

COMMONWEALTH OF PENNSYLVANIA



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June 22, 2017

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
Commonwealth Keystone Bldg.  
400 North Street  
Harrisburg, PA 17120

Re: PPL Electric Utilities Corporation Universal  
Service and Energy Conservation Plan for  
2017-2020 Submitted in Compliance with 52  
Pa. Code § 54.74  
Docket No. M-2016-2554787

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Reply Comments in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Christy M. Appleby

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Certificate of Service

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CERTIFICATE OF SERVICE

PPL Electric Utilities Corporation Universal :  
Service and Energy Conservation Plan for : Docket No. M-2016-2554787  
2017-2019 Submitted in Compliance with 52 :  
Pa. Code § 54.74

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Reply Comments in the manner and upon the persons listed below:

Dated this 22<sup>nd</sup> day of June 2017.

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PPL Electric Utilities Corporation :  
Universal Service and Energy Conservation Plan : Docket No. M-2016-2554787  
For 2017-2020 Submitted in Compliance :  
With 52 Pa. Code § 54.74 :

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REPLY COMMENTS  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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The Office of Consumer Advocate (OCA) files these Reply Comments pursuant to the Pennsylvania Public Utility Commission’s (Commission) directive in the Tentative Order entered on April 6, 2017 at the above-referenced docket.

**I. INTRODUCTION**

On June 30, 2016, PPL Electric Utilities (PPL or Company) filed its Universal Service and Energy Conservation Plan (USECP or Plan) for 2017 through 2020, in accordance with the Commission’s regulations at 52 Pa. Code §§ 54.71-78. On April 6, 2017, the Commission entered its Tentative Order on the Plan which requested Comments from interested parties. The Commission requested that PPL provide Supplemental Information within twenty (20) days from the Order and requested Comments from parties twenty (20) days thereafter. On April 26, 2017, PPL filed its Supplemental Information. On May 3, 2017, the Commission issued a Secretarial letter and requested additional information. On May 18, 2017, PPL filed Additional Supplemental Information in response to the Secretarial Letter, and on May 28, 2017, the Company filed Comments. On June 7, 2017, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) and the OCA filed Comments. The OCA

responds to the Comments of CAUSE-PA regarding three issues: (1) energy affordability burdens; (2) the OnTrack program budget; and (3) the treatment of zero-income customers.

## **II. COMMENTS**

### **A. Affordability Burdens**

In Comments, CAUSE-PA and OCA raise similar concerns as to the Commission's Tentative Order regarding the affordability burdens for PPL's OnTrack program for the lowest income customers and ask similar questions regarding whether those affordability burdens meet the requirements of the CAP Policy Statement for those customers. OCA Comments at 7-11; CAUSE-PA Comments at 11-15; Tentative Order at 14-15, 20-21, 35; see also, 52 Pa. Code § 69.265(2)(i)(A). As discussed in CAUSE-PA's Comments, the 2014 APPRISE Evaluation found that some CAP customers had energy burdens exceeding the levels set forth in the CAP Policy Statement. CAUSE-PA Comments at 11, citing Tentative Order at 14 and APPRISE Evaluation at 169. The Tentative Order requests Supplemental Information from PPL regarding how the Company evaluates an individual's energy burden. Tentative Order at 14. The OCA and CAUSE-PA both recommend that this issue be further addressed. OCA Comments at 7-11; CAUSE-PA Comments at 11-15.<sup>1</sup> CAUSE-PA recommends that the issue be referred to the Office of Administrative Law Judge, or in the alternative, the matter be referred to mediation. CAUSE-PA Comments at 14-15. The OCA recommends that a collaborative be developed to address both the budget and the CAP design issues. OCA Comments at 14-15.

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<sup>1</sup> The OCA submits that given the pending Commission investigation regarding "Energy Affordability for Low-Income Customers" at Docket No. M-2017-2587711 and the pending comprehensive "Review of Universal Service and Energy Conservation Programs at Docket No. M-2017-2596907, a review should be limited to whether PPL's energy burdens in this matter are within the Commission's CAP Policy Statement. OCA Comments at 8. The OCA submits that any other energy affordability burden issues, not related to bringing the current design of the program into compliance with the current CAP Policy Statement, should be deferred to the pending Commission proceeding on energy affordability. OCA Comments at 8.

In Comments, CAUSE-PA identifies concerns regarding the affordability of the OnTrack program. CAUSE-PA Comments at 11-15. Similarly, the OCA identifies affordability concerns specifically for low-income electric heating and non-electric heating customers between 0-50% of the Federal Poverty Level (FPL). OCA Comments at 8-10. In its Comments, the OCA compares PPL's analysis of the energy burdens to the CAP Policy Statement. The OCA concludes that the energy burdens for non-electric heating customers with incomes between 0-50% of the Federal Poverty Level exceeded the CAP Policy Statement requirements between the years 2014 to 2016. OCA Comments at 8-10; PPL Comments at 2. Similarly, PPL's analysis shows that the average energy burdens for electric heating customers with incomes from 0-50% of the Federal Poverty Level were not within the range of the CAP Policy Statement in 2015 or 2016. OCA Comments at 9-10; PPL Comments at 2. The average energy burdens for electric heating customers between 51-100% of the Federal Poverty Level and 101-150% of the Federal Poverty Level were actually below the requirements of the CAP Policy Statement. OCA Comments at 9-10; PPL Comments at 2. The OCA submits that energy burdens for customers at or below 50% of the FPL should be examined to determine whether changes to the program design are needed.

Similar to the OCA Comments, CAUSE-PA identifies concerns with the Company's 16% rule. CAUSE-PA Comments at 19-21; see also, OCA Comments at 10. PPL states that the Company uses a 16% maximum rule for all accounts, both heating and non-heating. In its Comments, the OCA identifies that the 16% rule is not within the range of the CAP Policy Statement for all non-heating customers and for heating customers between 0-50% of the FPL. OCA Comments at 10. As a result, the OCA submits that those customers may have bills that exceed the CAP Policy Statement. CAUSE-PA recommends that the Company amend its 16%

rule to include tiered maximum percentage of income that vary based on whether the customer is heating or non-heating and their income level tier and should be in accord with 56.269(2)(i). CAUSE-PA Comments at 19-21. The OCA agrees with CAUSE-PA that the Company should not use the 16% maximum for customers who are non-heating customers and those heating customers at 0-50% of the FPL. As CAUSE-PA recommends, the Company should use the maximum percentage of income based on whether the customer is a heating or non-heating account.

In its Comments, CAUSE-PA also addresses the issue raised by the Tentative Order regarding the impact of the \$5 copayment and CAP-Plus on the overall energy affordability for CAP customers. CAUSE-PA Comments at 12; Tentative Order at 14. The OCA submits that both the \$5 co-payment and the CAP-Plus amount should continue to be included in the calculation of the customer's OnTrack asked-to-pay amount. In particular, the CAP-Plus amount is designed to address the fact that many CAP customers will receive a LIHEAP grant and lowering the energy burden to reflect the CAP Plus amount undoes the purpose of the CAP-Plus amount. As discussed in the Commission's decision in the 2014-2016 Plan, the CAP-Plus amount "is used to offset program expenses for all residential ratepayers." PPL 2014-2016 USECP, Docket No. M-2013-2367021, Order at 13 (September 11, 2014). Moreover, the OCA notes that PPL's CAP Plus has decreased from \$8 when it was initially approved to \$3.00 in the November 2015-2016 period.

As the OCA discussed in its Comments, any change to the energy affordability burdens must also be considered together with the overall costs of the OnTrack program. OCA Comments at 8. Energy affordability is a key component to analyzing the program costs. PPL's non-CAP residential ratepayers are already paying more in CAP credits than any other utility.

The OCA submits that the Company's program design, affordability, and program budget should be evaluated as a part of a collaborative in this case.

B. OnTrack Program Budget

In its Comments, CAUSE-PA addresses PPL's OnTrack program budget and states that the Company's identified contributing factors are "rational drivers" of the cost increases to the program. CAUSE-PA Comments at 26-31. In particular, CAUSE-PA identifies as a significant contributing factor, the impact of CAP customer shopping. CAUSE-PA Comments at 28-29. While the OCA agrees that CAP Shopping is a contributing factor to the Company's OnTrack budget and should be considered, the OCA submits that the CAP Shopping is only a portion of the overall budget increase impact. As the OCA identified in its Comments, PPL has proposed a budget that is significantly greater than the CAP Shopping program impacts alone. See, OCA Comments at 4-5. The OCA has concerns with the Company's proposed budget increase for its 2017-2019 USECP and continues to recommend that PPL's budget and program design be addressed as part of a collaborative to determine if there are ways to reduce the Company's proposed budget.

CAUSE-PA discusses the impact of CAP Shopping on the program budget and states that the CAP-SOP program proposed in the Company's DSP IV proceeding should be given time to work to drive down the costs of program. CAUSE-PA Comments at 29-31. CAUSE-PA Comments at 29-31. The OCA shares CAUSE-PA's concern regarding the impact of CAP customer shopping, but CAP customer shopping is not the only issue impacting the Company's proposed OnTrack budget. The Company has proposed to *increase* the budget over the three year plan by *\$23 million*, from \$106 million in 2017 to \$129 million in 2019 which exceeds the historical impact of CAP customer shopping. See, PPL Proposed 2017-2020 Plan at 29; 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, Order at 14 (January 26, 2017) (PPL DSP IV) (PPL reported an estimated \$2.7 million annual increased cost from CAP customer Shopping.) The CAP-SOP proposed in PPL's DSP IV should be working to help mitigate the costs.

PPL has also proposed a budget which is significantly higher than any other utility in Pennsylvania. While there are program difference between PPL's program and other utilities' programs, those differences should not result in such a significant cost disparity. As the OCA noted in its Comments, PECO serves a significantly larger population of CAP customers, but PPL's proposed budget for 2017-2019 would surpass PECO's 2015 program costs by approximately \$33 million. OCA Comments at 6-7.

The OCA continues to recommend that the Company's program design should be evaluated to determine whether there are ways to reduce the overall costs of the program. The OCA also continues to recommend that the Commission establish a collaborative as it recently did with the Duquesne universal service program to evaluate the overall design of the Company's CAP program to determine if there are ways to lower the costs of the program.

C. Treatment of Zero Income Customers

PPL does not allow customers with zero income to enroll in OnTrack. PPL Proposed 2017-2019 Plan at 8. PPL only allows a customer to enroll in OnTrack if the customer supplies information about unearned income such as assistance from family or other organizations. *Id.* The Company's Plan states "a zero income situation means there is no ability for the customer to meet a financial obligation." *Id.* at 9. In Comments, the OCA and CAUSE-PA both identified concerns with PPL's proposal to not allow zero income customers to enroll in OnTrack.



CAUSE-PA Comments at 22-23, 33-34; OCA Comments at 12-14; see, PPL Proposed 2017-2019 Plan at 8-9. As the OCA stated in its Comments, the Company's Plan leaves out the potential scenario in which a customer may have zero new income, but the customer may still have some retained savings from previously earned income to be able to pay their bills or may have some other asset that it may be able to use over the short term to maintain the customer's bills. In its Comments, the OCA recommended that the Company allow customers to enroll at the minimum bill payment and have more frequent recertification windows. OCA Comments at 12-14. Similarly, CAUSE-PA has recommended that the Company allow households with zero income to be enrolled in the OnTrack Lifestyle program or, in the alternative, to allow for a shorter recertification window. CAUSE-PA Comments at 34.

In particular, the OCA agrees with CAUSE-PA's statements that "by not enrolling these households in OnTrack, PPL places them in the unwinnable situation to come up with a full tariff bill each month" and that "[h]ouseholds 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." CAUSE-PA Comments at 34. Moreover, the customer potentially could be earning arrearage forgiveness for whatever payments the customer is able to make. While the OCA agrees that zero income is not sustainable over the long term, the OCA submits that the Company's Plan completely excludes customers who have the greatest need.

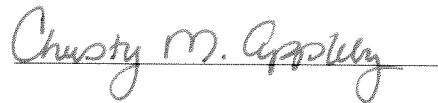
The OCA submits that for the reasons set forth in CAUSE-PA and OCA Comments, PPL should allow zero income customers to enroll in the OnTrack program. CAUSE-PA Comments at 33-34; OCA Comments at 12-14. The OCA submits that the Company should allow zero income customers to enroll at the minimum payment. See, OCA Comments at 14. As discussed in the OCA's Comments, PPL should also create parameters for income verification on a more

frequent basis to assess whether the customer has had changes in their zero income status. See, OCA Comments at 14.

### III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate respectfully requests that PPL's Universal Service and Energy Conservation Plan be approved subject to the OCA's Comments and the recommendations contained herein.

Respectfully Submitted,



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DATE: June 22, 2017  
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