


COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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March 2, 2020

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

Re: 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  
Docket No. P-2020-3018867

Dear Secretary Chiavetta:

Enclosed please find the Answer of the Office of Consumer Advocate in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully submitted,

A handwritten signature in black ink that reads "Christy M. Appleby".

Christy M. Appleby  
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Office of Administrative Law Judge (OALJ)  
Office of Special Assistants (email only: [ra-OSA@pa.gov](mailto:ra-OSA@pa.gov))  
Certificate of Service

\*284376

CERTIFICATE OF SERVICE

Re: Petition for Expedited Approval of PGW's :  
Letter Request to Amend its Universal : Docket No. P-2020-3018867  
Service and Energy Conservation Plan :  
Pursuant to 2019 Amendments to Policy :  
Statement at Docket No. M-2019-3012599 :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Answer, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 2<sup>nd</sup> day of March 2020.

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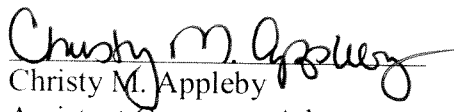
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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition for Expedited Approval of :  
PGW’s Letter Request to Amend its : Docket No. P-2020-3018867  
Pursuant to 2019 Amendments to Policy Statement :  
At Docket No. M-2019-3012599 :

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ANSWER  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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The Office of Consumer Advocate (OCA) hereby submits this Answer in response to the February 21, 2020 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.<sup>1</sup>

**I. INTRODUCTION**

On November 5, 2019, the Commission entered a Final Opinion and Order in the 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code Sections 69.261-69.267 at Docket No. M-2019-3012599 (Nov. 5 CAP Policy Statement Order). The Opinion and Order incorporates issues raised in the proceedings, Energy Affordability for Low-Income Customers, Docket No. M-2017-258711, and Review of Universal Service and Energy Conservation Programs, Docket No. M-2017-2596907. The Commission’s Nov. CAP Policy Statement Order identified 17 changes to the CAP Policy Statement, including, among other things, new energy affordability burdens for customers enrolled in the natural gas and electric distribution companies’ Customer Assistance Programs (CAP). Nov. 5 CAP Policy Statement

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<sup>1</sup> PGW has requested that Answers to this Petition be filed within 10 days after the date of service.

Order at 28-34. The Commission's Nov. 5 CAP Policy Statement Order also identified potential costs relating to the proposed energy affordability burdens. Nov. 5 CAP Policy Statement Order at 24-28. The Nov. 5 CAP Policy Statement Order directed the utilities to file compliance plans within 60 days of the Order.

On November 20, 2019, the Office of Consumer Advocate filed a Petition for Reconsideration and Clarification regarding the extent to which the proposed maximum CAP energy affordability burdens for customers at or below 50 percent of the Federal Poverty Level would cause Pennsylvania's electric and natural gas utilities to increase the amount of Low Income Home Energy Assistance Program (LIHEAP) benefits returned to the Department of Human Services. The OCA also requested clarification regarding the cost information to be included in the universal service plan compliance filings and clarification that the compliance plans include this cost information for the revised programs. Also on November 20, 2019, the Energy Association of Pennsylvania (EAP) filed a Petition for Reconsideration and Clarification at Docket Nos. P-2020-3016889 and M-2019-3012599. On February 6, 2020, the Commission issued its Orders denying the OCA's Petition for Reconsideration and/or Clarification and granting the clarification requested in the EAP Petition for Reconsideration and/or Clarification. 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code Sections 69.261-69.267, Docket Nos. P-2020-3016885, M-2019-3012599, Order at 11 (Feb. 6, 2020)(OCA Reconsideration Order); 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code Sections 69.261-69.267, Docket Nos. P-2020-3016889, M-2019-3012599, Order at 11 (Feb. 6, 2020)(EAP Reconsideration Order). In the EAP Reconsideration Order, the Commission clarified that the filing requirements in Ordering Paragraphs 6,7, and 8 of the Nov. 5 CAP Policy Statement Order did not direct mandatory compliance with the amendments to the

CAP Policy Statement and clarified the required information to be filed. EAP Reconsideration Order at 11-12. Relating to the budgets and costs of the proposed changes, in the OCA Reconsideration Order, the Commission stated:

The November 5 Order directs that utilities provide enrollment projections in their addendums for the new CAP provision they propose to implement. This requirement has been reiterated in our order addressing the EAP petition for reconsideration at Docket Nos. P-2020-3016889 and M-2019-3012599. To the extent further granularity may be warranted, it can be addressed in utility-specific proceedings.

OCA Reconsideration Order at 11.

On January 6, 2020, Philadelphia Gas Works (PGW or Company) voluntarily proposed a pilot program implementing new maximum energy burdens (pilot programs) for its Customer Assistance Program (CAP), the Customer Responsibility Program (CRP). PGW proposes to reduce the energy burdens to 6% for customers with income at or below 51-100% and 101-150% of the Federal Poverty Level (FPL) and to 4% for customers with income at or below 0-50% of the FPL. Petition at ¶¶ 5, 8, App. H. PGW also proposes to remove the obligation to pay \$5/month towards pre-program arrears and to modify the consumption limits. Petition at ¶¶ 5, 8, App. H. PGW's proposed Amended Plan indicates that the proposed plan costs will increase from \$68,620,083 in 2020 to \$97,104,143 in 2021. PGW Amended USECP 2017-2022 at App. A.

PGW requests expedited approval of the pilot by March 31, 2020. Petition at 2. PGW would like to implement the pilot program prior to the filing of its next USECP due on November 1, 2021 for the years 2023-2027. Petition at 2. PGW argues that the Company will require expedited treatment in order to implement the pilot as a part of its implementation of its planned customer information system (CIS) replacement project. Petition at 2. PGW states that it will need to cease implementation of new system enhancements in order to test and implement the new CIS, and therefore, requests expedited review of this Petition. Petition at 2. PGW anticipates that

changes to the existing CIS will need to cease as of September 2020. Petition at 2. PGW states that a secondary reason for expedited treatment is to “enable PGW to begin to analyze how the Pilot Program energy burden changes impact PGW and its ratepayers, and will likely provide PGW with the ability to provide more informed input into the Commission’s upcoming Universal Service Rulemaking.” Petition at 2. PGW requests that the pilot program proposal be deemed withdrawn if the Commission does not approve the program by March 31, 2020 and states that PGW would continue under the terms of its currently approved USECP, as amended to include the 2021 and 2022 program budgets. Petition at ¶¶ 10, 11.

For the reasons set forth below, the OCA does not agree that the Company’s proposed amendments should be approved on an expedited basis. A full and complete analysis of the impact of the proposed changes is needed. PGW’s proposed modifications will increase costs by approximately \$27.5 million from \$69.6 million in 2020 to \$97.1 million in 2021. See, PGW Amended USECP 2017-2022 at App. A. The OCA notes that this proposed increase must also be considered in the context of PGW’s February 28, 2020 filing to increase its distribution rates by approximately \$70 million.

## **II. ANSWER**

In its Petition, PGW proposes to reduce the energy burdens to 6% for customers with income at or below 51-100% and 101-150% of the Federal Poverty Level (FPL) and to 4% for customers with income at or below 0-50% of the FPL. Petition at ¶¶ 5, 8, App. H. PGW also proposes to remove the obligation to pay \$5/month towards pre-program arrears and to modify the consumption limits. Petition at ¶¶ 5, 8, App. H. Under the proposed modification to the consumption limits, customers who exceed an annual usage maximum of 2,290 ccf will be placed on an average bill program for the remainder of their CAP credit limit period. Petition at ¶ 8.

PGW's proposed Amended Plan indicates that the proposed plan costs will increase from \$69,620,083 in 2020 to \$97,104,143 in 2021. PGW Amended USECP 2017-2022 at App. A. In its Petition, PGW states that the proposed costs and budgets, without the Pilot Program, will be \$45,639,410 in 2021 and \$48,236,041 in 2022.<sup>2</sup>

PGW requests that the pilot program be approved quickly in order to allow the program to be implemented prior to PGW's CIS replacement. Petition at ¶ 9. PGW expects to cease making changes to the CIS by the end of September 2020 and states that it will take approximately 6-7 months to implement the pilot program changes to the energy burdens. Petition at ¶ 9. Accordingly, PGW requests that the Commission approve the pilot program changes by the end of March 2020 and that the proposal be deemed withdrawn if it has not been approved by March 31, 2020. Petition at ¶¶ 9-10.

The OCA submits the proposed changes to PGW's Plan should not be approved until a full review can be completed, and the necessary review cannot be completed in 30 days. The OCA opposes the proposed expedited review of the program changes. Such a significant change in the Company's program design and increase to the costs of the program should not be confined to a short timeframe to accommodate larger billing system changes. The Company's proposed amendments related to the Nov. 5 CAP Policy Statement Order raise significant questions as to the cost of the program, the increased costs related to the proposed amendments, the impact of the amendments on the overall plan, and the continued cost-effectiveness of the Plan, among others. The OCA submits that further analysis of the impact of the changes on returned LIHEAP dollars is also required. With significantly lower energy burdens, it is possible that LIHEAP dollars will not be able to be fully utilized, resulting in a waste of scarce resources. The Commission should

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<sup>2</sup> The OCA notes that PGW does not provide an explanation in its Petition regarding why the proposed costs will decrease in 2021 and 2022 without the pilot program.

provide an adequate forum to evaluate the proposed program changes and sufficient time for the collection of necessary information and an analysis of the data.

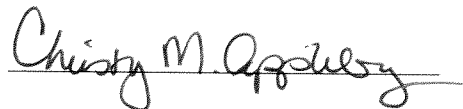
The OCA submits that PGW's characterization of the program changes as a pilot program is also in error. While the Company may be proposing to evaluate the changes in its next plan, this does not make the proposed changes a pilot program. PGW's proposed amendments will increase costs to ratepayers by approximately \$27.5 million. That is far beyond the constraints of what should be considered a pilot program. A full and complete analysis of the proposed program changes is still needed before such an increase should be approved.



### III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate respectfully requests that Philadelphia Gas Works' request for approval of the proposed amendments on an expedited basis be denied. A full analysis of the proposed changes is needed in order to assess the proposed cost increase and to determine whether further program modifications may be necessary.

Respectfully Submitted,



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DATE: March 2, 2020