

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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May 13, 2014

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

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

Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Comments in the above-referenced proceeding.

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

Respectfully Submitted,

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

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

Enclosures

cc: Joseph Magee, Bureau of Consumer Services
Louise Fink Smith, Law Bureau
Cyndi Page, Office of Communications
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY 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
OFFICE OF CONSUMER ADVOCATE

The Office of Consumer Advocate (OCA) files these Comments pursuant to the Pennsylvania Public Utility Commission's (Commission) directive in the Tentative Order entered on April 3, 2014.¹

I. Introduction

On May 31, 2013, Philadelphia Gas Works (PGW or Company) filed its Universal Service and Energy Conservation Plan (USECP or Plan) for 2014 through 2016, in accordance with the Commission's regulations at 52 Pa. Code § 62.4, relating to natural gas universal service and energy conservation requirements. On April 3, 2014, the Commission entered its Tentative Order on the Plan which requested Comments from interested parties. The Commission requested that PGW provide Comments on ELIRP within twenty days and requested Comments from interested parties in forty days.

PGW's Plan contains four components: (1) the Customer Responsibility Program (CRP), PGW's Customer Assistance Program" which provides discounted rates for low-income

¹ The OCA was assisted in the preparation of these Comments by its consultant, Roger D. Colton. Roger Colton is a principal in the firm of Fisher Sheehan & Colton, Public Finance and General Economics. Mr. Colton provides technical assistance to a variety of public utilities, state agencies and consumer organizations on rate and customer service issues for telephone, water/sewer, natural gas and electric utilities. Mr. Colton's work focuses on low-income energy issues, and he has testified and published extensively in this area.

customers; (2) Enhanced Low Income Retrofit Program (ELIRP), that provides weatherization and usage reduction services to help low-income customers; (3) a Customer Assistance Referral and Evaluation Services (CARES) program that provides referral services for low-income customers with special needs; and (4) a Hardship Fund that provides grants to customers who have had their utility service terminated or are in danger of termination.

The Tentative Order proposed to move the ELIRP program from the DSM program to the USECP filing and requested comments regarding whether the ELIRP program budget evaluation or implementation should be addressed under the Plan. Tentative Order at 6. The Tentative Order also requested Comments on a large number of important and inter-related issues including the following:

1. Based on the concerns noted relative to LIURP reporting, PGW should clarify how it aligns LIURP and other universal service program reporting with its business year which runs September 1 through August 31.
2. Additional details regarding the application of customer CRP \$5 co-payments to pre-program arrears.
3. Minimum amount a CRP customer must pay for gas service.
4. Policy change regarding requiring Social Security Cards for enrollment in CRP.
5. Arrearage forgiveness with each on time and in-full monthly CRP payment and retroactive forgiveness for any months missed, once each month is caught up or paid in full.
6. Acceptance of statement of customer's ability to meet living expenses when reporting zero or minimal income.
7. Ongoing monitoring of CRP accounts to ensure billing the customer on the most affordable rate.
8. Alternatives to applying/recertifying for CRP at district offices.
9. Waivers from LIURP regulations at Pa. Code 52 § 58.11(a) and § 58.5.

10. Description of administrative costs associated with the hardship fund.
11. Decline in CRP enrollment over the past three years and no increases anticipated through 2016.

Tentative Order at 34.

The OCA addresses the following issues in its Comments: (1) the movement of ELIRP back under the USECP with this Plan; (2) the need for and operation of PGW's CRP provision that customers be required to provide Social Security Numbers; (3) arrearage forgiveness for on-time and in-full payments; (4) the need for and operation of PGW's requirements for proof of zero dollar incomes; (5) the monitoring of CRP accounts to ensure that the CRP customer is on the most affordable rate; (6) alternatives to applying/recertifying for CRP at district offices; (7) the decline in CRP enrollment over the past three years and no increases anticipated through 2016; (8) the integration of LIHEAP; (9) credits to CRP participants who achieve designated usage reduction; and (10) CRP Stay-out provision.

II. Comments

A. Whether ELIRP Should Be Moved Back Under The USECP With This Plan

The Tentative Order raised a concern regarding the continued inclusion of PGW's Enhanced Low Income Retrofit Program (ELIRP) under the Company's Demand Side Management Plan and requests that future ELIRP Plans be filed with the USECP. Tentative Order at 19-21. PGW's ELIRP assists CRP customers with reducing their energy usage and bills through weatherization services and energy conservation education. ELIRP is only available to CRP customers but provides enhanced weatherization services. Tentative Order at 19-20.

In 2010, as part of the Demand Side Management Settlement Order at Docket Nos. R-2009-20139884 and P-2009-2097639, ELIRP was approved as part of the DSM program. The DSM program is to extend from January 2011 through August 2015. The prior Low Income

Usage Reduction Program, Conservation Works Program, was transitioned to the ELIRP program in 2011. Since 2011, the ELIRP program has been filed with the DSM Plan annual reports. The Commission directed PGW to file Comments in 20 days regarding whether ELIRP should be included going-forward in the 2016 Universal Service Plan. Two issues arise from this proposal: (1) ELIRP is included as part of the DSM Settlement in the DSM docket and (2) the DSM Plan sunsets in 2015 and must be re-approved to continue after 2015.

On April 23, 2014, PGW filed the Response of Philadelphia Gas Works to Tentative Order Entered April 3, 2014. In its Comments, PGW requested the Commission to permit ELIRP to continue as part of the Commission-approved DSM program because of the potential for a dual-review process or a loss of cost efficiencies that have been achieved under the DSM Plan. Comments at 1. Additionally, PGW states that the additional reporting requirements and removal of the functioning of ELIRP from the DSM Plan could create additional costs and more complications for other customers and interested stakeholders. Id. Finally, PGW cited to the problems created because the PGW DSM Plan operates on a fiscal year basis (September to August) and the USECP operates on a calendar year basis. Id. at 1-2. As an alternative, PGW proposes that ELIRP remain with the DSM Plan until August 2015 at which point the Company could propose an amendment to the USECP Plan to integrate ELIRP. Id.

The OCA understands the concerns cited by both the Commission and PGW. The CAP Policy Statement requires that any Universal Service Plan contain a Low Income Usage Reduction Program and this is an essential element to any universal service program. As part of the DSM Plan, however, the parties, including the OCA, agreed to a Settlement in which ELIRP would be integrated into the DSM Plan to maximize the efficiencies of the DSM Plan. The OCA

submits that PGW's alternative proposal to re-integrate ELIRP back into the USECP at the DSM Plan's natural conclusion of August 2015 may be the best approach at this time.

B. The Need For and Operation of PGW's CRP Provision That Customers Be Required To Provide Social Security Numbers.

The Tentative Order requested that PGW "review its CRP application procedures and consider alternatives to requiring customers to provide an SSN for each household member as a precondition for CRP enrollment." Tentative Order at 13-14. The OCA submits that a Social Security number (SSN) should not be required for participation in the CRP program without the demonstration of a need for such information.

The Company has not provided reasons for the need for a Social Security number in order to maintain the "integrity" of the CRP program nor has it presented evidence of significant problems presented due to the lack of a Social Security number. The Tentative Order raises several issues including privacy concerns and the inability of certain households such as domestic violence victims to provide SSNs. The Commission specifically denied the requirement for SSNs in PECO's recent Universal Service and Energy Conservation Plan for 2012-2015 proceeding at Docket No. M-2012-2290911. The OCA submits that the requirement for SSNs goes beyond the requirements of Chapter 14, the Commission's CAP Policy Statement, and CAP regulations. The OCA supports the Tentative Order's proposal for PGW to review its CRP application procedures to consider alternatives to requiring customers to provide an SSN for each household member as a precondition for CRP enrollment. Tentative Order at 14.

There are many potential issues that are not addressed in PGW's filing including: (1) potential security issues with maintaining Social Security numbers and how PGW will protect this information; (2) an explanation of how this information will be used by the Company and why it is necessary; (3) how the information will be disposed of, or if it will be disposed of, if the

customer leaves the service territory; (4) the implications if a CRP customer does not have a Social Security number; (5) the potential unwillingness or inability of a customer to provide the Social Security number; and (6) an evaluation of the costs of implementing such a requirement against the benefits of having this information.

None of these issues have been identified or addressed by PGW's proposal to require CRP participants to provide Social Security numbers as a precondition for entering the CRP program. As the Tentative Order proposes, PGW should adopt alternatives to requiring customers to provide SSNs for each household member as a precondition for CRP.

C. Arrearage Forgiveness For On-Time and In-Full Payments

The Tentative Order requested Comments regarding: (1) "whether the Company would apply arrearage forgiveness retroactively to any months missed once those missed payments are caught up" and (2) "whether PGW should apply 1/36 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." Tentative Order at 15.

As to the first question, the Commission requested Comments regarding whether the Company should apply arrearage forgiveness retroactively to any months missed once those missed payments are caught up. Id. As the Commission identified in its Tentative Order, Duquesne Light Company (Duquesne) and National Fuel Gas (NFG) allow for arrearage forgiveness once the missed payment has been paid in full. Tentative Order at 15, citing NFG 2011-2013 USECP Final Order, Docket No. M-2010-2192210 at 12. (Order Entered May 9, 2011); Duquesne Light Company 2014-2016 USECP Final Order, Docket No. M-2013-2350946

at 19-20 (Order Entered March 6, 2014). The OCA recommends that arrearage forgiveness be granted when a bill is completely paid, in the month in which it is completely paid.

The Commission also requests Comments regarding whether PGW's arrearage forgiveness policy should be modified to allow CRP customers to receive arrearage forgiveness for any month in which the customer made an on-time and in full current CRP payment, whether or not the CRP customer has caught up on all prior past payments. Tentative Order at 15. The OCA supports allowing CRP customers to receive arrearage forgiveness for any month in which the customer made an on-time and in full CRP payment. As the Commission identified in its Tentative Order, the Commission previously directed that the UGI companies apply arrearage forgiveness for each timely and in-full payment. Tentative Order at 15, citing UGI 2011-2013 USECP Final Order, Docket No. M-2010-2186052 at 32-33 (Order Entered October 31, 2011). The OCA agrees with the Commission's statement that the CAP Policy Statement does not require participants to catch up on missed payments in order to qualify for arrearage forgiveness. The monthly forgiveness allows a CRP customer to continue to reduce their debt as the customer catches up on the monthly payments and provides motivation for a customer to stay current in the monthly CRP payments, even if they have otherwise fallen behind on prior payments. This arrearage forgiveness policy also would address the income instability often experienced by low-income households.

The OCA submits that CAP programs frequently serve households that are employed in low-wage jobs. It can be difficult for these households to consistently pay on time every month. These low-wage job holders, in addition to receiving low incomes, frequently receive unstable or inconsistent incomes. Low-wage employees tend to be hourly employees, dependent upon whether they receive sufficient hours to receive adequate monthly incomes. A lack of sufficient

hours may reflect the decisions of the employer, or may reflect other events in a customer's life, including illness of the worker or a worker's family member, the need to address parental responsibilities at school, or other similar life events. Low-wage employees are also a population of employees who lack paid vacation and sick leave, flex time, or other time-related benefits to ensure that they receive a consistent income stream.

The OCA recommends that both of the Commission's modifications to arrearage forgiveness be adopted.

D. The Need For and Operation of PGW's Requirements of Proof of Zero Dollar Incomes.

The Tentative Order proposes that PGW should establish the same procedure for addressing customers with zero income as was established in the Duquesne Light 2014-2016 USECP Order, Docket No. M-2013-2350946 (March 6, 2014) at 29-30. Tentative Order at 16. Duquesne Light requires customers who apply for CAP with a zero income to complete a "zero income form" and to give Duquesne permission to verify their income information. Id. In its Tentative Order, the Commission stated that it found 6 informal complaints in 2013 in which customers with minimal income were required to document living expenses, including providing copies of monthly utility bills and mortgage or rent payments to apply for or recertify for CRP. Tentative Order at 16. The Commission has requested that PGW explain in its Comments what procedures it uses to request proof of living expenses from households who report zero or minimal income and whether a written statement is acceptable instead of requiring customers to provide monthly bills. Tentative Order at 17.

The OCA supports the Tentative Order's proposal to model the Duquesne Light approach. The OCA submits that if accurate, PGW's policy of requiring the submission of monthly bills is beyond the requirements of Duquesne Light's program and the Department of

Public Welfare (DPW) for the operation of its Low Income Home Energy Assistance Program (LIHEAP) when a customer reports a zero income. Similar to the Duquesne Light program, the LIHEAP Plan states that “If an applicant reports that he or she has little or no income, the CAO will request a completed Zero-Income Statement (PWEA 6) that satisfactorily explains how the household pays for rent/mortgage, utility bills, groceries and other basic living costs.” LIHEAP State Plan, Section 601.103. This LIHEAP approach is codified in the Pennsylvania Code at 55 Pa. Code § 601.103.

The OCA recommends that the Company mirror the requirements of Duquesne and LIHEAP.

E. Monitoring of CRP Accounts To Ensure The CRP Customer Is On The Most Affordable Rate.

The Tentative Order directed PGW to explain how it monitors CRP accounts on an on-going basis to determine whether the CRP rate continues to be the most affordable option for the customer. Tentative Order at 18. The Commission cited to 29 informal complaints where the customers paid a higher rate on CRP than the customer otherwise would have if they had been on a payment arrangement or charged for the actual usage. Id. at 17. PGW stated in its Plan that “[e]ligibility for CRP has two primary components: (1) household size and income determines if the household is income eligible; and (2) the most affordable payment test determines if CRP offers the most affordable payment.” Plan at 19. PGW further states that:

If the monthly CRP payment is higher than the payment the customer would need to make under the most affordable budget/payment arrangement plan for which they are eligible, then they are not eligible for CRP because the CRP payment would result in a higher monthly bill.

Id.

It is unclear how the customer would be treated if the monthly bill plus the payment arrangement amount increased above the CRP percent of income payment due to such things as colder weather, higher prices, or increased usage for other reasons. Questions remain as to whether the customer bills would be monitored and the customers entered into CRP if the monthly budget bill plus payment arrangement increased above the CRP bill, and whether the customer would be eligible to receive ELIRP or other CARES services.

At this time, the OCA recommends that the Company provide on-going monitoring of these accounts so that customers can be transferred to CRP as needed and enrolled in ELIRP.

F. Alternatives to Applying/Recertifying for CRP at PGW District Offices.

The Tentative Order identified concerns with PGW's requirement that customers apply for or re-certify enrollment in CRP by mail or in person at any of its six customer service centers. Tentative Order at 18. Specifically, the Commission identified 39 instances where the customer was informed that the only recertification or application option was to come to a district office. Id. The Tentative Order stated concerns with this proposal because the opportunities for CRP customers to apply or recertify at district offices are limited to 9-5 p.m. three days per week in four district offices and four days per week in the other two district offices. Id. The OCA agrees with the Commission that traveling to a district office may be a hardship for some customers, particularly for those who are otherwise home-bound, are ill, working adults, or who have limited access to transportation. Tentative Order at 18.

Additionally, the Commission identified a concern that timely service was not provided to customers who were unable to apply or recertify in person. Id. The OCA agrees with the Tentative Order that CRP applications and recertifications should be processed within the same timeframe regardless of whether the person applied in person or by mail.

The OCA submits that PGW should work to eliminate these barriers to participation. The most recent APPRISE Evaluation demonstrates that a significant portion of PGW's CRP participants had experienced challenges or barriers to application or recertification. According to PGW's most recent six-year APPRISE evaluation, 35% of current participants at some time did not recertify and 48% of past CRP participants did not recertify for CRP. APPRISE Evaluation, Table V-18, 32. Further, in the APPRISE Evaluation, 46% of those who left the program said PGW could have done something to help them stay on the program and 28% said that PGW could have made the recertification process easier. APPRISE Evaluation at 49.

Overall, the Tentative Order addresses concerns that the PGW process presents barriers to enrollment or recertification in CRP. Tentative Order at 18-19. The Tentative Order specifically required that PGW address the alternatives it may offer to accommodate customers who are unable to or who choose not to apply or to recertify in person. Further, the Commission directs that the Company should take steps to ensure that all CRP applications and recertifications are processed in a timely fashion. Id. at 19. The OCA agrees that PGW should be directed to eliminate these barriers and to ensure that there is no requirement for in-person application or recertification for CRP and that mailed applications are processed in a timely manner.

G. Decline in CRP Enrollment Over the Past Three Years and No Increases Anticipated Through 2016.

PGW's projected enrollment levels are proposed to be maintained at 76,042 customers for the years 2014 through 2016. Tentative Order at 29. BCS noted that PGW's enrollment has declined 17% from 2010 (80,298 customers) to 2013 (68,458 customers). Id. at 30. At the same time, PGW has committed to increasing its outreach efforts to non-CRP low-income customers and current Senior Citizen discount participants who may benefit from CRP. PGW's efforts

include outbound calls, direct mail, community presentations to targeted groups and other advertising efforts. Id., citing Plan at 13. The Commission directed PGW to explain why it anticipates the participant level or program budget to remain stagnant in spite of these efforts.

The OCA submits that there is still significant need for assistance in PGW's service territory. As of 2012, the Company's Needs Assessment estimates that approximately 156,747 of residential customers in Philadelphia's service territory have incomes at or below 150% of the Federal Poverty Level. Tentative Order at 22. The OCA supports the Commission's request for additional information regarding the means through which PGW identifies and enrolls CRP-eligible customers into its program. The OCA is also concerned with the decrease in enrollments when there still appears to be a great need for assistance in PGW's service territories. The OCA recommends that PGW extend its outreach efforts to customers on payments arrangements or otherwise in debt.

H. Additional Issues.

1. Integration of LIHEAP

PGW currently applies the Low Income Home Energy Assistance Program (LIHEAP) cash grants directly to the asked-to-pay amounts² in accordance with the Department of Public Welfare's 2014 LIHEAP State Plan. In 2009, DPW adopted a policy change that required LIHEAP payments be applied to the asked-to-pay amount of a customer's bill. To address these changes, on June 4, 2010, PGW filed a Petition with the Commission to modify its Universal Service and Energy Conservation Plan with respect to the Customer Responsibility Program (CRP). On March 14, 2011, DPW filed a letter with the Commission in response to the Petition stating that PGW's proposed "Modified Model" would result in loss of vendor status. Petition of

² The asked-to-pay amount, typically used in reference to a Percentage of Income Payment Plan (PIPP) such as PGW's, is the amount that a low-income.

PGW to Modify Its Universal Service and Energy Conservation Plan with Respect to the Customer Responsibility Program, Docket No. P-2010-2178610, Initial Decision of Christopher P. Pell, at 2 (September 6, 2013). The proceeding was continued in order to obtain clarity from DPW about the proposed modifications due to concerns regarding whether the Modified Model violated the LIHEAP statutes. A Stay was entered in the proceeding on June 30, 2011. On June 13, 2013, PGW filed a request to have the docket marked as closed. On October 16, 2013, following an Initial Decision approving the closure of the docket and withdrawal of the Petition, the Commission closed the docket.

The issue of modifications to address the LIHEAP policy was not addressed in the Commission's Tentative Order. The issue should be addressed as it has been for other utilities in Pennsylvania to ensure that the appropriate balance is achieved in the program design. See, Pa. PUC, et al. v. Columbia Gas of Pennsylvania, Inc., Docket No. R-2010-2215623 at 51-52 (Order Entered March 15, 2012), *affirmed* Pennsylvania Communities Organizing for Change, Inc., d/b/a ACTION United, et al., Docket No. 635 C.D. 2012 (Pa. Commw. April 10, 2012); Equitable Gas Company, LLC's Universal Service and Energy Conservation Plan for 2013-2015 and 2016 Submitted in Compliance with 52 Pa. Code § 62.4, Docket No. M-2012-2308007 at 8 (Order Entered August 29, 2013); Pa. PUC v. TW Phillips Gas and Oil Co., Docket No. R-2010-2167797, Settlement at 8 (Order approving Entered June 16, 2010) (Due to the previously pending Columbia Gas base rate appeal, TWP has not yet implemented the modifications); Peoples Natural Gas Company, LLC Universal Service and Energy Conservation Plan for 2012-2014 Submitted in Compliance with 52 Pa. Code § 62.4, Docket No. M-2011-2245355 at 10-13 (Order Entered December 5, 2012) (Due to the previously pending Columbia Gas base rate appeal, Peoples has not yet implemented the modifications); NFG USECP for 2011-2013,

Docket No. M-2010-2192210 at 14 (Order Entered May 9, 2011); UGI USECP for 2011-2013, Docket No. M-2010-2186052 at 25 (Order Entered October 31, 2011); Metropolitan Edison Company, Pennsylvania Power Company, and Pennsylvania Electric Company Universal Service and Energy Conservation Plan for 2012-2014 Submitted in Compliance With 52 Pa. Code § 54.74, Docket No. M-2011-2231038 at 27 (Order Entered March 1, 2012); Pa. PUC, et al. v. Duquesne Light Company, Docket No. R-2010-2179522, Settlement at 11-12 (Order Entered February 24, 2011); Pa. PUC, et al. v. PPL Electric Company, Docket No. R-2010-2161694 at 8 (Order Entered December 21, 2010).

The DPW policy change fundamentally altered the structure of CRP and the balance achieved in the program to ensure reasonable costs. Other non-CRP ratepayers must pay the costs of the program in the form of the CAP Shortfall which is increased under the DPW Policy. The costs of this CRP discount will be collected through the Universal Service and Energy Conservation surcharge (USEC) from all other non-CRP customers. In PGW's prior Petition, the Company averred that as a result of the DPW change, non-CRP customers were paying almost \$29.00 per year more due to DPW-mandated change. PGW Petition at Docket P-2010-2178610 at ¶ 10. The OCA submits that now is the time for PGW to address this issue. The OCA recommends that PGW be directed to address the LIHEAP policy by proposing appropriate program design modifications.

The OCA submits that this is a complex problem which cannot be resolved in these Comments alone. PGW should be directed to file modifications to its CRP in order to address the DPW policy and to restore the balance between the discounts provided to CRP participants and the costs of the program that are paid by non-CRP customers.

2. Credit to CRP Participants Who Achieve Designated Usage Reduction.

PGW includes in its Plan a proposed modification to CRP to provide a \$100 credit to CRP participants who achieve designated usage reductions. PGW proposes that:

in order to stimulate CRP customers to reduce energy consumption, PGW will provide a bill credit of \$100 to CRP customers who achieve usage reductions as described below:

a) CRP customers who did not receive PGW provided weatherization services in the prior two years (using November as the start of the two (2) year look back), but reduced their weather normalized usage by 10% or more during the prior November through April period.

b) CRP customers who received PGW provided weatherization services in the prior two (2) years (using November as the start of the 2 year look back), and reduced their weather normalized usage by 20% or more during the November through April period.

Tentative Order at 8-9. PGW stated that this proposal was in response to the Commission's directive in the last Plan proceeding to incentivize customers to reduce their energy usage. Plan at 4. The OCA supports PGW's concept to incentivize conservation but several implementation details may need additional work to better ensure that the goal of the program is achieved.

First, the \$100 credit appears to be on a one-year basis with a base period that rolls forward each year. By so doing, each new year would generate a new and lower base meaning that consumption would need to be reduced even further for the customer to continue to earn the \$100 incentive. The incentive function would lose its efficacy after the first year. The purpose of the incentive should be to have CRP participants reduce their consumption and then to continue to maintain this consumption reduction. Further reductions should be incentivized but another mechanism may be needed to create the proper structure for further reductions.

Second, renters and lower income homeowners may have difficulty achieving the mandated reductions as they have less ability to invest in needed repairs and measures. For renters, the decision to make the repairs is up to the landlord. Homeowners may also not have

the financial resources to invest in making the necessary improvements to achieve the 10% reduction. The OCA submits that the Company should include a component to address these issues.

The OCA supports PGW's commitment to look at how to affirmatively incentivize usage reduction behavior. The OCA recommends that a collaborative of interested stakeholders be developed to discuss the best manner of incentivizing usage reduction and at the same, not increasing significantly the overall costs of the program for non-CRP ratepayers.

3. CRP Stay-out Provision

PGW proposes to implement a CRP stay-out provision for a one-year period for the following types of customers:

- a) Has removed him/herself from the program even though otherwise still eligible and CRP is more affordable than a budget billing/payment arrangement;
- b) Refuses access to the meter (stay out unless access is granted);
- c) Commits two or more incidents of unauthorized usage;
- d) Submits fraudulent enrollment or re-certification information/documentation;
- e) Refuses free weatherization services from PGW (stay-out until services are accepted).

Tentative Order at 8; Plan at 4. The OCA has concerns regarding the proposal to require a stay-out for any customer who has voluntarily removed him or herself from the program even though otherwise still eligible and with the Company's proposal to require a stay-out for a customer who refuses free weatherization services from PGW.

Regarding requiring a stay-out for voluntary removal from the program, the OCA submits that PGW should be required to establish specific rules with respect to what constitutes voluntary removal. It appears that PGW is attempting to address a problem of customers leaving CRP in the warmer months in order to benefit from a lower rate and allegedly "gaming" the CRP system. The OCA is concerned about how this proposal would operate with PGW's earlier-

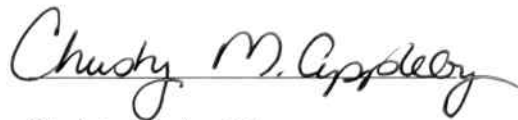
discussed proposal to monitor the CRP accounts so CRP participants could be on a more affordable rate. Switching out of the CRP may provide a lower rate for that customer, but that customer may subsequently incur a significant arrearage and otherwise may be ineligible to return back to CRP. The OCA submits that such a program measure, if implemented, should be carefully implemented with very specific rules regarding who would be required to stay-out for one year.

The OCA is also concerned about the stay-out until services are accepted from a refusal to participate in the weatherization program. The OCA submits that this provision should only apply to those customers who affirmatively have the ability to participate. A renter should not be penalized with a stay-out from CRP if the landlord otherwise refuses to allow PGW to weatherize the home. Further, there may be circumstances under which it may be otherwise harmful to a customer for weatherization efforts to take place at a given time, such as serious illness of a household member. The OCA recommends that the rules be established such that they will not otherwise penalize a customer due to circumstances outside of their control.

III. Conclusion

The OCA appreciates the opportunity to Comment on PGW's Universal Service and Energy Conservation Plan for 2014-2016. The OCA respectfully submits that its comments and recommendations contained herein should be adopted.

Respectfully Submitted,



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DATE: May 13, 2014
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CERTIFICATE OF SERVICE

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Submitted in Compliance With :
52 Pa. Code § 62.4 :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Comments, 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 13th day May 2014.

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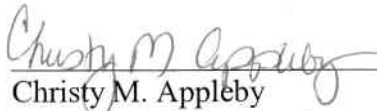
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