



July 9, 2014

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17101

**Re: PPL Electric Utilities Corporation's Universal Service and Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code § 54.74**

**Docket No. M-2013-2367021**

Dear Secretary Chiavetta:

Enclosed are the comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) to PPL Electric Utilities Corporation's Universal Service and Energy Conservation Plan. These comments are filed in compliance with the Pennsylvania Public Utility Commission's June 19, 2014 Tentative Order in the captioned proceeding. Copies will be circulated pursuant to the attached Certificate of Service.

Please contact me if you have any questions about this filing.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Patrick M. Cicero".

Patrick M. Cicero

Enclosure  
CC: Certificate of Service

PPL Electric Utilities Corporation's Universal  
Service and Energy Conservation Plan for  
2014-2016 Submitted in Compliance with  
52 Pa. Code § 54.74

Docket No. M-2013-2367021

**Certificate of Service**

I hereby certify that I have on this day served a true copy of CAUSE-PA's Comments in the captioned proceeding upon the following persons in the manner listed below and in accordance with the requirements of 52 Pa. Code § 1.54.

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**Dated: July 9, 2014**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITIES COMMISSION**

PPL Electric Utilities Corporation Universal :  
Service and Energy Conservation Plan for : Docket No. M-2013-2367021  
2014-2016 Submitted in Compliance with :  
52 Pa. Code § 54.74 :

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**Comments of the Coalition for Affordable Utility Services and Energy Efficiency in  
Pennsylvania (CAUSE-PA) Regarding PPL Electric Utilities Corporation Universal Service  
and Energy Conservation Plan for 2014-2016**

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**On behalf of the Coalition for Affordable Utility  
Services and Energy Efficiency in Pennsylvania**

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## I. INTRODUCTION AND BACKGROUND

On June 3, 2013, in accordance with the Pennsylvania Public Utility Commission (PUC or Commission) regulations at 52 Pa. Code § 54.74, PPL Electric Utilities Corporation (PPL or Company) filed a proposed Universal Service and Energy Conservation Plan for 2014-2016 (USECP).<sup>1</sup> On June 19, 2014, the Commission issued a tentative order finding that the Plan “partially complies with the universal service requirements of the Electricity Generation Customer Choice and Competition Act,” and ordered PPL, and invited other parties, to address eleven discrete points of concern. (PUC Tentative Order at 32-33 (hereinafter TO)).

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its attorneys at the Pennsylvania Utility Law Project, respectfully submits these comments in response to the Tentative Order. 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

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<sup>1</sup> 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 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.

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 interests in the impact that PPL's proposed USECP has on PPL's moderate- and low-income residential customers, at least one of whom is a member of CAUSE-PA.

CAUSE-PA has several concerns with the 2014-2016 USECP, which must be addressed to ensure the program's continued success in providing cost effective assistance for low income customers. As more fully outlined below, CAUSE-PA urges the Commission to consider referring this proceeding to an Administrative Law Judge to resolve these disputed issues of law and fact regarding critical aspects of the PPL's universal service program provisions.

## **II. CAP PROGRAM DESIGN**

### **A. Require PPL to increase its OnTrack participation rate and remove barriers to continued OnTrack eligibility**

The OnTrack program is a customer assistance program that provides three primary services to low income customers, defined as customers with household income at or below 150% of the federal poverty income guidelines. First, enrolled customers receive a discounted rate for service. Second, the outstanding past due amount ("pre-program arrears") is frozen and collection activity on the pre-program arrears halted, including any attempt to involuntarily terminate service to the customer. Third, upon full and timely payment of each monthly OnTrack bill, the frozen pre-program arrears are gradually forgiven (i.e. eliminated). These are significant benefits for low-income households who struggle to pay their bills and it should be available for as many of PPL's confirmed low-income customers as possible.

In its proposed plan, PPL indicates that it projects the following enrollment levels for OnTrack:

2014: 36,200	2015: 37,700	2016: 39,100
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These enrollment goals are inadequate to meet PPL’s current service territory requirements and would result in unjustifiably low CAP participation rates at levels far below those of the other electric distribution companies. According to the most recent data available, PPL has approximately 304,000 estimated low-income customers with incomes at or below 150% of the federal level, and 159,151 confirmed low-income customers with incomes at or below 150% of the federal poverty level.<sup>2</sup> By its own admission, PPL has 71,000 customers who have an overdue balance with annual incomes at or below 150% of the federal poverty income guidelines, (Plan at OnTrack p. 8) yet PPL seeks to enroll only 50% of those customers. This is insufficient. PPL’s projected OnTrack enrollment would produce a projected participation rate<sup>3</sup> of 23%-25% over the course of the three-year plan. This is in stark contrast to the CAP participation rates of other EDCs:

2012 CAP Participation Rates	
Source: 2012 Report on Universal Service Programs & Collections Performance Report	
<b>PECO</b>	81%
<b>Duquesne</b>	63%
<b>Penn Power</b>	50%
<b>Penelec</b>	48%
<b>Met-Ed</b>	48%
<b>West Penn Power</b>	47%

It is not clear why PPL has such inadequate OnTrack participation rates, but it is likely linked to PPL’s restrictive enrollment standards. Under its prior plan, PPL required that low-

<sup>2</sup> 2012 Report on Universal Service Programs & Collections Performance of the Pennsylvania Electric Distribution Companies & Natural Gas Distribution Companies at 8. Available at: [http://www.puc.state.pa.us/General/publications\\_reports/pdf/EDC\\_NGDC\\_UniServ\\_Rpt2012.pdf](http://www.puc.state.pa.us/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2012.pdf)

<sup>3</sup> Participation rate = # of CAP participants / # of confirmed low-income customers.

income customers enter and breach a payment arrangement prior to enrolling in OnTrack. PPL has proposed to change this standard in its current three-year plan to require only that a customer be low-income and have had a payment arrangement within the last 12 months. (Plan at OnTrack p. 7). CAUSE-PA supports PPL's proposed change because it will benefit low-income households and their ability to enroll in CAP. However, more is necessary. For instance, PPL should be required to intentionally manage those confirmed low-income households who have entered a payment agreement and are not enrolled in OnTrack. If a customer in this situation exhibits signs of payment stress (i.e. late payments or missed payments on the payment agreement) PPL should immediately reach out to this customer and evaluate whether they should be enrolled in OnTrack at that time. Additionally, PPL should actively seek to increase its CAP enrollment through community based outreach to approach the 71,000 customers who are confirmed low-income with an overdue balance. This is a far better target number based on the needs of low-income customers than the 36,000 customers targeted by PPL and would bring PPL's CAP participation rate in line with other EDCs.

**B. Require PPL to ensure that its OnTrack payment plans comply with Commission affordability targets.**

In its proposed USECP, PPL eliminated two of its previous OnTrack payment options – including its percentage of income program -- and instead settled on three different payment options that are designed to be as close as possible to the customer's annualized average payment. (Plan at OnTrack pp. 3-5). Specifically, PPL will enroll customers in one of the following: Percent of bill option, the minimum payment option, or the agency selected option. In selecting the payment type, PPL seeks to establish "a payment amount that most closely matches the customer's ability to pay." (Plan at OnTrack p. 5). PPL reasons that if CAP payments are set too low that

other rate payers would pay more than they ought to pay and OnTrack customers would reach their maximum CAP credits sooner, but that if CAP payments are set too high customers default.

CAUSE-PA generally supports PPL's flexible approach to reaching a CAP payment that the customer can afford to pay. It cautions, however, that what a customer has paid in the past 12 months may not be the most appropriate proxy to choose for establishing the ongoing payment amount. It is well established that low-income households go to extraordinary lengths to pay their energy bills often at the expense of other household necessities. For example, studies have shown that low-income households must often juggle basic necessities and that to pay their energy bills, 24% of LIHEAP recipients went without food, 37% went without medical or dental care, and 34% did not fill or took less than the full dose of a prescribed medicine.<sup>4</sup>

Given this reality, it cannot be stated with any degree of certainty that simply because a household made a certain level of payments over the previous twelve months that this is indicative of what the household can afford to pay for electricity, rather it begs the question: afford at what cost to other necessities? Thus, the Commission should require PPL to look not only at what the household paid in the past 12 months, but also to look at the Commission's affordability guidelines contained within the CAP policy statement. That is, if after calculating what a participant has paid during the past 12 months to reach any of its payment options, the payment amount is higher than what the household would have paid if the payment would have been set based on a percentage of the household's income, PPL should adjust the payment downward to a targeted percentage that is at the lower end of the guidelines found at 52 Pa Code § 69.265(2). Doing so would ensure that

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<sup>4</sup> National Energy Assistance Directors' Association, 2011 National Energy Assistance Survey (Nov. 2011) (Available: <http://www.appriseinc.org/reports/Final%20NEADA%202011%20Report.pdf>)

CAP households would not be paying more than they can actually afford to pay based on their household income, but would retain the flexibility inherent in PPL's proposed plan.

CAUSE-PA respectfully submits that if the Commission is not inclined to require this change based on the information now known that it should refer this matter to the Office of Administrative Law Judge for hearings. The purpose of the hearings would be to establish the factual and evidentiary basis to determine the appropriate household energy burden level for PPL to use and to ensure that PPL's CAP customers are not paying more than they can afford to pay.

**C. OnTrack participants should remain in the program even if they exhaust their maximum CAP credits.**

PPL has implemented maximum CAP credits for its OnTrack participants. In its Plan, consistent with its decision to extend recertification to every 18 months, PPL has determined that OnTrack heating customers will receive \$3,240 in CAP credits for every 18-month period they are enrolled in OnTrack and that non-heating customers will receive \$1,275 in CAP credits for the 18 month period. (Plan at OnTrack p. 10). When customers reach these limits, for any reason, they are removed from OnTrack and must wait until 18 months after their original enrollment date to reapply.

CAUSE-PA supports the extension of these amounts to match the 18-month timeframe for recertification, but shares the concern that the Commission raised in its Tentative Order. Specifically, the Commission stated:

The Commission is concerned that customers removed from OnTrack for exceeding CAP credits are receiving unaffordable bills. In addition, because PPL is proposing to extend its OnTrack recertification period from 12 to 18 months, these customers would now have to wait an additional six months to re-apply for OnTrack.

OnTrack customers receive more than just discounted electric bills while they are enrolled in the program. They also benefit from having all pre-program arrearages

frozen and 1/18<sup>th</sup> of this amount forgiven for each on-time and in-full monthly payment.

Once OnTrack customers exceed CAP credit limits, their pre-program arrears become “unfrozen,” and customers must then pay a monthly installment on arrears in addition to their monthly electric bill. If these customers could remain in OnTrack and pay the full monthly budget amount, this would allow them to avoid this additional monthly charge toward arrears. They could also continue to receive 1/18<sup>th</sup> arrearage forgiveness for each on-time and in-full monthly payment.

Proposed Resolution: While the Commission does not oppose setting consumption or credit limits for CAP programs, it questions whether it is beneficial to the customer or a utility to remove participants from CAP once they exceed such limits. Even in the absence of discounted monthly payments, CAP customers continue to benefit from the program by the freezing and reduction of pre-program arrears. Removing customers from OnTrack because they exceed CAP credit limits eliminates the ability to remove old debt through arrearage forgiveness and makes it more likely a customer will incur new debt through unaffordable bills. Therefore, the Commission requests PPL to consider altering its current policy and allow OnTrack customers to remain on the program relative at least to arrearage freezing and forgiveness and other benefits even after they have exceeded their CAP credit limits so long as the customer is paying on time and in full.

(TO at 17-18).

CAUSE-PA agrees with the Commission’s proposed resolution. Nothing good happens when customers are removed from OnTrack because they have reached their maximum CAP credits. These customers have already demonstrated that they cannot pay full-tariff bills, yet they are literally thrown back into the situation with little notice and little recourse. To be clear, there are a variety of reasons why a household would reach its maximum CAP credits. Customers could reach them because they have poorly weatherized homes and their energy usage is outside of their ability to control. Customers could reach them because they are being served by an EGS who charges rates that are significantly in excess of the price to compare, as happened during this past winter’s polar vortex and variable rate electric crisis. Customers could reach them because they have had to resort to de facto electric space heating because they have a broken furnace, disconnected gas supply, or simply cannot afford the deliverable fuel needed to run their central heating source.

Put simply, there are myriad reasons, inextricably connected to the household's poverty, why a household might reach its maximum CAP credits. Removing these households from OnTrack once they reach these limits is needlessly punitive and counterproductive. Additionally, because CAP credits are fixed dollar amounts they are regressive. Those households who require the largest monthly subsidy because they are the poorest are far more likely to reach their maximum CAP credits than those households who require less of a monthly subsidy.

The Commission's proposal strikes a reasonable position: Households who reach their maximum CAP credits should not be removed from OnTrack; rather, they should be permitted to remain in the program for purposes of arrearage freezing and forgiveness, LIURP and CARES prioritization, and other benefits of CAP. PPL should be required to make this change.

Additionally, CAUSE-PA respectfully submits that PPL should be required to affirmatively reach out by telephone to all OnTrack customers who have reached their maximum CAP credits to determine whether they are eligible for any of the exemptions to these limits listed at 52 Pa Code § 69.265(3)(vi). While PPL notifies its customers by letter when they reach 50% and 80% of their maximum CAP credits, CAUSE-PA submits that the consequences of reaching these limits are significant, may not be apparent to all customers, and *for those customers who have actually exhausted their limits*, PPL should initiate out-bound calls to these households to review their payment obligations until their next recertification date and to inquire with the household whether any exemption applies. These actions by PPL would address and ameliorate some of the significant consequences which befall low-income CAP customers through no fault of their own.

In the alternative, the Commission should require PPL to explore the feasibility of providing CAP credits on a program-wide basis rather than an individualized basis. Doing so

would serve many purposes. Most significantly, it would address the fundamental inequities of having a flat dollar amount – as opposed to a graduated dollar amount based on need – be the measure of maximum benefits. It would also significantly alleviate the administrative burden and cost of sending letters to customers who reach 50% and 80% of their maximum CAP credits as well as any uncollectible expenses associated with customers who lose their discount for a period but cannot afford to pay a full-tariff bill. Moving to a system wide CAP credit would not undermine the intent to the CAP credit as a cost-control feature because there would still be a system maximum that would serve as the upper limit on an annualized or 18-month period of time. Given that PPL has estimated at various times that only 1%-2% of its CAP customers exhaust their maximum CAP credits annually, it is difficult to see how this would materially increase programmatic costs. What it would do however, is significantly lessen that hardship on those low-income families who do reach their maximums through no fault of their own.

**D. OnTrack customers should remain in the program when they move within PPL's service territory.**

In its TO, the Commission recognized another problem in PPL's OnTrack process: PPL removes OnTrack customers from OnTrack when they transfer their service from one residence to another. TO at 19. The Commission correctly questions this policy. There is no reason why the household's historic usage from its previous residence cannot serve as the basis for the customer's OnTrack payment amount until the household is due to recertify. This is the system that PPL proposed to employ regarding electric generation shopping decisions by its OnTrack customers, and there is little reason why it should not apply to a customer moving from one residence to another within the territory. CAUSE-PA submits that the Commission should require this change to be made prior to any approval of PPL's Plan.

**E. OnTrack participants whose income is higher than their rent or mortgage should remain enrolled in the program and provided an opportunity to demonstrate how their bills are being paid.**

Among the other grounds for removal from OnTrack is the situation where a customer has income that is less than or equal to their mortgage payments or rent but they are not in foreclosure or facing eviction. Plan at 7-8. PPL calls this OnTrack Lifestyle – presumably because it believes that these households are living a lifestyle that they cannot afford. PPL enrolls these households in OnTrack for a period of six months and they are only retained in the program if the household can demonstrate that their income situation improved. (Plan at OnTrack p. 20).

CAUSE-PA submits that PPL should modify this criterion to allow households whose income is less than their rent or mortgage to demonstrate how it is that they are paying their monthly expenses. Some households may have insufficient income for a period longer than six months but may be getting assistance from family or friends for the payment of their bills. This sort of assistance is not income to the household, but it does explain how they household is making ends meet each month. Furthermore, there are various programs that provide for ongoing bill payment assistance on a monthly basis such as the Homeowners Emergency Mortgage Assistance Program (HEMAP) offered through the Pennsylvania Housing Finance Agency. Under the HEMAP program, a household who is facing foreclosure can get on-going payment assistance for a period of time that is paid directly to his or her mortgage company. Again, this is not income but it explains how a household is surviving when its income is less than its rent or mortgage. Individuals in this situation should be permitted to explain to PPL how they are meeting their monthly expenses without sufficient income and should not be required to relocate or be excluded from or automatically removed from OnTrack at the conclusion of six months.

**F. Require PPL to apply arrearage forgiveness upon payment of a timely, full OnTrack payment, regardless of whether prior payments were made in full or on time.**

In its Tentative Order, the Commission asked PPL to comment on whether arrearage forgiveness would be applied retroactively when the customer has caught up on defaulted OnTrack bills, as PPL's Plan does not specify whether a customer receives retroactive forgiveness. (TO at 20). CAUSE-PA strongly supports a policy of arrearage forgiveness with every current, on time and in full OnTrack payment *and* equally supports retroactive arrearage forgiveness once the customer has cured any defaulted OnTrack bills.

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. Furthermore, 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). Notably, UGI, Natural Fuel Gas, and Duquesne Light Company also incorporate this approach to arrearage forgiveness – either voluntarily or by Commission order. *See 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)).

As in other arrearage forgiveness programs across the Commonwealth, OnTrack customers in PPL's 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 OnTrack bills.

**H. Require PPL to explain how it will apply overpayments by an OnTrack customer.**

PPL's Plan does not specify how overpayments will be applied to an OnTrack customer's account. As was resolved in the recent Duquesne Light settlement, the PUC should require PPL, if it does not already do so, 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).

**I. The Commission should evaluate whether OnTrack customers who choose a competitive supplier should be permitted to enroll with a supplier unless the supplier's price is at or below PPL's price to compare**

As a part of its new Plan, PPL has proposed to change how OnTrack customers share the benefits and burdens of their participation in the competitive electric market. In the past, PPL had a very complicated manual method for calculating whether a customer who was served by an EGS would have his or her monthly OnTrack bill increased or decreased depending on whether he or she paid more or less than PPL's price to compare for the month. Recently, PPL abandoned that methodology because it was too cumbersome. PPL has now proposed that OnTrack customers' shopping decisions resulting in higher or lower energy costs will be reflected in the OnTrack payments at the 18-month recertification period rather than on a current basis.

It is unknown whether PPL's proposal is better or worse for the low-income household as no analysis has been performed. Such a determination would be unnecessary if the Commission were to require PPL to have as a condition of serving OnTrack customers that EGSs must charge a price no higher than the price to compare. While it benefits everyone if a CAP customer pays less than the price to compare; there are negative consequences which result for CAP and non-

CAP customers when CAP customers pay a price more than the price to compare. If a CAP customer enrolls with a supplier without adequate information about how that rate will or will not affect their CAP credits they face the real prospect of depleting their CAP benefit faster than they otherwise would have. CAP is a program that is designed to achieve affordability for households who have a demonstrated inability to afford utility services at full-tariff rates. To subject these households to an on-again/off-again CAP subsidy makes no sense and is very likely to lead to increased unpaid bills and loss of service.

Moreover, we know from past experience that PPL's OnTrack customers fare poorly in the competitive market. In its recently completed Time of Use proceeding which is currently pending before the Commission, PPL provided data in discovery for all of 2013. This data demonstrated that on average, over the course of 2013, 67% of the bills received by OnTrack customers who were receiving service by an EGS were above the price to compare.<sup>5</sup> Looking at the figures for each month, the percentage of bills above the PTC rendered to OnTrack shoppers ranged from a low of 58% in June, 2013 to a high of 82% in March, 2013. This data came on the heels of data obtained in PPL's 2012 Default Service filing in which indicated that more than 73% of its OnTrack customers who were then being served by an EGS were paying rates higher than PPL's price to compare.<sup>6</sup>

It is counterproductive and inconsistent to approve discounts and reduced rates for low income customers, which are paid collectively by other residential customers, but at the same time

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<sup>5</sup> PPL's Revised Response to CAUSE-PA Interrogatory Set I, No. 6 entered into evidence as Attachment 1 to CAUSE-PA Statement No. 1, the Prepared Direct Testimony of Stephen R. Krone in the Petition of PPL Electric Utilities Corporation for Approval of a New Pilot Time-of-Use Program, at Docket No. P-2013-2389572.

<sup>6</sup> CAUSE-PA Statement No. 1 at 16; CAUSE-PA Cross Examination Exhibits Nos. 5 & 6 filed of record at Petition of PPL Electric Utilities for Approval of its Default Service Program and Procurement Plan for the Period of June 1, 2013 through May 31, 2015, Docket No. P-2012-2302074.

allow EGSs to charge higher rates that result in unaffordable or higher bills, thus contributing to the higher collection costs to all customers and adverse health and safety impacts on the low income households. Yet this is precisely what will continue to occur absent the imposition of prudent limitations placed on the prices charged by suppliers who voluntarily agree to serve CAP customers.

Whether the Commission has the authority to limit the prices charged by EGSs who voluntarily agree to serve CAP customers is the subject of two appeals pending before the Commonwealth Court. See CAUSE-PA et al. v. Pa. P.U.C., Docket No. 445 C.D. 2014 and McCloskey v. Pa. P.U.C., Docket No. 596 C.D. 2014. In light of these pending appeals, CAUSE-PA submits that the Commission should hold in abeyance any determination about whether it has the authority to impose price restrictions on EGSs who voluntarily serve PPL's OnTrack customers. If the Commonwealth Court finds that such authority exists, the Commission should then refer this case to the Office of Administrative Law Judge for hearings and a factual determination of whether such restrictions are warranted within PPL's OnTrack program.

## **II. LIURP (WRAP) Program Design**

### **A. Introduction and General Comments**

It is imperative that a universal service plan effectively integrate and employ 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>.

Although not addressed in the Commission’s TO, CAUSE-PA notes with approval PPL’s inclusion of a multi-family component to its LIURP WRAP. Specifically, if an apartment building has three or more units and at least 50% of the tenants qualify for WRAP, PPL may provide weatherization measures and services to all tenants in the building. (Plan at WRAP 3). Energy efficiency upgrades in multi-family rental housing are a cost-effective means to reduce energy consumption, maintain housing affordability, and create healthier, more comfortable living environments for moderate- and low-income families. Despite these multiple benefits, many residential energy efficiency utility programs focus their limited funding dollars on weatherization and upgrades to single-family houses. PPL should be commended for this inclusion in its LIURP program.

**B. PPL’s Increase in WRAP budget and Full Cost Jobs is warranted**

In its Plan, PPL proposes to increase its annual LIURP budget from \$8,000,000 to \$9,500,000. This increase is attributable to the fact the PPL is prioritizing both full-cost and water heating jobs through LIURP and decreasing its baseload jobs. Since households receiving LIURP treatment are not likely to increase their energy consumption following weatherization, the savings

which occur today will continue into the future.<sup>7</sup> Therefore, a higher level of early penetration of LIURP full-cost services into households will bring further savings for years to come; while conversely, each year that the implementation of energy savings measures are deferred, the potential level of full energy savings and the related costs of usage continue to be unachieved. CAUSE-PA supports this increase.

In its TO, the Commission flagged the issue of PPL potentially disqualifying households for LIURP remediation if they received “LIURP WRAP or Act 129 WRAP services in the past seven years.” (Plan at WRAP p.2). Rather than have this bright line rule, the Commission urged PPL to “consider a flexible approach toward this stay out provision, especially if usage warrants further weatherization.” (TO at 23). CAUSE-PA agrees with the Commission’s recommendation. If a customer meets other criteria for usage reduction and remediation, they should not automatically be disqualified simply because they received some remediation in the past. This is particularly true in cases in which the household received an energy-savings kit through Act 129 WRAP or baseload measures through either LIURP WRAP or Act 129 WRAP. PPL estimates that 8,000 customers received an energy savings kit. (Plan at WRAP p. 12). While CAUSE-PA supports the distribution of these kits, a low-flow shower head, LEDs, and a furnace whistle are not equivalent to full-cost WRAP jobs and do not produce the same results. PPL should not disqualify households who received these basic *energy-efficiency* measures from receiving deeper or more complete full house LIURP treatment or *weatherization* services. As suggested by the Commission, PPL should employ a flexible approach and approve these households for LIURP if usage and other criteria warrant further weatherization.

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<sup>7</sup> See Shingler, Long Term Study of Pennsylvania’s Low Income Usage Reduction Program: Results of Analyses and Discussion, Consumer Services Information System Project, Penn State University, January, 2009 at 6. Available at: [http://www.puc.state.pa.us/general/publications\\_reports/pdf/PSU-LIURP\\_Report2008.pdf](http://www.puc.state.pa.us/general/publications_reports/pdf/PSU-LIURP_Report2008.pdf)

**C. PPL should be required to eliminate its proposed WRAP Asset Test and Lifestyle program**

According to its proposed Plan, PPL will only offer baseload WRAP if a family's income is less than their monthly rent and mortgage payment, as well as for "electrically heated homes over 3,000 square feet that, if sold, is not likely to be sold to a low-income customer." (Plan at WRAP pp. 3, 19). Regarding the former, the Commission indicated in its TO that it understood the Company's rationale because the home would not likely to be occupied by the low-income household for more than a few months. While this may be true in some circumstances, it is not always the case. Like PPL's Lifestyle OnTrack program, CAUSE-PA submits that the low-income household should have the ability to be able to demonstrate how they are making their monthly rent and mortgage payments given their insufficient income and should not be categorically excluded from receiving full cost WRAP jobs if warranted by the circumstances.

Regarding PPL's square footage limitation, the Commission reacted with rightful skepticism at this proposal and indicated it was not persuaded that PPL should employ this asset test. The Commission rightfully acknowledged that PPL could not reliably predict whether the future homebuyer or inhabitant of the premises will or will not be a qualifying low-income household. The Commission tentatively disapproved this criterion finding that it was inappropriate in a USECP. CAUSE-PA submits that this disapproval be made final and the square footage limitation provision should be removed.

CAUSE-PA agrees with the Commission's suggestion that it would be appropriate for PPL to disqualify a household for WRAP if it determines that weatherization would not be cost-effective, (TO at 24), but submits that this should not be solely a square footage determination.

Finally, whenever a utility disqualifies a household for WRAP services based on cost-effectiveness or other reasons it should be required to document the specific reasons for the disqualification and provide these results to the customer.

### **III. CONCLUSION**

CAUSE-PA thanks the Commission for this opportunity to submit comments concerning the June 19, 2014 Tentative Order regarding the PPL Electric Utilities' 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 PPL universal service program provisions and require PPL 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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