer shopping contract expires or is terminated, the CAP customer will have the option to enroll in the CAP-SOP or return to default service, but in any event will only be permitted to shop through the CAP-SOP.

(i) PPL Electric will revise its CAP recertification scripts/process so that all existing CAP shopping customers receiving generation supply on a month-to-month basis after June 1, 2017 will be required at the time of CAP recertification to enroll in the CAP-SOP or return to default service, but in any event will only be permitted to shop through the CAP-SOP.

(j) EGSs must enroll separate from the standard SOP to be a participating supplier in the CAP-SOP. EGSs are free to voluntarily elect to participate in none, one or the other, or both the traditional SOP and the proposed CAP-SOP. Enrollment will be for a three-month period, and shall conform to the enrollment process for the standard SOP. EGS may opt in to participate in the CAP-SOP on a quarterly basis, and are free to leave the CAP-SOP on a quarterly basis.

PPL DSP Order at 69-70.

⁵⁸ TO at 34-35.

⁵⁹ PPL USECP at 10-11.

customers from OnTrack upon “graduation” from the program, there will be fewer households who fall into a second or subsequent set of arrearages.

In addition, CAUSE-PA submits there are other reasons not to make any significant changes to the structure of PPL’s cost recovery or its USECP programming at this time. As noted, the Commission is undertaking a study of affordability and overview of all of the gas and electric universal service and energy conservation programs. This review will be conducted over the course of 2017 and early 2018 and will result in the Commission releasing various reports that highlight utility best practices. CAUSE-PA is optimistic about that this process will reveal significant improvements that can be made across the state for each of the EDCs and NGDCs’ universal service programs. Many of the things that PPL has done and proposes to do to increase CAP enrollment and handle recurring arrearages are commendable, and deserve an opportunity and time to demonstrate their merits. These efforts may prove to be best practices for universal service programs, should not be prematurely stifled based on short-sighted cost cutting instincts.

xvi. DIRECTIVE 16: Explain the anticipated annual increase in the CARES budget.

CAUSE-PA has no comment on PPL’s anticipated increase in its CARES budget.

xvii. DIRECTIVE 17: Clarify the staffing level for its CARES program.

CAUSE-PA has no comment on PPL’s CARES staffing level.

B. Other Issues

In its TO, the Commission invited interested parties to comment on any provisions of PPL's proposed plan, regardless of whether they were identified or addressed in the Tentative Order.⁶⁰ CAUSE-PA has identified the following issues that it believes need further attention.

i. Definition of Household for Counting Income

In its Plan, PPL indicates that “[c]aseworkers count all OnTrack applicant **household** members, regardless of relationship when determining household size and income.”⁶¹ It further states that its community based organizations must count income of “[t]he **household members** regardless of relationship [including] **household members** who are not related.”⁶²

Nowhere in the Plan, however, does PPL define what constitutes a “household” for purposes of making this income determination. This matters for several reasons. First, while it is undoubtedly true that some unrelated individuals live together and consider themselves to be a household – they share expenses and income, they purchase food together, and make joint economic decisions – it is also the case that many unrelated individuals can live together and not be a household. Thus, while it may be rational to count the individuals and income of all household members, it is irrational to simply assume that anytime individuals share a residence they are necessarily a part of the same household. CAUSE-PA submits that for unrelated individuals, PPL should follow the LIHEAP definition of “household,” which states, in relevant part, that a household is “an individual or group of individuals, including related roomers, who are living together as one economic unit.”⁶³ The key here is that the household consists of those persons who are acting as one economic unit as opposed to those instances where someone is

⁶⁰ TO at 1.

⁶¹ Proposed Plan at 11 (emphasis added).

⁶² *Id.* (emphasis added).

⁶³ 2016-2017 LIHEAP State Plan, Appendix B, Section 601.3.

renting a room or space in someone else's home. PPL already has proposed to follow the LIHEAP definitions for purposes of counting and defining income so it would make sense that it follows the same definition for purposes of determining whose income is counted. To be sure, income from roomers and boarders would still be captured⁶⁴ – just in the form and amount that they actually pay to the OnTrack account holder as opposed to treating the entirety of their income as an available resource for the household.

ii. Customers with Zero Income Should be Eligible for OnTrack or OnTrack Lifestyles

In its Plan, PPL proposes to eliminate the ability of zero income household to enroll in OnTrack.⁶⁵ This is a mistake, as it ignores the reality of the lives of many low-income households. CAUSE-PA supports PPL's efforts to clarify for applicants and OnTrack participants that they should list all means of financial support – both earned and unearned – which would include temporary or long-term funds from friends, organizations, relatives or other sources. This messaging is important. Individuals in poverty often have informal means of support and income – from odd jobs to “scrapping” or selling possessions. It is imperative that PPL communicate to all households seeking to enroll in OnTrack that they should tell PPL how they are supporting themselves and paying their bills.

While CAUSE-PA fully supports the self-declaration statement that PPL will begin using, it urges PPL to allow as much flexibility as possible in its interpretation of these statements by OnTrack applicants to allow these most vulnerable customers access to more affordable electric service. It might not always be clear to a household where their income is coming from or whether that income is definite. Households who have no stable source of

⁶⁴ See PPL Plan at 12.

⁶⁵ PPL Plan at 9.

income may nonetheless be able to scrape together funds that would allow them to remain current – or not too far behind – on their essential bills such as rent and utilities. When these households are able to find resources to pay their OnTrack bill, they have some source of funds that they could disclose to PPL to avoid being labeled a zero income household. However, the uncertainty involved with how they will pay these bills month to month may not allow them to predict with any certainty where or how much they can count on. As discussed above, PPL excludes unpredictable sources of income from its definition of unearned income.

PPL’s rationale for excluding households that it terms as “truly having zero income” is that enrolling them in the program “will inevitably result in the customer being removed from the program for non-payment.”⁶⁶ However, by not enrolling these households in OnTrack, PPL places them in the unwinnable situation of having to come up with a full tariff bill each month. This makes no sense. Households are far more likely to be able to scrape together funds for a reduced bill that seems manageable than for a larger, more unaffordable bill.

Thus, CAUSE-PA urges PPL to reverse course on this decision and allow households with zero income to be enrolled in the OnTrack Lifestyle program or, if that program is eliminated, allow for a shorter recertification window of 6 to 9 months.

⁶⁶ Id.

iii. Universal Service Advisory Committee

Over the past several year, counsel for CAUSE-PA has been invited to ad hoc meetings hosted by PPL for its contractors and universal service staff. Invariably, those meetings have been very helpful for identifying issues that arise in the context of universal services. At one such meeting, PPL and counsel for CAUSE-PA discussed the fact that, at the time, PPL did not have price to compare information on its OnTrack bills. This made it nearly impossible for CAP customers who were shopping to determine whether they were paying more or less than the price to compare. At another such meeting, PPL answered questions about how many of its OnTrack customers were exceeding their maximum CAP credits on an annual basis, which ultimately led to the recognition by many that PPL's maximum CAP credits needed to be increased.

The problem is that the meetings occur on an ad hoc basis rather than a scheduled basis. Given the ever evolving nature of universal services, CAUSE-PA submits that it is more imperative than ever that PPL resurrect its Universal Services Advisory Committee (USAC), which has been inactive for many years. This USAC would be comprised of community stakeholders, low-income advocates, the Office of Consumer Advocate, representatives from the Commission's Bureau of Consumer Services, community based organizations and other service providers. Ideally, the group would meet at least bi-annually, at which time PPL would share relevant universal service enrollment data and gather feedback and proposals for future program modifications. To CAUSE-PA's knowledge, other than PGW and NFG, PPL is the only major gas and/or electric utility that does not have such a standing committee. CAUSE-PA believes that should change and that PPL should be required to form such a committee as a part of the

implementation of its universal service program. In fact, the Commission's existing LIURP regulations require such a committee – at least as it related to LIURP. Section 58.16 states:

§ 58.16. Advisory panels.

(a) *Creation.* A covered utility shall create and maintain a Usage Reduction Program Advisory Panel to provide consultation and advice to the company regarding usage reduction services.

(b) *Membership.* No more than one representative from an organization or group may serve on a company's advisory panel. Membership of a utility's consumer advisory panel may include:

(1) Recipients of program measures and representatives from social service agencies, from community groups and from agencies or companies which administer or install program measures.

(2) Representatives from other groups or agencies which may be able to offer reasonable advice regarding usage reduction programs and services.

(c) *Review.* The advisory panel shall be provided with usage reduction program plans and proposed changes at least 15 days prior to the submission of plans for approval by the Commission. The panel shall report comments and exceptions to plans to the covered utility which shall provide the reports to the Commission in conjunction with the submission of the proposed plan.

(d) *Creation of additional advisory panels.* A covered utility may create more than one advisory panel when the size of the service territory or other considerations warrant.

(e) *Existing advisory panels.* A covered utility may use an existing customer advisory panel to satisfy this section when the membership of the panel can reasonably be expected to provide effective consultation and advice regarding usage reduction programs.⁶⁷

Given the significance of the issues surrounding universal services that will be addressed in the coming years because of CAP-SOP, the Commission's review of affordability and universal service programs, as well as the issues raised by the Commission in this proceeding, CAUSE-PA believes that PPL must establish a USAC to solicit and receive feedback concerning its program on an ongoing rather than ad hoc basis.

⁶⁷ 52 Pa Code § 58.16.

III. CONCLUSION

CAUSE-PA thanks the Commission for this opportunity to submit comments concerning PPL Electric Utilities' Universal Service Plan for 2017-2019, and respectfully requests that the Commission require PPL to modify its Plan as reflected within these and any reply comments and such testimony as may be presented in this proceeding.

Respectfully Submitted,

**THE PENNSYLVANIA UTILITY LAW PROJECT
COUNSEL FOR CAUSE-PA**



Patrick M. Cicero, Esq., PA ID: 89039
Elizabeth R. Marx, Esq., PA ID: 309014
Joline Price., Esq., PA ID: 315405

Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
pulp@palegalaid.net

Date: June 7, 2017