

COMMONWEALTH OF PENNSYLVANIA



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May 28, 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 Reply 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	:		

REPLY COMMENTS
OF THE
OFFICE OF CONSUMER ADVOCATE

The Office of Consumer Advocate (OCA) files these Reply Comments pursuant to the Pennsylvania Public Utility Commission’s (Commission) directive in the Tentative Order entered on April 3, 2014, at the above-referenced docket.

I. INTRODUCTION

On May 31, 2013, Philadelphia Gas Works (PGW or Company) filed the above-captioned 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 PGW and other interested parties. The Commission requested that PGW provide Comments on its Enhanced Low Income Retrofit Program (ELIRP) within twenty days and further Comments from PGW and interested parties on all other issues in forty days. Pursuant to the Tentative Order, the OCA, PGW, and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) filed Comments. The OCA responds to the Comments of PGW, Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia

(collectively TURN et al.) and CAUSE-PA regarding: (1) Social Security Numbers; (2) arrearage forgiveness; (3) required proof of living expenses; (3) on-going CRP monitoring; (4) applying for/recertifying at district offices; (5) decreasing Customer Responsibility Program (CRP) enrollments; and (6) PGW's use of external sources to collect household and income information.

II. COMMENTS

A. Social Security Number

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. In its Comments, PGW proposes to modify its procedures to require social security cards only as part of PGW's review of CRP applications to prevent fraud. PGW Comments at 4. For those households who do not have a social security number or refuse to provide a social security number, PGW proposes the following modifications:

(i) for an adult household member, PGW will agree to accept some other form of identification that can be documented, such as a state issued Driver's License number or an Individual Tax Identification Number[ITIN]. For fraud prevention purposes, PGW may require documentation supporting this number as part of our periodic review of CRP applications;

(ii) for a non-adult household member, PGW will accept a government/school issued form of identification showing residency, such as a school roster or public assistance benefits letter.

PGW Comments at 4. While the OCA appreciates the Company's attempt to address the problem presented for a customer who does not have a social security number or who refuses to provide a social security number, the Company still has not addressed the central problems that continue to exist with its modified proposal.

First, the OCA agrees with CAUSE-PA that PGW should conspicuously state on its application materials that a Social Security number is not required and that the customer should not be required to provide either the card or the SSN. See, CAUSE-PA Comments at 7. If PGW's modified proposal is adopted, the OCA recommends that the application also provide detail regarding other forms of identification that can be provided. Second, the OCA continues to share the privacy concerns cited in the Tentative Order, CAUSE-PA Comments, and TURN et al. Comments regarding the collection of SSNs for any purposes. Tentative Order at 13-14; CAUSE-PA Comments at 7-8; TURN et al. Comments at 6. One of the issues raised in PECO's Universal Service and Energy Conservation Plan for 2012-2015 at Docket No. M-2012-2290911 was the potential inability of certain households such as domestic violence victims to provide Social Security Numbers or other similar identification such as an ITIN number or driver's license. This issue should be addressed with respect to PGW's modified proposal. In addition, there are many other potential issues that are not addressed in PGW's modified approach including: (1) the criterion for collecting SSNs to address fraud concerns; (2) potential security issues with maintaining the Social Security numbers that are collected for fraud prevention purposes and how PGW will protect this information; (2) how the information will be disposed of, or if it will be disposed of, if the customer leaves the service territory; and (3) an evaluation of the costs of implementing such a requirement against the benefits of having this information. See, OCA Comments at 5-6. Finally, PGW's modified approach does not address how customers without ITINs or driver's licenses will be handled or how children under school age will be addressed.

B. Application of 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. PGW stated that it was asked to comment on: (1) whether it would apply arrearage forgiveness retroactively once a customer becomes current and (2) the estimated cost of this approach. PGW Comments at 4-5. PGW has not responded to the Commission’s second question which is whether PGW should apply the 1/36 arrearage forgiveness with each on time and in-full current CRP payment, whether or not the customer has fully caught up on past arrearages. The OCA continues to agree with the Tentative Order regarding both issues.

PGW’s Comments erroneously blend these two questions instead of recognizing that they are separate factual scenarios, with differing consequences and meanings. The Tentative Order presents two distinct factual scenarios. The first is whether arrearage forgiveness should be provided to a customer “for any months missed once those missed payments are caught up.” Tentative Order at 15. Under the first set of circumstances, the Tentative Order proposes that a customer who catches up on several months’ worth of missed payments should be given arrearage forgiveness for those months that were missed. As the Commission identified in its Tentative Order, Duquesne Light Company (Duquesne) and National Fuel Gas (NFG) allow for arrearage forgiveness once the missed payments have been caught up. Tentative Order, 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).

PGW states that arrearage forgiveness is designed to serve two objectives: (1) to provide an affordable payment to low-income customers and (2) to encourage on-time and in-full payment behavior. PGW Comments at 5. PGW avers that providing arrearage forgiveness retroactively would undermine the objective of the program. PGW Comments at 5. The OCA submits that PGW's stated objectives miss an important additional consideration. The arrearage forgiveness objectives should also encourage CRP customers to keep as current as possible and to make up the past-due payments as quickly as possible. The arrearage forgiveness program should be designed to encourage customers to make partial payments, even if the customer cannot pay the full past due CRP balances or the full, current CRP bill. Allowing for arrearage forgiveness for payments of past due CRP balances incentivizes the CRP customer to catch up on payments even if the customer misses a bill.

The second scenario presented is 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 prior past payments. Under this second scenario, the customer may have missed several payments previously, but the customer makes an on-time, in-full payment for the current bill, without having caught up on the prior bills. The Commission cited to the UGI case for this issue. In the UGI case, the Commission directed that the UGI companies apply arrearage forgiveness for each timely and in-full payment. Tentative Order, citing UGI 2011-2013 USECP Final Order, Docket No. M-2010-2186052 at 32-33 (Order Entered October 31, 2011). PGW attempts to distinguish the UGI case from PGW's situation because under UGI's

prior Plan, the Company had granted forgiveness at 6 months, 18 months and 30 months, provided that full Customer Assistance Program (CAP) payments were made. PGW Comments at 6, citing UGI 2011-2013 USECP Final Order at 33. The CAP Policy Statement does not require participants to catch up on missed payments in order to qualify for arrearage forgiveness. Although the Commission's action was sparked because UGI had a different arrearage forgiveness structure, the underlying rationale is the same for UGI and for PGW. That underlying rationale is that customers be rewarded with arrearage forgiveness for each in-full payment made by the CRP customer. This allows CRP customers to continue to catch up on monthly payments and motivate the customer to stay current in their monthly CRP payments.

The OCA does not agree with PGW's conclusion that retroactive arrearage forgiveness or arrearage forgiveness for each in-full payment received "would undercut the effectiveness and purpose of the arrearage forgiveness program." PGW Comments at 6. Instead, as the OCA Comments discussed, the policies recognize that customer assistance programs frequently serve households that are employed in low-wage, often unstable or inconsistent income jobs. OCA Comments at 7-10. The policy acknowledges that it can be difficult for these households to consistently pay on time every month and rewards customers' attempts to either catch up on retroactive payments or to not fall further behind. Therefore, the OCA continues to recommend that both of the Commission's modifications to arrearage forgiveness be adopted.

C. 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 2014-12016 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 give Duquesne permission to verify their income information. Id. In its Comments, PGW states that it provides a form which asks the customer to explain how the customer meets the basic living expenses for housing, food, and utilities. PGW Comments at 7. PGW specifically requires documentation of housing costs and how those costs are being paid. Id.

The OCA continues to support the Tentative Order’s proposal to model the Duquesne Light approach. PGW’s policy of requiring the submission of documentation regarding housing costs 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 zero income. See, OCA Comments at 9. The OCA submits that requesting documentation of housing costs goes beyond the requirements for either of these programs. The OCA continues to recommend that the Company mirror the requirements of Duquesne and LIHEAP.

D. 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. In its Comments, PGW states that it “compares the calculated CRP amount, based on household size and income, to other payment options each time a customer applies as a new CRP customer or recertifies their existing CRP agreement.” PGW Comments at 8. Customer service representatives also re-evaluate when a customer calls in or visits about the agreement amount or if the customer notifies PGW that the household income or number of household members has changed. Id. PGW does not monitor at other times throughout the year, in particular due to the impact of PGW’s CRP levelized billing which may

cause a bill to be higher than the actual bill during the summer and lower than the actual bill during the winter.

The OCA is concerned that CRP customers who are removed from CRP due to a more affordable bill option would not be eligible to receive ELIRP services, even though they would otherwise be income-eligible. Under the monitoring program, the OCA is also concerned that a CRP customer with an arrearage may lose the valuable benefit of arrearage forgiveness if they are removed from CRP. The OCA recommends that customers who are eligible for arrearage forgiveness should be allowed to maintain the arrearage forgiveness component of CRP even if the customer is moved to the full residential customer rate.

The OCA recommends that prior to removing customers from CRP that the customer be evaluated to determine whether they would qualify for arrearage forgiveness, ELIRP or other CARES services. If they would qualify for ELIRP or other CARES services, the OCA would recommend that these customers not be removed from CRP. If the CRP customer qualifies for arrearage forgiveness, the OCA recommends that the customers continue to be provided arrearage forgiveness at the full residential customer rate.

E. Alternatives to Applying/Recertifying for CRP at 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. The Commission identified 39 instances where the customer was informed that the only recertification or application option was to come to the district office. Id. In its Comments, PGW stated that a visit to a PGW District Office is not required to apply for CRP. PGW Comments at 9. The OCA submits that the Commission's cited examples demonstrate that there has been some level of customer confusion about this issue. PGW should

be directed to put in place additional customer service training measures to ensure that customers applying for CRP understand that they can apply either in person or via mail.

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

The Tentative Order identified concerns with PGW's 17% decrease in CRP enrollment between 2010 and 2013, and the fact that PGW does not anticipate any increases to enrollment levels over the next three years in spite of increased outreach efforts. In response to the Tentative Order, PGW provided information regarding the decreasing CRP enrollment and suggested possible reasons for the decline including decreased automatic LIHEAP recertification due to lower numbers of LIHEAP grants, lower natural gas bills, and decreases in unemployment. PGW Comments at 12-13. PGW states that it plans to "identify and aggressively target existing customers for whom we believe CRP would provide a more beneficial payment arrangement." Id. at 13. As discussed in the OCA's Comments, the OCA shares CAUSE-PA's and TURN et al.'s concerns with the Company's proposed enrollment numbers. OCA Comments at 11-12; CAUSE-PA Comments at 4-5; TURN et al. Comments at 3-4.

The OCA supports PGW's efforts to increase its enrollments. There appears to be a significant need for assistance in PGW's service territory as discussed in the OCA's, CAUSE-PA's, and TURN et al.'s Comments. OCA Comments at 12; CAUSE-PA Comments at 4-5; TURN et al. Comments at 4. The OCA continues to recommend that PGW also extend its outreach efforts to those customers on payment arrangements or who are otherwise in debt. Since PGW has highlighted that a potential source of the decline may be attributed to a failure to recertify, the OCA also recommends that the Company extend its outreach to include those customers who have failed to recertify.

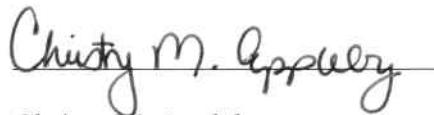
G. Use of External Services To Verify Household Composition and Income.

CAUSE-PA identified a concern with PGW's proposal to use "external services" to verify the composition and income levels. CAUSE-PA Comments at 5. CAUSE-PA specifically stated that it was concerned that the sources used be based on sound, accurate data and comply with the Fair Credit Reporting Act (FCRA) requirements. Id. at 6. CAUSE-PA requests that at a minimum, PGW be required to identify the external sources it relies on for collecting and determining household information and explain the data collection methods used. Id. Because of the potential for error and prejudice in the information collected, the OCA supports CAUSE-PA's request for additional information regarding the "external services" used to collect income and household information for CRP customers.

III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate respectfully requests that PGW's Universal Service and Energy Conservation Plan be approved subject to the recommendations contained in the OCA's Comments and identified herein.

Respectfully Submitted,



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DATE: May 28, 2014

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CERTIFICATE OF SERVICE

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 :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Reply 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 28th day May 2014.

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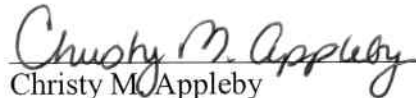
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