



June 22, 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 Reply 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". The signature is written in a cursive style and is positioned above a horizontal line.

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**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 22, 2017, served copies of the **Reply Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)**.

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**Dated: June 22, 2017**

Respectfully submitted,  
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REPLY COMMENTS OF THE COALITION FOR AFFORDABLE UTILITY SERVICES  
AND ENERGY EFFICIENCY IN PENNSYLVANIA (CAUSE-PA)

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

**June 22, 2017**

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## **I. BACKGROUND**

CAUSE-PA incorporates by reference the Background set forth in its initial Comments at this docket, which were filed with the Commission on June 7, 2017. Initial Comments were also filed by the Office of Consumer Advocate (OCA). The OCA makes several suggestions that warrant reply, including addressing the OnTrack Program Budget, affordability burdens, and issues upon recertification.

CAUSE-PA submits the following Reply Comments in response to the Comments of the Office of Consumer Advocate. For the sake of brevity, CAUSE-PA will build upon - but will not reiterate - the extensive recommendations it made in its initial Comments. Indeed, CAUSE-PA's positions and recommendations made in its initial Comments remain unchanged after reviewing the Comments of the OCA.

## **II. REPLY COMMENTS**

### **A. OnTrack Program Budget**

In its Comments, the OCA notes significant concerns with program costs and PPL's proposed budget increases. OCA Comments at 4-5. OCA suggests that a collaborative be established to "discuss potential CAP program design changes to reduce the costs of the program." OCA Comments at 5. In general, CAUSE-PA supports a collaborative to reduce unnecessary cost drivers and believes that input from multiple stakeholders would be valuable to ensure that cost concerns don't undermine the effectiveness of a program. However, reducing costs is not in and of itself a virtue if the measures adopted work against the overarching goals of the program. As CAUSE-PA noted in its initial Comments, each of the cost drivers identified by PPL in response to the Commission's concerns 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.” CAUSE-PA Comments at 27. Namely, they help resolve chronic unaffordability to ensure that low income consumers can access critical electric service. As such, CAUSE-PA asserts that the focus of any such collaborative should be holistic in nature – looking not just at program costs, but also at benefits to the utility, low-income households, and society at large of bill affordability for low-income households.<sup>1</sup>

## **B. Affordable Energy Burdens**

OCA addresses several issues with regard to affordable energy burdens.<sup>2</sup> CAUSE-PA wishes to respond specifically to two affordability issues raised by the Commission and addressed by the OCA – PPL’s 16% Rule, and the inclusion of arrearage copayments and CAP Plus amounts in calculating energy burdens.

PPL’s 16% Rule allows PPL to set a customer’s payment amount at 16% of the customer’s income if all of the other payment options result in payments exceeding 16% of income. CAUSE-PA made several suggestions regarding the 16% rule in its initial Comments. With regard to the 16% rule, OCA suggests that the maximum payment should be lowered to 13% of income for 0-50% heating accounts (the top end of the commission’s target energy burdens for that income tier) and, if a maximum energy burden is applied to non-heating electric accounts, it should be set at the maximums set forth in the CAP Policy Statement.<sup>3</sup> If the

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<sup>1</sup> In addition, any discussion of costs should also contemplate the impact of CAP shopping on overall OnTrack program costs. See CAUSE-PA Comments at 28

<sup>2</sup> OCA submits that any discussion of energy affordability that goes beyond the requirements of the current CAP policy statement should be deferred, given the ongoing Commission proceedings addressing energy affordability and universal service program structure. OCA Comments at 8. However, the concerns raised by the Commission in its Tentative Order and by CAUSE-PA relate to whether PPL’s *current program structure* complies with the Commission’s *current CAP Policy statement*, and should not be deferred indefinitely while the Commission explores the issue on a statewide basis.

<sup>3</sup> 52 Pa. Code § 69.265(i).

Commission opts not to adopt CAUSE-PA's recommendation to require a percentage of income payment structure more generally, see CAUSE-PA Comments at 13-14, 20, CAUSE-PA would support a design where the maximum that any non-heating customer should pay, regardless of program structure, are those percentages outlined in the CAP policy statement: 5%/6%/7% for households at 0-50%/51-100%/101-150% of poverty respectively. PPL's application of a 16% of income rule across the board is entirely in conflict with the Commission's current CAP Policy Statement and should not be allowed to continue.

Further, CAUSE-PA reiterates its position that "add-ons" – a \$5 arrearage co-payment and the CAP Plus payment – be included in assessing an individual OnTrack participant's energy burden and average energy burdens within the program. Adding additional payments after determining a payment amount based on ability to pay simply makes what was supposed to be an affordable bill unaffordable again. See CAUSE-PA Comments at 12-15. Particularly for customers in the lowest income ranges, an additional charge of five to ten dollars could increase their bill by 50% to 100%.<sup>4</sup> Nevertheless, OCA suggests that "lowering the energy burden to reflect the CAP Plus amount undoes the purpose of the CAP Plus amount." OCA Comments at 11. While the OCA may be correct that this undoes the purpose of CAP-Plus, it is incorrect that the Commission should not consider the effect of CAP-Plus on whether OnTrack customers are too highly energy burdened. CAUSE-PA discussed at length in its initial Comments why these flat-fee add-ons are harmful, particularly to the lowest-income and most vulnerable households, and that any calculation of energy burdens must include both the CAP Plus amount and the

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<sup>4</sup> PPL's plan includes a minimum bill amount of \$12 for non-heating and \$30 for heating customers. PPL Electric Utilities Corporation's Proposed Universal Service and Energy Conservation Plan for 2017-2019 at 6. For very low-income participants, adding additional flat fees to this minimum bill amount will exacerbate unaffordability.



Arrearage Forgiveness copayment.<sup>5</sup> CAUSE-PA strongly encourages the Commission to order PPL to adjust its OnTrack structure to ensure affordable bills for all households – and reiterates its request that the Commission refer this issue –whether OnTrack households in fact have affordable bills – to the Office of Administrative Law Judge, or in the alternative, to mediation or a collaborative.<sup>6</sup>

### **C. Automatic Recertification for OnTrack Budget Billing Customers**

In its comments, the OCA supports the automatic recertification of OnTrack Budget Billing participants and states that “[c]ustomers who are re-enrolled as OnTrack Budget Billing (OTBB) customers are excluded from automatic recertification.” OCA Comments at 11-12. As discussed in CAUSE-PA’s initial comments, CAUSE-PA also supports the automatic recertification of OTBB participants. To the extent there is any ambiguity, CAUSE-PA wishes to clarify that at the point of automatic recertification, these participants should be moved back to the standard OnTrack program. As OCA notes, “[c]ustomers are enrolled in the OTBB only because the customer has exceeded the maximum CAP credit for the 18 month period.” OCA Comments at 12. As such, with the start of a new 18 month period, these customers should receive a new allotment of CAP Credits.

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<sup>5</sup> OCA does not specifically address whether the \$5 arrearage copayment should be incorporated into energy burdens, but seems to imply that it should not be considered.

<sup>6</sup> As noted above, the OCA submits that any discussion of energy affordability that goes beyond the requirements of the current CAP policy statement should be deferred, given the ongoing Commission proceedings addressing energy affordability and universal service program structure. OCA Comments at 8. However, the concerns raised by the Commission in its Tentative Order and by CAUSE-PA relate to whether PPL’s *current program structure* complies with the Commission’s *current CAP Policy statement*, and should not be deferred indefinitely while the Commission explores the issue on a statewide basis.

#### **D. Other Issues**

In discussing a customer's failure to recertify, the OCA raises a concern about customers who fail to recertify, are removed from the OnTrack program, and subsequently attempt to recertify back into the OnTrack program. The OCA asserts that these customers may be purposefully avoiding timely recertification in an attempt to avoid paying higher OnTrack bills when their usage is low and their bill is purportedly lower than their OnTrack payment amounts. OCA Comments at 15-16. This is a concept commonly referred to by utilities as "churn" – and sometimes arises in natural gas utilities, where the differential between summer and winter bills is often pronounced – leading CAP customers to make the rational economic decision to remove themselves from the program in months when their bill is low.

The OCA suggests that the Company "maintain a CAP customer's balance even if the CAP customer leaves the CAP program" and then charge the customer the difference between what they paid based on actual usage and what they would have paid if on OnTrack to reenroll in OnTrack. OCA Comments at 15.

It seems unlikely PPL OnTrack customers will have an OnTrack bill that is higher than their actual usage.<sup>7</sup> Electricity is a year round expense, and is subject to much less fluctuation over the course of the year than gas costs. The OCA's assertions here are speculative and highlight the limits of Comments in proceedings such as this – as opposed to evidence-based determinations made after discovery, testimony, argument, and briefing. Important policy decisions such as this – which have significant punitive effects on vulnerable low income households – must be made based on evidence and fact, not on unsupported assertions or speculation. The OCA cites no evidence that churn is a problem, or that CAP customers

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<sup>7</sup> Absent actual evidence, or a litigated proceeding that would allow for the gathering of evidence, CAUSE-PA must rely on anecdotal evidence and experience to make this assertion.

intentionally fail to timely recertify. CAUSE-PA submits that, more likely, the CAP customer's failure to recertify is the result of inadequate notice or customer confusion. Rather than make a flawed determination to impose an added financial barrier to recertifying for CAP, CAUSE-PA suggests that the Commission – to the extent it believes there could be an issue with churn here -- should institute an evidentiary proceeding to gather evidence of the problem. At the very least, PPL should be required to produce evidence of the extent that this issue actually occurs, and the matter should be referred to the collaborative proposed by the OCA prior to implementation.

Should the Commission decide to proceed with developing a remedy to this purported problem, CAUSE-PA submits Peoples CAP structure, which charges the lessor of a customer's budget bill or a percentage of income, presents a more reasonable resolution that does not present the same punitive outcomes for customers.<sup>8</sup>

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<sup>8</sup> See Peoples Natural Gas Company LLC Universal Service and Energy Conservation Plan 2015-2018, Docket No. M-2014-2432515, at 9-10.

### III. CONCLUSION

CAUSE-PA thanks the Commission for this opportunity to submit reply 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 its initial comments, these reply comments and such testimony as may be presented in this proceeding.

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