

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place  
Harrisburg, Pennsylvania 17101-1923  
(717) 783-5048  
800-684-6560 (in PA only)

IRWINA. POPOWSKY  
Consumer Advocate

FAX (717) 783-7152  
consumer@paoca.org

June 23, 2010

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

RE: Petition of Philadelphia Gas Works to  
Modify its Universal Service and Energy  
Conservation Plans with Respect to the  
Customer Responsibility Program  
Docket No. P-2010-2178610

Dear Secretary Chiavetta:

Enclosed for filing is the Answer of the Office of Consumer Advocate, in the above-referenced proceeding.

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

Respectfully Submitted,

00128740.docx

A handwritten signature in cursive script that reads "Christy M. Appleby".

Christy M. Appleby  
Assistant Consumer Advocate  
PA Attorney I.D. # 85824

Enclosures

cc: Administrative Law Judge  
Office of Special Assistants

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Philadelphia Gas Works to	:	
Modify its Universal Service and Energy	:	Docket No. P-2010-2178610
Conservation Plans with Respect to the	:	
Customer Responsibility Program	:	

---

ANSWER OF THE  
OFFICE OF CONSUMER ADVOCATE  
IN SUPPORT OF THE PETITION

---

Pursuant to Section 5.61 of the regulations of the Pennsylvania Public Utility Commission (PUC or Commission), the Office of Consumer Advocate hereby files this Answer to PGW’s Petition to Modify Its Universal Service and Energy Conservation Plans With Respect to the Customer Responsibility Program (Petition). In support of its Answer, the OCA submits the following:

**I. Introduction**

On June 3, 2010, Philadelphia Gas Works (PGW) filed its Petition to Modify its Universal Service and Energy Conservation Plans with Respect to the Customer Responsibility Program (CRP) and the supportive testimony of PGW witness Cristina Coltro. In its Petition, PGW requests to modify its customer assistance program, CRP, to address the Department of Public Welfare’s (DPW) mandated changes to the application of the Low Income Home Energy Assistance Program (LIHEAP) cash grants to CRP customer accounts. PGW proposes to set the CRP payment levels so that the CRP customers will realize the PUC-recommended targeted energy burdens after taking into account the effect of the LIHEAP cash grants. Petition at 2. PGW also requests to modify the CRP by adding a “conservation incentive” program. The

Company avers that the addition would create a positive incentive for CRP customers and reduce natural gas usage, which in turn, would be the subsidy paid by non-CRP ratepayers. Petition at 2. PGW avers that the proposed changes will result in “a more reasonable and balanced CRP which will provide crucially important support for low income customers at appropriate levels.” Petition at 2. The OCA generally supports PGW’s proposal and will work with PGW and the interested parties in implementing the necessary program modifications.

## **II. Answer**

### **A. Background**

PGW’s Customer Responsibility Program, CRP, provides assistance to payment-troubled, low-income customers who have incomes at or below 150% of the Federal Poverty Level (FPL). Petition at ¶ 1. CRP customers pay a fixed monthly bill that is based on their household income and is set at a percentage of their income. CRP customers pay 8%, 9% or 10% of their income, depending on the level of their household income, and then also pay \$5.00 towards any pre-program arrears.<sup>1</sup> Petition at ¶ 3. PGW avers that these payment amounts are designed as much as possible to reflect the Commission’s determined ‘energy burdens’ that low income customers should be required to bear. Id.

The CRP customer only pays a portion of his or her total bill. The amount to be paid by the CRP customer is set at the affordability guidelines in the Commission’s CAP Policy Statement. However, this amount does not fully pay for the CRP customer’s usage. As PGW’s Petition explains, the difference between a CRP customer’s “asked to pay” amount and the full bill for the customer’s actual usage is the CAP shortfall, or CAP credit. This difference is paid

---

<sup>1</sup> PGW’s CRP program has an arrearage forgiveness component and will eliminate 1/36 of the customer’s arrearage for every bill that is paid in full and on time. Petition at ¶ 3.

for by all other non-CRP firm service customers through a Universal Service and Energy Conservation (USC) charge. Petition at ¶ 4.

Last year, DPW implemented a policy change which required that the LIHEAP cash grant be applied directly to the CRP customer's "asked-to-pay" amount instead of being applied to reduce the CRP shortfall portion of the bill that is paid by non-CRP customers. Petition at ¶¶ 5-6. This policy change and the application of the LIHEAP cash grant directly to the "asked to pay" portion of the bill results in the already affordable CRP payment being reduced to a lower level at the expense of non-CRP customers.

**B. Redesign Of The CRP With Grant Application Incentive**

The OCA supports PGW's proposed re-design of the CRP using the Modified Model proposed in the Applied Public Policy Research Institute for Study and Evaluation (APPRISE) report. As discussed in PGW's Petition and the testimony of PGW witness Cristina Coltro at Appendix A, PGW proposes to implement a re-design of the CRP program in order to address the impact of the LIHEAP cash grants on the affordability levels. PGW avers that as a result of the DPW change, non-CRP customers are paying almost \$29.00 more per year due to the DPW-mandated change. Petition at ¶ 10. In 2009, PGW hired APPRISE to evaluate ways to address the change in DPW policy, and APPRISE proposed several different potential models, including the "Modified Model." Petition at ¶ 14. PGW concluded that it should adopt a Modified Model to "adjust customer asked to pay amounts by the amount of a projected, non-customer specific, LIHEAP related credit based on the total LIHEAP Cash Grants that PGW projects will be obtained by CRP customers (the "Cash Grant Adjustment)." Petition at ¶ 16. Under the Modified Model, PGW would calculate the Cash Grant Adjustment, with the assumption that for any given LIHEAP season, the same percentage of CRP customers will apply for receive a

LIHEAP cash grant as applied and received LIHEAP cash grants in the prior season. CRP customers who elect to not assign a LIHEAP cash grant will pay a higher net energy burden than the currently approved CRP levels to reflect the fact that they have not received a LIHEAP grant. Petition at ¶ 17; for further description of the Modified Model see Testimony of Cristina Coltro at 10-15, Exh. CC-1, APPRISE Report.

The OCA agrees with PGW that the Modified Model is an appropriate and balanced way to proceed in response to the DPW policy change.

### **C. Creation Of A Conservation Incentive**

The OCA also supports the implementation of a conservation incentive to encourage CRP customers to conserve their usage and the potential resultant decrease in the financial burden placed upon non-CRP customers who pay for the program through the USC. PGW proposes to implement a conservation incentive requiring that:

- (i) CRP customers who did not receive PGW weatherization services between the prior November through April but reduced their weather normalized gas usage by ten percent (10%) or more during the current November through April (compared to the normalized usage) would receive a One Hundred Dollar (\$100) Incentive credit on their bill; and
- (ii) CRP customers who received PGW weatherization services between the prior November through April and reduced their weather normalized gas usage by twenty percent (20%) or more during the current November through April would receive a One Hundred Dollar (\$100) Incentive credit on their bill.

Petition at ¶ 22; Appendix A at 16.

The OCA submits that such a mechanism could assist in encouraging conservation, thus reducing costs for the CRP participant and the non-CRP customers who provide funding for the program.

#### **D. Reporting Commitments**

Pursuant to a confidentiality agreement, PGW would provide three years of CRP customer data to the statutory advocates, including the OCA, with its Universal Service and Energy Conservation Plans starting in 2013. The OCA supports the provision of this information as it will help the advocates to better understand the impact of the proposed re-design changes on CRP customers.

#### **III. Conclusion**

WHEREFORE, for the reasons set forth above, the Office of Consumer Advocate supports Philadelphia Gas Works' Petition to Modify its Universal Service and Energy Conservation Plans with Respect to the Customer Responsibility Program.

Respectfully submitted,

  
Tanya J. McCloskey  
Senior Assistant Consumer Advocate  
Pa. Attorney Id. No. 50044  
E-mail: [tmccloskey@paoca.org](mailto:tmccloskey@paoca.org)  
Christy M. Appleby  
Assistant Consumer Advocate  
Pa. Attorney Id. No. 85824  
E-mail: [cappleby@paoca.org](mailto:cappleby@paoca.org)

Counsel for:  
Irwin A. Popowsky  
Consumer Advocate

Office of Consumer Advocate  
5<sup>th</sup> Floor, Forum Place  
555 Walnut Street  
Harrisburg, Pa. 17101-1923  
Telephone: (717) 783-5048  
Fax: (717) 783-7152

DATE: June 23, 2010  
129128.docx

CERTIFICATE OF SERVICE

Petition of Philadelphia Gas Works to :  
Modify its Universal Service and Energy : Docket No. P-2010-2178610  
Conservation Plans with Respect to the :  
Customer Responsibility Program :

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

Dated this 23<sup>rd</sup> day of June 2010.

SERVICE BY E-MAIL and INTEROFFICE MAIL

Richard A. Kanaskie, Esquire  
Adeolu A. Bakare, Esquire  
Office of Trial Staff  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

SERVICE BY E-MAIL and FIRST CLASS MAIL

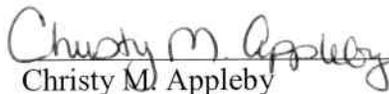
Daniel Clearfield, Esquire  
Edward G. Lanza, Esquire  
Eckert Seamans Cherin & Mellott, LLC  
213 Market Street, 8<sup>th</sup> Floor  
Harrisburg, PA 17101  
Counsel for: *Philadelphia Gas Works*

Denise Adamucci  
Senior Attorney  
Philadelphia Gas Works  
800 W. Montgomery Avenue, 4<sup>th</sup> Floor  
Philadelphia, PA 19122  
Counsel for: *Philadelphia Gas Works*

Sharon E. Webb  
Assistant Small Business Advocate  
Office of Small Business Advocate  
Commerce Building, Suite 1102  
300 North Second Street  
Harrisburg, PA 17101  
Counsel for: *Office of Small Business Advocate*

Phillip Bertocci, Esquire  
Thu B. Tran, Esquire  
Community Legal Services  
1424 Chestnut Street  
Philadelphia, PA 19102

Charis Mincavage, Esquire  
McNees, Wallace & Nurick, LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166



Christy M. Appleby  
Assistant Consumer Advocate  
PA Attorney I.D. # 85824  
E-Mail: CAppleby@paoca.org  
Tanya J. McCloskey  
Senior Assistant Consumer Advocate  
PA Attorney I.D. # 50044  
E-Mail: TMcCloskey@paoca.org

Counsel for  
Office of Consumer Advocate  
555 Walnut Street  
5th Floor, Forum Place  
Harrisburg, PA 17101-1923  
Phone: (717) 783-5048  
Fax: (717) 783-7152

00128775.docx