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May 28, 2014

Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

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

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Reply Comments of TURN et al. in the above-captioned matter. Copies will be served in accordance with the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in black ink that reads 'Josie B. H. Pickens'. The signature is written in a cursive style and is positioned above a horizontal line.

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Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

REPLY COMMENTS

of

TENANT UNION REPRESENTATIVE NETWORK and
ACTION ALLIANCE OF SENIOR CITIZENS OF GREATER PHILADELPHIA
(COLLECTIVELY "TURN et al.")

Concerning PGW's Universal Service Three-Year Plan

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May 28, 2014

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Reply Comments of TURN et al.

I. INTRODUCTION

On April 3, 2014, the Pennsylvania Public Utility Commission (“PUC” or “Commission”) issued a Tentative Order in the matter of 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 (“Tentative Order”). The Tentative Order tentatively approved PGW’s Plan (“Plan”) and solicited comments from interested parties on issues identified in the Tentative Order. In response, Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (collectively “TURN et al.”) submitted Comments in this docket on May 13, 2014.

Comments were also submitted by Philadelphia Gas Works (“PGW”), the Office of Consumer Advocate (“OCA”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), and a group of four organizations. The purpose of these Reply Comments is to reply to the comments submitted thus far in this docket addressing the issues that the Commission identified in its April 3, 2014 Tentative Order. TURN et al. submit that there remain a number of unresolved issues of material fact. TURN et al., therefore, request that these issues be referred to the Office of Administrative Law Judge (“OALJ”) for investigation, hearing and decision and that the proceeding schedule incorporate sufficient time for settlement discussions to allow the parties to reach a collaborative solution on as many issues as possible. TURN et al. request that the evidentiary hearing schedule further provide sufficient time for the parties to engage in discovery to obtain responses to relevant data requests.

If the Commission does not refer this matter to the OALJ , TURN et al. respectfully

request that PGW be ordered to:

1. Examine its service termination and reconnection policies and practices to assess their impact on CRP enrollment;
2. Adopt CRP application policies that provide for alternate documentation in lieu of Social Security Numbers and for the right to assert the right to privacy against SSN disclosure;
3. Cease the current practice of requiring applicants reporting zero or minimum income to document living expenses and provide such customers with a less burdensome alternative method to document income;
4. Offer alternate means of CRP application and recertification documentation submission, such as through the acceptance of facsimile transmittals and online applications and accept alternate forms of income verification for CRP recertification;
5. Grant arrearage forgiveness with every current on time and in full CRP payment *and* retroactive arrearage forgiveness once the customer has cured all defaulted CRP bills;
6. Eliminate its unnecessarily punitive or unfairly stigmatizing CRP stay-out proposals;
7. Identify the cost and benefits of any enhanced fraud detection measures and disclose the results of any research PGW has conducted to demonstrate that such measures are necessary; and
8. Apply overpayments to CRP accounts first to any unpaid CRP balance and then, at the option of the customer, to the customer's future asked to pay amounts or refund to the customer.

II. ISSUES IDENTIFIED IN THE COMMISSION'S TENTATIVE ORDER

A. DECLINE IN CRP ENROLLMENT

The Commission noted that PGW's CRP participation declined 17% from December 2010 to December 2013, from a level of 82,544 participants to 68,458 participants, respectively. Tentative Order at 30, Table 5. The Commission has directed PGW to share, in its comments, the results of its investigation into the decline of CRP enrollment and discuss any resulting proposed changes. Instead of conducting a searching investigation, such as through its third-party evaluator, PGW has submitted comments providing a litany of tenuous explanations and excuses for the decline in CRP enrollment. Instead of proposing specific changes to address and reverse the dramatic decline in CRP enrollment, to the contrary, PGW has throughout its USEC Plan and comments indicated that it has implemented so called "more robust" requirements for

CRP applications and proposed to conduct “periodic reviews” to hunt for possibly ineligible CRP enrollees. TURN et al. recommend that the Commission direct PGW to implement meaningful changes to increase CRP enrollment among its currently underserved low-income population, and to provide justification for its practices and proposals to invest further in its search for who it perceives are undeserving families.

As the OCA and CAUSE-PA have noted in their comments, there is still significant need for assistance in PGW’s service territory. OCA Comments at 12, CAUSE-PA Comments at 4-5. The Commission has noted that approximately 156,747 of residential customers in Philadelphia’s service territory are income-eligible for CRP, with incomes at or below 150% of the Federal Poverty Level. Tentative Order at 22. During the three-year time period of its USEC Plan, PGW proposes to increase CRP enrollment up to 76,042 customers, or 48.5% of eligible customers. PGW “does not expect participation levels to reach the peak levels achieved historically.” PGW Comments at 14. Instead of acknowledging that there is still great unmet need in its service territory, PGW offers an essentially passive response, resigning itself to reaching less than half of its eligible customers!

In contrast, PECO Energy serves a territory that includes all of PGW’s service territory and projects to increase CAP Rate enrollment steadily each year even beyond the so called peak enrollment years of approximately 2009-2011. In PECO’s latest USEC Plan, it projects 2014 CAP Rate enrollment will be 144,000 customers and 2015 enrollment will be 146,000 customers¹, beyond its “peak” of approximately 141,621 in 2010².

¹See PECO Universal Service Three-Year Plan 2013-2015, at 17, http://www.puc.state.pa.us/general/pdf/PECO_USP.pdf, accessed May 22, 2014.

² See APPRISE PECO Energy Universal Service Final Evaluation Report, October 2012, at 13, http://www.puc.state.pa.us/General/pdf/USP_Evaluation-Peco.pdf, accessed May 22, 2014.

Further, TURN et al. share CAUSE-PA's concern 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. TURN et al. support CAUSE-PA's recommendation that the Commission 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. CAUSE-PA Comments at 5-6. Without reliable standards, PGW's practices and proposals will operate to drive down enrollment unfairly.

TURN et al. recommend that the issue of PGW's CRP enrollment levels be referred to the OALJ for investigation, hearing and decision regarding how PGW should improve its CRP enrollment outreach and practices.

B. CRP ENROLLMENT PROCEDURES

i. Requiring Social Security Cards

In its comments, PGW proposes to cease requiring Social Security cards and Social Security Numbers on a regular basis and to modify its procedures to require these items only as part of an undefined "periodic fraud review." PGW Comments at 3-4. TURN et al. support PGW's proposal to eliminate its Social Security card and SSN requirement but are concerned that PGW's proposed "periodic fraud review" raises the same issues raised by its current policy. Merely requiring an SSN less often does not eliminate the privacy and hardship concerns raised by the Commission and the parties. PGW has yet to explain the nexus between a Social Security card or SSN requirement and the prevention of fraud in the CRP application process or how it proposes to eliminate any burden on its customers, which might result from an SSN requirement in this context. PGW should be required to disclose the nature and extent of its period fraud review and substantiate, with data on the record, its claim that the benefits of the

review will outweigh its costs. PGW must also explain how it plans to conduct this review. PGW's disclosures should be adduced at a hearing before an ALJ and the parties should be afforded an opportunity to subject PGW's data and conclusions to further examination.

ii. Requiring Proof of Living Expenses for Minimal Income

PGW is amenable to modifying its existing process of requiring proof of living expenses for customers with zero or minimal income and to requiring this information only in the context of a periodic review of CRP applications to prevent fraud. PGW Comments at 7. In its comments, PGW further states that currently it requires documentation of housing costs and how these costs are being paid and it does not require documentation of other costs. PGW Comments at 7.

TURN et al. support PGW's proposal to eliminate its proof of living expenses requirement for customers with zero or minimal income, but are again concerned with PGW's proposed, undefined and possibly unnecessary fraud review. TURN et al. oppose any requirement that a CRP applicant document living expenses, including housing expenses, in the form of bills received or paid, as such requirements are likely to delay application processing and do not necessarily provide PGW with an accurate representation of the customer's income or sources of support. PGW could easily obtain this information by allowing customers to complete a simple zero income form or statement of how the customer meets his/her expenses. Further, TURN et al. believe there is a factual dispute as to PGW's existing practices of requesting living expenses that should be resolved at a hearing held on this matter.³

³ In its comments, PGW states that it does not require proof of other living costs, but in the Commission's Tentative Order, the Commission noted its review of six informal complaints involving PGW customers who "were required to document living expenses (copies of monthly utility bills, mortgage/rent payments, etc.)." Tentative Order at 16.

iii. Requiring Customers to Apply/Recertify at a PGW District Office

The Commission directed PGW to address what alternatives it offers to accommodate customers who are unable or chose not to apply or recertify for CRP at a district office and to describe what steps it takes to ensure that all CRP applications and recertifications, regardless of the method of submission, are processed timely. Tentative Order at 18-19. The Commission had received complaints from customers who were required by PGW to appear at the district office for CRP purposes; and at least one customer was told that a mailed in submission would take an additional 4 to 6 weeks to process. In its comments, PGW states that a "visit to a PGW District Office is not required to apply for CRP." However, it did not address why customers were being required by PGW staff to appear in person at a District Office to apply for CRP. PGW Comments at 9.

Further, PGW states the following regarding the processing of mailed in CRP submissions:

When a customer applies for CRP by mail, their application is date stamped and reviewed in the order received. PGW's goal is to review applications within one week of receipt, although at peak application periods, the amount of time needed to review all applications received could be longer. The main cause for a delay in processing applications by mail is lack of supporting information provided by the customer, mostly income documentation. PGW has amended its CRP application to ensure that it obtains useful information about how the household meets everyday living expenses. PGW now provides instructions for completing the application and provides a list of acceptable and unacceptable forms of income documentation to avoid incomplete applications in the first instance.

PGW Comments at 9-10.

TURN et al. recommend that PGW immediately retrain its staff to stop requiring customers to appear in person to apply for CRP. While it may be reasonable to advise a customer that a mailed in application may take a couple more days to process because of the time for the mail to be delivered, a delay of 4 to 6 weeks is an unreasonably long time to wait,

especially if such application approval is needed for reconnection of gas service for heating, hot water and cooking. PGW did not deny that a mailed in CRP application could take 4 to 6 weeks to be processed, acknowledging in its comments that "PGW's goal is to review applications within one week of receipt, although at peak application periods, the amount of time needed to review all applications received could be longer." TURN et al. further recommend that PGW be directed to remedy processing delays for mailed in CRP applications, including an expedited process for accounts awaiting reconnection of gas service.

In addition, TURN et al. recommend that the Commission review the changes that PGW has implemented to address incomplete applications. In its comments, PGW states that "PGW has amended its CRP application to ensure that it obtains useful information about how the household meets everyday living expenses." PGW Comments at 9. This change is inconsistent with PGW's earlier comments that it requests information about how a household meets living expenses only to applicants reporting zero household income. Further, PGW reports in its comments that "PGW now provides instructions for completing the application and provides a list of acceptable and unacceptable forms of income documentation." PGW Comments at 9-10. TURN et al. recommend that the Commission examine these two changes to the CRP application instructions to ensure that they are not too burdensome, that they do not require submission of unnecessary documents, and that they do not create additional and unreasonable barriers to CRP enrollment. TURN et al. request that this examination be the subject of a hearing before an ALJ.

C. CRP OPERATION

i. Monitoring of CRP Accounts

In its Tentative Order, the Commission directed PGW to describe how PGW monitors CRP accounts on an ongoing basis to determine whether the CRP rate continues to be the most

affordable for the customer. The Commission received complaints from PGW customers whose CRP bills did not appear to be the most affordable option for the household, compared to actual usage bills or a deferred installment payment arrangement. Tentative Order at 17.

PGW explained that customers are required to re-certify their CRP agreement annually unless a LIHEAP grant has been received, or any time the household size or income changes. PGW proposes no changes to its current process, and proposes to continue to examine the financial benefits of CRP at application and recertification unless it is determined by a company representative that a further review is warranted. PGW Comments at 7-9.

TURN et al. submit that PGW is missing opportunities to ensure that the CRP bill indeed remains the most favorable rate for the household. There are certain events on a CRP account, beyond recertification, that should trigger a review. For instance, after a CRP household has received LIURP assistance to reduce high usage, it would be logical to check that actual usage bills are still less favorable than CRP bills. Further, when a CRP customer has achieved full arrearage forgiveness of pre-CRP arrearages, PGW should at that time assess whether the CRP bill is still the most favorable bill, since the non-CRP bill would no longer include an installment amount as part of a deferred payment arrangement.

ii. Restrictions to Pre-program Arrearage Forgiveness

The Commission directed PGW to comment 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...” and whether arrearage forgiveness would be applied retroactively once the customer has caught up on defaulted CRP bills. Tentative Order at 14-15. In its comments, PGW opposes changing its current arrearage forgiveness program to permit forgiveness with each current payment when prior months have not been paid in full or to

allow retroactive forgiveness once the customer has caught up on defaulted bills. PGW Comments at 4-6. PGW contends that its current program encourages positive, consistent payment practices and discourages risky payment behavior. PGW Comments at 5-6. PGW states that the cost to implement changes to the current arrearage forgiveness program is approximately \$22,000. PGW Comments 6.

TURN et al. strongly support a modification to PGW's arrearage forgiveness policy to allow forgiveness with each current on-time CRP payment and retroactive forgiveness once defaulted CRP bills are paid in full. TURN et al. agree with the OCA that low-income households often experience income instability that can lead to inconsistent bill payment. OCA Comments at 7. Contrary to PGW's contention that modifications to its policy will encourage risky payment behavior, TURN et al. submit that the suggested changes will provide greater incentive to households that fall behind because the benefits of making current payments will be substantial. The customer who has defaulted on CRP will see an immediate benefit the very next time she/he pays a CRP bill on time, even if the customer cannot cure the default. The customer who does cure his/her default is likely to feel rewarded and encouraged to cure future defaults if he/she receives retroactive forgiveness when the defaulted bill is cured.

PGW attempts to distinguish itself from other programs that have been ordered to provide forgiveness with each timely, full payment by stating that the only restriction to its arrearage forgiveness policy is that all defaulted bills have to be cured at the time of payment PGW Comments at 6. However, this restriction in PGW's program is fatal, its policy almost guarantees that any CRP customer who falls behind will not receive arrearage forgiveness in 36 months. Given that this 36 month period is already very long in comparison with other utilities, PGW should not be allowed to impose a restriction that further prolongs a CRP customer's

ability to reduce his/her debt. Further, PGW has not indicated that the costs of making these changes to its arrearage forgiveness policy are prohibitive.

III. OTHER ISSUES

A. LIHEAP Integration

The OCA has suggested that PGW address the issue of LIHEAP integration. OCA Comments at 12-14. Neither the Commission nor PGW (including its evaluator APPRISE) has identified a need to address or propose any changes in program design to integrate LIHEAP. TURN et al. submit that LIHEAP grants are needed to reduce energy burdens further as CRP customers are already receiving bills that may be beyond their ability to pay.

PGW's CRP program design incorporates the energy burdens (8%, 9% and 10% of income) that are provided in the Commission's CAP Policy Statement. These energy burdens go up to a maximum of 17% of a household's income, for both gas and electricity combined, which is almost three times higher than the maximum energy burden of 6% of income that has been adopted in other cold weather states, such as Illinois and the neighboring state of New Jersey. Under PGW's current LIHEAP policy to apply grants to asked to pay amounts, PGW's low-income customers still experience high levels of service terminations and inability to reconnect service. As discussed in TURN et al.'s Comments, the Commission's latest Cold Weather Re-Survey indicated that of the 7,103 PGW customers were still without heat service on February 1, 2014; well over a third, 2,883 (or 41%) of these customers, were accounts identified as low income or CAP customers. Any change to integrate LIHEAP in a way that increases the CRP customer's asked to pay amount will likely result in even higher numbers of low income families experiencing service terminations and inability to reconnect service.

B. CRP Stay-Out Proposal

In its Comments, TURN et al. asked the Commission to order PGW to eliminate its unnecessarily punitive or unfairly stigmatizing CRP stay-out proposals as they pertain to CRP customers associated with incidents of unauthorized use. TURN et al. Comments at 11-14. TURN et al. did not comment on the other categories of customers targeted by PGW's proposal, namely customers who voluntarily remove themselves from CRP, customers who refuse meter access, and customers who refuse weatherization services. PGW USECP at 3-4. The OCA has raised concerns with PGW's CRP stay-out proposal as it pertains to customers who voluntarily remove themselves from the CRP program and customers who refuse to participate in a weatherization program. OCA Comments at 16-17. The OCA has recommended that PGW establish specific rules regarding the operation of its stay-out proposal and ensure that it is carefully implemented. OCA Comments at 16-17. TURN et al. agree that this proposal raises additional concerns as to the appropriateness of a CRP stay-out provision in every situation that involves the customer behavior PGW has targeted.

PGW has proposed a blanket bar on CRP enrollment for a year or more for the types of customers identified in its proposal without providing any rationale for the prohibition or assessment of the costs and benefits of its proposal. PGW should be required to furnish this information at a hearing held on the matter.

C. Application of Overpayments

An additional issue identified by CAUSE-PA is the application of overpayments by a CRP customer. CAUSE-PA Comments at 12. TURN et al. recommend that the Commission require PGW to apply any overpayment first to any unpaid CRP balance and then, at the option of the customer, to the customer's future asked to pay amounts or refund to the customer.

IV. CONCLUSION

In conclusion, TURN et al. urge the Commission to require PGW to take steps to eliminate substantial barriers impairing the ability of low income PGW customers to enroll in CRP and once enrolled, to maintain their participation in the program. Accordingly, TURN et al. urge the Commission to order PGW to do the following:

1. Examine its service termination and reconnection policies and practices to assess their impact on declining CRP enrollment;
2. Adopt CRP application policies that provide for the provision of alternate documentation in lieu of Social Security Numbers and for the right to assert the right to privacy against SSN disclosure;
3. Cease the current practice of requiring applicants reporting zero or minimum income to document living expenses and provide such customers with a less burdensome alternative method to document income;
4. Offer alternate means of CRP application and recertification documentation submission, such as through the acceptance of facsimile transmittals and online applications and accept alternate forms of income verification for CRP recertification;
5. Grant arrearage forgiveness with every current on time and in full CRP payment *and* retroactive arrearage forgiveness once the customer has cured all defaulted CRP bills;
6. Eliminate its unnecessarily punitive or unfairly stigmatizing CRP stay-out proposals;
7. Identify the cost and benefits of any enhanced fraud detection measures and disclose the results of any research PGW has conducted to demonstrate that such measures are necessary; and
8. Apply overpayments to CRP accounts first to any unpaid CRP balance and then, at the option of the customer, to the customer's future asked to pay amounts or refund to the customer.

Respectfully submitted,

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Date: May 28, 2014

CERTIFICATE OF SERVICE

I hereby certify that I have this day, served a copy of the foregoing Reply Comments of TURN et al. upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa.Code §1.54 (relating to service by a participant).

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Dated this 28th day of May, 2014.

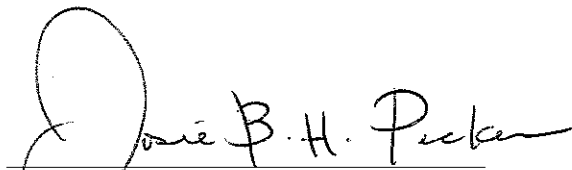
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