**PENNSYLVANIA PUBLIC UTILITY COMMISSION**
**HARRISBURG, PA 17120**

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| **Energy Affordability for Low-Income Customers** | **Public Meeting held January 17, 2019**<br>**2587711 – BCS**<br>**Docket No. M-2017-2587711** |

## STATEMENT OF VICE CHAIRMAN DAVID W. SWEET

Before the Commission today is the staff report titled, *"Home Energy Affordability for Low-Income Customers in Pennsylvania,"* prepared by the Commission's Bureau of Consumer Services (BCS) and Law Bureau in compliance with the Commission Order entered on May 5, 2017 at this docket. The May 5, 2017 Order directed staff to initiate a study to determine what constitutes an affordable energy burden for Pennsylvania's low-income households and, based on this analysis, whether any changes in the Commission's Customer Assistance Program (CAP) Policy Statement or other Universal Service and Energy Conservation Program guidelines are necessary to bring these programs into alignment with any affordability recommendations.

The recent finding that households in Pennsylvania that fall below 50% of the Federal Income Poverty Guidelines (FPIG) are billed an average of 30% of their income for home energy costs, in many ways, was the genesis of this study. It necessitated the need for a closer examination of our utility-sponsored assistance programs, which are admittedly complex and challenging to interpret given the variances in program offerings by each utility. I would like to commend the Commission's staff, particularly our Bureau of Consumer Services, for rising to the challenge, and producing a report that despite certain data-related setbacks, proves to be a critical first-step toward better understanding these issues. The information obtained as part of this investigation will inform the Commission's complimentary, ongoing evaluation of Universal Service (*Review of Universal Service and Energy Conservation Programs,* M-2017-2596907).

As part of this proceeding, the Commission is releasing staff's report for public comment, and as part of the comment period, I would like interested parties to also consider a few additional points of inquiry:

<u>LIHEAP</u>

LIHEAP grants had a measurable impact on energy burdens for CAP customers across all FPIG levels and energy types during the study period. The Study concluded that CAP customers with incomes at or below 50% of the FPIG experienced energy burden decreases of approximately 5 to 6 percentage points for gas heating, approximately 6 to 8 percentage points for electric non-heating, and approximately 7 to 9 percentage points for electric heating.

However, a relatively small subset of confirmed low-income households actually apply for and receive LIHEAP cash or crisis grant benefits. Given the correlation between energy burden reduction and receipt of LIHEAP benefits, I would like EDCs and NGDCs, as well as any other interested party, to further comment on the following:

- How, if at all, are LIHEAP applications encouraged at the time of CAP enrollment? Are there ways the intake process could be improved to ensure dual enrollment in both programs?
- What are the known or perceived barriers to LIHEAP enrollment (administrative or otherwise), if any?
- What are the advantages or disadvantages of requiring a LIHEAP application in order to receive CAP benefits?

Energy Burden Models

The Study states that Pennsylvania's maximum energy burdens in the CAP Policy Statement are generally higher than maximum energy burdens in neighboring states. For example, Pennsylvania's energy burden levels are anywhere between 5-17% depending on the energy status, fuel source and household income, whereas Ohio's maximum energy burden threshold is 10%, and New Jersey as well as New York's is 6%.

The Study covers cost projections of aligning Pennsylvania's energy burden thresholds with that of surrounding states, specifically Ohio, given similarities in state demographics and energy use, and the Order directs EDCs and NGDCs to provide additional analysis regarding the potential financial impact of making these changes.

In addition to providing various financial modeling scenarios, I also ask interested parties to provide comment on program design attributes adopted by neighboring states that may also be worth considering in Pennsylvania. Specifically,

- New York has limited the budget for each utility's payment assistance program to 2% of revenues for sales to end-use customers. If energy burden thresholds are lowered in order to make energy bills more affordable for low-income households in Pennsylvania, should a cap on customer assistance spending also be considered? If so, what would be the financial impact of a 2% cap of revenue from sales to end-use customers? How would this change affect current CAP customers?
- New York utilities recover their payment assistance costs from all rate classes. If Pennsylvania adopted a similar policy, what impact would cost sharing have on all participating rate classes if Ohio or New York's energy burden thresholds were adopted?

The above-mentioned scenarios are simply examples of policies from surrounding states. If there are other models or CAP design elements worth consideration, I encourage interested parties to explain each benefit and its subsequent cost as part of this process. This topic, and by extension, all matters of universal service to low-income customers are issues of great importance to me, and I look forward to reviewing the comments as they are filed.

**Date: January 17, 2019**

**David W. Sweet**
**Vice Chairman**