**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

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|  | Public Meeting held October 5, 2017  |
| Commissioners Present:Gladys M. Brown, ChairmanAndrew G. Place, Vice ChairmanDavid W. SweetJohn F. Coleman, Jr. |  |
| 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 |

**ORDER**

**BY THE COMMISSION**

On April 6, 2017, the Pennsylvania Public Utility Commission (Commission) entered a Tentative Order, requesting additional information prior to approving the proposed 2017-2019 universal service and energy conservation plan (Proposed 2017-2019 Plan or USECP) for PPL Electric Utilities Corporation (PPL or Company). The Tentative Order indicated issues that required further attention on the record and requested comments on the Proposed 2017-2019 Plan. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), the Office of Consumer Advocate (OCA), and PPL individually filed comments and reply comments relative to the Proposed 2017-2019 USECP and the Tentative Order.

**I. BACKGROUND**

This Commission and various stakeholders began to address formally low-income policies, practices, and services at least as early as 1984. *See Recommendations for Dealing with Payment Troubled Customers*, Docket No. M-840403.[[1]](#footnote-1) As a result of that proceeding, the energy utilities began filing low-income usage reduction plans (LIURPs) and considering how to address arrearages for low-income customers.

 The Commission’s Customer Assistance Programs (CAP) Policy Statement at 52 Pa. Code §§ 69.261-69.267 (adopted in 1992 and last amended it in 1999) applies to class A electric distribution companies (EDCs) and natural gas distribution companies (NGDCs) with gross annual operating revenue in excess of $40 million. It provides guidance on affordable payments and arrearages and establishes a process for utilities to work with the Commission’s Bureau of Consumer Services (BCS) to develop CAPs. The Commission balances the interests of customers who benefit from CAPs with the interests of the other residential customers who pay for such programs. *See* *Final Investigatory Order on CAPs: Funding Levels and Cost Recovery Mechanisms*, Docket No. M-00051923 (Dec. 18, 2006), (*Final CAP Investigatory Order*), at 6-7.

The Commission’s LIURP regulations at 52 Pa. Code §§ 58.1 – 58.18 (adopted in 1993 and last amended in 1998) require covered utilities to establish fair, effective, and efficient energy usage reduction programs for their low-income customers. The programs are intended to assist low income customers conserve energy and reduce residential energy bills.

 The Electricity Generation Customer Choice and Competition Act (Competition Act), 66 Pa. C.S. §§ 2801-2812 (1997), opened the electric market to competition. Its universal service provisions tie the affordability of electric service to a customer’s ability to maintain utility service. “Universal service and energy conservation” is defined as the policies, practices and services that help low-income customers maintain utility service. The term includes CAPs, usage reduction programs, service termination protections, and consumer education. 66 Pa. C.S. § 2803. The Competition Act requires the Commission to continuing, at a minimum, the policies, practices, and services that were in existence as of the effective date of the Competition Act. 66 Pa. C.S. § 2802(10). Universal service programs are subject to the administrative oversight of the Commission, which must ensure that the utilities run the programs in a cost-effective manner and that services are appropriately funded and available in each utility distribution territory. 66 Pa. C.S. §2804(9).

 The Commission’s Universal Service and Energy Conservation (USEC) Reporting Requirements at 52 Pa. Code §§ 54.71-54.78 (1998) require each EDC serving more than 60,000 residential accounts to submit an updated USECP every three years to the Commission for approval. 52 Pa. Code § 54.77.

 Currently, there are three open generic proceedings addressing universal service concerns in the Commonwealth. *Initiative to Review and Revise the Existing LIURP Regulations at 52 Pa. Code §§ 58.1-58.18*, Docket No. L-2016-2557886; *Energy Affordability for Low Income Customers*, Docket No. M‑2017-2587711; and *Review of Universal Service and Energy Conservation Programs*, Docket No. M-2017-2596907.

**II. HISTORY**

 As an EDC serving over 1.2 million customers,[[2]](#footnote-2) PPL is required to maintain an approved triennial USECP. PPL’s most recent USECP is its 2014-2016 Plan, approved by the Commission at Docket No. M-2013-2367021, by order entered on September 11, 2014. A six-year evaluation of the Company’s universal service and energy conservation efforts was completed in October 2014, by Applied Public Policy Research Institute for Study and Evaluation (2014 APPRISE Evaluation).[[3]](#footnote-3)

 In compliance with Commission regulations, PPL submitted its Proposed 2017-2019 Plan on June 30, 2016, and served the Office of Consumer Advocate (OCA), the Pennsylvania Utility Law Project (PULP), and the Bureau of Investigation and Enforcement (BIE). On April 6, 2017, the Commission entered the Tentative Order requesting additional information. The Tentative Order indicated issues that required further attention on the record and requested comments on the Proposed 2017-2019 Plan. PPL provided supplemental information in comments filed on April 26, 2017. On May 3, 2017, the Commission issued a Secretarial Letter (May 3 Secretarial Letter) clarifying some of the information requested in the Tentative Order. PPL filed further comments in response on May 18, 2017, and May 25, 2017. CAUSE-PA and OCA individually filed comments on June 7, 2017. CAUSE-PA, OCA, and PPL individually filed reply comments on June 22, 2017.

 PPL’s Plan contains four major components that help low income customers maintain utility service. The four major components are as follows: (1) OnTrack (*i.e.*, PPL’s CAP), which provides discounted rates for low-income residential customers; (2) the Winter Relief Assistance Program (WRAP) (*i.e.*, PPL’s LIURP), which provides weatherization and usage reduction services to help low-income customers reduce their utility bills;(3) the Operation Help (*i.e.*, PPL’s Hardship Fund), which provides financial assistance to customers with annual incomes at or below 200% of the FPIG who are unable to pay the full amount of their energy bills due to a temporary hardship; and (4) the Customer Assistance and Referral Evaluation Services (CARES) Program, which provides referral services and account credits for customers experiencing a temporary hardship. We shall discuss each program in greater detail below.

**III. DISCUSSION**

1. **Proposed USECP Modifications for the 2017-2019 Plan**

With the exception of changes specifically addressed in this Order, the Commission approves the following proposed changes to PPL’s Universal Service program in its Proposed 2017-2019 Plan.

1. **OnTrack**
* Eliminating the requirement that a customer must be payment troubled (*i.e.*, established a payment arrangement within the past 12 months) to qualify for OnTrack.[[4]](#footnote-4)
* Eliminating the “graduation” process from OnTrack.[[5]](#footnote-5)
* Establishing an increasing scale for maximum OnTrack credits; with the lowest income customers receiving the highest credit limit.
* Extending the enrollment period for OnTrack Lifestyle from six to nine months.
1. **WRAP**
* Increasing the LIURP budget from $9.5 million to $10 million.[[6]](#footnote-6)
* Encouraging OnTrack customers to participate in WRAP.
* Enhancing WRAP intake, outreach, and referral process.
* Enhancing energy education procedures, including a mechanism to allow customers to provide feedback 12 months after receiving WRAP.
* Replacing compact fluorescent light bulbs (CFLs) with light-emitting diode bulbs (LEDs), adding measures needed for municipal requirements, and removing window tints.
* Implementing a Ductless Heat Pump pilot.
* Exploring the feasibility of introducing a Home Area Network pilot for low-income customers.
1. **Program Descriptions**
2. **OnTrack – PPL’s CAP**

OnTrack offers discounted electric bills to low-income customers who are not able to pay their electric service bills in full as recommended by the CAP Policy Statement at 52 Pa. Code § 69.264. PPL funds the OnTrack program through residential base rates and a universal service fund surcharge. In addition to reduced utility bills, OnTrack customers also receive the opportunity to have their pre-program arrearages completely forgiven within 18 months of entering the program.

 To qualify for OnTrack, PPL customers must have household incomes at or below 150 % of the FPIG, have a source of income, and be a permanent resident in PPL’s Pennsylvania service territory. Customers cannot be enrolled in the OnTrack program if they own multiple properties or have multiple PPL accounts.

 The OnTrack program is administered by eight (8) community-based organizations. PPL customers can call or visit these OnTrack agencies to apply for the program.

 Customers can claim earned and unearned sources of income to qualify for OnTrack. Unearned income can include some forms of government assistance or money from organizations, friends, or relatives. If OnTrack applicants receive unearned income from an undocumented source(s), they must submit a statement describing how they are paying for their basic living needs (*e.g.,* food, shelter, etc.).

OnTrack applicants who report having an income less than or equal to their mortgage or rent – and are not facing foreclosure or eviction – can temporarily be accepted into PPL’s limited-time OnTrack program called OnTrack Lifestyle (Lifestyle). Customers may remain in OnTrack Lifestyle for up to nine (9) months. If Lifestyle customers do not verify new and adequate income information after nine months, they will be removed from the program. If Lifestyle customers document that their income exceeds their rent/mortgage, they will be enrolled in the regular OnTrack program.

PPL’s OnTrack system calculates a customer’s bill using three separate payment options. It then recommends the one closest to the customer’s “ability to pay.” The three options are:

**Option 1. Minimum Payment** = (Customer’s estimated monthly budget amount) – (maximum monthly CAP credit) + ($5 per month arrearage co-payment) + (CAP Plus).

**Option 2. Percent of Bill (POB)** = (Estimated average monthly bill) X (Percent of Bill Amount in Table 1) + ($5 per month arrearage co-payment) + (CAP Plus).

**Option 3. Agency Selected** = Same calculation used to determine Percent of Bill payment, but an additional discount is provided based on extenuating circumstances caused by the customer’s household and/or financial situation.

**Table 1**

**Payment Amounts for Percentage of Bill Payment Option**

|  |  |
| --- | --- |
| **Income** | **Percent of Bill Customer Charged** |
| 0-50% FPIG | 50% |
| 51- 100% FPIG | 70% |
| 101- 150% FPIG | 80% |

 PPL limits the calculated OnTrack payment to no more than 16% of the household’s gross monthly income, with the exception of minimum payment requirements. The minimum monthly payment in OnTrack is $30 for heating customers and $12 for non-heating customers.

All OnTrack payment plans include a $5 per month arrearage co-payment. Arrearage co-payment policy has been in place since inception of the program.[[7]](#footnote-7)

 All OnTrack payment plans also include a CAP Plus charge. This additional charge is used to offset program expenses for all residential ratepayers. The amount of the CAP Plus charge can change annually every November based on the availability of federal funding for the LIHEAP program in the prior year. The current CAP Plus amount is $3.83. PPL calculates the monthly amount of the CAP Plus payment by “taking the total amount of LIHEAP funding received by OnTrack participants [in the previous year], dividing that dollar amount by the number of active OnTrack accounts as of September 30, and then dividing that annual amount by 12 months.” Proposed 2017-2019 Plan at 7. Since the Department of Human Services (DHS) prohibits the use of LIHEAP funds to offset the cost of utility CAP programs, PPL does not apply a customer’s LIHEAP cash grant toward CAP Plus charges.

 PPL limits the amount of CAP credits a customer can receive in 18 months based on income level and account type, as described in Table 2.

**Table 2**

**Maximum CAP Credits**

|  |  |  |
| --- | --- | --- |
| **Income** | **Non-electric Heat** | **Electric Heat** |
| 0-50% FPIG | $1,585 | $4,027 |
| 51- 100% FPIG | $1,441 | $3,661 |
| 101- 150% FPIG | $1,310 | $3,328 |

 Removal from the OnTrack program may occur for one or more of the following reasons:

* Failure to make two consecutive on-time OnTrack payments. Customers may be reinstated in the program if they pay the OnTrack catch-up amount (*i.e.,* total of OnTrack arrears and the amount the customer would have paid if still on OnTrack) within six (6) months of dismissal.
* Exceeding the maximum allowable CAP credits. Households who exceed their maximum CAP credits are transitioned into OnTrack Budget Billing (OTBB), which allows them to continue to receive arrearage forgiveness as they pay their monthly budget bill amount. OTBB customers may re-apply for regular OnTrack again 18 months after their original enrollment date.
* Failure to provide access to the household’s electric meter. Households will remain ineligible for OnTrack until access to the meter is granted.
* Failure to comply with WRAP. Households will remain ineligible until the required WRAP action has been completed.
* Failure to provide verification of income at recertification. Reinstatement in the program occurs when the household provides proof of income.

Based on our analysis of PPL’s CAP, we identified areas of concern requiring clarification and/or correction as detailed below.

*a. Telephone Enrollments*

 The Proposed 2017-2019 Plan states that non-OnTrack customers who received LIHEAP are contacted and offered the opportunity to enroll in OnTrack over the telephone. Proposed 2017-2019 Plan at 27. The Proposed Plan does not, however, specify how or if these customers are provided with a full explanation of the benefits and responsibilities that come with this enrollment. In the Tentative Order, we raised concerns that PPL’s telephone OnTrack enrollment process may limit customer education for the sake of expediency.

Therefore, we asked PPL to explain how it educates customers applying for OnTrack over the telephone about the benefits and responsibilities of the program. We also asked the Company to specify what aspects of OnTrack enrollment are handled in house by its own customer service representatives and what aspects are handled by its OnTrack agencies.

PPL explains that LIHEAP recipients contacted over the phone to enroll in OnTrack are provided with the following information:

* 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;

PPL April 26 Comments at 2.

The OnTrack caseworker will enroll the customer into the program upon receipt of verbal consent. PPL also sends a post-enrollment package that explains, *inter alia*, how much the customer will pay on the program, who to contact with questions/changes, program benefits, and how to sign up for WRAP. The Company clarifies that OnTrack enrollment is normally handled by eight contracted CBOs, but it does have staff trained to process OnTrack applications if necessary. PPL April 26 Comments at 2-3.

PPL explains that it does not conduct OnTrack phone enrollment for LIHEAP recipients on a regular basis. The last time the Company’s OnTrack agency completed this type of phone enrollment was in April 2016. PPL will use phone enrollments for OnTrack in the future, as needed. PPL April 26 Comments at 2.

CAUSE-PA recommends that the Commission require PPL to conduct its OnTrack phone enrollments at least once each year, preferably from April to June when customers face service termination after the winter moratorium. CAUSE-PA also recommends that PPL provide follow-up calls to customers after they receive the post-enrollment package and after their first OnTrack bill to review the parameters of the program and answer any questions. CAUSE-PA Comments at 8-10.

PPL argues that requiring it to conduct OnTrack phone enrollment for LIHEAP recipients each year could limit its ability to provide other types of outreach.

[P]roviding the Company discretion in whether to utilize this enrollment initiative provides the Company the flexibility to identify the outreach methods that will be most effective and responsive to the customer’s needs during the duration of the plan period. The Company submits that it is in the best position to determine if and when this initiative should be utilized, and fully intends to utilize this outreach method at those appropriate times. In addition, the Company intends to continue exploring new platforms that may allow the Company to engage in different and/or more frequent types of enrollment efforts.

PPL Reply Comments at 3.

PPL contends that follow-up calls to newly enrolled customers are unnecessary. The post-enrollment package sent to the customer explains the benefits/requirements of the program and provides information on how to contact PPL with any questions. PPL Reply Comments at 3.

*Resolution*: PPL has addressed our concerns regarding OnTrack education for customers enrolled in OnTrack over the telephone by explaining that the OnTrack agent provides a description of the program and the benefits and requirements are spelled-out in a post-enrollment package.

 Although we support PPL’s use of telephone contacts to enroll LIHEAP recipients into OnTrack, we will not mandate that the Company utilize this process on an annual basis. We agree with PPL that it should have flexibility to determine which OnTrack outreach methods best serve the needs of its customers.

 Accordingly, we are not requiring any changes to this aspect of PPL’s Proposed 2017-2019 Plan.

*b. Applying for OnTrack via the Web*

 In the Tentative Order, we expressed our support for making universal service applications available online and encouraged PPL to expand the use its web-based application to allow customers to apply for OnTrack and submit documentation electronically.

PPL reports it is developing a web-based OnTrack application system that is scheduled for implementation in the summer of 2017. With this new system, customers will be able to provide all required household/income information for OnTrack, explain any special or temporary situations the household may be experiencing, upload documents, and check the status of their OnTrack application. PPL is developing customer education and notifications regarding this new system. Customers who apply for OnTrack online will still receive the post enrollment package. PPL April 26 Comments at 3-4.

CAUSE-PA supports providing customers with the option of applying for OnTrack online and electronically providing required documentation. However, CAUSE-PA requests affirmative assurance that PPL will not require customers to apply online and will continue to offer alternative means of enrollment (*i.e.*, in-person, mail or email). CAUSE-PA Comments at 10-11.

PPL clarifies that it will not require all applicants to apply for OnTrack via the online application or submit documents electronically. This is only one more delivery option being offered to customers. PPL will accept OnTrack applications and documentation by mail, in-person at a local CBO, or electronically through the website. PPL Reply Comments 4.

*Resolution*: Consistent with the Tentative Order, the Commission supports the implementation of PPL’s online application process for OnTrack. This new process expands the options available for customers to apply for OnTrack. Allowing customers to submit applications and documentation electronically should expedite the OnTrack enrollments process for both the customer and PPL. Use of the online process, however, should not be interpreted as consent to automatically enroll customers into electronic billing or notices.

Accordingly, we approve PPL’s implementation of an online application process for OnTrack. The Company is directed to provide details about this new application process in its Revised 2017-2019 Plan.

*c. OnTrack Customer’s Ability to Pay and Energy Burden Levels*

 In explaining PPL’s use of three possible payment options in OnTrack (*i.e.*, Minimum Payment, Percent of Bill, and Agency Selected), the Company explains that it chooses the payment option “that most closely matches the customer’s ability to pay.” Proposed 2017-2019 Plan at 6. However, the Plan does not explain how PPL determines what OnTrack customers can afford to pay for electricity when assigning their payment option.

 Claiming that a customer’s OnTrack payment is based on the customer’s “ability to pay” suggests that the monthly bill reflects what the household can afford. However, PPL also charges OnTrack participants a $5 co-payment for pre-program arrears and a CAP Plus charge. The 2014 APPRISE Evaluation examined OnTrack’s impact on energy burden levels for customers enrolled in 2012. The Evaluation found that 85% of non-heating customer and 46% of heating customers with incomes at or below 50% of the FPIG still had energy burden levels exceeding the CAP Policy Statement guidelines[[8]](#footnote-8) after participating in the OnTrack program for a year.

In the Tentative Order, we noted that PPL’s proposed change to its CAP credit limits – which offers the highest amount of CAP credits to its lowest income customers – may help to reduce the energy burden levels for OnTrack participants with incomes at or below 50% of the FPIG. However, we questioned the impact of the $5 co-payment and CAP Plus[[9]](#footnote-9) charges on the affordability of PPL’s OnTrack program. Therefore, we asked PPL to explain how it determines a customer’s “ability to pay” when choosing the appropriate OnTrack payment option and the average energy burden levels for full-year OnTrack participants in 2014, 2015, and 2016.

PPL explains that it determines the customer’s “ability to pay” by evaluating their household size, income, and poverty level. Based on this information, the OnTrack caseworker will place the customer in the payment plan (*i.e.*, Minimum Payment, Percent of Budget, or Agency Selected) that will provide a monthly amount the customer can afford. PPL April 26 Comments at 5.

PPL provided the information in Tables 3 and 4 below on the average energy burden levels for full-year OnTrack participants for 2014,2015, and 2016. The tables identify the average energy burden levels for electric heating (EH) and electric nonheating (ENH) customers (1) without the additional OnTrack charges; and (2) with the additional OnTrack charges included.

**Table 3**

**Average Energy Burden Levels for Full-Year OnTrack Participants –**

**Excluding the $5 monthly arrearage co-payment and the CAP Plus payment**

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

**Table 4**

**Average Energy Burden Levels for Full-Year OnTrack Participants –**

**Including the $5 monthly co-payment and the CAP Plus payment**[[10]](#footnote-10)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2014 | 2014 | 2015 | 2015 | 2016 | 2016 |
| FPIG | EH | ENH | EH | ENH | EH | ENH |
| <= 50% | 13% | 6% | 14% | 7% | 15% | 10% |
| 51-100% | 9% | 5% | 9% | 5% | 9% | 6% |
| 101-150% | 7% | 5% | 7% | 5% | *7%* | 5% |

*Source*: PPL May 18 Comments at 2.

CAUSE-PA notes that the 2016 OnTrack energy burden levels for customers at or below 50% of the FPIG have a 50% higher energy burden than customers with incomes at 51-100% of the FPIG and twice the energy burden level of customers with incomes at 101-150% of the FPIG. CAUSE-PA Comments at 12. CAUSE-PA contends that OnTrack is not providing bills based on a customer’s “ability to pay” for its lowest-income participants:

The data disclosed in this proceeding appears [*sic*] 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 Comments at 13.

To address the unaffordability issues in OnTrack, CAUSE-PA recommends that Commission (1) prohibit PPL from including the $5 arrearage co-payment and CAP Plus charge to the OnTrack monthly bill, and (2) require PPL to reinstate a percent of income payment (PIP) option. CAUSE-PA suggests the PIP option be used to ensure OnTrack payments do not exceed the maximum energy burden levels in the CAP Policy Statement. If the Commission does not require these changes, CAUSE-PA recommends this matter be referred to the Office of the Administrative Law Judge (OALJ) for hearings or to a collaborative mediation process, similar to the process established in the Duquesne Light 2017-2019 USECP proceeding.[[11]](#footnote-11) CAUSE-PA Comments at 14-15.

OCA recommends that the Commission establish a collaborative of stakeholders to evaluate the OnTrack design, including energy affordability. Besides determining whether OnTrack complies with the CAP Policy Statement, OCA suggests the Commission should defer other energy affordability issues until the following proceedings are complete: *Energy Affordability for Low Income Customers*, Docket No. M-2017-2587711, and *Review of Universal Service and Energy Conservation Programs*, Docket No. M-2017-2596907. OCA Comments at 10-11.

PPL contends that the high energy burdens for some customers with incomes at or below 50% of the FPIG are due to its minimum payment requirements. OnTrack customers with non-heating accounts must pay a minimum of $15 and customers with heating accounts must pay a minimum of $30. PPL asserts that these minimum payments are consistent with the Commission’s CAP Policy Statement at Section 69.265(3)(i). PPL recognizes that customers with extremely low incomes who pay these minimum amounts may exceed the Commission’s maximum energy burden levels. PPL Reply Comments at 5.

PPL opposes re-instating a PIP option for OnTrack. It explains it removed the PIP option in its 2014-2016 USECP because it determined the multiple options made it difficult to determine a payment that would best fit each customer and found the PIP and POB options were not always consistent with each other. PPL argues that the POB option is more aligned with OnTrack customers’ interests because it is based on usage and price and that customers have some level of control over both of these variables through energy education, LIURP services, and electric supplier shopping (*i.e.*, CAP Shopping). PPL Reply Comments at 8.

To ameliorate the high energy burden levels for customers with incomes at or below 50% of the FPIG, PPL proposes to modify its Agency Selected Plan.

PPL Electric will add a control feature to its Agency Selected Payment Plan that will cap a customer’s OnTrack payment at 5% (non-heating) and 13% (electric heating) of income for customers with household incomes at or below 50% of Poverty. Minimum payment amounts would still apply, however. Although some of these customers may continue to have energy burdens that exceed the Commission’s energy burden targets due to the minimum payment requirement, this proposed system enhancement will improve affordability for customers within this income group.

PPL Reply Comments at 6.

*Resolution*: The Commission has recently initiated a study to determine what constitutes an affordable energy burden for Pennsylvania’s low-income households and, based on this analysis, whether any changes should be made to the CAP Policy Statement or Universal Service program guidelines.[[12]](#footnote-12) This study is scheduled to be completed in February 2018, and BCS will issue a report to the Commission by May 2018. We will wait until we receive the results of this study before evaluating the affordability of utility CAPs. At this time, we are only concerned with whether PPL’s CAP bills exceed the maximum energy burden levels established in the CAP Policy Statement.

We approve of PPL’s proposal to address the high energy burden levels for OnTrack customers at or below 50% of the FPIG by limiting payments to 5% of income for non-heating accounts and 13% of income for electric heating accounts, subject to minimum payment requirements. This change is consistent with the maximum energy burden levels in the CAP Policy Statement and should help to improve OnTrack affordability for lowest income participants who pay more than the minimum payment each month.

However, we note this change by itself will not ensure the payment levels for all non-heating OnTrack customers are consistent with the CAP Policy Statement. OnTrack customers with incomes between 51-150% of the FPIG could still pay up to 16% of their income for non-electric heat based on PPL’s “16% rule.”[[13]](#footnote-13) In 2016, the energy burden level for non-heating OnTrack customers with incomes between 51-100% and 101-150% of the FPIG was 6% and 9%, respectively.[[14]](#footnote-14) The maximum energy burden levels for these customers “should be” 6% and 7% according to the CAP Policy Statement. The Company should take steps to ensure the OnTrack payment does not exceed the maximum energy burden levels in the CAP Policy Statement.

Accordingly, we direct PPL to establish a control feature to its Agency Selected Payment Plan that will limit a customer’s OnTrack payment consistent with the maximum energy burden levels in the CAP Policy Statement. This change should be implemented within six months after final approval of the Company’s 2017-2019 Plan. PPL shall identify this policy change in its Revised 2017-2019 Plan. It shall also file and serve quarterly updates on the system enhancement progress at this docket beginning January 1, 2018, and continuing until this system change is implemented..

*d. OnTrack Lifestyle*

 As described previously, PPL limits OnTrack enrollments to nine (9) months if customers report household income that is less than their mortgage payment or rent and they are not in the process of foreclosure or eviction. If the customer’s income or living situation has not changed after nine months in the program, he/she is removed from OnTrack. Proposed 2017-2019 Plan at 13.

In the Tentative Order, we asked PPL whether it explains to OnTrack applicants that receiving help to pay bills from third-parties (*e.g.*, friends, relatives) should be reported as income, and, if so, how is this information communicated. We asked whether PPL asks OnTrack applicants if someone is paying their bills. We also asked PPL whether OnTrack applicants who are facing foreclosure or eviction are ineligible for OnTrack entirely or only for OnTrack Lifestyle.

PPL reports that it does not specifically ask OnTrack applicants if someone is paying for their bills. Applicants whose income is less than their rent/mortgage and facing eviction or foreclosure are ineligible for OnTrack Lifestyle. However, these customers are eligible for regular OnTrack. PPL April 26 Comments at 6-7.

CAUSE-PA recommends that PPL should affirmatively ask customers how they are meeting their rent or mortgage payments and that PPL should allow them to remain on OnTrack Lifestyle if they demonstrate their expenses are being met. CAUSE-PA Comments at 15.

PPL proposes to address the concerns raised about OnTrack Lifestyle by allowing customers to remain in the Lifestyle program if their reported income is unchanged after nine months.

PPL Electric proposes modifying the proposed Plan to read that customers must recertify their income at the nine month [*sic*] enrollment period, but that customers will not be removed from the [OnTrack Lifestyle] program if their income situation has not changed. This provides a check-up for the customer, which ensures that we are accurately documenting their income situation and aligning their payment with the most recent information.

PPL Reply Comments at 9.

PPL also proposes to allow OnTrack Lifestyle customers to receive full cost WRAP services instead of just baseload WRAP services.[[15]](#footnote-15) PPL Reply Comments at 13.

*Resolution*: We support PPL’s proposal to modify OnTrack Lifestyle to allow customers to remain in the program if their income situation has not changed after nine months. In situations when a household’s income is less than their living expenses, families may rely on various methods to make ends meet, including depleting savings and retirement accounts, receiving financial support from friends and family, and contributions from local charities. While these financial conditions are not sustainable indefinitely, this policy change recognizes that OnTrack Lifestyle customers who find the means to pay rent or mortgage for nine months or more are not necessarily under-reporting their income. Allowing them to remain on the program with the reduced OnTrack payment gives them a better chance to remain current on their bills until their financial situation improves.

Accordingly, we approve of PPL’s proposal to allow customers to remain in OnTrack Lifestyle after nine months if their financial situation has not changed. PPL is directed to include this policy modification in its Revised 2017-2019 Plan and shall implement this change upon final approval of the Company’s 2017-2019 Plan.

*e. Recertification of OnTrack Budget Billing (OTBB) Customers*

 The Company’s OnTrack recertification policy allows participants whose primary source of income is Supplemental Security Income (SSI) or who have received LIHEAP in the past 16 months to be automatically recertified for OnTrack for another 18 months.[[16]](#footnote-16) During the 17th and 18th months after OnTrack enrollment, PPL’s system will review OnTrack accounts to determine if the participant qualifies for automatic recertification. OTBB customers are, however, not eligible for automatic recertification. PPL Proposed 2017-2019 Plan at 16. Instead, as the recertification date nears, all OTBB customers receive an OnTrack application and a letter inviting them to reapply for the program. PPL Proposed 2017-2019 Plan at 18.

In the Tentative Order, we recommended PPL allow OTBB customers to benefit from automatic recertifying if they have received LIHEAP within 16 months or have SSI as their primary source of income.

PPL agrees to allow OTBB customers to re-enroll automatically in OnTrack if they meet the auto-recertification requirements. The Company estimates this change will have a one-time cost of $19,000 and could be completed by April 2018.[[17]](#footnote-17) PPL April 26 Comments at 7.

OCA supports this automatic recertification of OTBB customers and recommends this change be implemented as soon as possible. OCA Comments at 12. CAUSE-PA supports automatically recertifying OTBB customers and moving them back into the standard OnTrack program. CAUSE-PA Reply Comments at 4.

*Resolution*: As discussed in the Tentative Order, the Commission supports PPL’s proposed modification to automatically recertify OTBB customers if their primary source of income is SSI or they have received LIHEAP in the past 16 months. Accordingly, PPL is directed to commence placing OTBB customers who qualify for automatic recertification back into regular OnTrack at conclusion of a customer’s 18-month program cycle by April 2018. PPL shall include this policy change in its Revised 2017-2019 Plan. Because the April 2018 date is a projection, PPL shall also file and serve quarterly updates on the system enhancement progress at this docket beginning January 2, 2018, and continuing until this system change is implemented.

*f. Reenrollment Procedure for Former OnTrack Participants*

 The Proposed 2017-2019 Plan states that customers removed from OnTrack for non-payment can re-enroll in the program within six (6) months by paying the “OnTrack catch-up amount,” which is the difference between what the customer would have paid if on OnTrack and payments actually made to PPL. If electric service is terminated during the six-month window, the OnTrack catch up amount will represent the amount needed for reconnection. When customers pay the OnTrack catch-up amount, the system re-enrolls them at their prior OnTrack payment and provides any CAP credits or arrearage forgiveness they may have missed and removes any late payment charges incurred after removal from the program. The process allows the customer to re-enroll in OnTrack as if he/she had never left. Proposed 2017-2019 Plan at 18-19.

 In the Tentative Order, we asked PPL to explain what amount it requires a customer to pay to re-enroll in OnTrack if more than six months have passed after removal for non-payment. We also asked PPL to 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.

PPL reports that customers removed from OnTrack for non-payment are not required to pay any overdue balance to re-enroll in the program if more than six months has elapsed since removal. After six months, any overdue balance owed by these customers will be deferred upon OnTrack re-enrollment and forgiven incrementally over 18 months. PPL May 18 Comments at 4.

CAUSE-PA supports the payment requirements of PPL’s OnTrack re-enrollment policy. However, CAUSE-PA is concerned that customers that do not re-enroll in OnTrack within six months after removal will be unable to re-apply until the 18th month anniversary of their original enrollment. CAUSE-PA submits that this stay-out period prevents vulnerable households from accessing and maintaining affordable utility service. CAUSE-PA Comments at 17-18.

PPL explains that it does not allow customers to withdraw and re-enroll in OnTrack during the 18-month program. Only customers who are removed for non-payment are given six months to pay the OnTrack catch-up amount to re-instate their enrollment. After six months, these customers must wait until the 18-month anniversary of their original enrollment (recertification date) to re-enroll in the program. Customers who voluntarily leave OnTrack must also wait until their recertification date to re-enroll. PPL contends this stay out provision is necessary because customers could leave the program when the OnTrack amount exceeds actual usage and the CAP credit amount is based on an 18-month program design. PPL Reply Comments at 10-11.

*Resolution*: We support allowing OnTrack customers who are removed for non-payment to pay an OnTrack catch-up amount to be re-instated in the program. However, we do not see the justification for why this catch-up amount is only offered during the first six months after removal or why customers removed from CAP for other reasons are not given the same opportunity.[[18]](#footnote-18)

Ostensibly, the catch-up policy appears to include an unspecified stay-out provision, *i.e*., that customers removed from OnTrack for non-payment will not be permitted to re-enroll in the program before their recertification date unless they pay the catch-up amount during the first six months. This means that a customer removed from OnTrack during month 3 of the enrollment will have until month 9 to pay the catch-up amount. Low-income households that miss the catch-up window will have no choice but pay the full tariff rate for monthly electricity usage until their 18-month recertification date during which time they risk falling further into debt and loss of service.

There is another OnTrack stay-out provision for customers who leave the program voluntarily that is also unspecified in the Proposed 2017-2019 Plan. In its reply comments, PPL explained that customers who withdraw from the program are not permitted to re-enroll until their 18-month recertification date. No catch-up amount or time period is offered to these customers to achieve re-instatement into OnTrack. PPL claims this stay-out provision is necessary because it dissuades customers from leaving the program when the OnTrack bill is higher than actual usage and the CAP credit amount is based on 18 months of enrollment. We are not persuaded that these reasons, individually or in tandem, justify making OnTrack unavailable to low-income customers for up to 17 months.

OnTrack offers the most affordable annual payment options for low-income households. The highest amount a customer is required to pay on OnTrack is 80% of their average monthly bill, not including the $5 arrearage co-payment and CAP Plus charges. The lowest-income OnTrack customers can qualify for discounts of 50% or more off their average monthly bill. PPL has provided no data to support its concern that customers will find full-tariff rate bills more affordable in certain months and may leave the OnTrack program for short periods of time. Even if this situation exists, it is not clear why these customers are not offered an opportunity to make an “OnTrack catch-up” payment to satisfy the difference between the OnTrack and full-tariff rate bills and earn re-instatement into the program. Allowing these customers to catch-up on OnTrack payments will also allow them to receive arrearage forgiveness for the months spent out of the program.

Other utilities offer a catch-up amount for CAP re-instatement without the restrictions imposed by PPL. Both Columbia Gas and PGW allow CAP customers who leave the CAP program for any reason to earn re-instatement into the utilities’ programs if the customers satisfy their “CAP balance” for the months spent out of the program. Similar to the “OnTrack catch-up amount,” Columbia and PGW’s “CAP balance” consists of the amount the customer would have paid if they had remained in the program. There are no time restrictions for when a customer can pay their CAP balance and earn re-instatement into the program.[[19]](#footnote-19) Given the importance of making OnTrack available to low-income customers, PPL should adopt similar rules for its OnTrack catch-up requirements.

Accordingly, PPL is directed to re-instate customers who voluntarily leave OnTrack or are removed for non-payment if they pay the OnTrack catch-up amount. These customers should be given the opportunity to catch-up on any outstanding OnTrack payments and earn re-instatement at any time during the 18-month program timeperiod. PPL shall include this policy modification in its Revised 2017-2019 Plan and implement this change within six months after final approval of its 2017-2019 Plan. It shall also file and serve quarterly updates on the system enhancement progress at this docket beginning January 1, 2018, and continuing until this system change is implemented.

*f. Providing WRAP to OnTrack Customers*

 One of the objectives of the OnTrack program is to maintain or reduce a household’s energy usage. Proposed 2017-2019 Plan at 4. Exceeding pre-OnTrack consumption could result in removal from the program unless there are extenuating circumstances (*e.g.*, serious illness, severe weather, structural damage, or consumption beyond the household’s control). Proposed 2017-2019 Plan at 20-21. PPL offers WRAP services (*i.e.*, LIURP) to electric heat, electric water heating, and baseboard OnTrack customers who have the potential for energy savings. Proposed 2017-2019 Plan at 21. There is no priority given to OnTrack customers applying for WRAP services, but the Company can accelerate WRAP activities upon the request from or on behalf of an OnTrack customer. Proposed 2017-2019 Plan at 22.

 The Proposed 2017-2019 Plan states that failure to fulfill WRAP requirements (*e.g.*, responding to requests for information or appointments) may result in removal from OnTrack. Proposed 2017-2019 Plan at 23. However, this consequence applies only to OnTrack customers who have requested WRAP services. PPL does not automatically enroll OnTrack customers into its WRAP or require a WRAP audit for OnTrack high energy users. Considering that one of the primary objectives of OnTrack is to maintain or reduce usage and that customers can be removed from the program if usage increases, we questioned in the Tentative Order why the Company does not mandate all high usage OnTrack customers to participate in a WRAP audit and allow the installation of WRAP measures if appropriate.

In the Tentative Order, we recommended that PPL develop a procedure to automatically refer and prioritize high usage OnTrack customers for WRAP and, additionally, further strengthen the relationship between OnTrack and WRAP by screening all new OnTrack enrollees for WRAP eligibility. We also asked PPL to explain how customers who exceed pre-OnTrack consumption are notified prior to removal from OnTrack, identify provisions for re-enrollment, and identify how many customers were removed for this reason in 2014, 2015, and 2016.

PPL explains that it currently considers households that use at least 18,000 kWh per year to be “high usage.” The Company expects to implement an automatic enrollment process into WRAP for high usage OnTrack customers by June 2018. This new process will cost $38,000. In the interim, PPL will continue to conduct WRAP outreach to OnTrack customers who are high usage and/or in danger of exceeding their maximum CAP credits. Energy education will be provided to those customers who do not qualify for WRAP or cannot receive WRAP quickly. PPL April 26 Comments at 8-9.

PPL reports that it does not compare pre- and post-OnTrack usage information to determine whether customers have increased usage after enrollment. Therefore, the Company has not removed any customers from OnTrack for exceeding pre-program consumption in 2014, 2015, and 2016. PPL April 26 Comments at 9.

CAUSE-PA supports the implementation of an automatic process to refer and prioritize high-usage OnTrack customers for WRAP and screen new OnTrack customers for WRAP eligibility. CAUSE-PA recommends that PPL provide WRAP services to qualifying OnTrack customers immediately after enrollment. CAUSE-PA Comments at 18-19.

PPL agrees to provide WRAP to OnTrack customers at enrollment, but cautions that the effectiveness of LIURP services is best measured when the customer has at least 12 months of consumption at the existing premise. Consumption history allows the WRAP provider to determine what measures and services are needed to reduce usage. PPL notes it currently offers Act 129 WRAP services and energy education to customers with limited consumption history (*i.e.,* less than 9 months). PPL Reply Comments at 14.

*Resolution*: We support PPL’s proposal to implement an automatic WRAP referral process for high-usage OnTrack customers. Providing usage reduction education and measures should help OnTrack customers lower their electric bills and reduce CAP Credit expenditures in the program.

Accordingly, PPL is directed to implement its automatic WRAP referral process for OnTrack customers by June 2018. The Company will include this policy change in its Revised 2017-2019 Plan. It shall also file and serve quarterly updates on system enhancement progress at this docket beginning January 1, 2018, and continuing until this system change is implemented.

We agree with PPL that to evaluate whether WRAP services have impacted or reduced consumption, it is necessary to have several months of pre-treatment usage history at the residence to compare to the post-treatment usage. At a minimum, we recommend 6-9 months of pre-usage history, but ideally 12 months is the best for LIURP evaluation purposes. However, if the customer has resided at the same location for at least 6-9 months prior to becoming enrolled in OnTrack, PPL should be able to review the usage history of the household and decide if WRAP services would be appropriate. OnTrack enrollment is not an eligibility requirement for WRAP. PPL has always been able to determine pre-usage consumption for WRAP customers who are not enrolled in OnTrack.

Since PPL has confirmed that it does not compare pre- and post-OnTrack consumption, it is directed to remove the provision from its 2017-2019 USECP which states that exceeding pre-OnTrack consumption could result in removal from the program.

*g. OnTrack Payments for Customers Who Relocate*

Through a recent informal complaint filed with BCS, we became aware that PPL does not re-calculate the OnTrack payment when a customer transfers service unless the account is changing from “non-electric heat”[[20]](#footnote-20) to “electric heating” (or *vice versa*). Since the Company bases the OnTrack payment on the budget bill amount for the original residence, OnTrack customers who move into more energy efficient dwellings – and there is no change in heat source – may initially pay more on OnTrack than regular budget billing.

In the Tentative Order, we asked PPL to identify the number of customers impacted by this situation and the average payment disparity these customers are experiencing (*i.e.*, what they are billed on OnTrack versus what the OnTrack bill should be at the new residence).

PPL reports that, in 2016, 3,143 customers moved to a new location without a re-calculation of the OnTrack payment. Approximately 41% (1,294) had an average (budget) bill at the new location that was $60 lower (on average) than their old residence. For these customers, re-calculating the OnTrack bill could have resulted in a decrease of $30 to $48 off their monthly payment amount. The remaining 59% (1,849) moved to a location with an average bill that was $64 higher (on average) than their old residence. Re-calculating the OnTrack bill for these customers could have resulted in a monthly bill increase of $32 to $51.[[21]](#footnote-21) PPL April 26 Comments at 10-11.

PPL proposes to make system changes necessary to re-calculate the OnTrack payment amount for all program participants when they move to a new location. The Company estimates this change could be implemented by mid-year 2018 at a cost of approximately $14,250. PPL April 26 Comments at 10. CAUSE-PA supports this change. CAUSE-PA Comments at 19.

*Resolution*: We support PPL’s proposed system modification. The data provided by PPL show that recalculating the OnTrack bill based on the budget bill at new location would allow some customers to pay significantly less per month if they move into a more energy efficient residence. An increase to the OnTrack bill will also help to make customers aware a new residence may be less energy efficient and that they should monitor their consumption. We recommend that PPL track these new-resident accounts and recalculate the OnTrack bills if the actual consumption in the residence is significantly higher or lower than average usage used to establish the program payment.

Accordingly, we direct PPL to make the system modifications necessary to automatically recalculate OnTrack payments when participating customers transfer service to a new residence. This change should be implemented by July 1, 2018. The Company should identify this procedural change in its Revised 2017-2019 Plan. It shall also file and serve quarterly updates on system enhancement progress at this docket beginning January 1, 2018, and continuing until this system change is implemented.

*h. PPL’s 16 % Rule*

 PPL reports that its system will not allow a customer’s monthly OnTrack payment to exceed 16% of the household income. When determining the OnTrack payment, the system calculates all possible OnTrack payment options. If all the options result in payments exceeding 16% of the customer’s income, the system will use 16% of income as the customer’s monthly payment amount (*i.e.*, the 16% rule). Proposed 2017-2019 Plan at 20.

 In the Tentative Order, we raised concerns that an OnTrack payment for a non-heating account based on 16% of the household’s income (presuming this amount is not based on minimum payment requirements) may not be affordable. Likewise, a household with income at or below 50% of the FPIG may have difficulty paying this amount even for electric heat. Therefore, we asked PPL to explain if it has applied its 16% rule to non-heating accounts or customers with incomes at or below 50% of the poverty level.

PPL reports that the “16% rule” is applied to all program participants whose OnTrack payment is calculated to exceed 16% of their income. This includes electric heat and non-electric heat accounts. The Company reports it does not track the number of customers whose OnTrack payment has been impacted by this rule. PPL April 26 Comments at 12.

CAUSE-PA notes that PPL’s “16% rule” does not comply with the maximum energy burden levels in the Commission’s CAP policy statement. CAUSE-PA recommends PPL develop a PIP payment structure to ensure all OnTrack customers receive an affordable payment level. In the alternative, CAUSE-PA recommends that PPL should amend its 16% rule and use tiered maximum percentages of income that vary based on income level and whether the customer has a heating or non-heating account. CAUSE-PA Comments at 19-20.

OCA contends the “16% rule” should not apply to OnTrack customers with non-heating accounts. OCA recommends any maximum payment rule applied to non-heating accounts should comply with the maximum energy burden levels in the CAP Policy Statement. OCA Comments at 10.

*Resolution*: We have directed PPL to add control features to its Agency Selected Payment Plan that will limit a customer’s OnTrack payment to an amount consistent with the maximum energy burden levels in the CAP Policy Statement. This change addresses the concerns raised regarding PPL’s “16% rule.”

*i. Unearned Income*

 The Proposed 2017-2019 Plan lists the types of earned and unearned income PPL counts when determining financial eligibility for OnTrack. The Company reports these income guidelines are consistent with LIHEAP. Proposed 2017-2019 Plan at 12. In the Tentative Order, we requested more information about public assistance grants, support payments, and one-time lump-sum payments counted as unearned income for OnTrack.

PPL explains that the following types of assistance payments are counted as unearned income for OnTrack:

* Temporary Assistance for Needy Families (TANF);
* Diversion Program;
* State Blind Pension Program;
* Refugee Cash Assistance Program; and
* State Supplementary Payments.

PPL April 26 Comments at 13.

PPL reports that it verifies “support payments” are received by the household when counting it as income for OnTrack. PPL notes that the OnTrack caseworkers “will acquire documents from the Domestic Relations System and/or copies of court orders/papers/statements” to verify these situations. PPL April 26 Comments at 13.

PPL determines whether lump-sum payments/gifts are counted as income on a case-by-case basis. If the lump sum payment/gift is received “on a regular basis” or is “large enough” to cover monthly expenses, the Company will count it as unearned income for OnTrack. PPL April 26 Comments at 13.

CAUSE-PA contends that court documents and official records are not proof the household is receiving child or spousal support payments. CAUSE-PA recommends that PPL be required to ask whether the household is actually receiving these payments. CAUSE-PA Comments at 21-22.

*Resolution*: PPL has addressed our request for additional information concerning how public assistance grants, support payments, and one-time lump-sum payments are counted as unearned income for OnTrack. However, we agree with CAUSE-PA that court-ordered support payments that are not actually paid to the household should not be counted as income for OnTrack. We are not familiar enough with the Domestic Relations System or court documents referenced by PPL to determine whether these sources sufficiently verify whether a household is receiving support payments. Nevertheless, PPL should verify support payments are actually paid to the household – either through documentation or direct contact with the customer – if this information is determined questionable.

Accordingly, PPL is directed to include this additional information regarding the types of unearned income provided to its Revised 2017-2019 Plan. The Company should also verify that support payments are received by a household prior to counting it as income for OnTrack if the information is determined questionable.

*j. $5 arrearage co-payment*[[22]](#footnote-22)

Currently, OnTrack is restricted to customers with arrearages (*i.e.,* customers enrolled in payment arrangements within the past 12 months). PPL is eliminating the prior payment arrangement requirement which means that customers may now enroll without pre-program arrearages. Proposed 2017-2019 Plan at 63. In its Proposed 2017-2019 Plan, PPL notes that all OnTrack payment options will continue to include a monthly $5 arrearage co-payment. Proposed 2017-2019 Plan at 5.

In the May 3 Secretarial Letter, we raised concerns that OnTrack customers may be charged this $5/month arrearage co-payment even after all pre-program debt has been forgiven. We asked PPL to clarify its OnTrack arrearage co-payment policy and identify when and by what method this charge is removed from a customer’s monthly OnTrack payment when the pre-program arrearage is completely forgiven. We also asked PPL to clarify whether customers now newly eligible to enroll in OnTrack with no overdue balance will be charged the monthly $5 arrearage co-payment. May 3 Secretarial Letter at 3.

PPL explains that the $5 monthly arrearage co-payment will continue to be included in all OnTrack payment plans regardless of the existence (or non-existence) of any pre-program arrearages. The only exception would be if the customer’s OnTrack payment would be capped at 16% of household income (PPL’s “16% rule”). Customers who enroll in OnTrack with no overdue balance (*i.e.,* no pre-program arrears) and customers who achieve full arrearage forgiveness while in OnTrack must still pay the $5 monthly arrearage co-payment charge each month. PPL May 18 Comments at 7-8.

OCA supports maintaining the $5 arrearage co-payment in the calculation of OnTrack bills. OCA Reply Comments at 4.

PPL opposes eliminating the $5 monthly arrearage co-payment for OnTrack customers, noting this charge helps to support the arrearage forgiveness benefit of OnTrack and lowers program costs borne by ratepayers. It estimates that eliminating the $5 monthly arrearage co-payment from all OnTrack accounts would increase OnTrack costs by approximately $3.3 million annually.

As of May 31, 2017, PPL reports that 29% of OnTrack accounts (16,096) had a zero overdue balance (*i.e.*, no arrears being deferred for forgiveness). If the Company eliminates the $5 monthly arrearage co-payment for only these customers, it estimates that OnTrack costs will increase by approximately $966,000 annually. PPL Reply Comments at 6-7.

*Resolution*: We understand that PPL’s calculated OnTrack bill has always included an arrearage co-payment. However, PPL has never previously disclosed that it continues to charge this arrearage co-payment even after all pre-program arrears have been forgiven. PPL now proposes to also charge the $5 monthly arrearage co-payment to customers who enroll in OnTrack with no pre-program arrears whatsoever. We find both practices related to charging an arrears co-pay when there is no arrears balance to be improper.

A pre-program arrearage co-payment is not in and of itself impermissible. The Commission has permitted utilities to charge an arrearage co-payment to CAP customers with a pre-program arrearage as a means of helping the customers achieve full arrearage forgiveness faster and of reducing the amount of the forgiveness recovered from other residential ratepayers. However, we are not aware of any utility – other than PPL – which includes a monthly arrearage co-payment on a CAP bill even when the customer has no pre-program arrearage balance.

For example, Columbia Gas requires CAP customers to pay a $5 monthly co-payment towards pre-program arrears until those arrears are eliminated. *See* Columbia Gas 2015-2018 USECP at 18, Docket No. M-2014-2424462. Similarly, PGW applies its $5 monthly arrearage co-payment to the customer’s pre-program arrearage balance only until the balance is satisfied. *See PGW 2014-2016 USECP*, Docket No. M-2013-2366301 (Order entered August 22, 2014) at 12-14.

Based on PPL’s filings in this proceeding, it is not clear whether the Company even applies an OnTrack customer’s $5 arrearage co-payment to that customer’s existing pre-program arrearage balance.

CAP customers should not be required to “co-pay” for an arrearage that no longer exists or that has never existed. We are not persuaded that PPL should be allowed to apply a monthly arrearage co-payment to customers with no pre-program arrears even if such a practice would help defray the costs of providing arrearage forgiveness to other OnTrack households, thereby reducing the costs borne by other ratepayers. We have already permitted PPL to include a CAP Plus charge in the OnTrack bill to “help offset program expenses for all residential customers who pay for OnTrack through the reconcilable Universal Service Rider.” Proposed 2017-2019 Plan at 7. We have never approved the use of a monthly arrearage co-payment in the absence of customer’s own arrearage for this same purpose.

Accordingly, within 30 days after final approval of this Plan, PPL is directed to (1) eliminate the $5 arrearage co-payment for OnTrack accounts with no pre-program arrearage balance and (2) apply the $5 monthly arrearage co-payment only to a pre-program arrearage balance for the account for which it was paid.[[23]](#footnote-23) PPL shall also include this policy and procedure change in its Revised 2017-2019 Plan.

In addition, more information about this situation is needed to determine the impact of this practice may have previously had on OnTrack customers. Within 60 days of the entry date of this Order, we direct PPL to file and serve a verified accounting report at this docket which explains how arrearage co-payments have been applied since the inception of the -program and how this payment works in conjunction with OnTrack monthly arrearage forgiveness. [[24]](#footnote-24) The accounting report should also identify the amount of arrearage co-payments paid by OnTrack customers after they have achieved full arrearage forgiveness, broken out by year and month since the inception of the program, identifying both the number of customers and the amounts paid. The data should not be customer-specific.

 We also direct PPL to include with this accounting report an explanation about how its $5 monthly arrearage co-payment is communicated to customers upon enrollment into OnTrack; including all relevant educational documents and letters. Further, PPL should include examples of how the arrearage co-payment and arrearage forgiveness were delineated on customer bills. Stakeholders are invited to submit comments on this information within fifteen (15) days after PPL’s filing deadline. Reply comments may be filed within ten (10) days thereafter.

*k. Universal Service Advisory Committee[[25]](#footnote-25)*

CAUSE-PA recommends that PPL establish a Universal Service Advisory Committee (USAC) consisting of low-income advocates, community stakeholders, OCA, BCS, CBOs, and other service providers to discuss program enrollment data and future modifications. CAUSE-PA Comments at 35‑36.

PPL agrees to hold stakeholder meetings at least twice per year to discuss universal service issues. PPL Reply Comments at 16.

*Resolution*: We agree with CAUSE-PA that a universal service committee or stakeholder group could benefit PPL’s customers and could improve PPL’s programs through sharing information and providing feedback. Accordingly, we support PPL’s proposal to hold universal service stakeholder meetings at least twice per year. PPL shall include this provision its Revised 2017-2019 Plan.

*l. Customers with Zero Income[[26]](#footnote-26)*

In the Proposed 2017-2019 USECP, PPL explains that customers with no source of earned or unearned income are ineligible for OnTrack because there is no way for them to meet their financial obligations:

Enrolling a zero income customer in the program will inevitability result in the customer being removed from the program for non-payment, thus resulting in a wasteful use of resources, which are ultimately paid for by all residential ratepayers.

Proposed 2017-2019 Plan at 9.

CAUSE-PA and OCA contend, separately, that a reduced OnTrack payment is still beneficial to a zero income customer. CAUSE-PA Comments at 33-34 and OCA Comments at 12-14. CAUSE-PA maintains that paying a reduced bill is a more manageable situation than paying a full tariff bill. CAUSE-PA Comments at 34. OCA notes that zero income customers also benefit by receiving arrearage forgiveness for each payment they make. OCA Comments at 13.

OCA observes that other EDCs allow customers with zero income to enroll in CAPs by completing a zero income form that explains how the household meets its expenses. These other EDCs have a shortened recertification timeframe. OCA Comments at 13-14.

In response to the comments, PPL agrees to amend its policy and allow customers reporting zero income to enroll in OnTrack. The Company will develop a zero income form. PPL notes that customers with zero income will be charged the minimum OnTrack payment and acknowledges that this will still exceed the Commission’s maximum energy burden levels. PPL Reply Comments at 8-9.

*Resolution*: We support PPL’s proposal to allow customers reporting zero income to enroll in OnTrack. As noted by OCA, other EDCs allow customers who report no source of income to enroll in CAP if they provide documentation of how they meet monthly expenses. Duquesne Light[[27]](#footnote-27) and the FirstEnergy Companies (Metropolitan Edison Company [Met Ed], Pennsylvania Electric Company [Penelec], Pennsylvania Power Company [Penn Power], and West Penn Power [WPP])[[28]](#footnote-28) enroll a household reporting zero income into CAP if the household provides a statement explaining how living expenses are met.

PPL has explained that it will develop a zero income form, but has not provided any other details about how zero income OnTrack accounts will be handled. For example, PPL has not specified whether these customers will be enrolled into OnTrack Lifesyle (we presume so) and whether there will be a shortened recertification time-frame (*e.g.*, three or six months).

Accordingly, PPL is directed to work with its newly formed universal service stakeholder group to draft a zero income form and establish program parameters for households enrolled with zero income. The Company shall file an addendum to its 2017-2019 Plan that explains its policy for customers reporting zero income within 60 days after final approval of a 2017-2019 Plan. A copy of the zero income form should be included as an attachment to the Plan addendum.

*m. Maximum CAP Credit limits[[29]](#footnote-29)*

As described above, PPL has proposed implementing tiered maximum CAP credit limits which would provide the most CAP credits over 18 months to the lowest income customers. Proposed 2017-2019 Plan at 17.

OCA notes that PPL’s 18-month calculation of maximum CAP credits impacts customers differently based on when they enroll in the program. For example, customers who enroll in OnTrack in March will experience only one heating season during the 18-month timeframe; while customers enrolling in September will experience two heating seasons. OCA recommends PPL should attempt to address these situations when it calculates a maximum CAP credit limit. OCA Comments at 15.

*Resolution*: We agree with OCA that PPL should consider whether customers experienced more than one heating (or cooling) season within the 18-month OnTrack program period when applying its CAP credit limits. In these situations, we encourage the Company to determine whether these customers may qualify for the CAP credit limit exception under Section 69.265(3)(vi)(C).[[30]](#footnote-30)

We are also concerned that current OnTrack customers may not benefit from the new tiered CAP credit limits until they recertify and begin a new 18-month program cycle. As discussed in further detail in the budget section below, PPL has reported that the amount of missed payments in OnTrack have increased by $10 million from 2015 to 2016. PPL attributes this increase to OnTrack customers who have exceeded their CAP credit limits and are now paying their undiscounted budget bill in OTBB. PPL May 18 Comments at 6-7. We presume many customers in OTBB exceeded their CAP credit limits because they have the lowest incomes and required a higher amount of CAP credits for each monthly bill. These are the customers most in need of PPL’s tiered CAP credit limits, which would provide the lowest income customers with the highest amount of CAP credits.

Accordingly, PPL is directed to implement and apply its tiered maximum CAP Credit limits to all OnTrack accounts within three months upon final approval of its 2017-2019 Plan. Customers currently in OTBB should be placed back into regular OnTrack upon implementation of the new CAP credit limits, as appropriate. PPL shall include the tired CAP credit implementation schedule in its Revised 2017-2019 Plan.

1. **WRAP – PPL’s LIURP**

WRAP provides weatherization and conservation services to OnTrack and other low-income customers. The primary objectives for WRAP are to reduce customer energy usage and arrearages. To be eligible for WRAP, a customer must have income at or below 150% of the FPIG,[[31]](#footnote-31) a primary home within the PPL service territory, at least nine (9) months of usage history at the premise,[[32]](#footnote-32) annual usage of at least 6,000 kWh,[[33]](#footnote-33) and no history of receiving weatherization services from LIURP WRAP and/or Act 129 WRAP within the past three (3) years[[34]](#footnote-34).

PPL may use up to 20% of the LIURP budget annually to serve customers in the 151%-200% FPIG range, as well as customers with special needs--such as those with disabilities, those who require medical equipment, elderly or customers with small children in the house. Apartment buildings with at least three units may receive WRAP services if at least 50 percent of tenants are determined eligible. PPL prioritizes WRAP services based on customers with the highest electric usage or OnTrack customers in danger of exceeding CAP credit limits. For customers with rent/mortgage obligations that exceed their income or who have significant usage. PPL offers baseload or partial WRAP services and/or energy conservation education. Referrals for WRAP come from PPL customer service representatives, OnTrack agencies, gas utilities, state weatherization providers, and direct customer requests for weatherization services.

*a. 20% LIURP Budget*

 In the Proposed 2017-2019 Plan, PPL states that it may use up to 20% of the annual LIURP budget to serve customers that are between 150%-200% of FPIG. Proposed 2017-2019 Plan at 37. This is consistent with the LIURP regulations at Section 58.10(c). PPL further states that the 20% could include service for “special needs” customers (those with disabilities, medical equipment in the home, or elderly or small children), customers living in multi-unit projects and/or customers referred through inter-utility coordination. In a footnote, PPL explains that Act 129 WRAP may treat multi-unit households below 150% FPIG in a building, and that the Act 129 Conservation Service Provider (CSP) would refer any remaining households between 150%-200% FPIG to LIURP WRAP. Proposed 2017-2019 Plan at 37.

In the Tentative Order, we asked PPL to clarify that in those multi-unit projects coordinated with Act 129 WRAP, the customers between 150%-200% FPIG would not necessarily be required to meet the annual usage threshold of 6,000 kWh and to confirm that no master-metered buildings would be treated with LIURP WRAP (*i.e.*, universal service) funds under this arrangement.

PPL reports that its Energy Efficiency and Conservation Plan (EE&C Plan) for Act 129 WRAP serves customers in multi-unit households with incomes at or below 150% of the FPIG. Multi-unit buildings with incomes between 150% and 200% of the FPIG or Act 129 recipients who could benefit from additional WRAP measures will be referred by the Act 129 conservation service provider (CSP). There is no minimum usage threshold for jobs coordinated with Act 129 WRAP. A household must have an individual meter to qualify for LIURP; master-metered buildings are not eligible for LIURP/WRAP. PPL April 26 Comments at 14.

CAUSE-PA supports PPL’s proposal to relax high usage thresholds for multifamily units served through Act 129 and the coordination of Act 129 and LIURP services. However, CAUSE-PA contends that highest users should continue to receive prioritization for LIURP services. CAUSE-PA Comments at 23-24.

*Resolution*: We are satisfied with PPL’s explanation regarding treatment of multifamily buildings receiving Act 129 services and that PPL will waive the usage thresholds for those jobs that are coordinated with WRAP. PPL shall include this information in its Revised 2017-2019 Plan.

*b.*  *Intake and LEAP system*

 PPL’s LEAP Database System currently tracks how WRAP participants heard about the program. PPL asserts that this is a vital component for evaluating outreach effectiveness. PPL states that the proposed intake process for LIURP WRAP mirrors the intake process for Act 129 WRAP, which began June 1, 2016. PPL’s intake process can occur in a number of ways, including customer-initiated efforts through phone, hard copy, electronic or in-person application, contractor-initiated referral, or OnTrack caseworker referral. PPL designed the intake process and LEAP system to assign a qualified customer to LIURP WRAP or Act 129 WRAP “based on pre-determined criteria.” Proposed 2017-2019 Plan at 40-41.

In the Tentative Order, we asked PPL to explain how the customer is assigned to a program by LEAP and reassurance that potential customers are matched with the appropriate WRAP program.

PPL explains that applications are entered in the LEAP system and qualified households are assigned to LIURP or Act 129 WRAP based on the criteria delineated in Table 5 below:

**Table 5**

**LIURP and Act 129 Eligibility**

|  |  |
| --- | --- |
| **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

*Source*: PPL April 26 Comments at 14-15.

Act 129 WRAP cases are assigned to an Act 129 CSP; LIURP cases are assigned to a LIURP contractor. Act 129 WRAP customers may receive additional measures from LIURP, which are tracked separately under a different case number. PPL April 26 Comments at 15.

CAUSE-PA supports PPL’s coordination between LIURP and Act 129 WRAP services, but requests additional details about the number of jobs completed and the types of measures installed to determine whether this process is appropriately matching services to meet applicant needs. CAUSE-PA Comments at 24.

PPL states that a description of Act 129 services, measures, and methods for determining energy savings are provided in its EE&C Plan). PPL Reply Comments at 14-15.

*Resolution*: We are satisfied with PPL’s explanation of how its system assigns and tracks Act 129 and LIURP-WRAP jobs and how those programs are coordinated. PPL shall include this information in its Revised 2017-2019 Plan. As we do not track Act 129 data in the USECP program reporting, we will only require PPL to report the data from jobs that are coordinated with WRAP as part of the annual LIURP reporting.

1. **Operation HELP – PPL’s Hardship Fund**

Operation HELP is PPL’s hardship fund and provides grants to residential customers who are low income with overdue balances and an inability to pay the full amount of their energy bills. Operation HELP is administered by 15 community-based organizations (CBOs) and operates year-round (funding-permitted) with ongoing donations from PPL Corporation, its employees, retirees, and customers. Customers are eligible for this program if they have: (1) household incomes at or below 200% of the FPIG; (2) a current hardship; and (3) an inability to pay the full amount of energy bills. Hardships may include the death or serious illness of a primary wage earner and life-threatening situations. Operation HELP provides financial assistance for any type of energy bill (*e.g.*, electric, gas, coal, and oil). A customer may not receive more than one Operation HELP grant per year. The Company projects it can assist about 3,900 customers each year in Operation HELP if the annual budget remains constant at $1.4 million.

*Resolution*: Consistent with the Tentative Order, we find that PPL’s Operation Help program continue to comply with Commission regulations. *See* 52 Pa. Code § 54.74(b)(1). No changes are required regarding this program in PPL’s Revised 2017-2019 Plan.

1. **CARES Program**

 The CARES program assists customers who are experiencing temporary hardships (*i.e.*, expected to last three months or less) that may lead to a loss of electric service. Temporary hardships can include injury, illness, loss of employment, or high medical bills. PPL’s CARES program has no income eligibility requirement. Company representatives make referrals to social service agencies and provide information regarding available programs. In situations where other assistance may not be available, CARES customers may also receive a credit on their PPL account (CARES Credits) to help them maintain electric service through the temporary hardship. PPL sets an annual budget of $54,000 for CARES Credits, which is taken from the Company’s annual donation to Operation HELP. In 2015, 158 customers received CARES Credits with an average credited amount of $342 per account.

*Resolution*: Consistent with the Tentative Order, we find that PPL’s CARES program continue to comply with Commission regulations. *See* 52 Pa. Code § 54.74(b)(1). No changes are required regarding this program in PPL’s Revised 2017-2019 Plan.

1. **Eligibility Criteria**

The four major components of PPL’s Proposed 2017-2019 Plan have slightly different eligibility criteria. Table 6 below shows the eligibility criteria for each of PPL’s universal service components.

|  |
| --- |
| **Table 6****Eligibility Criteria** |
| **Program** | **Income Criteria** | **Other Criteria**  |
| OnTrack(CAP) | * 150% FPIG or less
 | * Residential customer with permanent Pennsylvania address in the PPL service territory.
* Documented source of income
* Cannot own or be listed on multiple properties/PPL accounts.
 |
| WRAP(LIURP) | * 150% FPIG or less

(Note: 20% of the budget may be allocated to customers with incomes between 151% to 200% of the FPIG)  | * Residential customer, age 18 or older, living in the primary home for at least nine months.
* Must not have received weatherization services from LIURP WRAP or Act 129 WRAP within the past three years.
* Must have minimum annual usage of 6,000 kWh. Exceptions made for small premises or hardship situations.
 |
| Operation HELP(Hardship Fund) | * 200% FPIG or less
 | * Residential customer faced with a hardship
* Inability to pay the full amount of energy bills (*i.e.,* electric, gas, coal, or oil).
 |
| CARES | * None
 | * Experiencing a temporary hardship (*i.e.,* expected to last three months or less).
 |

We note with approval that PPL has eliminated the requirement that an otherwise qualified low-income customer be payment-troubled (*i.e.*, have been in a payment arrangement in the prior 12 months) in order to enroll in an OnTrack program. This will allow qualified low-income customers to enroll in an OnTrack program before they accumulate pre-program arrearages.

1. **Projected Needs Assessment**

In compliance with Section 54.74(b)(3), PPL submitted needs assessment information for its universal service programs in its Proposed 2017-2019 Plan, which is depicted in Table 7.

**Table 7**

**Needs Assessment**

|  |  |
| --- | --- |
|  |  |
| 1. Estimated number of low-income customers\* | 325,879 |
| 2. Identified number of low-income customers\*\* | 174,000 |
| 3. Identified number of payment troubled, low-income customers\*\*\* | 27,200 |

\* Number based on 2013 Census Data of households with incomes below 150% of the FPIG and the percentage of households served by PPL in each county.

\*\* Based on financial information provided by customers with incomes at or below 150% of the FPIG in 2015 (Confirmed low-income).

\*\*\* Number of identified low income customers with an overdue balance or payment arrangement in 2015.

*Source*: Proposed 2017-2019 Plan at 14.

*WRAP Needs Assessment*

 PPL’s WRAP-LIURP needs assessment identified “some factors to consider” when screening the pool of low-income customers to determine the number of customers potentially eligible for WRAP. Proposed 2017-2019 Plan at 49.

PPL did not, however, follow through with the calculations and provide the numbers of customers it was screening out/deducting for each factor.[[35]](#footnote-35) Therefore, the Commission cannot verify that PPL followed the appropriate methodology relative to screening customers. Further, PPL has provided no final figures upon which to evaluate its determination of “adequate funding.”[[36]](#footnote-36) The needs assessment for WRAP also did not include an estimated number of customers who may be income- and usage- (*i.e.*, greater than 6,000 kWh annually) eligible for the program. PPL did provide a figure for the number of customers who have previously received WRAP services, but after subtracting the 44,244 from the number of low-income customers (174,000), we are left with approximately 129,756 customers.

In its response to the Tentative Order, PPL provided a revised WRAP needs assessment that shows a total of 102,197 customers who are eligible for WRAP services and a Total Cost to Serve of $253,602,210. BCS was still unable to duplicate all of the figures and requested PPL provide further detail in a Secretarial Letter served on May 3, 2017. In its comments provided to the Commission on May 18, 2017, PPL provided the calculations behind its Total Eligible for WRAP and Total Cost to Serve estimates. PPL Additional Supplemental Information at 8-9. Questions remained regarding the number of electric nonheating customers and the Total Cost to Serve calculations. Staff queried PPL via email with copies to the parties of record. In an email response dated August 25, 2017, PPL revised its calculations for electric nonheating customers from 65,825 to 63,965. PPL also adjusted the Total Cost to Serve from $253,602,210 to $250,769,335.

*Resolution*: The revised number of 102,197 total eligible customers for WRAP addresses the concerns raised in the Tentative Order on that point. PPL’s revised calculations for electric nonheating customers of 63,965 and for Total Cost to Serve of $250,769,335 are reasonable and responsive to the concerns raised in the Tentative Order.

We are satisfied with the revised WRAP needs assessment figures and the methodology PPL used to determine them. PPL shall include this information in its Revised 2017-2019 Plan.

1. **Projected Enrollment Levels**

Table 8 shows the projected enrollment levels for PPL’s OnTrack, WRAP, Operation HELP, and CARES programs.

|  |
| --- |
| **Table 8****Projected Enrollment Levels** |
| **Universal Service Component** | **2017** | **2018** | **2019** |
| OnTrack | 57,000 | 62,500 | 67,500 |
| WRAP\*Full CostLow CostBaseload | 2,0102,0102,010 | 575575575 | 715715715 |
| Operation HELP | 3,900 | 3,900 | 3,900 |
| CARES |  850 | 850 | 850 |

**\*** PPL expects to serve additional low-income customers not eligible for WRAP with weatherization kits, referral services, and energy education.

*OnTrack Enrollment*

 Participation in PPL’s OnTrack has increased significantly in recent years. During 2016, the number of customers enrolled in OnTrack increased by 20%. By the end of 2016, the OnTrack program was serving 51% more customers than it had three years prior. Table 9 provides a year-end summary of OnTrack enrollment from 2013 through 2016.

**Table 9**

**OnTrack Enrollment 2013-2016**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **12/31/13** | **12/31/14** | **12/31/15** | **12/31/16** |
| OnTrack Participants | 37,204 | 41,288 | 46,936 | 56,223 |

*Source:* PPL

 PPL projects that it will add another 11,000 customers to OnTrack by 2019. Considering that PPL’s service territory includes at least 174,000 low-income households, we are encouraged to see PPL is having success enrolling more customers into OnTrack. In the Tentative Order, we asked PPL to explain which of its policies or practices have led to the significant increase in OnTrack enrollments and to provide the average OnTrack application processing time for each of its eight (8) OnTrack CBO agencies.

PPL cites numerous changes that have been implemented since 2014 that may have contributed to the increase in OnTrack enrollment. These changes include (1) increasing the maximum CAP credit amounts to $3,328 for electric heat customers and $1,310 for non-electric heat customers; (2) removing the requirement that customers must have broken a payment agreement in the past 12 months to qualify for OnTrack; (3) using analytic tools to identify customers for outreach who may benefit from OnTrack; (4) making reminder calls to customers to apply for OnTrack; (5) making reminder calls to OnTrack participants five days before their bill due date; (6) allowing customers who exceed the maximum CAP credits to remain in the program on OTBB; and (7) allowing customers to remain in OnTrack when they move to a new location within PPL’s service territory. PPL April 26 Comments at 18-20.

PPL reports that its OnTrack CBO agencies process applications within one to six days if the customer is not enrolled in budget billing. For customers enrolled in budget billing, OnTrack application processing are completed within 22 to 30 days.[[37]](#footnote-37) PPL April 26 Comments at 22.

CAUSE-PA commends PPL for its increase in CAP enrollment but cites several factors suggesting additional OnTrack outreach is needed. First, OnTrack enrollment is still significantly lower than the number of confirmed and estimated low-income households in the PPL service territory.[[38]](#footnote-38) Second, PPL has high number of low-income customers in debt who are not on a payment agreement or enrolled in OnTrack.[[39]](#footnote-39) Finally, PPL’s low-income termination rate has increased significantly while other EDCs have reported decreases.[[40]](#footnote-40) CAUSE-PA Comments at 25-26.

*Resolution*: We support the steps taken by PPL to increase and retain OnTrack participation. Particularly, we commend PPL for using analytic tools to identify low income customers who would benefit from OnTrack and for using telephone calls to remind customers to apply for the program and to pay their OnTrack bills. We agree with CAUSE-PA that the high number of confirmed low-income customers in debt without a payment arrangement or in termination status suggests that additional OnTrack outreach is needed. We encourage PPL to work with its newly formed universal service stakeholder group to determine new ways to enroll income-eligible customers in need of OnTrack.

1. **Program Budgets**

Table 10 below shows the proposed budget levels for PPL’s universal service components for 2017-2019.

|  |
| --- |
| **Table 10****Universal Service Program Budgets** |
| **Universal Service Component** | **2017** | **2018** | **2019** |
| OnTrack  | $106,000,000 | $118,000,000 | $129,000,000 |
| WRAP | $10,000,000 | $10,000,000 | $10,000,000 |
| Operation HELP\* | $1,400,000 | $1,400,000 | $1,400,000 |
| CARES | $100,940 | $103,968 | $107,087 |
| **Total** | **$117,500,940**  | **$129,503,968** | **$140,507,087** |
| Estimated Number of Residential Customers\*\* | 1,233,954 | 1,237,655 | 1,241,368 |
| Average Monthly Cost per Residential Customer | $7.84  | $8.63  | $9.34  |

\* No funds for Operation HELP are recovered through base rates, and therefore this budgeted amount is not counted as part of the “Average Monthly Spending per Residential Customer.”[[41]](#footnote-41)

\*\* Based on an average of 1,226,583 residential customers in 2015 and an estimated annual 0.3% increase in PPL residential customers from 2012 through 2015. 2012-2015 Reports on Universal Service Programs & Collections Performance at 6.

*a. OnTrack Budget*

 OnTrack costs make up at least 90% of PPL’s universal service spending. We have concerns about the increasing cost of PPL’s OnTrack program, which is funded by all residential ratepayers through a universal service rider. Based on the data in Table 11, we calculate that OnTrack costs have increased by 78% from 2012 to 2015. By the end of 2015, PPL residential customers were paying approximately $5.70 monthly to fund OnTrack.

**Table 11**

**Actual OnTrack Spending and Monthly Cost: 2012-2015\***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2012[[42]](#footnote-42)** | **2013[[43]](#footnote-43)** | **2014[[44]](#footnote-44)** | **2015[[45]](#footnote-45)** |
| Actual OnTrack Spending | $47,106,215 | $55,223,019 | $72,016,857 | $83,614,471 |
| Average Monthly Cost per Residential Customer  | $3.23 | $3.78 | $4.91 | $5.68 |

\*Actual OnTrack spending information for 2016 is not yet available.

 The Proposed 2017-2019 Plan anticipates OnTrack costs will continue to increase significantly each year of the 2017-2019 Plan. Based on the proposed universal service budgets, we estimate the monthly cost to PPL residential ratepayers for universal service programs will exceed $9 by 2019. *See* Table 10. Based on the data in Table 12, OnTrack costs will make up over 90% of this amount.

**Table 12**

**Projected OnTrack Spending and Monthly Cost: 2017-2019**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2017** | **2018** | **2019** |
| Projected OnTrack Spending | $106,000,000 | $118,000,000 | $129,000,000 |
| Estimated Number of Residential Customers  | 1,233,954 | 1,237,655 | 1,241,368 |
| Projected Monthly Cost per Residential Customer | $7.16 | $7.95 | $8.66 |

1. CAP Credits

 The largest expenditure for OnTrack is CAP credits. In 2015, PPL reported it spent 65% of its $84 million OnTrack budget issuing CAP credits to participating households. As seen in Table 13 (Average Annual Electric CAP Credits per CAP Customer), PPL spends hundreds more on CAP credits per customer than any other major electric utility in Pennsylvania. The Company’s average annual CAP Credits issued in 2015 ($1,187) was 57% more than Met Ed, which had the second highest amount of annual CAP credits issued ($756).

**Table 13**

**Average Annual Electric CAP Credits per CAP Customer**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company** | **2012[[46]](#footnote-46)** | **2013[[47]](#footnote-47)** | **2014[[48]](#footnote-48)** | **2015[[49]](#footnote-49)** |
| Duquesne | $358 | $343 | $347 | $386 |
| Met-Ed | $780 | $768 | $800 | $756 |
| PECO-Electric | $578 | $565 | $561 | $594 |
| Penelec | $641 | $653 | $690 | $660 |
| Penn Power | $739 | $655 | $646 | $684 |
| ***PPL*** | ***$811*** | ***$1,034*** | ***$1,300*** | ***$1,187*** |
| West Penn | $227 | $336 | $385 | $482 |

 As described above. PPL has proposed tiered CAP credit maximums. PPL estimates that implementing the proposed tiered CAP credit maximum levels would increase CAP credit expenditures by $4.3 million from 2017 to 2018 and by $2.4 million from 2018 to 2019. PPL April 26 Comments at 26.

In the Tentative Order, we identified the OnTrack payment calculation as one possible reason why PPL’s CAP credit spending is significantly higher than other electric utilities. When a customer enrolls in OnTrack, the Company does not consider the household’s current energy burden level when determining the program discount. All three OnTrack payment options provide varying levels of CAP credits off the customer’s budget (average) bill. The highest OnTrack payment possible, before adding a $5 co-payment for arrearages and the CAP Plus charge, is 80% of the customer’s average bill. Unlike First Energy and PECO’s CAPs, customers participating in PPL’s OnTrack program do not have to exceed an energy burden threshold to qualify for CAP Credits.[[50]](#footnote-50)

As illustrated in Table 14, PPL reported that approximately 85% of electric nonheating customers enrolled in OnTrack in 2015 with incomes between 101-150% of the FPIG had pre-enrollment energy burdens which were at or below the maximum levels in the CAP Policy Statement. Approximately 54% of electric heating customers at this income level were also at or below the energy burden maximums before enrolling in OnTrack.

**Table 14**

**2015 Pre-Enrollment Energy Burden Levels At/Below CAP Policy Statement**

|  |  |  |
| --- | --- | --- |
| Total Account Sample = 26,149 | 2015 | 2015 |
|  | Electric Heating (EH) | Electric Nonheating (ENH) |
| FPIG | Number of customers at/below the energy burden level | Total number of customers within the FPIG group | Number of customers at/below the energy burden level | Total number of customers within the FPIG Group |
| ≤ 50% | 235 (11.21%) | 2,096 | 85 (3.25%) | 2,613 |
| 51-100% | 3,106 (50.38%) ()=(50.38%)(((50.38% | 6,165 | 1,225 (18.63%) | 6,576 |
| 101-150% | 3,396 (85.09%) | 3,991 | 2,546 (54.08%) | 4,708 |

*Source*: PPL May 18 Comments at 5.

As the Commission is current waiting for the results of its study on home energy burdens levels in Pennsylvania to evaluate, *inter alia*, the affordability of Universal Service Programs,[[51]](#footnote-51) we shall not opine at this time on the affordability of customer energy burden levels prior to enrollment in OnTrack. However, PPL’s data regarding pre-enrollment energy burden levels illustrates that its OnTrack program currently has no mechanism in place to determine what discount, if any, a customer would need to achieve an electric bill within the energy burden parameters of the CAP Policy Statement.

Despite PPL’s claim the OnTrack bill is based on the customer’s “ability to pay,” it is clear from this proceeding that OnTrack generally provides a set discount based upon the household’s poverty level. Except in instances when an Agency Selected Plan provides additional discounts when a household reports unique circumstances, PPL does not appear to conduct any individualized analysis on customer payment ability prior to assigning an OnTrack discount.

1. Arrearage Forgiveness

 The second biggest expenditure for OnTrack is forgiveness of pre-program arrearages. From 2012 through 2015, PPL’s average annual arrearage forgiveness per OnTrack customer has increased from $491 to $587. As seen in Table 15 (Average Annual Electric Arrearage Forgiveness per CAP Customer), PPL’s spending in this category far exceeds every other Pennsylvania electric CAP in Pennsylvania. In 2015, the Company’s annual arrearage forgiveness ($587) was 185% more than WPP, which had the second largest amount of annual arrearage forgiveness per customer at $206.

**Table 15**

**Average Annual Electric Arrearage Forgiveness per CAP Customer**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company** | **2012[[52]](#footnote-52)** | **2013[[53]](#footnote-53)** | **2014[[54]](#footnote-54)** | **2015[[55]](#footnote-55)** |
| Duquesne | $71 | $75 | $65 | $101 |
| Met-Ed | $127 | $125 | $130 | $125 |
| PECO-Electric | $87 | $77 | $88 | $73 |
| Penelec | $85 | $85 | $87 | $83 |
| Penn Power | $114 | $94 | $78 | $75 |
| ***PPL*** | ***$491*** | ***$468*** | ***$512*** | ***$587*** |
| WPP | $130 | $159 | $196 | $206 |

 The higher amount spent by PPL on arrearage forgiveness suggests that PPL’s OnTrack customers may carry larger amounts of pre-program debt than customers in other electric CAPs. Enrolling low-income customers into OnTrack before they accrue significant debt may help to decrease the amount PPL spends on arrearage forgiveness.

 In the Tentative Order, we noted that PPL’s policy to allow customers to receive forgiveness for more than one set of arrearages could be another reason why these costs are significantly higher than other electric utilities. It is BCS’s understanding that if OnTrack participants leave the program – and their pre-program balances have been forgiven or paid off – then the customers can receive arrearage forgiveness on a new balance if they re-enroll in OnTrack at a later time. In most utility CAPs,[[56]](#footnote-56) arrearage forgiveness is a one-time benefit, and customers cannot receive forgiveness on new balances if they leave the program and later re-enroll. PPL’s OnTrack particpants do not have this restriction.

To address the Commission’s questions about OnTrack customers who receive arrearage forgiveness more than once, PPL evaluated a sample of 1,905 customers who achieved full arrearage forgiveness in January 2014. Out of these 1,905 customers, 1,098 (58%) were later re-enrolled into OnTrack with a new unpaid balance deferred for forgiveness. New pre-program arrearage balances ranged from $290 to $334 for electric nonheat accounts and from $543 to $622 for electric heat accounts. PPL May 25 Comments at 1. This one-month sample suggests that some OnTrack participants are cycling in and out of the program and receiving arrearage forgiveness for recurring balances.

The arrearage forgiveness component of CAP is intended to provide participating customers with a “fresh start” by deferring pre-program debt and allowing the customer to start CAP with a zero balance. It is also a means of encouraging and establishing regular monthly payments. See Section 69.265(6)(ix). PPL’s OnTrack appears deficient in this regard as most customers in the sample appear to have left OnTrack only to re‑enroll later with a new arrearage balance. We are concerned that by allowing multiple opportunities for pre-program arrearage forgiveness, OnTrack does not help customers develop the habit of staying current on monthly payments.

1. *In-Program arrears*

Arrears accrued by customers while participating in a CAP is another factor in evaluating the cost effectiveness of a program. A CAP should help customers establish regular payment habits by providing the most affordable monthly bill and/or allowing incremental forgiveness of pre-program debt with each payment. The amount of customer in-program arrears (*i.e.,* debt accrued by customers while in a CAP) suggest whether the CAP is encouraging timely payment habits. While in-program arrears are not recovered through the CAP budget; the unpaid debt increases costs for other ratepayers when it is written off as uncollectible and recovered through base rates.

PPL estimates in-program arrears accrued by OnTrack customers has increased significantly over the past 3 years. Table 16 shows the total amount of OnTrack bills not paid in full during 2014, 2015, and 2016 and the total unpaid balance.

**Table 16**

**OnTrack In-Program Arrearage Balance 2014-2016**

|  |  |  |
| --- | --- | --- |
| **Year** | **Total For Year****Full Bill Not Paid (# of)** | **Total For Year****In-Program Arrears** |
| 2014 | 178,749 | $3,667,676 |
| 2015 | 194,286 | $2,690,433 |
| 2016 | 256,953 | $12,588,116 |

 *Source*: PPL May 18 Comments at 6.

PPL notes the increase of in-program arrears in 2016 is most likely due to the implementation of OTBB, which allows customers who have exhausted their CAP credits to remain in OnTrack on budget billing. PPL May 18 Comments at 6-7.[[57]](#footnote-57)

*Discussion*

CAUSE-PA contends that some of PPL’s proposed program initiatives and cost-increases are indicative of an improved OnTrack program. CAUSE-PA notes, however, that another factor that has impacted program costs is CAP Shopping, which increased OnTrack program costs by $2.7 million annually. CAUSE-PA contends that the implementation of PPL’s CAP Standard Offer Program (CAP-SOP) will help to bring program costs down.[[58]](#footnote-58) CAUSE-PA Comments at 28-29. OCA agrees that CAP Shopping impacted program costs but notes that $2.7 million is a small portion of the $23 million increase to the OnTrack budget PPL is proposing over the three-year plan.

CAUSE-PA also suggests that PPL’s elimination of its policy to “graduate” customers from OnTrack may help to reduce pre-program arrearage expenditures. This change will allow customers to remain in OnTrack and reduce the number of households who re-enroll with new arrearages. CAUSE-PA Comments at 30-31.

Finally, CAUSE-PA recommends the Commission complete its reviews of affordable energy burden levels[[59]](#footnote-59) and universal service and energy conservation programs[[60]](#footnote-60) prior to requiring PPL to make changes to OnTrack at this time. CAUSE-PA Comments at 31.

OCA recommends the Commission establish a collaborative of stakeholders to evaluate the design of OnTrack and determine if there are ways to reduce the costs of the program. OCA Comments at 5. CAUSE-PA is supportive of establishing such a collaborative but asserts that it should consist of a “holistic review” of OnTrack “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.” CAUSE-PA Reply Comments at 2.

*Resolution*: It is the Commission’s mission, *inter alia*, to balance the needs of consumers and utilities and to ensure safe and reliable utility service at reasonable rates. When addressing issues concerning universal service costs, we must also balance the needs of the recipients of these programs and the residential ratepayers who must pay for it.

As the number of customers enrolled into OnTrack increases, so do the program costs. OnTrack participation increased by 51% from 2013 to 2015, and spending on OnTrack grew by the same amount.[[61]](#footnote-61) Spending on OnTrack by 2019 is projected to increase by 54% compared to 2015, with residential ratepayers projected to pay almost $9 on each monthly bill for OnTrack costs alone. With PPL spending an average of $1,826 per OnTrack customer in 2015[[62]](#footnote-62), we are concerned about the amount the OnTrack budget will increase as more of the estimated 325,000 low-income households enroll in this program.

In this Order, the Commission has directed OnTrack changes to protect low-income households that will also have an impact on program costs. We have directed PPL to (1) establish controls that will ensure OnTrack bills do not exceed the maximum energy burden levels in the CAP Policy Statement; (2) apply its tiered maximum CAP credit limits to all OnTrack accounts within three months after final approval of this Plan; and (3) eliminate the $5 arrearage co-payment for customers with no pre-program arrears, regardless of whether the customer enters an OnTrack program with no pre-program arrearage or achieves that status while in an OnTrack program. These changes may further increase the cost of this program.

We do recognize, however, that changes proposed in PPL’s Proposed 2017-2019 Plan and the implementation of the Company’s CAP-SOP should help reduce future OnTrack costs. First, PPL has eliminated the requirement that customers must have been enrolled in a payment arrangement within the past 12 months to qualify for OnTrack. This change will allow customers to qualify for OnTrack without an existing unpaid balance (*i.e.*, without any pre-program arrearage), which means that some future OnTrack enrollees may never need arrearage forgiveness. Second, PPL has discontinued its practice of “graduating” customers from OnTrack when all pre-program arrears are forgiven and the customer’s OnTrack payment is within approximately 10% of their budget bill. Proposed 2017-2019 Plan at 10. Allowing low-income customers to remain in OnTrack as long as they remain income-eligible will allow customers to maintain their habit of monthly payments and reduce the chance they will leave OnTrack and seek to re-enroll later with a new balance for arrearage forgiveness. Finally, the implementation of the CAP-SOP should help to reduce the amount of CAP credits applied to OnTrack bills by ensuring OnTrack customers receive a 7% discount off PPL’s price-to-compare if they shop for electricity.

As noted by CAUSE-PA, the Commission is currently conducting a review of energy burden levels and a review of universal service and energy conservation programs in separate proceedings. The energy burden review will examine energy affordability for low-income households in Pennsylvania. The universal service and energy conservation programs review invites utilities and other stakeholders to share their concerns and suggestions for amending or approving these programs, including their design, implementation, costs, cost recovery, administration, reporting, and evaluation. Despite our concerns about PPL’s increasing OnTrack budget, we are not inclined to make *ad hoc* changes to CAPs until these related proceedings are completed.[[63]](#footnote-63)

In the interim, PPL should work with its universal services stakeholder group to evaluate OnTrack policies, procedures, and expenditures to determine if there are ways to decrease current program costs. We will continue to monitor PPL’s annual OnTrack costs and may revisit this issue during PPL’s next USECP proceeding or earlier, as appropriate.

*b. CARES Budget*

 PPL’s projects its CARES budget will increase by over $3,000 per year through 2019. In the Tentative Order, we asked PPL to explain why the CARES budget projects annual increase with no changes in enrollment.

PPL explains the projected increases in the CARES budget is due to increases in staff wages and overhead program costs. PPL April 26 Comments at 27.

*Resolution*: We are satisfied with PPL’s explanation that increases in wages and overhead costs are responsible for the annual increases in the CARES budget. The Company is directed to include this budget clarification in its Revised 2017-2019 Plan.

1. **Use of Community-Based Organizations (CBOs)**

The Competition Act directs the Commission to encourage utility companies to use CBOs to assist in the operation of universal service programs. 66 Pa. C.S. § 2804(9). In accordance with these provisions, PPL provided the following information about its use of CBOs:

* The OnTrack program is administered by eight (8) CBOs, with eight (8) supervisors and 54 caseworkers.
* PPL contracts with 22 organizations to perform WRAP services.
* Operation HELP is administered by 15 CBOs, with 40 caseworkers at 25 sites.
* CARES staff work with up to 16 CBOs in each of the five PPL regions within its service territory to provide assistance to customers.

*Resolution*: Consistent with the Tentative Order, we find that PPL’s use of CBOs complies with the intent of the Competition Act.

1. **Organizational Structure**

PPL reports the following organizational structure for its universal service programs:

* 1 Vice President, Customer Service (all programs)
* 2 Managers, Regulatory Programs & Business Services (all programs)
* 5 Regulatory Program Specialists (all programs)
* 10 Universal Service Representatives (1 for CARES and WRAP, 9 for WRAP only)
* 2 Administrative Support Staff (OnTrack, CARES, & Operation Help)

*CARES Staffing Levels*

In the Tentative Order, we questioned whether PPL’s CARES staffing level is sufficient to provide services to any PPL customer experiencing a temporary hardship. Therefore, we asked PPL to clarify how many of its employees provide direct CARES services.

PPL clarifies that one Universal Service Representative (USR) is designated for CARES. This USR is supported by two administrative support staff that provide assistance as needed (*e.g.*, troubleshooting issues, running reports, answering account questions, etc.) PPL notes the program has experienced no major backlogs or resource issues with the current staffing level. PPL April 26 Comments at 27-28.

*Resolution*: We are satisfied with PPL’s explanation that its CARES staff of three employees is sufficient to address its current level of program participation. Accordingly, we are not requiring any changes to this aspect of PPL’s Proposed 2017-2019 Plan.

**V. CONCLUSION**

We have identified in this Order a number of issues, concerns, and changes that PPL must address in a compliance filing. For these reasons, it is premature to approve PPL’s 2017-2019 Plan at this time.[[64]](#footnote-64)

Therefore, approval of PPL’s 2017-2020 Plan is deferred pending the Commission’s review of the Company’s Revised Plan to be filed in compliance with this Order. PPL shall serve and file its Revised Plan within 30 days of the entry date of this Order. Thereafter, stakeholders shall have ten (10) days to file exceptions and five (5) days to reply to exceptions relative to whether the Revised Plan is in compliance with this Order.

The findings, conclusions, and resolutions herein do not limit the Commission’s authority to order future changes to PPL’s 2017-2019 Plan based on evaluation findings, universal service data, rate-making considerations, or other relevant factors.

Consistent with the discussion above, we shall direct PPL to amend and file a Revised USECP for 2017-2020 in compliance with this Order and to perform the following:

1. Provide details about the OnTrack online application process in its Revised 2017-2019 Plan.
2. Establish a control feature to its Agency Selected Payment Plan that will ensure a household’s OnTrack payment does not exceed the maximum energy burden levels in the CAP Policy Statement. This change should be implemented within six months after final approval of a 2017-2019 Plan. The Company shall also identify this policy and procedure change in its Revised 2017-2019 Plan.
3. Allow customers to remain in OnTrack Lifestyle after nine months if their financial situation has not changed. This change should take place immediately after final approval of a 2018-2019 Plan. PPL should include this policy modification in its Revised 2017-2019 Plan.
4. Allow OTBB customers to automatically recertify for regular OnTrack, if eligible, by April 2018. PPL should include this policy change in its Revised 2017-2019 Plan.
5. Allow customers who voluntarily leave OnTrack or are removed for non-payment to be re-instated in the program if they pay the OnTrack catch-up amount. This change should be implemented within six months after final approval of a 2017-2019 Plan. PPL should include this policy change in its Revised 2017-2019 Plan.
6. Implement the automatic WRAP referral process for OnTrack customers by June 2018 and include this policy change in its Revised 2017-2019 Plan.
7. Remove the provision from its 2017-2019 USECP which states that exceeding pre-OnTrack consumption could result in removal from the program.
8. Automatically recalculate OnTrack payments when participating customers transfer service to a new residence. This change should be implemented by July 1, 2018. PPL should identify this procedural change in its Revised 2017-2019 Plan.
9. Provide clarifications about the types of public assistance grants, support payments, and one-time lump-sum payments counted as unearned income for OnTrack in the Revised 2017-2019 Plan.
10. Eliminate the $5 arrearage co-payment for OnTrack accounts with no pre-program arrears and apply the $5 arrearage co-payment only to the pre-program arrearage balance for the account for which it was paid. This change should be implemented within 30 days after final approval of PPL’s 2017-2019 USECP and should be reflected in the Revised 2017-2019 Plan.
11. Provide data and other information regarding the historical application of the $5 monthly arrearage copay within 60 days from the entry date of this Order. Include customer education and bill information.
12. Establish a universal service stakeholder group that meets at least twice per year. PPL shall include this provision in its Revised 2017-2019 Plan.
13. Work with its universal service stakeholder group to draft a zero income form and establish program parameters for households enrolled with zero income. PPL shall file an addendum to its 2017-2019 Plan that explains its policy for customers reporting zero income within 60 days after final approval of this Plan.
14. Implement and apply its tiered maximum CAP Credit limits to all OnTrack accounts within three months upon final approval of a 2017-2019 Plan. PPL shall include this implementation schedule in its Revised 2017-2019 Plan.
15. Explain how treatment of multifamily buildings are coordinated through Act 129 and WRAP in the Revised 2017-2019 Plan.
16. Explain how Act 129 and WRAP jobs are assigned and tracked through the LEAP system in the Revised 2017-2019 Plan.
17. Update the WRAP needs assessment figures in the Revised 2017-2019 Plan.
18. Provide clarification on annual increases to the CARES budget in the Revised 2017-2019 Plan.

PPL shall file and serve its Revised Plan for 2017-2019 in a compliance filing within 30 days of entry of this order, reflecting the changes directed consistent with this Order. We invite PPL to submit its Revised 2017-2019 Plan to BCS for a compliance review prior to filing. PPL’s existing 2014-2016 USECP will continue in operation in whole or in part until replacement provisions of its Revised 2017-2019 USECP are implemented.

Having addressed PPL’s Proposed 2017-2019 Plan and the comments and reply comments in the record, we note that any issue, comment, or reply comment requesting a further deviation from the Proposed 2017-2019 Plan, but which we may not have specifically delineated herein, shall be deemed to have been duly considered and denied without further discussion. The Commission is not required to consider expressly or at length each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also*, *generally*, *U. of PA v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984); **THEREFORE,**

**IT IS ORDERED:**

1. That PPL Electric Utilities Corporation shall file a Revised Universal Service and Energy Conservation Plan for 2017-2019 within thirty (30) days of the entry date of this Order.

2. That the Revised 2017-2019 Universal Service and Energy Conservation Plan shall be filed in both clean and redline copies and served on the parties to this docket.

3. That the Revised 2017-2019 Universal Service and Energy Conservation Plan shall be provided electronically in Word®-compatible format to Joseph Magee, Bureau of Consumer Services, jmagee@pa.gov, Sarah Dewey, Bureau of Consumer Services, sdewey@pa.gov, and Louise Fink Smith, Law Bureau, finksmith@pa.gov.

4. That the Revised 2017-2019 Universal Service and Energy Conservation Plan shall contain the following changes:

* Details about the OnTrack online application process.
* Requiring that OnTrack payments no not exceed the maximum energy burden levels in the CAP Policy Statement.
* Allowing customers to remain in OnTrack Lifestyle after nine months if their financial situation has not changed.
* Allowing OTBB customers to automatically recertify for regular OnTrack, if eligible, by April 2018.
* Allowing customers who voluntarily leave OnTrack or are removed for non-payment to be re-instated in the program if they pay the OnTrack catch-up amount.
* Details about the automatic WRAP referral process for OnTrack customers.
* Remove the provision which states that exceeding pre-OnTrack consumption could result in removal from the program.
* Automatically recalculating OnTrack payments when participating customers transfer service to a new residence.
* Clarifying the types of public assistance grants, support payments, and one-time lump-sum payments counted as unearned income for OnTrack.
* Clarify that the $5 arrearage co-payment for OnTrack accounts is charged only if customers have pre-program arrears and will be applied to the customer’s pre-program arrearage balance.
* Establishing a universal service stakeholder group that meets at least twice per year.
* Implementing its tiered maximum CAP Credit limits to all OnTrack accounts within three months.
* Explain how treatment of multifamily buildings are coordinated through Act 129 and WRAP.
* Explain how Act 129 and WRAP jobs are assigned and tracked through the LEAP system.
* Update the WRAP needs assessment figures.
* Clarifying the annual increases to its CARES budget.

5. That exceptions to the 2017-2019 Revised Universal Service and Energy Conservation Plan may be filed within 10 days of the date of its filing and service. Reply exceptions may be filed within five (5) days of the due date for the filing of exceptions.

6. That exceptions and reply exceptions shall be served on the parties of record and provided electronically in Word®-compatible format to Joseph Magee, Bureau of Consumer Services, jmagee@pa.gov, Sarah Dewey, Bureau of Consumer Services, sdewey@pa.gov, and Louise Fink Smith, Law Bureau, finksmith@pa.gov.

7. That the Commission’s Bureau of Consumer Services, with the assistance of the Law Bureau, will evaluate the compliance filing, as well as any exceptions and reply exceptions filed thereto, and prepare a recommendation for the Commission’s consideration relative to approving or rejecting PPL Electric Utilities Corporation’s Revised Universal Service and Energy Conservation Plan for 2017-2019.

8. That PPL Electric Utilities Corporation shall file and serve quarterly updates on the progress for the following system enhancements at this docket beginning January 2, 2018, and continuing until these system changes are implemented:

* Establishing a control feature to ensure a household’s OnTrack payment does not exceed the maximum energy burden levels in the CAP Policy Statement.
* Automatically recertifying eligible OTBB customers for regular OnTrack.
* Allowing customers who voluntarily leave OnTrack or are removed for non-payment to be re-instated in the program if they pay the OnTrack catch-up amount.
* Implementation of an automatic WRAP referral process for OnTrack customers.
* Automatically recalculate OnTrack payments when participating customers transfer service to a new residence.

9. That PPL Electric Utilities Corporation shall file and serve a verified accounting of data and other information regarding the historical application of its $5 monthly arrearage co-payment within 60 days from the entry date of this Order. This accounting should include information about how the co-payment is described in customer education and OnTrack bills. Stakeholders may submit comments to this accounting report within fifteen (15) days after PPL’s filing deadline. Reply comments may be filed within ten (10) days thereafter.

 **BY THE COMMISSION,**

 Rosemary Chiavetta

 Secretary

(SEAL)

ORDER ADOPTED: October 5, 2017

ORDER ENTERED: October 5, 2017

1. This docket number is also referred to as “Docket No. M-00840403.” [↑](#footnote-ref-1)
2. PPL reported serving 1,226,583 residential customers in 2015. 2015 Report on Universal Service Programs & Collections Performance at 6. [↑](#footnote-ref-2)
3. <http://www.puc.pa.gov/General/pdf/USP_Evaluation-PPL.pdf>. [↑](#footnote-ref-3)
4. This change has the additional impact of allowing low-income customers to qualify for OnTrack without an existing pre-program arrearage (*i.e.*, with no unpaid balance), which mean that such a customer would not need arrearage forgiveness. [↑](#footnote-ref-4)
5. An OnTrack household currently “graduates” from the program when all pre-program arrearages have been forgiven and the Company determines that the household has a good payment history and the OnTrack installment amount is within 10% of the household’s budget bill. [↑](#footnote-ref-5)
6. This budget increase was part of a distribution rate case settlement at *Pa. PUC, et al. v. PPL*, Docket No. R-2015-2469275. *See* Paragraph 43 of Joint Settlement, filed September 3, 2015. <http://www.puc.pa.gov/pcdocs/1380667.pdf>. [↑](#footnote-ref-6)
7. PPL reports the arrearage co-payment is paid by all active OnTrack customers and goes toward the arrearage forgiveness benefit of the program. PPL Reply Comments at 6-7. [↑](#footnote-ref-7)
8. Section 69.265(2)(i)(A) & (C). The current maximum payment for electric nonheating (ENH) service for households with income up to 50% of FPIG “should be” between 2% and 5% of income. The current maximum payment for electric heating (EH) service for households with income up to 50% of FPIG “should be” between 5% and 8% of income. [↑](#footnote-ref-8)
9. The monthly CAP Plus charge changes each November. It was set at $8 in November 2011; $5.00 in November 2012; $2.50 in November 2013; $4.00 in November 2014; $3.00 in November 2015; and $3.83 in November 2016. [↑](#footnote-ref-9)
10. The total calendar-year CAP Plus charges were $33 in 2014, $46 in 2015, and $37.66 in 2016. PPL May 18 Comments at 3. [↑](#footnote-ref-10)
11. *See Duquesne 2017-2019 USECP*, Docket No. M-2016-2534323 (Order entered March 23, 2017) at 28-31. [↑](#footnote-ref-11)
12. *See Energy Affordability for Low Income Customers*, Docket No. M‑2017-2587711 (order entered May 5, 2017). [↑](#footnote-ref-12)
13. PPL’s “16% rule” does not “allow” an OnTrack household to be charged more than 16% of its income. We address the “16% rule” in further detail below. [↑](#footnote-ref-13)
14. These energy burden levels include the $5 arrearage co-payment and CAP Plus charges. [↑](#footnote-ref-14)
15. “PPL Electric offers baseload WRAP when a family’s income is less than their monthly rent or mortgage payment.” Proposed 2017-2019 Plan at 39 [↑](#footnote-ref-15)
16. All OnTrack customers must recertify at least once every 36 months, so automatic recertification does not occur consecutively. [↑](#footnote-ref-16)
17. PPL states that this estimated implementation date may change based on Company resources. It plans to keep stakeholders updated on the project status and timeline. PPL April 26 Comments at 7. [↑](#footnote-ref-17)
18. We also have concerns about PPL’s policy to treat any balance owed by these customers after six months as new pre-program arrears upon re-enrollment. This policy may add to the increasing arrearage forgiveness costs of the OnTrack program, which we address in the budget section below. [↑](#footnote-ref-18)
19. *See* Columbia Gas 2015-2018 USECP at 23, Docket No. M-2014-2424462, and *PGW 2017-2020 USECP*, Docket No. M-2016-2542415 (Order entered August 3, 2017) at 28-30. [↑](#footnote-ref-19)
20. Section 69.265(2)(i)(A) & (C) uses the term “electric nonheating.” [↑](#footnote-ref-20)
21. Estimates of monthly bill decreases/increases are based on POB payment calculations only and do not include arrearage co-payment and CAP Plus charges. PPL April 26 Comments at 11. PPL does not indicate if these bill comparisons were normalized for seasonal differences. [↑](#footnote-ref-21)
22. The Tentative Order did not address this issue. [↑](#footnote-ref-22)
23. PPL should also ensure that the pre-program arrears paid through the co-payments are not also recovered through the Company’s Universal Service Rider or rates. [↑](#footnote-ref-23)
24. From the terminology PPL uses, one might logically infer that a monthly pre-program arrearage copay in conjunction with 18 months of arrearage proportional forgiveness would work to reduce the pre-program arrearage to zero in less than 18 months. We cannot make this inference from the information PPL has provided to date. Accordingly, PPL must describe and illustrate its calculations with specificity. [↑](#footnote-ref-24)
25. The Tentative Order did not address this issue. [↑](#footnote-ref-25)
26. The Tentative Order did not address this issue. [↑](#footnote-ref-26)
27. *See* Duquesne 2017-2019 USECP at 5-6, Docket No. M-2016-2534323. [↑](#footnote-ref-27)
28. *See* Met Ed, Penelec, Penn Power, and WPP 2015-2018 USECPs at 10, respectively, Docket Nos. M-2014-2407729, M-2014-2407730, M-2014-2407731, and M-2014-2407728. [↑](#footnote-ref-28)
29. The Tentative Order did not address this issue. [↑](#footnote-ref-29)
30. Section 69.265(3)(vi)(C): “Energy consumption was beyond the household’s ability to control.” [↑](#footnote-ref-30)
31. PPL may use up to 20% of the LIURP budget to serve customers with incomes between 151% and 200% of the FPIG. These customers must be “special needs” or live in low-income multi-unit buildings. Proposed 2017-2019 Plan at 37. [↑](#footnote-ref-31)
32. PPL will make exceptions to the nine-month usage history requirement on a case-by-case basis. Households may also qualify for Act 129 WRAP. Proposed 2017-2019 Plan at 38. [↑](#footnote-ref-32)
33. PPL may make exceptions to the usage criteria for small premises or hardship situations. Proposed 2017-2019 Plan at 39. [↑](#footnote-ref-33)
34. PPL customers who have less than nine months of usage history at their residence or who have received LIURP or ACT 129 WRAP services in the past seven years may still be eligible for WRAP upon Company approval. Proposed 2014-2016 Plan (WRAP) at 2. [↑](#footnote-ref-34)
35. LIURP regulations at Section 58.4(c)(1)-(4) provide guidance on how the steps/factors should be considered. [↑](#footnote-ref-35)
36. 66 Pa. C.S. §§ 2804(8) and 2804(9). [↑](#footnote-ref-36)
37. PPL has previously reported to BCS that customers must be removed from budget billing prior to enrollment in OnTrack. This process causes in a delay in program enrollment. [↑](#footnote-ref-37)
38. PPL reported 173,806 confirmed low-income customers and 325,879 estimated low-income customers. CAUSE-PA Comments at 26, *citing* the 2015 Report on Universal Service Programs & Collections Performance at 7. [↑](#footnote-ref-38)
39. PPL reported that 23.9% of its confirmed low-income customers in debt are not on a payment arrangement. The industry average is 12.6%. CAUSE-PA Comments at 26, *citing* the 2015 Report on Universal Service Programs & Collections Performance at 20. [↑](#footnote-ref-39)
40. PPL’s termination rate for confirmed low-income customers increased by 22.4% from 2013 to 2015, while the industry average declined by 1.9%. CAUSE-PA Comments at 26, *citing* the 2015 Report on Universal Service Programs & Collections Performance at 12. [↑](#footnote-ref-40)
41. PPL reports Operation HELP administrative costs are recovered from PPL’s corporate contribution to the program. Proposed 2017-2019 Plan at 69. [↑](#footnote-ref-41)
42. 2012 Report on Universal Service Programs & Collections Performance at 6 and 39. [↑](#footnote-ref-42)
43. 2013 Report on Universal Service Programs & Collections Performance at 6 and 41. [↑](#footnote-ref-43)
44. 2014 Report on Universal Service Programs & Collections Performance at 6 and 47. [↑](#footnote-ref-44)
45. 2015 Report on Universal Service Programs & Collections Performance at 6 and 47. [↑](#footnote-ref-45)
46. 2012 Report on Universal Service Programs & Collections Performance at 39. [↑](#footnote-ref-46)
47. 2013 Report on Universal Service Programs & Collections Performance at 39. [↑](#footnote-ref-47)
48. 2014 Report on Universal Service Programs & Collections Performance at 44. [↑](#footnote-ref-48)
49. 2015 Report on Universal Service Programs & Collections Performance at 44. [↑](#footnote-ref-49)
50. First Energy’s CAP provides CAP credits to customers who pay over 3% of income for non-heating electric and 9% of income for electric heat. PECO’s CAP energy burden levels vary from 5% to 17% of household income, based on household poverty level and account type. Both First Energy and PECO offer arrearage forgiveness to CAP customers who do not qualify for CAP Credits. *See* Met-Ed, Penenlec, and Penn Power 2015-2018 USECPs at 8, West Penn Power 2015-2018 USECP at 8-9, and PECO 2016-2018 USECP at 30-31. [↑](#footnote-ref-50)
51. Docket No. M-2017-2587711. [↑](#footnote-ref-51)
52. 2012 Report on Universal Service Programs & Collections Performance at 39. [↑](#footnote-ref-52)
53. 2013 Report on Universal Service Programs & Collections Performance at 39. [↑](#footnote-ref-53)
54. 2014 Report on Universal Service Programs & Collections Performance at 44. [↑](#footnote-ref-54)
55. 2015 Report on Universal Service Programs & Collections Performance at 44. [↑](#footnote-ref-55)
56. For example, See Met Ed, Penelec, Penn Power, and WPP 2015-2018 USECPs at 13 and PECO 2016-2018 USECP at 8-9, Docket No. M-2015-2507139. [↑](#footnote-ref-56)
57. As noted above, we have directed PPL to implement its tiered maximum CAP credit limits within three (3) months. This change will allow many OTBB customers to be placed back into regular OnTrack and receive reduced monthly bills under the new CAP credit limits. [↑](#footnote-ref-57)
58. The CAP-SOP, *inter alia*, requires Energy Generation Suppliers (EGSs) to offer a 7% discount off PPL’s price to compare for OnTrack customers. *See Petition of PPL for Default Service Program for June 1, 2017 To May 31, 2021*, Docket No. P-2016-2526627. [↑](#footnote-ref-58)
59. *See Energy Affordability for Low Income Customers*, Docket No. M-2017-2587711 (Order entered May 5, 2017). [↑](#footnote-ref-59)
60. *See Review of USECPs*, Docket No. M-2017-2596907 (Order entered May 10, 2017). [↑](#footnote-ref-60)
61. In 2013, PPL spent $55.2 million on approximately 35,197 OnTrack customers ($1,569 per customer). In 2015, PPL spent $83.6 million on approximately 45, 801 customers ($1,826 per customer). The cost per customer has increased by approximately 16%. 2013 Report on Universal Service Programs & Collections Performance at 41 and 2015 Report on Universal Service Programs & Collections Performance at 47. [↑](#footnote-ref-61)
62. 2015 Report on Universal Service Programs & Collections Performance at 47. [↑](#footnote-ref-62)
63. A final report on the review of universal service and energy conservation programs will be provided to the Commission in November 2017. A final report on the energy burden review will be provided to the Commission in May 2018. [↑](#footnote-ref-63)
64. The existing 2014-2016 Plan will remain in effect until a Revised Plan filed in compliance with this Order is approved. [↑](#footnote-ref-64)