



October 18, 2022

VIA EFILE

Rosemary Chiavetta, Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: PPL Electric Utilities Corporation Universal Service and Energy Conservation Plan for 2017-2019 Submitted in Compliance with 52 Pa. Code § 54.74;

Expedited Petition of PPL Electric Utilities Corporation to Modify Its Universal Service and Energy Conservation Plan

Docket No. M-2016-2554787

Dear Secretary Chiavetta:

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) submits the following Letter in lieu of a formal Answer to the Expedited Petition of PPL Electric Utilities Corporation (PPL). CAUSE-PA supports PPL's Expedited Petition and urges the Commission to approve PPL's requested relief to avert substantial financial harm to low income customers enrolled in PPL's Customer Assistance Program (CAP or OnTrack).

PPL's Petition seeks to amend its CAP Plus charge to maintain the status quo until a decision is reached on the issue through PPL's 2023-2027 Universal Service and Energy Conservation Plan proceeding. (Petition at 2). If approved, PPL proposes to maintain its CAP Plus charge at \$7, rather than increasing the charge to \$14.00 based on PPL's approved tariff calculation.

PPL's CAP Plus charge is a rate mechanism that emerged in response to a policy clarification from the Pennsylvania Department of Human Services (DHS), which administers the federal Low Income Home Energy Assistance Program (LIHEAP), requiring public utilities to apply LIHEAP

grants only to a consumer's "asked to pay" amount.¹ The CAP Plus charge was designed to circumvent this policy by aggregating the LIHEAP funds received by CAP customers and charging that amount to CAP customers on the back end, resulting in higher bills for these vulnerable customers. The CAP Plus charge is calculated by dividing the total dollar amount of LIHEAP grants received by PPL's CAP participants in the prior year by the number of CAP customers. (Petition at 5, para. 6). The resulting fee is then divided over a 12-month period and applied to all PPL CAP customer accounts. The amounts collected through the CAP Plus charge are used to pay for CAP – offsetting the amounts recovered through PPL's reconcilable Universal Service Rider. (Petition at 4, para. 5).

As a general premise, CAUSE-PA maintains its longstanding position that CAP Plus charges inequitably leverage LIHEAP assistance to pay for CAP - undermining affordability achieved through the programs. This year, following historic levels of emergency utility relief distributed through LIHEAP, the CAP Plus rate mechanism is particularly unjust and unreasonable.

The federal American Rescue Plan Act of 2021 (ARPA) allocated \$4.5 billion to the states and territories in emergency supplemental LIHEAP funds last year. This extraordinary financial relief was intended to help families recover following extreme financial circumstances experienced by lower income families through the COVID-19 pandemic – and to help alleviate additional financial strain caused by rising inflationary pressures. Pennsylvania received \$297,671,482 in supplemental funding for LIHEAP through this historic allocation – more than doubling the funds available for home energy assistance through LIHEAP for the 2021-2022 fiscal year program.² These supplemental LIHEAP funds were fully administered to low income families across Pennsylvania through the 2021-2022 fiscal year to help aid in Pennsylvania's economic recovery, bringing critical financial relief to low income families at a time when the need for emergency utility assistance to prevent record levels of termination was at an all-time high.

To quickly administer these supplemental ARPA LIHEAP funds, DHS more than doubled the minimum cash grant from \$200 in fiscal year 2020-2021 to \$500 in fiscal year 2021-2022, and increased the maximum crisis grant from \$800 in fiscal year 2020-2021 to \$1200 in fiscal year 2021-2022. DHS also issued additional supplemental grants to all LIHEAP recipients at the end of the

¹ See 2022 LIHEAP State Plan §601.45 Application of Benefits; see also Final CAP Policy Statement and Order at 47.

² See HHS, Office of Community Services, LIHEAP-DCL-2021-05 FY 2021 Supplemental Funding Release Under the American Rescue Act of 2021 (May 4, 2021), <https://www.acf.hhs.gov/ocs/policy-guidance/liheap-dcl-2021-05-supplemental-funding-release-fy-21>.

2021-2022 fiscal year – providing an additional \$500 to all deliverable fuel customers and an additional \$250 to electric and natural gas customers. These increased grant amounts were intended to help reduce energy costs for struggling families in the face of unprecedented levels of utility debts incurred through the pandemic³ – not to help finance PPL’s CAP.

PPL’s CAP Plus charge, by design, charges CAP customers for the LIHEAP dollars received by the Company each year. Because PPL’s low income customers received historic levels of assistance through LIHEAP in fiscal year 2021-2022, PPL’s CAP Plus charge is set to increase on November 1, 2022 – charging CAP customers on the back end for receipt of LIHEAP funds last year. Such a result is both unjust and unreasonable, as it would levy substantial charges on PPL’s economically vulnerable CAP participants based on their receipt of federal pandemic relief dollars.

The need for extraordinary financial relief to help low income families keep up with home energy costs has been and remains high across the state and in PPL’s service territory as families grapple with record inflation in the cost of basic goods and services necessary to maintain a safe and healthy home. Just last week, the Energy Information Administration (EIA) released its Short-Term Energy Outlook, projecting electric heating costs will increase 11.2% across the region this winter.⁴ If PPL’s CAP Plus charge were permitted to increase from \$7 to \$14, pursuant to its current formula, CAP customers will face even higher increased energy costs this winter. On an annual basis, this would amount to an *additional* \$84 per year – collecting a total of \$168 from PPL’s most economically vulnerable consumers.⁵ An increase of this size will cause significant financial hardship on low income families who already have inadequate income to pay for life’s basic necessities.⁶

³ PPL’s residential consumer debt increased from \$104 million in February 2020 to \$166 million in February 2021 – a 60% increase year over year. See Pa. PUC Docket No. M-2020-3019244 (PPL Data Filing, Mar. 2021).

⁴ Energy Information Administration, Winter Fuels Outlook, October 2022, https://www.eia.gov/outlooks/steo/special/winter/2022_Winter_Fuels.pdf.

⁵ Such an increase has a significant impact on a low income household’s overall energy burden. For example, for a household of two with income at 100% of the federal poverty level, a \$7 increase would increase household energy burden by 0.5%.

⁶ See Dan Treglia, PhD, Mina Addo, MPA, Meagan Cusack, MSW, and Dennis Culhane, PhD, Understanding Racial and Ethnic Disparities In Health Outcomes And Utility Insecurity Resulting From COVID-19 (March 2021), https://clsphila.org/wp-content/uploads/2021/03/CLS_UTILITYREPORT_20200324.pdf; see also Center on Budget and Policy Priorities, Tracking the COVID-19 Economy’s Effects on Food, Housing, and Employment Hardships (Feb. 2022); PPL Electric Utilities Corporation’s Proposed Universal Service and Energy Conservation Plan for 2023-2027, Comments of CAUSE-PA, Docket No. M-2022-3031727, at 3-9 (filed Sept. 22, 2022, revised Oct. 3, 2022); Pa. Pathways, Pennsylvania Self Sufficiency Standard, <https://selfsufficiencystandard.org/pennsylvania/>.

PPL's CAP Plus charge is currently pending review before the Commission as part of PPL's Universal Service and Energy Conservation Plan for 2023-2027. In that proceeding, CAUSE-PA has advocated for the elimination of PPL's CAP Plus charge.⁷ We stand by that position. Nevertheless, and notwithstanding our position in that ongoing proceeding, we strongly support PPL's Expedited Petition seeking to maintain its CAP Plus charge at the current level pending a more complete review of the issue in PPL's USECP proceeding. We believe this to be the most expedient approach to resolve this pressing matter, as it would avoid litigation of the issue in the short term while preserving the Commission's ability to more fully review the issue in the context of PPL's ongoing USECP proceeding.

Notably, the unaffordability of PPL's current CAP rates is also at issue in PPL's USECP, as PPL's current CAP rates already substantially exceed the Commission's energy burden standards.⁸ The CAP Plus charge is currently added on top of PPL's existing CAP rates, further exacerbating levels of unaffordability for PPL's CAP customers. If allowed to increase from \$7 to \$14, PPL's CAP Plus charge will cause further economic hardship for PPL's low income CAP customers – ultimately resulting in higher collections costs, uncollectible expenses, and termination rates.

We are at a critical juncture in the economic recovery following the COVID-19 pandemic. As emergency utility relief programs begin to expire across the state, many families are still struggling to regain financial stability in the face of record inflation and high energy costs. This winter, Pennsylvanians will face substantial additional increases in their home heating costs. Approving PPL's proposal to maintain its CAP Plus charge at \$7 – instead of imposing a \$14 charge pursuant to its current CAP Plus formula – would help lessen the already deep financial impact of high energy prices on low income families and would ensure that low income families are not unfairly penalized as a result of the extraordinary relief received through LIHEAP last year.

Respectfully submitted,



Elizabeth R. Marx, Esq.
Counsel for CAUSE-PA

Cc: Certificate of Service

⁷ PPL Electric Utilities Corporation's Proposed Universal Service and Energy Conservation Plan for 2023-2027, Comments of CAUSE-PA, Docket No. M-2022-3031727, at 3-9 (filed Sept. 22, 2022, revised Oct. 3, 2022).

⁸ Id. at 10-13.

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

PPL Electric Utilities Corporation Universal :
Service and Energy Conservation Plan for 2017- : Docket No. M-2016-2554787
2019 Submitted in Compliance with 52 Pa. Code :
§ 54.74 :

CERTIFICATE OF SERVICE

I hereby certify that I have, on this day, served copies of the **Letter in Lieu of Answer** in the above captioned matter upon the following persons and in accordance with the requirements of 52 Pa. Code § 1.54.

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