

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITIES COMMISSION**

Philadelphia Gas Works Universal Service :
and Energy Conservation Plan for 2014-2016 : Docket No. M-2013-2366301
Submitted in Compliance with :
52 Pa. Code § 62.4 :

**Comments of the Coalition for Affordable Utility Services and Energy Efficiency in
Pennsylvania (CAUSE-PA) Regarding Philadelphia Gas Works Universal Service and
Energy Conservation Plan for 2014-2016**



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**On behalf of the Coalition for Affordable Utility
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TABLE OF CONTENTS

I. INTRODUCTION AND BACKGROUND 3

II. CRP PROGRAM DESIGN 4

A. Require PGW to expand CRP enrollment to meet current need. 4

B. Require PGW to identify the external services it uses to verify household composition and income, and the data collection and maintenance standards used by those services. 5

C. Require PGW to clearly and prominently inform customers of their right to withhold their Social Security Number without impacting program eligibility. 7

D. Require PGW to incorporate a clear and accessible due process procedure for any and all program enrollment decisions and/or service terminations. 8

E. Require PGW to accept a signed, written statement of zero or minimal income without additional certification or documentation requirements. 9

F. Require PGW to focus its limited CRP resources on enhancing enrollment assistance to be sure customers are properly filing applications for assistance. 9

G. Require PGW to apply arrears upon payment of a timely, full CRP payment, regardless of whether prior payments were made in full or on time. 10

H. Require PGW to explain how it will apply overpayments by a CRP customer. 12

II. CARES PROGRAM DESIGN 12

A. Clarify the CARES data tracking and retention procedure to ensure a proper balance between customer privacy and quality assurance. 12

III. LIURP (ELIRP) Program Design 13

A. Permit PGW to maintain ELIRP as a component of its DSM program, with some additional requirements. 13

 1. *Require PGW to continue ELIRP past August 31, 2015.* 13

 2. *Require PGW to incorporate ELIRP details into its USECP with sufficient specificity to enable coordination between ELIRP and other universal service programs.* 14

B. Prohibit PGW from limiting LIURP (ELIRP) eligibility to those who are not more than 2 months behind in CRP payments. 15

C. Require PGW to explain its chronically high ELIRP administrative costs. 16

D. Require PGW to increase ELIRP enrollment to accommodate current and projected needs. 17

IV. CONCLUSION 18

I. INTRODUCTION AND BACKGROUND

On May 31, 2013, in accordance with the Pennsylvania Public Utility Commission (PUC or Commission) regulations at 52 Pa. Code § 62.4, Philadelphia Gas Works (PGW) filed a proposed Universal Service and Energy Conservation Plan for 2014-2016 (USECP).¹ On April 3, 2014, the PUC issued a tentative order requiring clarification of certain components of its low income programs and requiring PGW to submit further information about its Enhanced Low Income Retrofit Program (ELIRP). In lieu of these additional requirements, the PUC tentatively approved of PGW's USEC Plan and sought comments from interested stakeholders. (PUC Tentative Order at 1 (hereinafter TO)).

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its attorneys at the Pennsylvania Utility Law Project (PULP), respectfully submits these Comments in response to the Commission's request for comments from interested stakeholders. CAUSE-PA is an unincorporated association of low-income individuals that advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating and telecommunication services. CAUSE-PA membership is open to moderate and low-income individuals residing in the Commonwealth of Pennsylvania who are committed to the goal of helping low-income families maintain affordable access to utility services and achieve economic independence. CAUSE-PA has appreciable

¹ The *Universal Service and Energy Conservation Reporting Requirements* at 52 Pa. Code §§ 54.1-54.9 require regulated utilities to submit an updated universal service and energy conservation plan every three years to the Commission for approval. 52 Pa. Code § 74(a)(1). The regulations place the responsibility on the PUC to determine if the plan meets the goal of universal service to provide utility service to all Pennsylvanians at an affordable rate. 52 Pa. Code § 54.73. The Commission may approve, reject or modify the plan. 52 Pa. Code 54.74(a)(5).

The triennial submission and review of each utility's Universal Service and Energy Conservation Plan is the only regulatory opportunity for the PUC to analyze the utility's universal service program in its entirety. This complete program review is needed to determine if the Company's universal service program adheres to all legal and policy requirements; is structured and administered in a manner which achieves universal service goals; is appropriately funded and available; and provides an affordable payment structure which enables low income customers to maintain essential utility service. Although during the intervening three years between triennial program approvals it is not uncommon for modifications of certain program aspects to occur, it is during the triennial review and *only* during the triennial review when the entire universal service program is reviewed and approved as an integrated whole. It is, therefore, critical for the PUC to permit and embrace full and complete participation of the public during the triennial review period to ensure that universal service programs are designed in a manner that best serves the needs of low income individuals.

interests in the impact that PGW's proposed USECP has on its moderate- and low-income residential customers, which include several members of CAUSE-PA.

CAUSE-PA would first like to commend PGW for its adoption of a conservation incentive credit program. This program embodies the holistic approach to low income assistance programs in Pennsylvania by awarding customers for making conscious and discernable conservation strides.

Likewise, CAUSE-PA would like to highlight the decisive decline in collection costs attributable to PGW's Customer Responsibility Program (CRP). In its independent review of CRP and other low income programs administered by PGW, Apprise found that collection costs on average were reduced by \$22 / CRP participant and, as a result of declining gas prices, the discount costs dropped from 117 million in 2009 to 89 million in 2011. (APPRISE Report at Executive Summary, viii-ix). This success, while partially attributable to declining gas prices which are beyond PGW's control, is certainly noteworthy and indicates that appropriately funding affordable customer assistance programs is crucial to reducing collection costs associated with economically vulnerable populations and appropriately balancing the interests of both CRP and non-CRP customers.

Notwithstanding our commendation of PGW's program, CAUSE-PA has several concerns with the 2014-2016 USECP, outlined in detail below, which we submit must be addressed to ensure the program's continued success in providing cost effective assistance measures for low income customers. **CAUSE-PA urges the Commission to refer this proceeding to an Administrative Law Judge to resolve these disputed issues of law and fact regarding critical aspects of the PGW universal service program provisions.**

II. CRP PROGRAM DESIGN

A. Require PGW to expand CRP enrollment to meet current need.

From 2011 to 2013, CRP enrollment has declined from 83,856 in 2011 to 76,151 in 2013, which amounts to an approximate 10% enrollment decrease. (APPRISE Report at 12; PGW USECP at 6). The decline in CRP enrollment, however, is not in line with the needs of PGW's customers, as demonstrated by PGW's high termination rates and the sizeable number of

individuals without any service revealed in its cold weather survey (CWS), and runs contrary to the consistent increase in CRP enrollment seen prior to 2011. (APPRISE Report at 12). In light of the apparent needs of PGW's customers, and accounting for PGW's favored status under Chapter 14, this decline in CRP enrollment is a matter of particular concern for CAUSE-PA.

CAUSE-PA awaits PGW's reply comments for more information about this shortfall before making any specific recommendations for how to increase enrollment. However, in the interim, CAUSE-PA urges the Commission to require PGW to take affirmative steps to expand CRP enrollment to meet the needs of customers within its service territory.

B. Require PGW to identify the external services it uses to verify household composition and income, and the data collection and maintenance standards used by those services.

It is important to clarify which "external services" PGW uses to verify household composition and income levels to ensure that CRP applicant and program participant eligibility is determined based on sound, accurate data.

In particular, CAUSE-PA is concerned that PGW may be reliant on unregulated, private data brokers to assist in its determination of initial or continued CRP eligibility for an applicant or current participant. Private data brokers often rely on information pulled from various unsubstantiated sources and are can be unreliable and inaccurate, to the detriment of the subject in a given inquiry.² A recent report of President Obama's Council of Advisors on Science and Technology warned, "Real-world data are incomplete and noisy. ... [Data] [u]sers, especially in the commercial sector, must trade off cost and accuracy, sometimes with negative consequences for the individual represented in the data."³ The data aggregated by private data brokers is derived from a mix of publicly available sources such as city or state records or census data, and from private entities who collect surveys, registrations, purchases, and social media. Using this

² EXECUTIVE OFFICE OF THE PRESIDENT, PRESIDENT'S COUNCIL OF ADVISORS ON SCIENCE AND TECHNOLOGY, BIG DATA AND PRIVACY: A TECHNOLOGICAL PERSPECTIVE 19-32 (May 2014), *available at* http://www.whitehouse.gov/sites/default/files/microsites/ostp/PCAST/pcast_big_data_and_privacy_-_may_2014.pdf; *see also* FTC, Press Release: *Two Data Brokers Settle FTC Charges that they Sold Consumer Data Without Complying with Protections Required Under the Fair Credit Reporting Act*, April 9, 2014, *available at* <http://www.ftc.gov/news-events/press-releases/2014/04/two-data-brokers-settle-ftc-charges-they-sold-consumer-data>.

³*Id.* at 25.

type of unsubstantiated aggregate data to determine eligibility for a critical utility service assistance program is reckless and may result in the denial of assistance to those with critical needs.

Even the use of a governmentally controlled database may not yield reliable results for determining household composition or income. Individuals may use an address that is not their actual residence for safety reasons or as a mailing address to apply for any number of government programs, which could result in skewed household composition and income figures for the purposes of CRP enrollment.

The Fair Credit Reporting Act (FCRA) applies to reports generated for eligibility verification purposes. 15 U.S.C. §§ 1681a(1)(d)(C), 1681b(a)(3)(D), (F). FCRA sets forth standards to ensure reports are “fair and equitable to the consumer, with regard to the confidentiality, accuracy, relevancy, and proper utilization of such,” 15 U.S.C. § 1681(b), and requires data companies to – at a minimum – “employ reasonable procedures to ensure maximum possible accuracy of the information concerning the individual about whom the report relates.” 15 U.S.C. § 1681e.

At an absolute minimum, PGW should be required to identify the “external services” it relies on for collecting and determining household information and explain the data collection methods used for these services. Disclosure of this information would allow the PUC – and other interested stakeholders – to ensure that the service is reputable, reliable and compliant with the standards set forth in the Fair Credit Reporting Act (FCRA). 15 U.S.C. § 1681 *et seq.* Since PGW proposes to make determinations regarding CRP eligibility or continued eligibility based upon information other than that obtained directly from the affected individual, and given the complicated yet critical nature of this disputed issue and the intensive factual inquiry that it necessarily implicates, CAUSE-PA recommends that it be included as an outstanding issue before an ALJ.

C. Require PGW to clearly and prominently inform customers of their right to withhold their Social Security Number without impacting program eligibility.

PGW disclosed in its USECP that it requires CRP applicants to provide a copy of their social security card for each household member listed on the application. CAUSE-PA has significant concerns about this requirement and commends the PUC for clarifying that a customer is not required to provide a copy of her or his social security card to be eligible for CRP assistance. (TO at 13-14). As the PUC pointed out, “Such a requirement may be redundant or may impose financial and logistical burdens... In addition, delays in the CRP intake process are likely as many households may need to contact the Social Security Administration to obtain copies of social security cards for each member.” (TO at 13).

Indeed, an individual is not required to produce a copy of their social security card. But this direction regarding production of a social security *card* does not go far enough. Individuals are not required to have or disclose a social security *number* (SSN) as a condition to receiving energy assistance under Pennsylvania statute or regulation. By even requesting a SSN, many individuals who are eligible to receive energy assistance may be chilled from seeking such assistance either because they do not have a SSN, cannot locate their Social Security card, or are unwilling to disclose such personal information. Such a result is, simply, bad public policy because it potentially forecloses assistance to those most in need, thereby creating a larger burden on general ratepayers for likely uncollectible costs.

As the PUC noted, requiring a SSN to receive services also contravenes the federal Privacy Act. Section 7 of the Privacy Act provides, in relevant part, that it “shall be unlawful for any Federal, State, or local government agency to deny to any individual any right, benefit, or privilege provided by law because of such individual’s refusal to disclose his Social Security account number.” 42 U.S.C. § 405.

Consistent with sound public policy and legal principles outlined above, CAUSE-PA urges the PUC to direct PGW to cease its requirement for CRP participants to provide a copy of their social security card and to prominently disclose, in plain language, that a CRP applicant may withhold their SSN without fear of any negative impact on her or his application. Such an order would be consistent with the negotiated settlement in *PECO Energy Company Universal*

Service and Energy Conservation Plan for 2013-2015, Docket No. M-2012-220911, would track the LIHEAP application process used by the Department of Public Welfare, and would fulfill the basic policy and legal protections in place to protect individuals from having to disclose their SSN.

D. Require PGW to incorporate a clear and accessible due process procedure for any and all program enrollment decisions and/or service terminations.

It is incumbent on the PUC to ensure that PGW provides customers with a right to have CRP eligibility, renewal, and termination determinations reviewed. As explained above, household income and composition verification through a third party service may be unreliable and enrollment is subject to a level of discretion by intake center staff, who may misinterpret the application or information contained therein. When a customer is eligible for CRP, but is denied assistance, there is a distinct likelihood that the customer will be unable to pay their utility, leading to significant financial, health and safety concerns for the customer and the assignment of collection and/or unrecoverable arrears on other rate-payers.

The PUC has enunciated a policy consistent with Chapter 56 procedures for handling complaints related to CRP enrollment. But filing an informal or formal complaint can be time consuming, and often results in further and/or prolonged delays in CRP determinations, which can have a significant impact on the customer's interim financial wellbeing. As the PUC noted in its Tentative Order, "any delay in CRP enrollment could have serious financial consequences for [low income] households." (TO at 16).

Rather than rely solely on PUC administrative procedures, PGW should be required to institute a clear and expedient process in which customers may request immediate, utility-level review of denied CAP assistance. This process should be outlined in the CRP ineligibility letter, which PGW sends to customers who are denied assistance. (PGW USEC Plan at 10). Instituting an expedient utility-level review of a CRP enrollment application would resolve many simple enrollment issues, saving significant time and resources for the Commission, ratepayers, and qualified CRP applicants.

E. Require PGW to accept a signed, written statement of zero or minimal income without additional certification or documentation requirements.

In its Tentative Order, the PUC reported having received six (6) informal complaints from customers who were required to submit copies of monthly bills to apply or recertify for CRP and expressed concern that such a requirement “may delay processing of CRP applications, [which] could have serious financial consequences for these households.” (TO at 16). Obtaining and submitting copies of monthly bills can cause vulnerable customers to incur substantial costs, including ancillary expenses associated with taking time off work and obtaining transportation and childcare. Significant delays in processing CRP enrollment are likely while the customer obtains the necessary copies. Indeed, the impact of such a requirement could – and often does – exacerbate the financial situation of those households most in need of assistance.

CAUSE-PA recognizes that some level of proof for households with zero or minimal income is appropriate, but contends that a written, signed document attesting to the applicant’s income level is all that should be required to process the application. As many stakeholders recently commented in a similar proceeding regarding PECO’s zero income verification process, requiring production of additional documentation or imposing requirements such as notarization or frequent recertification would only serve to delay or otherwise undermine and frustrate the delivery of service to vulnerable Pennsylvanians, at a cost to other ratepayers. *PECO Energy Company Universal Service and Energy Conservation Plan for 2013-2015*, Docket No. M-2012-220911. In light of the resources and time necessary for zero income customers to prove their lack of income under PGW’s current verification process, CAUSE-PA urges the Commission to order PGW to adopt a verification process similar to that adopted by PECO – with input from various stakeholders in terms of proper implementation.

F. Require PGW to focus its limited CRP resources on enhancing enrollment assistance to be sure customers are properly filing applications for assistance.

PGW explained in its USEC Plan that it intends to enhance training on fraud identification and tracking in response to CRP staff concerns about the prevalence of inadvertently incomplete CRP applications (PGW USECP at 4.) It claims that this measure will benefit CRP enrollment. But neither the APPRISE report nor PGW’s USECP set forth any evidence that fraud is an issue within PGW’s CRP. In fact, the approximate 10% decline in CRP

enrollment between 2011 and 2013, in the face of unmet need, tends to paint the opposite picture. (APPRISE Report at 12; PGW USECP at 6; *see also supra* section II.A.). T

The deliberate perpetration of fraud is certainly not to be permitted and should be addressed; however, without proof that fraud is an actual issue, the planned use of CRP funds to enhance fraud prevention is disproportional and detracts from CRP effectiveness by unnecessarily diverting resources designated for providing low income assistance through the CRP program to address a non-issue.

Without citing any data, the APPRISE report drew a tenuous connection between employee complaints of incomplete applications and the potential existence of fraud (APPRISE Report at iii). But by its own account, APPRISE attributed the rise in incomplete applications to “inadvertent” customer error, not fraudulent behavior. (APPRISE Report at iii). The prevalence of inadvertently incomplete applications does not logically equate to a need to address fraud. Rather, it highlights the need to incorporate enhanced measures for application enrollment assistance so that customers are able to access assistance and relief in the form of an affordable bill. PGW’s enhanced enrollment assistance should be focused on assuring that CRP applicants and those recertifying current eligibility receive the needed assistance to rectify the actual issue at hand: incomplete applications.

As with any program, instances of fraud may occur. And, if and when fraud is detected, there are ample legal remedies for utilities to recoup lost revenue and, if warranted, to seek prosecution of the fraudulent individual. But without any evidence that fraud is a particular problem for CRP, PGW should not be allowed to divert funds for CRP at a cost to all ratepayers. Instead, they should focus funds on revising procedures, policies, and implementation to ensure that applications are complete, enrollment is achieved, and customers are presented with affordable bills.

G. Require PGW to apply arrears upon payment of a timely, full CRP payment, regardless of whether prior payments were made in full or on time.

In its Tentative Order, the Commission invited comments on “whether PGW should apply 1/36th arrearage forgiveness with each on time and in full current CRP payment, whether or not all prior months CRP payments were paid in full, or whether arrearage forgiveness should

only be granted when CRP payments, both current and past payments, are paid in full.” (TO at 15). The Commission also asked PGW to comment on whether arrearage forgiveness would be applied retroactively when the customer has caught up on defaulted CRP bills, as PGW’s Plan does not specify whether a customer receives retroactive forgiveness. (TO at 14-15).

CAUSE-PA strongly supports a policy of arrearage forgiveness with every current, on time and in full CRP payment *and* retroactive arrearage forgiveness once the customer has cured any defaulted CRP bills. For reasons more fully explained below, CAUSE-PA is opposed to PGW’s current practice of only allowing single instances of 1/36th arrearage forgiveness upon in-full payment of all past and current CRP bills.

As the Commission noted in its Tentative Order, the CAP Policy Statement does not require participants to be caught up on CAP payments each and every month to qualify for arrearage forgiveness for those months. (TO at 15). Recently, in PECO’s 2013-2015 USECP proceeding, the Commission directed PECO to apply “pre-program arrearage forgiveness for payments received throughout the year on a month to month basis and grant forgiveness when missed payments are caught up.” *PECO USECP 2013-2015 Final Order*, Docket No. M-2012-2290911, at 11, 28-29 (April 4, 2013). Roger Colton, witness for the Office of Consumer Advocate (OCA), pointed out that 79% of customers in PECO’s arrearage forgiveness program defaulted on their payment arrangement within the last two years, frustrating PECO CAP customers’ ability to obtain arrearage forgiveness. *Id.* at 27. In light of this fact, Colton asserted that PECO should be required by the Commission to provide arrearage forgiveness “on a month-to-month basis as complete bill payments are received OR at the end of 12 months, grant forgiveness for the year if customer paid the yearly amount billed in full (caught up), regardless if monthly payments were on time.” *Id.* at 28-29. The Commission agreed, and ordered PECO to adjust its arrearage forgiveness program accordingly. *Id.*

Notably, UGI, Natural Fuel Gas and Duquesne Light Company also incorporate this approach to arrearage forgiveness – either voluntarily or by Commission order. (TO at 15, *citing UGI 2011-2013 USECP Final Order*, Docket No. M-2010-2186052 at 32-33 (October 31, 2011); *NFG 2011-2013 USECP Final Order*, Docket No. M-2010-2192210 at 12 (May 9, 2011); *Duquesne Light Company 2014-2016 USECP Final Order*, Docket No. M-201302350946 at 19-20 (March 6, 2014)).

PGW's current arrearage forgiveness policy denies its customers the full benefits of reduced debt and reward for healthy payment habits. (TO at 15). Compared to other programs across the state, PGW CRP customers must wait at least 3 times as long – 36 months – to obtain full arrearage forgiveness. That is, if they are able to pay each month's CRP amount in addition to a \$5 arrearage fee, on time and in full. *Id.* But, as the Commission found through the PECO proceeding noted above, these terms and stipulations on arrearage forgiveness are very difficult – if not impossible – to meet, as a large percentage of customers default on payments before completing the arrearage forgiveness program. As in other arrearage forgiveness programs across the Commonwealth, CRP customers in PGW service territory should be provided greater incentive to catch up on bills by implementing the Commission's proposal to allow retroactive application of arrearage forgiveness once the customer has succeeded in becoming current on CRP bills.

H. Require PGW to explain how it will apply overpayments by a CRP customer.

The USEC plan does not specify how overpayments will be applied to a CRP customer account. As was resolved in the recent Duquesne Light settlement, the PUC should require PGW to apply any overpayment first to any unpaid balance and then to the customer's next month "asked to pay" amount. *Duquesne Light Company Universal Service and Energy Conservation Plan for 2014-2016 Final Order*, Docket No. M-2013-2350946 at 10-12 (March 6, 2014).

II. CARES PROGRAM DESIGN

A. Clarify the CARES data tracking and retention procedure to ensure a proper balance between customer privacy and quality assurance.

Enhanced CARES data tracking of referrals is laudable, but it should not track the substantive referral in connection with the customer to which the referral was provided. Tracking such data could potentially deter customers in need of assistance from contacting the CARES center. On the other hand, tracking referrals generally – without attaching personal identifiers – is an important quality control measure to ensure that customers are receiving meaningful assistance and appropriate referrals to organizations and agencies that match the customer's need with the services and assistance provided by the third party organization. CAUSE-PA therefore recommends that the PUC require additional clarification of the collection

and maintenance methods it plans to use when compiling data from CARES program participants.

III. LIURP (ELIRP) Program Design

A. Permit PGW to maintain ELIRP as a component of its DSM program, with some additional requirements.

In responding to the Commission's Tentative Order requiring it to extract ELIRP from its DSM program and insert it into its USECP, PGW argued that inclusion of ELIRP in its DSM program has been demonstrably effective in achieving usage reduction and that keeping it in the DSM avoids both short and long-term administrative costs. (PGW Reply Cmts, April 23, 2014). PGW also asserted that ELIRP is a critical component to the cooperation and integration of PGW's Demand Side Management (DSM) programs. (*Id.* at 4). After reviewing PGW's April 23, 2014 reply comments in full, CAUSE-PA concludes that it is practical for the Commission to not, at present, extract ELIRP in total from PGW's DSM plan.

That said, CAUSE-PA urges the Commission to ensure continued success of ELIRP in achieving usage reduction for low income customers by requiring PGW to also undertake the following:

1. Require PGW to continue ELIRP past August 31, 2015.

PGW has not committed to the continuity of ELIRP. Although PGW states in its answer that it "expects" to file its new DSM plan within the summer of 2014, the future of ELIRP within PGW's DSM is far from certain. As PGW indicates, ELIRP is only approved through August 31, 2015 and, although it "preliminarily" expects to recommend its continuation as part of the DSM plan, the decision is currently under evaluation and a final determination is not required until Spring 2015 (PGW Reply Cmts, April 23, 2014 at 6-7.)

It is essential that the Commission take action now to ensure that ELIRP remains intact and undiluted in its effectiveness, especially in light of pending tumult likely to arise with the potential sale of PGW. It is important that the program suffers no temporary halt during any transition period which could unnecessarily interfere with pending projects and dramatically increase overall costs associated with ELIRP administration.

Therefore, while conceding that practicality dictates that the Commission not extract ELIRP from the DSM program at this time, CAUSE-PA urges the Commission to nevertheless require PGW to provide explicit assurance in its USECP that ELIRP will continue beyond August 31, 2015.

2. *Require PGW to incorporate ELIRP details into its USECP with sufficient specificity to enable coordination between ELIRP and other universal service programs.*

Again, CAUSE-PA concedes that PGW convincingly argued that extracting ELIRP from its DSM, at present, is not advisable because revising its USECP at this late date would require significant resources and could disrupt the success it has achieved by including ELIRP in its DSM. (PGW Reply Cmts. April 23, 2014, at 4). But that concession in no way detracts from the importance of coordinating ELIRP into all of PGW's universal service programs. It is impossible to address the root of unaffordability without also employing targeted initiatives to address high usage. Indeed, universal services programs are most effective when they are integrated to provide usage reduction services to low income customers with high usage beyond their control. Integration is part and parcel to LIURP's design:

Mandatory usage reduction programs shall be designed to operate in conjunction with the covered utility's consumer services and collection programs and relevant public or private programs so that customers experiencing ability-to-pay problems are made aware of the covered utility's usage reduction program and hardship funds. The covered utility shall provide direct assistance to low income usage reduction program participants in making application to the Low Income Home Energy Assistance Program.

52 Pa. Code § 58.7 (Integration). The PUC recognized in its Executive Order when publishing the above regulation: "We recognize that the utilities have not always been successful in their efforts at coordinating with existing resources. ... Nevertheless, we strongly encourage the required utilities to continue to explore each opportunity to coordinate with existing resources." *Residential Low Income Usage Reduction Programs*, 28 Pa. Bull. 25, L-00960118, 52 Pa. Code. Ch. 58), <http://www.pabulletin.com/secure/data/vol28/28-1/12.html>.

A parallel situation may be seen in the administrative interplay of Pennsylvania's Department of Public Welfare (DPW) and Department of Community and Economic

Development (DCED) LIHEAP Crisis Interface Program. The program is funded by LIHEAP, administered by DCED and coordinated by both entities. DPW incorporates the DCED administered Interface program into its LIHEAP State Plan although the plans are developed and approved at separate times. Since PGW is the entity responsible for both its DSM and its USECP, the incorporation of its DSM ELIRP program into its USECP could be achieved in a similar manner even more efficiently.

Because of its integral position in both the DSM and USECP panoply of programs, CAUSE-PA asserts that ELIRP details should be incorporated as necessary into both plans to ensure coordination and efficiency in its programming.

B. Prohibit PGW from limiting LIURP (ELIRP) eligibility to those who are not more than 2 months behind in CRP payments.

While PGW did not include extensive details of LIURP (ELIRP) in its USEC plan, it does mention the proposed criteria for the program, which includes a requirement that applicants for LIURP (ELIRP) be not more than two (2) months behind in CRP payments. This proposed program requirement is not in line with the PUC's regulations and is likely to exclude those most in need of weatherization services due to uncontrollable high usage.

The Pennsylvania Code defines an "eligible customer" for LIURP programs as "A low income or special needs customer who is a residential space heating customer, or a residential water heating customer, or a residential high use electric baseload customer of a covered utility." 52 Pa. Code § 58.2. Nowhere in this definition is eligibility tied to a customer's timely payment of monthly CAP payments. In fact, looking deeper into the regulations, it is clear that those who are not making timely payments are, in fact, *prioritized* for LIURP services. Section 58.10(a) of the Pennsylvania Code provides:

- (1) Among eligible customers, those with the largest usage and greatest opportunities for bill reductions relative to the cost of providing program services shall receive services first.
- ...
- (2) Among customers with the same standing with respect to paragraph (1), those with the greatest arrearages shall receive services first. When feasible, priority

should be given to customers with the largest arrearage relative to their income...

52 Pa. Code § 58.10(a). In explaining the prioritization schedule for LIURP program eligibility criteria in section 58.10, the PUC stressed that customers with high usage and arrears are a LIURP priority:

Prioritization for the receipt of program services is as follows. Most importantly, high usage is the driver. ... It is only after the usage requirement is met that the prioritization scheme is applied. The prior usage levels are further prioritized from highest arrearage to no arrearage. Second, a further prioritization is done to further delineate equal usage and equal arrearage candidates. This is done by prioritizing from lowest to highest income.

Residential Low Income Usage Reduction Programs, 28 Pa. Bull. 25, L-00960118, 52 Pa. Code. Ch. 58), <http://www.pabulletin.com/secure/data/vol28/28-1/12.html>.

Rather than blanket exclusion of individuals who are behind in payments, PGW should be required to adjust ELIRP eligibility and prioritization criteria in line with the PUC's regulation by prioritizing customers with significant arrearages and eliminating its prohibition on CRP customers with more than two (2) months behind in payments.

C. Require PGW to explain its chronically high ELIRP administrative costs.

The Commission explained in its Tentative Order that while ELIRP administrative costs have decreased each year, ELIRP's administrative spending is still beyond the allowable limit in the Pennsylvania Code, which caps the allowable administrative cost at " 'not more than 15% of a covered utility's annual budget for its usage reduction program.' " (TO at 23, *quoting* 52 Pa. Code § 58.5). Although ELIRP is currently operating under a different cost effectiveness evaluation methodology than LIURP, these high administrative costs should be explained in detail to be sure the costs are justified and do not result in taking away financial resources that could be better spent delivering retrofit and increased energy efficiency services to CRP customers.

As part of its Tentative Order, the Commission ordered PGW to explain these high costs and the steps the company has taken to minimize further increases. (TO at 24). Thus, before offering further comment or recommendation, CAUSE-PA awaits PGW's explanation of its

ELIRP administrative costs and the steps the company has taken or plans to take to reduce such spending.

D. Require PGW to increase ELIRP enrollment to accommodate current and projected needs.

The Commission's Tentative Order indicated that, according to PGW's 2014 DSM Implementation Plan, the 2014 projected enrollment level for ELIRP is 2,155, with a budget of \$7,600,000. (TO at 29, *citing PGW 2014 DSM Implementation Plan* at 28). However, in its April 23, 2014 Response to the Commission's Tentative Order, PGW projected a lower ELIRP enrollment level of 2,108 each year for 2015 and 2016 and a static budget of \$7,600,000 (TO at 29; PGW Response Cmts, April 23, 2014, at 11). At the same time, PGW reports that as of March 31, 2013, there are 71,625 CRP customers who have not received PGW weatherization in the past 2 years (Proposed 2014-2016 Plan at 8; TO at 28). PGW's projections are, thus, clearly inadequate, as it does not begin to meet the current needs of those 71,625 CRP customers who are otherwise eligible for usage reduction assistance.

Moreover, CAUSE-PA submits that PGW is missing a large number of Philadelphia's low-income residents by failing to dedicate sufficient ELIRP resources to address the usage reduction needs of Philadelphia's vast multi-family housing residents. Despite the need for energy efficiency improvements in multifamily rental housing, PGW's implementation plan for ELIRP does not reflect the strategies that are necessary to deliver efficiency services to this housing stock. Prior to the approval of any plan, the Commission should ensure that PGW's ELIRP sufficiently addresses multi-family housing usage reduction.

In addition to the recommendations above, CAUSE-PA therefore submits that PGW should be required to expand ELIRP as part of the DSM to be filed this summer and/or as part of the 2014-2016 USECP to provide additional enrollments and commensurate budget. CAUSE-PA submits that, at a minimum, a budget of \$10,000,000 would be required in each year of 2015 and 2016 to begin to address the current needs of CRP customers.

IV. CONCLUSION

CAUSE-PA thanks the Commission for this opportunity to submit comments concerning the April 3, 2014, Tentative Order regarding the Philadelphia Gas Works Universal Service Plan for 2014-2016, and respectfully requests that the Commission prior to final approval, refer this proceeding to an Administrative Law Judge to resolve issues of law and fact regarding critical aspects of the PGW universal service program provisions and require PGW to modify its Plan as reflected within these and any reply comments and such testimony as may be presented to an Administrative Law Judge.

RESPECTFULLY SUBMITTED BY
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