

March 2, 2020

**Via E-File**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re: Philadelphia Gas Works' Petition for Expedited Approval of PGW's Letter Request to Amend its Universal Service and Energy Conservation Plan Pursuant to Policy Statement at Docket No. M-2019-3012599**

**Letter in Lieu of Answer to PGW's Petition**

Dear Secretary Chiavetta:

Pursuant to 52 Pa Code § 5.61, the Tenant Union Representative Network ("TURN"), Action Alliance of Senior Citizens of Greater Philadelphia ("Action Alliance"), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") (collectively, the "Low Income Advocates") file this Letter in Lieu of an Answer in support of Philadelphia Gas Works' ("PGW") Petition for Expedited Approval of PGW's Letter Request to Amend its Universal Service and Energy Conservation Plan Pursuant to Policy Statement at Docket No. M-2019-3012599 ("Petition").

On November 5, 2019, the Pennsylvania Public Utility Commission ("Commission") issued a Final Policy Statement Order ("Order"), amending its Customer Assistance Program Policy Statement ("CAP Policy Statement") to improve the affordability and accessibility of the program. In its Order, the Commission strongly urged Electric Distribution Companies ("EDCs") and Natural Gas Distribution Companies ("NGDCs") to incorporate the adopted CAP policy amendments in their Universal Service and Energy Conservation Plans ("USECP").<sup>1</sup> The Commission ordered each EDC and NGDC to file an addendum to its current or pending USECP to explain how it intends to voluntarily comply with the policies outlined in the Commission's

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<sup>1</sup> 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261-69.267, M-2019-3012599, Final Policy Statement and Order entered November 5, 2019 at 2 (hereinafter "November 5<sup>th</sup> Order").

revised CAP Policy Statement. Petitions for Reconsideration and Clarification (“Petitions for Reconsideration”) were filed by the Energy Association of Pennsylvania (“EAP”) and the Office of Consumer Advocate (“OCA”) on November 20, 2019.

On January 6, 2020, PGW filed an Addendum to its USECP for 2017-2020 and a Cover Letter with the Commission indicating which of the CAP Policy Statement changes PGW proposes to implement. In its Cover Letter, PGW proposed to implement a Pilot Program which would establish new maximum energy burdens for its CAP, the Customer Responsibility Program (“CRP”). Specifically, CRP customers with income between 0-50% of the Federal Poverty Level would have bills set at 4% of income and CRP customers with income between 51-150% of the Federal Poverty Level would have bills set at 6% of income.<sup>2</sup> In addition, PGW proposes to eliminate CRP customers’ obligation to pay \$5 per month toward pre-program arrears during the duration of the Pilot Program.<sup>3</sup> Each of these changes are fully compliant with the Commission’s revised CAP Policy Statement.

After filing its Addendum and Cover Letter, PGW coordinated discussions about these proposed changes with interested stakeholders, including the Low Income Advocates. On February 6, 2020, the Commission entered two Orders on the EAP and OCA Petitions for Reconsideration.<sup>4</sup> In those orders, the Commission clarified its November 5 Order and the information to be included in Addendum filings submitted by the EDCs and NGDCs.

On February 21, 2020, PGW filed its Petition seeking expedited approval of its Addendum and requesting to amend its universal service plan consistent with its proposal. After

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<sup>2</sup> Philadelphia Gas Works’ Petition for Expedited Approval of PGW’s Letter Request to Amend Its Universal Service and Energy Conservation Plan Pursuant to 2019 Amendments to Policy Statement at Docket No. M-2019-3012599 (Feb. 21, 2020) at ¶ 8 (hereinafter “Petition”). CRP also includes a budget bill option if that is lower than a customer’s percentage of income based bill. PGW does not propose any modifications to its CRP budget bill option, as required by the Commission in PGW’s last USECP proceeding. See Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2020, PUC Docket No. M-2016-2542415, Order at 19 (order entered Aug. 3, 2017).

<sup>3</sup> Petition at ¶ 8.

<sup>4</sup> Petition of Energy Association of Pennsylvania for Reconsideration/Clarification of the November 5, 2019 Final CAP Policy Statement and Order at Docket No. M-2019-3012599, P-2020-3016889, Order on Reconsideration and Clarification (February 6, 2020); Petition of Office of Consumer Advocate for Reconsideration/Clarification of the November 5, 2019 Final CAP Policy Statement and Order at Docket No. M-2019-3012599, P-2020-3016885, Order on Reconsideration/Clarification (February 6, 2020).

reviewing PGW's Addendum, Cover Letter and Petition, and discussing the proposals with PGW, the Low Income Advocates enthusiastically support PGW's proposal to implement the Commission's energy burden reductions, which will result in substantially improved affordability for CRP participants. Low income Philadelphia natural gas consumers should not continue to suffer under the weight of unaffordable utility service. The Low Income Advocates commend PGW on its effort to expeditiously implement the revised energy burden standards in its service territory, and urge the Commission to approve PGW's Petition without delay.

A. PGW's proposal provides necessary relief to low income PGW customers who cannot afford their natural gas costs.

Throughout the Commission's Universal Service Review, the Low Income Advocates have underscored the need for *immediate* action to address CAP affordability and alleviate the termination crisis in Pennsylvania.<sup>5</sup> In Philadelphia, the need for relief is urgent. Philadelphia remains America's largest poor city.<sup>6</sup> Every year thousands of Philadelphians lose access to natural gas service solely due to their inability to afford their bills. In 2018, PGW reported more than 17,000 terminations of confirmed low income natural gas customers.<sup>7</sup> This past winter, more than 7,000 PGW households entered winter without access to a safe heating source following a shut off for nonpayment during the calendar year.<sup>8</sup>

The Low Income Advocates continue to applaud the Commission's decision to establish lower energy burden targets, which is a necessary first step in improving the structure and delivery of CAP in Pennsylvania. We now implore the Commission to move swiftly in approving proposals by the utilities to implement these new affordability guidelines to ensure that low income customers receive immediate relief from unaffordable CAP bills.

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<sup>5</sup> See, e.g., Joint Answer of the Tenant Union Representative Network, Action Alliance of Senior Citizens of Greater Philadelphia, And the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania to the Petition of the Energy Association of Pennsylvania for Reconsideration and Clarification of Final Policy Statement Order Entered on November 5, 2019, M-2019-3012599, at 14.

<sup>6</sup> See Pew Charitable Trusts, The State of Philadelphians Living in Poverty, 2019 (Apr. 2019), [https://www.pewtrusts.org/-/media/assets/2019/05/state\\_of\\_poverty.pdf](https://www.pewtrusts.org/-/media/assets/2019/05/state_of_poverty.pdf).

<sup>7</sup> Pennsylvania Public Utility Commission, Bureau of Consumer Services, Universal Service Programs & Collections Performance 2018 (Oct. 2019) at 13, [http://www.puc.pa.gov/General/publications\\_reports/pdf/EDC\\_NGDC\\_UniServ\\_Rpt2018.pdf](http://www.puc.pa.gov/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2018.pdf)

<sup>8</sup> 4-Year Average, 2018 & 2019 Cold Weather Survey Results – Gas, *available at* [http://www.puc.state.pa.us/General/publications\\_reports/pdf/Cold\\_Weather\\_Results\\_2019.pdf](http://www.puc.state.pa.us/General/publications_reports/pdf/Cold_Weather_Results_2019.pdf)

B. PGW's Petition thoughtfully balances the interests of low income customers and the interests of PGW customers who fund PGW's CRP program.

PGW's proposal balances the interests of PGW's low income CRP participants with the interests of PGW's other ratepayers. First, PGW proposes a Pilot instead of a permanent program. This would allow both PGW and the Commission an opportunity to test the new affordability guidelines and provide meaningful data to assess the impacts on CRP customers, PGW's ratepayers and PGW's service territory.<sup>9</sup> If approved, the Pilot Program will be operational in advance of the Commission's upcoming universal service rulemaking and nearly a year prior to PGW's next USECP filing. The Commission and interested parties will be able to request and review PGW's data from the Pilot Program in the context of these future proceedings. Other stakeholders have expressed a variety of concerns about the costs and impacts of the various changes outlined in the Commission's new CAP Policy Statement.<sup>10</sup> Data from PGW's Pilot in advance of its next USECP filing will allow for full analysis of the impacts of the program, while at the same time ensuring that low income households in Philadelphia are able to access and afford life-essential utility service pursuant to the energy burdens established by the Commission.

Second, PGW proposes to establish a CRP consumption limit, which can serve as a cost containment measure to prevent CRP customers who are capable of mitigating extremely high usage from inadvertently driving up program costs.<sup>11</sup> The Low Income Advocates believe that the CRP consumption limit is reasonable within the context of the Pilot Program proposal because (1) PGW proposes to adopt the Commission's affordability guidelines; (2) PGW will

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<sup>9</sup> Petition at 4.

<sup>10</sup> The Office of Consumer Advocate, by way of example, has raised general concerns about cost increases and in addition has specifically questioned whether lower energy burdens will result in an increase in returned LIHEAP dollars. See generally Petition of the Office of Consumer Advocate for Reconsideration and/or Clarification, 2019 Amendments to Policy Statement on Customer Assistance Programs 52 Pa. Code §§ 69.261 – 69.267, M-2019-3012599 (Nov. 20, 2019); see also Answer of the Office of Consumer Advocate, Petition to Amend Peoples' 2015-2018 Universal Service and Energy Conservation Plan, P-2020-3017641 (Feb. 26, 2020) at 4. As the Commission noted in its Order denying OCA's Petition for Reconsideration, this is a subject that should be addressed to the Department of Human Services ("DHS"), which administers the LIHEAP program. Petition of Office of Consumer Advocate for Reconsideration/Clarification of the November 5, 2019 Final CAP Policy Statement and Order at Docket No. M-2019-3012599, P-2020-3016885, Order on Reconsideration/Clarification (February 6, 2020) at 10-11. However, data gained from PGW's Pilot would allow OCA and other advocates to analyze exactly how much additional money (if any) is returned and propose solutions to DHS that would ensure that LIHEAP dollars are fully utilized.

<sup>11</sup> Petition at ¶¶ 7-8.

permit CRP customers who reach the consumption limit to remain enrolled in CRP while receiving an average bill for the remainder of the credit limit period;<sup>12</sup> and (3) PGW will permit CRP customers to request exemptions from the consumption limit if their high usage is not within their ability to control, among other reasons.<sup>13</sup> The Low Income Advocates assert that, in balance, PGW's proposed CRP consumption limit should be approved to allow PGW to collect data and information related thereto for consideration in PGW's next USECP proceeding.

C. PGW's request for expedited approval is reasonable

The Low Income Advocates support PGW's proposal to swiftly implement the Commission's energy burden directive and the practical basis for expedited approval. PGW is requesting expedited approval of its Petition so that implementation of the Pilot Program can be done in coordination with ongoing upgrades to its Customer Information System (CIS).<sup>14</sup> If the Petition is approved, PGW would implement its Pilot Program prior to September 2020 when the utility expects to cease making changes to its CIS.<sup>15</sup> Not only would approval of the Petition permit PGW to include the Pilot Program changes in its CIS system enhancements, but also, if the Petition is approved, PGW could begin providing more affordable bills to CRP customers three months in advance of the January 2021 target date established by the November 5 Order.<sup>16</sup>

Conversely, PGW has indicated that if its Petition is not approved in an expedited manner, PGW intends to withdraw its Petition and PGW will not address any CAP program modifications prior to its next USECP filing on November 1, 2021.<sup>17</sup> This means that if PGW's Petition is not approved by March 31, 2020, CRP participants will continue to receive unaffordable bills under the superseded CAP Policy Statement guidelines. CRP customers will

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<sup>12</sup> The Low Income Advocates believe that for purposes of determining the average bill for these customers, PGW should determine the amount that the customer would pay under PGW's budget billing program, and to the extent necessary, update the budget bill over the course of the year as required by its Gas Service Tariff. Philadelphia Gas Works Gas Service Tariff at 16, [https://www.pgworks.com/uploads/pdfs/PGW\\_GAS\\_SERVICE\\_TARIFF\\_THROUGH\\_SUPP\\_127.pdf](https://www.pgworks.com/uploads/pdfs/PGW_GAS_SERVICE_TARIFF_THROUGH_SUPP_127.pdf). The Low Income Advocates encourage PGW not to provide these customers with an average bill that exceeds the amount that the customer would receive under budget billing.

<sup>13</sup> Amended USECP at 15.

<sup>14</sup> Petition at 2.

<sup>15</sup> *Id.*

<sup>16</sup> Petition at ¶ 12.

<sup>17</sup> Petition at ¶ 10.

have to wait 21 months – or longer – to begin receiving bills that fulfill the Commission’s current energy burden standards. It is unconscionable to ask low income CRP customers to continue to pay unaffordable bills for the next 21 months when the Commission has concluded that sound public policy requires a reduction in energy burdens and PGW has readily agreed to modify its CRP program consistent with the Commission’s guidelines.

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For all of the foregoing reasons, the Low Income Advocates respectfully request that the Commission grant PGW’s Petition for expedited approval to amend its Universal Service and Energy Conservation Plan consistent with the Commission’s revised CAP Policy Statement.

Respectfully submitted,



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March 2, 2020

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Philadelphia Gas Works’ Petition for Expedited Approval of PGW’s Letter Request to Amend its Universal Service and Energy Conservation Plan Pursuant to Policy Statement at Docket No. M-2019-3012599** :  
: **P-2020-3018867**  
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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served copies of the foregoing **Letter in Lieu of Answer of CAUSE-PA and TURN et al. to Philadelphia Gas Works’ Petition for Expedited Approval of PGW’s Letter Request to Amend its Universal Service and Energy Conservation Plan** in accordance with the requirements of 52 Pa. Code § 1.54 in the manner and upon the persons listed below.

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*On Behalf of TURN and Action Alliance and  
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