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E-File

April 26, 2017

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, PA 17120

RE: PPL Electric Utilities Corporation's Proposed Universal Service and Energy Conservation Plan for 2017-2019, Docket Nos. M-2016-2554787 and M-2013-2367021

Dear Secretary Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") is PPL Electric's Supplemental Information regarding its Universal Service and Energy Conservation Plan. This Supplemental Information is being filed pursuant to the Tentative Order issued on April 6, 2017 in the above captioned proceeding.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on April 26, 2017, which is the date it was filed electronically using the Commission's E-filing system.

If you have questions, please contact me directly (610/774-4254) or Melinda Stumpf, PPL Electric's Manager-Regulatory Programs & Business Services, at 484/634-3297.

Sincerely,

Amy E. Hirakis

Amy E. Hirakis

Enclosure

cc via email: Mr. Joe Magee
Ms. Sarah Dewey
Ms. Louise Fink-Smith

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PPL Electric Utilities Corporation Universal Service and Energy Conservation Plan for 2012-2019 Submitted in Compliance with 52 Pa. Code § 54.74	: : : :	Docket No. M-2016-2554787

PPL Electric Utilities Corporation's Supplemental Information in Response to the Tentative Order Entered April 6, 2017

INTRODUCTION

On April 6, 2017, the Pennsylvania Public Utility Commission ("Commission") entered a Tentative Order at Docket No. M-2016-2554787 regarding PPL Electric Utility Corporation's ("PPL Electric" or the "Company") proposed Universal Service and Energy Conservation Plan for 2017-2019 ("Plan"). The Tentative Order withholds approval of the Plan pending review of additional requested information, and submission of comments and reply comments. The Commission directed the Company to submit supplemental information addressing seventeen (17) points within twenty (20) days of entry of the Tentative Order. The Company appreciates the Commission's efforts in reviewing the proposed Plan and in providing the Company the opportunity to submit additional information supporting its proposed Plan. PPL Electric presents below responses to each of the seventeen points raised in the Commission's Tentative Order.

RESPONSES TO POINTS RAISED IN TENTATIVE ORDER

Point No. 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.

Response:

One of PPL's previous initiatives to help customers in need was to proactively identify, contact, and enroll customers who received LIHEAP. The last time the Company completed this LIHEAP phone enrollment was April 2016, however the Company will continue to use this initiative as needed. This OnTrack phone enrollment initiative was undertaken by a third party vendor who handles OnTrack interactions. When contacting a LIHEAP customer for purposes of encouraging the customer to enroll in OnTrack, the phone agent began the phone call by informing the customer that he/she may be eligible for OnTrack. Next, the agent educated the customer on the benefits of the program and how the program works. Specifically, the agent explained the following to the customer:

- They have been identified as a good fit for a program called OnTrack;
- OnTrack provides a monthly electric bill payment that is lower than their actual bill amount;
- The benefit amount is over the 18-month timeline that they are enrolled in the program;
- The customer will not be responsible for the difference between their actual bill and their OnTrack amount, up to a maximum amount. After the 18 months is up, the Company will review their situation to determine if they can remain in the program for another 18 months;
- Pre-program debt forgiveness occurs over this 18-month period;

If the agent received verbal consent from the customer, the agent proceeded with the OnTrack enrollment. If the customer was able to remain on the line, the agent set up the OnTrack plan in the system. The agent then provided the customer with his/her OnTrack payment amount. In cases where the customer did not stay on the line, the agent informed the customer that he/she will receive a post enrollment package. In all cases, the newly enrolled OnTrack customer received the OnTrack post enrollment package. The post enrollment package is the same information that all enrollees and recertified customers receive. The post enrollment package provides the customer with the following information:

- How much to pay (the OnTrack payment amount)
- When to pay
- How to save energy
- Your OnTrack agency contact
- PPL Electric contact information
- Who to contact if your household situation changes
- How much PPL Electric will forgive each month
- Program benefits (how it works)
- How to sign up for WRAP

Other than the LIHEAP customer OnTrack initiative explained above, OnTrack enrollment is normally handled by the eight (8) Community-Based Organizations (CBOs) contracted by PPL Electric. PPL Electric does have in house employees and other contractors who are trained to complete OnTrack enrollment work if there is a specific or special need to do so.

Point No. 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 customers education will be handled by this process.

Response:

PPL Electric is currently developing a web-based OnTrack application system. Currently, the development team has a summer 2017 implementation date. The PPL Electric management team is open to providing periodic updates and/or a demonstration of the new system to the Commission, if desired.

When the new web-based OnTrack system is ready, it will provide the customer a user-friendly, easy-to-follow interface for applying to the program. From the customer's perspective, the "launch point" into the new system will be the existing PPL Electric OnTrack page, located here: https://www.pplelectric.com/my-account/payments/need-help-paying-your-bill/ontrack-payment-plan.aspx. This page could also be found by visiting pplelectric.com, click "my account", click "need help paying your bill", and click the orange "learn more" button under OnTrack. Customers will be able to submit all household, income, and expense information within this new system. In addition, customers will be able to tell us anything special or temporary that may be happening within the household. Customers will be able to upload income documents or upload documents at a later time.

The new OnTrack system will allow customers to check their application status as well. The PPL Electric development team is working toward the goal of having a web application contain all of the required documentation needed for screening/enrollment, thereby eliminating the need for any hard copy paperwork. Of course, users will have the option to print information, but the goal is to eliminate the need for hard copy files.

The PPL Electric development team is also working on improving customer education with this new system. The team is looking at the existing OnTrack web page (see link above) and discussing possible improvements to language and/or graphics to address pre-enrollment education. The team is also discussing improvements regarding customer notifications (e.g., we received your application; your application has been approved, etc.). The existing post enrollment package will remain a key part of customer education.

Point No. 3: Explain how the Company determines a customer's "ability to pay" when choosing the appropriate OnTrack payment option. Pursuant to the directives of this order, the Company should also provide average energy burden levels for full-year OnTrack participants in 2014, 2015, and 2016.

<u>Response</u>:

To determine "ability to pay" means the enrollment and screening process takes into account the customer's current financial situation and household size. Financial situation primarily means income level, after the necessary income and expense information has been acquired. Based on these factors, the CBO caseworker selects a payment amount that appears to set the customer up for success in the program. Success in the program is primarily defined as making on-time payments and eliminating any pre-program arrears. For a more specific view into ability to pay, please see the Company's Plan starting at 4 (Section 1.6 Payment Plan Design).

PPL Electric's system will look at primary payment amount drivers such as the customer's poverty level (less than or equal to 50%, 51-100%, or 101-150%) and the estimated annual bill or the estimated monthly budget amount in order to calculate the Percent of Bill (POB) and Minimum Payment (MP) options. Poverty levels are based on total income and the number of people in the home, which is another way to describe ability to pay (similar to the wording "...customer's current financial situation and household size."). The third payment option, called Agency Selected Payment, is not calculated. ASP is used to enter an amount that is different from POB or MP. The ASP option is normally selected if extenuating circumstances exist. The ASP option may also be selected to fulfill certain account maintenance activities (e.g., resetting plans due to re-billing issues, etc.). For the POB option, the amount of discount applied is driven by the poverty level (aka the ability to pay). The lower poverty levels will have a higher discount applied to the POB calculation (see Plan at 5).

The Commission requested the Company to provide average energy burdens for full-year OnTrack participants for the years 2014, 2015, and 2016, broken down by FPIG level and heating type. The Commission further requested that the energy burden levels for the OnTrack bills should be identified separately from the $5 co-payment and CAP Plus charges. The requested information is shown in Table 1.

Table 1. Average Energy Burden Levels for Full-Year OnTrack Participants

	2016	2016	2015	2015	2014	2014
FPIG	EH	NEH	EH	NEH	EH	NEH
<= 50%	13%	8%	12%	5%	11%	5%
51-100%	8%	5%	8%	5%	8%	4%
101-150%	7%	4%	7%	4%	7%	4%

Notes:

1. EH = electric heating. NEH = non-electric heating (a primary heat source other than electric heat).
2. The energy burden level does not include additional OnTrack charges (i.e., $5 co-payment and Cap-Plus).

Point No. 4: Address the Commission's questions concerning OnTrack Lifestyle.

Response:

PPL Electric does not specifically ask OnTrack applicants if someone is paying their bills.

Applicants who are facing foreclosure or eviction are ineligible for OnTrack Lifestyle, but are eligible for OnTrack if they report income that is less than their rent/mortgage, (assuming other eligibility criteria are met). The purpose of the Lifestyle feature is to address situations where customers' incomes were less than their mortgage payments or rent, but they were not in foreclosure or facing eviction. In effect, the customer reported that they did not have enough income but somehow managed to pay their mortgage and OnTrack payments.

Point No. 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.

Response:

PPL Electric agrees with enhancing the OnTrack Budget Billing (OTBB) feature to allow for automatic recertification when the customer meets all of the existing auto-recertification rules. The Company estimates that the costs associated with this project will be $19,000. The estimated timeframe for completing this work is April 2018. This estimated implementation date could change to an earlier or later date based on Company resources. PPL Electric plans on keeping interested parties updated on the status of this project so the timeline is communicated properly.

Point No. 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.

Response:

The customer is not required to pay any amount of the overdue balance if more than six months elapses after removal from OnTrack due to non-payment. In the case of a termination, the customer would be subject to the existing reconnection/collection rules.

Customers who default from OnTrack for non-payment reasons can be reinstated into the program within six months by paying the OnTrack catch-up amount. Internally, this six-month window is referred to as the opportunity window (or catch-up opportunity window). The catch-up opportunity window begins at the time of default and ends six months from that default date. The OnTrack catch-up amount is the difference between what the customer should have paid (the billed OnTrack installment amounts) and the payments actually received from the customer.

If, during this six-month opportunity window, the customer submits a payment that is equal to the OnTrack catch-up amount, the Company's system will automatically re-enroll the customer back into the program at his/her prior OnTrack installment amount. In addition, any revenue shortfall and arrearage forgiveness credits are posted (credited) to the customer's account after the OnTrack catch-up amount is received. The system will also automatically reverse any previously billed late payment charges that may have been incurred by the customer during the catch-up window timeframe.

Point No. 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."

Response:

The Company currently defined "high usage" customers as households that use at least 18,000 kWh per year. In situations where a customer is identified as "high usage" and does not comply with WRAP, PPL Electric will review the account and may remove the customer from OnTrack.

PPL Electric expects to implement the automated process for enrolling OnTrack customers in WRAP by June 2018 at a projected cost of $38,000. This estimated implementation date could change to an earlier or later date based on company resources and other projects. In the meantime, the Company will continue to prioritize marketing WRAP to "high usage" OnTrack customers by directing OnTrack CBOs to screen and refer OnTrack customers to WRAP and by generating lists of new OnTrack enrollees and marketing (letters, postcards, phone calls) to those with high usage.

In addition to "high usage" customers, PPL Electric prioritizes outreach to OnTrack customers that are in danger of exceeding their maximum OnTrack credit amount. Customers whose usage increases after OnTrack enrollment are often at risk for exceeding their maximum OnTrack credit amount. The Company will address this customer segment in the following ways:

1. Continue sending a letter to customers when they have reached 50% and 80% of their OnTrack credit amount. The letter contains the information on how to apply for WRAP.
2. Generate monthly lists of customers who have reached 50% and 80% of their OnTrack benefit levels and conduct WRAP outreach to those most at risk.
3. Provide energy education (phone or home visit) to customers not qualified for WRAP or who cannot receive WRAP quickly (e.g. awaiting landlord consent).

PPL Electric does not have any occurrences of customers removed from OnTrack for exceeding pre-OnTrack consumption during 2014, 2015, and 2016. Currently, the Company does not compare pre- versus post- OnTrack consumption data to take action based on that usage information. The Company uses other approaches to encourage OnTrack customers to manage usage. First, the Company utilizes OnTrack credits as one of the control features for managing usage. Second, customer-facing information such as the OnTrack post enrollment package, usage/credit warning letters, and the Company's website provide education and encouragement about becoming more energy efficient. Third, the OnTrack program also has a strong link to WRAP, as discussed in the Plan, at pages 21 through 23.

Point No. 8: Identify what steps the Company is taking to address OnTrack budget billing disparities when customers relocate.

Response:

PPL Electric agrees with enhancing the OnTrack move feature to make payment adjustments when a customer moves and the primary heat source does not change. PPL Electric estimates the costs associated with this project to be approximately $14,250. The estimated timeframe for completing this work is mid-year 2018, though this estimated implementation date could change based on a number of factors. In terms of impact to affected customers, PPL Electric completed an impact study for all OnTrack seamless move situations that occurred in 2016. In 2016, 3,143 OnTrack customers transferred service to a new residence in which their OnTrack payment was not re-calculated. In the impact study, the average bill at the old location ("from" account) and new location ("to" account) was used to analyze the impact. The results of the impact study are as follows. Group one were non-adjusted moves where the average bill change resulted in a decrease. For example, the customer moved from a location with an average bill of $167 to a location with an average bill of $107 (a difference, or decrease, of $60). Group two were non-adjusted moves where the average bill change resulted in an increase. Below are the study findings.

Table 2.

Summary of PPL Electric OnTrack Seamless Move Non-Adjusted Study (2016)				
For non-adjusted moves where the average bill change resulted in a decrease				
# Of customers	As a %	Av. $ Change	Av. Bill at From Location	Av. Bill at To Location
1,294	41%	$(60)	$167	$107
For non-adjusted moves where the average bill change resulted in an increase				
# Of	As a %	Av. $ Change	Av. Bill at From Location	Av. Bill at To Location
1,849	59%	$64	$105	$169
Total number of non-adjusted moves = 3,143 Average bill amount change across all 3,143 accounts = $13				

PPL Electric estimated the impact of the average bill changes (shown in the table, above) by applying the POB calculation. The POB percentage factors applied to the average bill are either 50%, 70%, or 80% (see Plan at 5). For non-adjusted moves where the average bill change resulted in a decrease, the average impact on the customer's required OnTrack payment ranges from $(30) to $(48). The $(30) calculation was estimated as follows: average dollar change of $(60) x POB percentage factor of 50% = $(30). For non-adjusted moves where the average bill change resulted in an increase, the impact range would be $32 to $51. The estimated impact ranges do not include CAP Plus or arrearage co-payment amounts ($3.83 for CAP Plus and $5 for arrearage co-payment; total of $8.83).

Point No. 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.

Response:

The 16% rule is applied to any type of account (electric heat or non-electric heat) regardless of the poverty level. The use of the 16% is a point in time calculation and the Company does not store the results/methods of that calculation. Hence, PPL Electric cannot identify how many customers had Ontrack payments calculated that exceeded 16% of income and whether any of these customers were referred to and received WRAP services.

Point No. 10: Address the Commission's questions concerning counted unearned income for OnTrack eligibility.

- What type of public assistance grants are counted as income for OnTrack?

  Response:

  The types of public assistance counted as income for OnTrack include items such as:

  - Items that fall under The Pennsylvania Department of Human Services (DHS) Cash Assistance programs. There are four main cash assistance program, according to DHS: (1) Temporary Assistance for Needy Families (TANF); (2) Diversion Program; (3) State Blind Pension Program; and (4) Refugee Cash Assistance Program.
  - State Supplementary Payment (SSP).

- Does PPL Electric verify whether support payments are actually received by the household or are these payments counted based on a court order regardless of whether they are received or not.

  Response:

Yes, PPL Electric verifies that support payments are received by the household. For example, caseworkers will acquire documents from the Domestic Relations System and/or copies of court orders/court papers/court statements for these types of situations.

- Are one-time lump sum payments/gifts counted in this category, or are non-recurring payments excluded?

  Response:

  The category of one-time lump sum payments/gifts depends on the circumstance. Generally, one-time lump sum payments/gifts are excluded from income calculations (will not be counted) because they are small in nature. When counted, PPL Electric follows the unearned income guidelines in the Plan at 12. Lump sum payments/gifts will be counted if PPL Electric learns they are being received on a regular basis and/or are large enough to pay monthly expenses. These situations are uncommon, but caseworkers will ask for more information (if needed) when lump sum payments/gifts appear to fall into the category of unearned income.

Point No. 11: Address the Commission's questions regarding relaxation of the usage thresholds for coordinated LIURP jobs.

- Clarify whether in the multi-unit projects coordinated with Act 129 WRAP, the customers between 150%-200% FPIG would be required to meet the annual usage guidelines threshold of 6,000 kWh and confirm that no master-metered buildings would be treated with LIURP WRAP funds.
- Could PPL Electric's usage requirement be relaxed for inter-utility coordinated jobs and/or coordinated WAP.

Response:

As part of its EE&C Plan, Act 129 WRAP will serve customer in multi-unit households that are at or below 150% of the federal poverty level guidelines. The Act 129 CSP will refer customers in multi-unit buildings that are between 150%-200% of the federal poverty level guidelines, or who received treatments through Act 129 WRAP and could benefit from additional LIURP measures. PPL Electric will not require a minimum usage threshold for multi-unit jobs coordinated with Act 129 WRAP. The Company will only serve individually-metered premises through LIURP; master-metered buildings are not eligible for LIURP.

Additionally, PPL Electric will not require a minimum kWh usage threshold for jobs coordinated with PA WAP or other utility weatherization programs.

Point No. 12: Provide requested details about the WRAP intake process and program assignment through the LEAP system.

Response:

All WRAP Applications are entered into the LEAP system. If the customer qualifies for "WRAP", LEAP assigns a Case Number and designates as LIURP or Act 129 WRAP. If the application does not meet the preliminary criteria for WRAP (e.g. premise received WRAP within the past three years), the PPL Universal Service Rep (USR) reviews the application and "accepts" or "rejects" the application. If the USR accepts the application, LEAP assigns a Case Number and designates as LIURP or Act 129 WRAP.

LEAP is currently designed to match the WRAP Case to the program based on the following criteria:

Table 3.

LIURP	Act 129 WRAP
All cases between 150%-200% of the FPL income guidelines*	All multi-unit homes
Installed electric heat (primary source)*	Non-installed electric heat (primary source) and usage is less than 18,000 annual kWh**
Annual usage > 17,999 kWhs*	Mobile Home without an electric water heater and usage is less than 18,000 annual kWh**
Electric water heater 12+ years old*	Less than 10 months usage at the premise under the current bill account**
Mobile Home with an electric water heater	

*Excludes multi-unit premises
** Household income must be at 150% of the FPL income guidelines or lower

If LEAP designates a case as "Act 129 WRAP", the case is automatically assigned to the Act 129 CSP. PPL Electric can change a case from Act 129 WRAP to LIURP within LEAP. *Note: If a case is identified as a multi-unit premise, the case is assigned to Act 129 WRAP so that the Act 129 CSP can provide outreach to the entire building. In situations where the entire building qualifies for WRAP at the intake process, PPL Electric may switch to LIURP or coordinate services with Act 129.*

If LEAP designates a case as "LIURP", the USR assigns the case to a LIURP Contractor. The USR can change the case from LIURP to Act 129 in LEAP provided that the household income on the application is equal or less than 150% of the FPL income guidelines.

If a case receives Act 129 WRAP, LEAP is designed that the Act 129 CSP can refer for additional LIURP measures. The USR creates a new Case Number so that the LIURP expenditures and savings are tracked separately.

Point No. 13: Update the WRAP needs assessment with the requested information.

Response:

PPL Electric estimates the following potential amount of customers eligible for LIURP based on the following calculations:

Table 4.

Total # of Confirmed Customers at or below 150% FPL that use 6,000 or more annual kWhs (as of 3/31/2017)	156,781
Households that received WRAP within the past three years (includes Act 129 WRAP)	19,766
Sub-total	137,015
Estimated customers served through Act 129 WRAP 2017-2019 (excludes 10% of jobs that PPL Electric expects to serve through Act 129/LIURP Coordination)	18,900
Sub-total	118,115
Projected drop-out rate based on 2016 historical data (17%)	15,918
Total	**102,197**
Total Cost to Serve based on 2017 average job costs of $4,010 for a heating job and $1,523 for a non-heating job. The cost includes direct services, admin and field support.	**$253,602,210**

PPL Electric currently has 57,000 confirmed customers that are between 150%-250% of the federal poverty level guidelines. While LIURP serves up to 200% of the poverty level, PPL Electric will continue to target customers at or below 150% FPL.

When determining the "need" for LIURP, some additional factors include:

- PPL Electric has completed 87,000 LIURP jobs since the inception of the program. In addition, the Company has completed 24,000 Act 129 WRAP jobs since 2009. Some households have received WRAP multiple times, or a combination of LIURP and Act 129 WRAP. (PPL Electric did not begin tracking multiple cases for premise until the deployment of LEAP in 2015.) Each time a household receives "WRAP", the potential for sufficient energy-saving measures to justify further WRAP services diminishes.

- Some potential LIURP customers may have received weatherization from PA WAP, gas utility, or county weatherization programs. PPL Electric does not have a way of tracking other weatherization programs unless the work is done in conjunction with LIURP, and therefore cannot estimate an adjustment for these customers.

- Approximately 40% of confirmed low-income customers are classified as electric heat households and are the best potential candidates for LIURP. Historical data illustrates that about 13% of electric heat customers do not qualify for heating treatments, most frequently due to health and safety deferral issues or lack of landlord consent.

- PPL Electric expects to provide an estimated 30,000 energy-savings kits to low-income customers in 2017-2019. This will reduce the potential for some lower-cost direct-install measures (e.g. LED bulbs, energy-efficient showerheads) in some households.

- While LIURP is a mature program, the availability of energy-saving heating and water heating measures has remained relatively constant. (PPL Electric will continue to pilot new measures and technologies when feasible.)

- PPL Electric anticipates that the average-cost-per job by job type will decline slightly each year as a result of reduced administrative costs and technological enhancements, the saturation of specific measures and coordination of measures with other programs.

Implementation:

PPL Electric relies on an array of outreach methods to meet its enrollment targets. For example, even though 39% of confirmed low-income customers are registered users on PPL Electric's website, a total of 3,018 (3%) have applied and qualified for "WRAP" during the past two years. Direct mail advertising yields about a 1% response.

PPL Electric strives to enroll the customers that will best benefit from LIURP as well as to serve customers within a timely manner. The Company works with WRAP providers to assign a steady stream of work when possible, and to shift work among WRAP providers to avoid large customer wait-times when feasible.

Table 5. Below is a profile of completed LIURP Jobs from 2012-2017:

Year	Full Cost Jobs	Ave. Cost	Low Cost Jobs	Avg. Cost	Baseload Jobs	Avg. Cost	Total Jobs	Total Expenditures
2012	1,384	$3,248	644	$1,673	1,192	$1,028	3,220	$8.2M
2013	1,340	$3,441	665	$1,619	1,284	$1,028	3,289	$8.25M
2014	1,614	$3,617	645	$1,755	1,098	$1,121	3,357	$9.7M
2015	1,579	$3,989	519	$1,947	807	$1,093	2,905	$9.4M
2016	1,480	$3,846	706	$2,036	1,271	$1,081	3,457	9.9M
2017 (projected)	2,010	$3,700	575	$1,850	715	$1,100	3,300	$10.3M

The projected implementation plan depicts a slight increase in expenditures and a completed job forecast that is in sync with previous production performance. The Company expects to complete a higher percentage of heating (Full Cost) jobs as most baseload jobs will be channeled to Act 129 WRAP in years 2017-2019.

Point No. 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.

Response:

There are a number of policies/practices implemented since 2014 that have led to significant increases in OnTrack participation. It is not possible to specifically identify the increase in participation associated with each initiative, and multiple initiatives may have contributed to adding or maintaining a customer in OnTrack. Those initiatives include the following (in no particular order).

1. *Increases to OnTrack maximum credit amounts*

In the beginning of 2014, the maximum credit amounts were set at $2,160 (electric heat) or $850 (non-electric heat). Currently, the amounts are $3,328 and $1,310. This represents an increase of 54% or a dollar change of $1,168/$460. The credit amount serves a dual purpose. These (larger) amounts help retain customers in the program. Conversely, the credits also serve as a control feature by helping customers make the connection between usage and time in the program.

2. *Payment arrangement eligibility criteria*

Before November 2014, one of the eligibility criterion was for a customer to have had a broken payment arrangement with PPL Electric over the last twelve months. Beginning in November 2014, PPL Electric changed this eligibility parameter, thereby altering the definition of payment troubled. The new eligibility criterion specified that a customer needed to have had a payment arrangement (not a broken one) over the last twelve months. This change resulted in more customers being eligible for OnTrack.

3. *Data analysis to identify good fits*

The PPL Electric management team began working more deeply with analytical tools in 2014. Specifically, the Company developed a new Leads List report to identify customers that appear to be a good fit but did not have (recent) direct interaction with the Contact Center (CC). Referrals are made after some data refinement work is completed. This Leads List is in addition to the automatic identification triggers already embedded within the call flow environment.

4. *You were recently referred reminder call*

As a compliment to the increase in program referrals, the Company implemented a short reminder call in 2014. Each week calls are placed to customers who were referred to OnTrack the prior week. The call message is short: You were recently referred to OnTrack. An application is on the way. It will arrive in a gold-colored envelope.

5. *Your bill is almost due reminder call*

In late 2014, the Company implemented an OnTrack due date reminder call. The call is made five days before the due date and reminds the customer to submit payment. This encourages customers to remain in OnTrack, thereby contributing to higher enrollment.

6. OnTrack budget billing (OTBB) feature

In 2016, the Company implemented a new feature called OnTrack Budget Billing. OTBB allows a customer to remain active in the program and receive benefits after exceeding the credit amount of $3,328 or $1,310. However, the customer's OnTrack installment amount is increased to the budget billing amount. This feature helps retain customers in the program. Prior to this feature, customers were removed from the program entirely.

7. OnTrack seamless move feature

In 2016, the Company implemented OnTrack seamless move. Essentially, this feature allows the program to "follow" the customer if he/she moves to a new location within PPL Electric's service territory. Automatic OnTrack installment adjustments are made when customers change revenue class (i.e. electric heat to non-electric heat or vice versa). Prior to this feature customers needed to reapply to the program.

Table 6. Average Application Processing Time (for the time period of January – March 2017)

Agency	Processing Time in Days (account without budget billing removal needed)	Processing Time in Days (account with budget billing removal needed)
CACLV	6	23
CAC Tri-County	6	30
LANCAP	5	30
STEP	1	22
TREHAB	2	24
UNION	2	27
CEO	3	22
SCA	3	25

Point No. 15: Explain what factors are driving the increase in OnTrack program costs and provide requested information.

Response:

There are multiple reasons why the cost of the program has increased over the past few years. PPL Electric has experienced a significant increase in customers participating in OnTrack (the active count). The OnTrack average monthly membership/active trend since 2013 is as follows: 35,197 (in 2013), 38,373 (in 2014), 45,801 (in 2015), and 53,765 (in 2016). This equates to a percent change compared to the prior year of: 9% (2014), 19% (2015), and 18% (2016). From 2013 to 2016 the average monthly active growth was 53% (from 35,197 to 53,970). The increase in active members has driven up the CAP credit and arrearage forgiveness cost components. The CAP credit category is the largest cost component. The active count increase has been accompanied with the following average monthly CAP credit amounts per active customer:

2013 = $89

2014 = $110

2015 = $102

2016 = $88

Average = $97

Comparing PPL Electric's average credit amount per customer to other utilities may be difficult for the following reasons. The design of other utility CAP programs may be different. For example, the normal program timeline for a PPL Electric customer is 18 months. Other utilities may have shorter or longer durations. The percentage (or saturation) of homes that have electric heat as the primary heating source may vary between utilities. In general, PPL Electric has a high amount of households with electric heat, thereby resulting in a larger OnTrack credit amount.

The movement from an arrearage forgiveness sliding scale timeline (before 2014) to a fixed 18-month timeline (as of November 2014) is a contributing factor to cost increases. Before the implementation of the 2014-2016 Plan, the 2011-2013 Plan had four tiers for debt forgiveness. The four-tiered timeline ranged from 12 months for customers with an overdue amount less than $1,000 up to 36 months for customers with an overdue amount of $3,001 or more. Starting with the 2014-2016 Plan, the Company condensed the timeline to 18 months for all levels of debt, thereby accelerating the amount of money forgiven over a standard calendar year timeframe.

There were program changes that enhanced the customer experience but added costs to the program. First, a program change was implemented at the end of 2014 allowing more customers to be eligible for the program, due to a change in how PPL Electric defines payment troubled. The Company eliminated the need to have had a broken payment arrangement. Second, a program enhancement was put in place in 2016 allowing customers to remain in the program at a higher payment amount after exceeding the maximum allotted credit amount. This change is referred to as OnTrack Budget Billing (OTBB). Third, a program enhancement was put in place in 2016 allowing a customer to (seamlessly) remain on the program after moving locations within PPL Electric's service territory. Fourth, the maximum OnTrack credit amounts were increased. At the beginning of 2014, the credit amounts were $2,160 or $850 (depending on the primary heat source). Currently, those amount stand at $3,328 or $1,310. This equates to an increase of 54%. Fifth, since 2014 the Company has made a focused effort to find potential good fits and encourage them to apply. The largest driver behind this effort is the OnTrack Leads List report, but other smaller initiatives such as Community-Based Organizations (CBOs) "getting the word out" have helped.

The Tentative Order directed the Company to provide the number of OnTrack customers enrolled in 2015 with energy burdens at or below the recommended levels in the CAP Policy Statement, with participant information broken out by FPIG level (i.e., 0-50%, 51-100%, and 101-150%) and heating type. PPL Electric's response is as follows:

Table 7. Enrolled in 2015 and Energy Burden Levels At/Below.

Total Account Sample = 26,177	2015	2015
	Electric Heat (EH)	Non-Electric Heat (NEH)
FPIG	# Of, At/Below the Level Total within the FPIG Group	# Of, At/Below the Level Total within the FPIG Group
<= 50%	1,099 2,111	585 2,614
51-100%	6,147 6,176	6,492 6,576
101-150%	3,991 3,992	4,700 4,708

The Tentative Order also directed the Company to provide the average deferred balance carried by customers upon enrollment into OnTrack in 2014, 2015, and 2016, with participant information broken out by FPIG level (*i.e.,* 0-50%, 51-100%, and 101-150%) and heating type. Further, PPL Electric was asked to identify how many of these customers were previously enrolled in OnTrack and had already received arrearage forgiveness in the past and average deferred balance upon re-enrollment.

The Company provides this requested information below, but notes that the information provided is based on a sample population (n).

Tables 8,9,10. Average Deferred Balance & Details

1	2	3	4	5
2016	Av. Deferred Balance	Av. Deferred Balance	Av. Deferred Balance Sample Observations n = 27,062	Previously Enrolled; Sample Observations n = 26,022 (subset of column 4
	EH	NEH		
FPIG				Av. Bal Upon Re-enrollment
<= 50%	$996	$706	3,657	$849
51-100%	$827	$606	12,981	$705
101-150%	$889	$643	10,424	$752

Of the 27,062 accounts, 25, 559 received arrearage forgiveness in the past. The system looked back as far as 1999.

1	2	3	4	5
2015	Av. Deferred Balance	Av. Deferred Balance	Av. Deferred Balance Sample Observations n = 20,216	Previously Enrolled; Sample Observations n = 19,376 (subset of column 4)
	EH	NEH		
FPIG				Av. Bal Upon

				Re-enrollment
<= 50%	$924	$558	2,621	$747
51-100%	$821	$535	9,831	$677
101-150%	$871	$614	7,764	$737

Of the 20,216 accounts, 18,915 received arrearage forgiveness in the past. The system looked back as far as 1999.

1	2	3	4	5
2014	Av. Deferred Balance	Av. Deferred Balance	Av. Deferred Balance Sample Observations n = 14,538	Previously Enrolled; Sample Observations n = 13,837 (subset of column 4)
	EH	NEH		
FPIG				Av. Bal Upon Re-enrollment
<= 50%	$801	$509	1,931	$677
51-100%	$709	$481	7,239	$589
101-150%	$746	$536	5,368	$626

Of the 14,538 accounts, 13,360 received arrearage forgiveness in the past. The system looked back as far as 1999.

Further, the Tentative Order requested that PPL Electric provide the estimated impact of the Companies proposed CAP credit change on the projected OnTrack budgets through 2019. The 2017 through 2019 projected funding levels for OnTrack include estimated increases resulting from the proposed program design changes outlined in the Plan (See Plan at 28). When the proposed Plan was under development, the Company applied estimated growth projections to existing budget/target estimates and assumed Plan implementation sometime in 2017. The table below shows the estimated impact of the proposed CAP credit for 2017 through 2019.

Table 11.

	2017	2018	2019
CAP Credit estimate (proposed Plan)	$67,840,000	$75,520,000	$82,560,000
CAP Credit Budget	$66,701,590	$71,044,485	$75,676,185
Change ($)	$1,138,410	$4,475,515	$6,883,815
Change (%)	2%	6%	9%

Finally, the Tentative order directs PPL Electric to provide the total number of customers with in-program arrears and the total dollar amount of in-program arrears in 2014, 2015, and 2016. This information is provided in the table below:

Table 12. Total Number of Customers with In-Program Arrears and Total Dollar Amount of In-Program Arrears

Year	Month	Customers	Total Dollar Amount
2014	Jan	19,125	$17,185,457
2014	Feb	18,394	$15,959,625
2014	Mar	19,897	$17,757,599
2014	Apr	22,108	$21,781,520
2014	May	23,491	$24,796,471
2014	Jun	23,919	$26,080,628
2014	Jul	23,721	$26,865,789
2014	Aug	24,616	$27,490,063
2014	Sep	25,071	$27,956,967
2014	Oct	25,683	$28,292,965
2014	Nov	26,215	$27,662,430
2014	Dec	25,379	$25,094,912
2015	Jan	22,462	$20,648,044
2015	Feb	22,631	$20,062,739
2015	Mar	23,699	$21,278,894
2015	Apr	26,589	$25,122,150
2015	May	28,806	$28,522,696
2015	Jun	29,570	$30,117,232
2015	Jul	29,159	$29,556,061
2015	Aug	29,643	$29,090,166
2015	Sep	30,010	$28,310,145
2015	Oct	31,010	$28,073,980

Year	Month	Customers	Total Dollar Amount
2015	Nov	30,493	$26,730,826
2015	Dec	28,057	$22,484,953
2016	Jan	26,397	$19,904,658
2016	Feb	26,338	$18,931,207
2016	Mar	29,069	$20,824,815
2016	Apr	31,902	$24,235,737
2016	May	35,562	$27,644,298
2016	Jun	35,328	$28,127,779
2016	Jul	34,674	$27,428,341
2016	Aug	34,457	$26,478,562
2016	Sep	34,959	$25,929,968
2016	Oct	36,339	$25,342,337
2016	Nov	34,883	$23,596,736
2016	Dec	32,112	$20,661,228

Point No. 16: Explain the anticipated annual increase in the CARES budget.

Response:

The projected annual increases of 3% for the CARES budget is driven by estimated increases in PPL Electric wages and overheads that are associated with managing the CARES program.

Point No. 17: Clarify the staffing level for its CARES program.

Response:

PPL Electric's CARES program is staffed by employees within the Customer Services (CS) Department (See Plan at 81.) There is one Universal Service Representative (USR) designated as the CARES USR. This USR handles core CARES tasks such as evaluating referrals, reviewing accounts, making decisions, and completing paperwork/system work. The USR is supported by two other administrative support positions that provide support as needed (i.e., running reports, troubleshooting issues, answering account questions, etc.).

The program management staff includes one Vice President, Manager, and Program Manager. These three (3) program management positions have very little direct or day-to-day involvement with CARES. The Regulatory Program Specialist staff (RPS) includes five (5) employees. These RPSs are responsible for oversight. Specifically, this involves the approval of CARES funds for a customer. This approval process amounts to a very small portion of time over the course of a year.

The CARES program has not experienced any major backlogs or resource issues with the current staffing level.

CONCLUSION

PPL Electric appreciates the opportunity to respond to the Tentative Order to its proposed Universal Service and Energy Conservation Plan for 2017-2019. PPL Electric has a long history of providing programs and services to low-income customers, and the Company is committed to implementing high quality and cost-effective programs. PPL Electric believes that it has put forth a reasonable and balanced Plan that will meet the Commission's requirements at 52 Pa. Code §§ 54.71-54.78, balance the needs of the residential customers who pay for the program through the Universal Service Rider, and provide better services to low-income households. PPL Electric looks forward to working with Commission staff and other interested parties regarding the proposed Plan for 2017-2019.