

COMMONWEALTH OF PENNSYLVANIA



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July 9, 2014

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

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

Dear Secretary Chiavetta:

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

If you have any questions, please feel free to contact me.

Sincerely,

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

Christy M. Appleby
Assistant Consumer Advocate
PA. Attorney ID# 85824

Enclosure

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

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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 June 19, 2014.¹

I. INTRODUCTION

On June 3, 2013, PPL Electric Utilities Corporation (PPL 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 §§ 54.71-54.78., relating to electric universal service and energy conservation requirements. On June 19, 2014, the Commission entered its Tentative Order on the Plan which requested Comments from interested parties. The Commission requested that PPL and interested parties provide Comments within twenty days.

PPL’s Plan contains four components: (1) OnTrack, PPL’s Customer Assistance Program which provides discounted rates for low-income customers; Winter Relief Assistance Program (WRAP), which provides weatherization and usage reduction services to help 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; (3) a Hardship Fund, Operation Help, which provides “financial assistance to customers with hardships, inability to pay the full amount of their energy bills, and annual incomes at or below 200% of the FPIG”; and (4) a Customer Assistance Referral and Evaluation Services (CASES) program that provides referral services and account credits for customers with a temporary hardship. Tentative Order at 11.

The Tentative Order requested Comments on the following issues:

1. Allowing OnTrack customers to remain in the program after they have exceeded their CAP credit limits.
2. Allowing OnTrack customers to remain in the program when they relocate from one residence to another within the PPL service territory.
3. Providing the cost impact of moving from the past 12 to 36 month arrearage forgiveness to the proposed 18 month arrearage forgiveness.
4. Applying arrearage forgiveness retroactively to any months missed once those missed payments are caught up.
5. Ensuring that all OnTrack customers, regardless of when enrolled, are provided with access to energy education and conservation tips.
6. Screening OnTrack customers who are high energy users for WRAP.
7. Providing details regarding to which jobs the eligibility criterion apply and how future WRAP qualification might be effected [sic].
8. Editing language to allow for disqualification of a premise from WRAP if its determined that weatherization would not be cost-effective.
9. Providing additional information on the new database and reporting system improvements to WRAP reporting and quality control.
10. Updating the needs assessment with 2012 U.S. Census data.
11. Explaining the reasons behind the annual increases in its OnTrack budget from 2014 to 2016.

Tentative Order at 33-34.

The OCA addresses the following issues in its Comments: (1) the removal of CAP customers for exceeding the maximum CAP credit; (2) the treatment of CAP customers who relocate within PPL's service territory; (3) an increase to coordination efforts between OnTrack and WRAP; (4) WRAP's treatment of baseload jobs; (5) eliminating the annualized average and percentage of income payment plan; (6) CAP customer shopping; (7) increases to PPL's outreach initiatives; and (8) the treatment of zero-income customers.

II. COMMENTS

A. OnTrack Customers Should Remain In CAP To Receive Arrearage Forgiveness Even If The Customer Exceeds The Maximum CAP Credit.

The Tentative Order requested that PPL reconsider its policy regarding removing OnTrack customers from the program if the customer exceeds their maximum allowable CAP credits. Tentative Order at 17-18. Customers are ineligible to re-apply for OnTrack until the 12 month anniversary of their enrollment date. Id. at 17. The maximum CAP credit for electric heating customers is \$3,240 and \$1,275 for non-heat customers over 18 months. Plan at 10. The Company equates this to approximately \$180 per month for electric heat customers and \$71 per month for non-electric heat customers. Id. By removing the customer from CAP, the customer would lose the benefit of arrearage forgiveness and other CAP-based programs. The problem is compounded for the customer because PPL proposes to extend the recertification from twelve months to eighteen months. Therefore, in the future, customers could be required to wait an additional six months before being eligible to re-enroll in CAP. Tentative Order at 17-18. In that timeframe, customers would become responsible for the full amount of their bill and their pre-program arrears. The Commission found 104 informal complaints regarding customers who were removed from OnTrack after exceeding their maximum CAP credit. Id. The OCA agrees with the Commission that customers who exceed their maximum CAP credits for a given

program year should be allowed to remain within CAP to continue to receive the other benefits of CAP.

First, as the Commission notes, CAP customers receive more than just discounted electric bills when enrolled in the program. CAP customers will also have their pre-program arrearages frozen and $1/18^{\text{th}}$ of the amount forgiven for each on-time and in-full monthly payment. Id. A customer who is removed from CAP would have the arrearages “unfrozen” and be required to establish a payment arrangement for that amount plus pay the full residential customer rate. Id. at 18. CAP customers have enrolled in OnTrack because the customers are payment-troubled. CAP customers will be required to pay the full residential rate if they exceed the maximum CAP credit and unaffordability should not be compounded by adding to that a payment arrangement for the frozen arrearage balance.

Second, the OCA submits that PPL’s policy penalizes customers who may not otherwise be able to control their usage or who may fall within an exemption identified in the Commission’s CAP Policy Statement. PPL’s policy does not consider the possibility that customers may not be able to control their usage or may be ineligible for WRAP due to circumstances outside of their control such as a landlord’s refusal. Removal of customers from CAP also does not explore or resolve why the CAP customer has exceeded the maximum CAP credit. For these reasons, the CAP Policy Statement specifically identifies that customers may be exempt from the maximum CAP credit. The CAP Policy Statement provides:

A utility may exempt a household from a CAP control feature if one or more of the following conditions exist:

- (A) The household experienced the addition of a family member.
- (B) A member of the household experienced a serious illness.
- (C) Energy consumption was beyond the household’s ability to control.
- (D) The household is located in housing that is or has been condemned or has housing code violations that negatively affect energy consumption.

52 Pa. Code § 69.265(3)(iv). Instead of being removed from CAP, the OCA submits that such customers should be referred to the Company's WRAP program and prioritized for high usage.

Third, the OCA notes that the use of maximum CAP credits often have a disproportionate impact on the lowest income customers. For example, under the Percentage of Bill option, a customer below 50% of the Federal Poverty Level would receive a 50% discount while a customer between 101-150% of the FPL receives a discount of 20%. Plan at 4. Both CAP customers would have the same maximum CAP credit. A customer below 50% of the FPL would use the maximum CAP credit at a much faster rate than the CAP customer at 101-150% of the FPL. These are the customers who can least afford to have their frozen arrears be revived to be paid in full.

Finally, under PPL's proposal to amend its recertification procedures to eighteen months, a CAP customer would be required to stay out until the next recertification date. The OCA submits that this would increase the burden on CAP customers by not allowing them to re-enroll in CAP for an additional six months and introduce inequities from the heating or cooling season depending upon when the customer enrolled in the program. For example, a CAP customer who enters OnTrack in December will have two winter heating seasons to use their maximum CAP credit. A CAP customer who enters OnTrack in April will only have one winter heating season to use their maximum CAP credit.

The OCA supports the Commission's Tentative Order that customers who exceed their maximum CAP credits for a given program year should be allowed to remain within CAP to continue to have their arrears forgiven, receive pre-program arrearage forgiveness, and receive other services of CAP.

B. Customers Who Relocate Within The PPL Service Territory Should Not Be Required To Re-Apply For CAP.

The Tentative Order requests Comments from PPL regarding whether the Company should revise its policy and allow OnTrack customers to remain in CAP when the customer relocates to another residence in the service territory. Tentative Order at 19. The OCA supports the Tentative Order's recommendation that CAP customers be able to remain in the program if the customer relocates within the service territory.

Due to the instability and inconsistency of a CAP customer's income, a CAP customer is likely to be much more mobile than the other non-low-income residential customers. The Commission identified that 40 informal complaints involved removal from OnTrack due to a change in residence. Tentative Order at 18. The Tentative Order stated that "in one complaint, the customer reported she was told by the Company not to submit a new OnTrack application until she receives her first bill at her new residence." Id. The APPRISE Evaluation also found that approximately 4 percent of customers exited OnTrack because the customer "moved to a different home." APPRISE Evaluation at 79. As the Commission correctly identifies, the low-income customer is then likely to experience a financial hardship as the agency determines again whether the customer is eligible for CAP. Tentative Order at 19. The customer would be required to re-submit all of their income documentation and application materials as if enrolling for CAP for the first time. Any arrearages will be unfrozen, and the customer will be required to pay the arrears as well as the full residential rate until the CAP application is processed and the customer is re-enrolled. The OCA submits that for a customer who is already income-qualified for CAP, this is an unnecessary barrier and burden for the CAP customer.

The OCA supports the Tentative Order's recommendation that CAP customers be able to remain in the program if the customer relocates within the service territory.

C. PPL Should Coordinate Between OnTrack and WRAP.

The Tentative Order expressed concern regarding whether high-use OnTrack customers are being appropriately screened for WRAP participation. Tentative Order at 20-22. Customers are eligible for WRAP if the customer: (1) has an income at or below 200% of the FPL; (2) a primary home within the PPL service territory; (3) at least nine months of usage history at the premise; and (4) no history of weatherization services within the last seven years. Tentative Order at 22; Plan at 22. When a customer enrolls in OnTrack, the Company contacts the customer if the customer has electric heat, electric water heating, or baseload usage and encourages the customer to apply for WRAP. Tentative Order at 21. The Tentative Order stated that “PPL’s current procedure to offer WRAP services to OnTrack participants may overlook customers enrolled in OnTrack for a long period of time and does not aggressively recruit high energy users for WRAP.” Id. The Commission requested that PPL comment on whether it could take more proactive steps to enroll high usage OnTrack participants in WRAP and suggests that one method would be to run a list of high usage OnTrack customers and refer those customers to a WRAP contractor. Id. at 22. The OCA supports the Commission’s recommendation that PPL increase its coordination efforts to identify current high use OnTrack customers for potential service through WRAP.

A customer’s usage may change over time due to household circumstances. When the customer initially enrolled in OnTrack, the customer may not have had a history of high usage and may not have needed to apply for WRAP. The OCA submits that if PPL is not identifying and contacting current OnTrack customers with high usage, PPL may be missing an important population of CAP participants who could otherwise benefit from WRAP services. Additionally,

this untreated high usage would increase the number of customers who exceed their maximum CAP credit.

Therefore, the OCA supports the Commission's recommendation that PPL increase its coordination efforts for high use OnTrack customers and WRAP.

D. WRAP Treatment of Baseload Jobs.

The Tentative Order expressed concern regarding that PPL proposed to eliminate the \$200 allowance for "comfort and safety" for baseload jobs. Tentative Order at 24-25. The OCA supports the Commission's recommendation that PPL maintain the \$200 baseload allowance.

The Commission stated that it was concerned with PPL's proposal to eliminate the \$200 expenditures for health and safety in baseload jobs "especially in situations where minor investment might provide added comfort for a senior citizen or someone with disabilities." Tentative Order at 24-25. The OCA agrees with the Commission that PPL should permit up to \$200 expenditures for health and safety in baseload jobs where the contractor believes additional comfort measures are warranted.

E. Additional Issues

1. Eliminating Annualized Average And Percent of Income as Payment Plan.

PPL has proposed in its Plan to eliminate two of its five payment options: (1) the annualized average and (2) the Percent of Income Plan. Tentative Order at 8. CAP customers may enroll in one of the other three payment options: (1) Percent of Bill; (2) Minimum Payment; and (3) Agency Selected. Tentative Order at 8. The Company provided four reasons for this change. First, the Company stated its intent to "simplify the program" and to make "the program easier to understand for enrolling customers, PPL employees, and active participants." Second, the Company stated that the three remaining payment options represented approximately 80

percent of the plan types selected for OnTrack participants. Plan at 6. Third, the Company stated that it gives the agencies flexibility to select appropriate payment arrangements. Fourth, the Company stated that the three payment options should help increase on-time payments. Plan at 6.

The Company avers that the purposes of the payment options are to “identify the payment amount that most closely matches the customer’s ability to pay.” Plan at 5. Although 80 percent of customers selected the other three payment options, the OCA submits that this means that 20 percent of customers selected either the Percent of Income Plan or the annualized average, presumably because the payment would be more affordable for the customer. No information is provided in the Company’s Plan about how that 20 percent of customers will be impacted by the elimination of these options.

The OCA submits that before such a change is approved, the Company should provide additional data to demonstrate the impact of the removal of these two payment options on the twenty percent of customers who are currently utilizing these alternatives.

2. CAP Customer Shopping.

The OCA recommends that PPL’s CAP Shopping Program be reviewed to determine the level of shopping that CAP customers are engaging in, the impact of such shopping decisions on the CAP customer, and the impact of such shopping on the costs of the CAP credit borne by other customers. PPL also appears to have made program changes to the CAP Shopping program that eliminated the protections that were contained within the original program.

The OCA submits that PPL’s CAP Shopping program should be reviewed to determine whether modifications to the program are necessary in order to maintain affordability for PPL CAP customers. PPL CAP customers are free to shop for their generation service from an

Electric Generation Supplier (EGS), but under the original CAP Shopping structure, these customers would immediately share in the benefits or harms of shopping decisions. Also, if a CAP customer's bill increase by more than \$10/month, the CAP customer was returned to PPL service to address the potential unaffordability and CAP credit cost consequences from shopping. Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2013 through May 31, 2013, Docket No. P-2012-2302074, Order at 159 (January 24, 2013).

CAP customers who decide to take service from an EGS may end up paying more to the EGS than PPL's stated Price to Compare (PTC). PPL's CAP is designed with a goal of providing low-income customers with an affordable bill. If CAP customers are shopping and are exposed to higher generation charges than PPL's PTC, the CAP customers are at risk of receiving unaffordable bills and potentially adding to PPL's already high uncollectibles expense. As has already been documented, PPL's CAP customers have not participated in the retail choice market with great success. PPL previously provided information that at one point in time approximately seventy-three percent (73%) of CAP customers paid prices higher than the PTC. Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2013 through May 31, 2013, Docket No. P-2012-2302074, Recommended Decision, at 130-131 (January 24, 2013).

As discussed above, PPL also proposes to change from recertification every 12 months to every 18 months and to only adjust the CAP payments for shopping decisions at this recertification. As the Tentative Order states, the impact of this proposal is that "[s]hopping choices resulting in higher or lower energy costs than PPL's price-to-compare will be reflected in the household's OnTrack payments at the 18 month recertification period" for the Percent of Bill

and Minimum payment options. Tentative Order at 16. Customers in the Agency Selected Plan will have OnTrack payments based upon the previous 12 months. Id. The Tentative Order states “[c]ustomers who shop for electricity will obtain reduced or increased OnTrack payments based on whether they paid more or less for energy than the price charged by PPL.” Tentative Order at 16, citing Plan at 15-16. But this impact is delayed for eighteen months for the Percentage of Bill and Minimum payment options and twelve months for the Agency Selected Plan for both CAP customers and non-CAP residential customers who bear the costs of ineffective shopping decisions. It is not at all clear how this furthers any objectives for CAP.

The OCA submits that PPL’s CAP Shopping Program must be reviewed in an on-the-record proceeding. The impacts of PPL’s revised procedures related to CAP Shopping cannot be determined without full analysis and the development of additional information.

3. PPL Should Increase Its Outreach Initiatives.

Using the 2010 U.S. Census data, PPL determined that 304,000 households in its service territory, or 25% of PPL’s customers, have incomes below the FPL. Tentative Order at 28. The Company currently has 36,734 customers enrolled in OnTrack and projects to increase this number to 39,000 customers in 2016. In PPL’s 2012 base rate case, the OCA made several recommendations to improve the Company’s outreach to low-income customers. Pa. PUC v. PPL Electric Utilities Corporation, Docket No. R-2012-2290597 (Order entered December 28, 2012). The OCA submits that it would be beneficial for all of PPL’s payment-troubled customers to be informed as to the availability of the CAP. In the base proceeding rate, the OCA recommended that: (1) that PPL engage in a direct-contact outreach program aimed at a population of customers that are both confirmed low-income and 120 days or more in arrears; (2) that all shut-off notices to confirmed low-income customers be modified so that they also

contain a notice of CAP availability and the means of accessing CAP; and (3) that PPL engage in a direct-contact outreach program focused on customers 120 days or more in arrears whether or not those customers are confirmed low-income customers. While these recommendations were not adopted in the base rate proceeding, the OCA continues to recommend that the Company incorporate these initiatives into its Plan.

4. Zero Income Customers

PPL's Plan states that in order to qualify for the program, customers must have a "source of income." PPL Plan at 7; Tentative Order at 13. From the Company's description of the Plan and that included in the Tentative Order, it appears that customers who have a zero income are barred from enrolling in OnTrack due to their lack of income. Other electric and natural gas distribution companies and the Department of Public Welfare have established procedures by which a customer with zero income can enroll in CAP and receive the benefits of CAP. For example, Duquesne Light required 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. Duquesne Light 2014-2016 USECP, Docket No. M-2013-2350946, Order at 29-30 (March 6, 2014). 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 Zero-Income Statement (PWEA) 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.

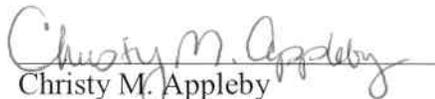
Zero income customers are those customers who are most in need of CAP benefits, and not having a direct income should not be a barrier to receiving the benefits of CAP. The OCA recommends that the Company allow zero income customers to apply for CAP to the extent that

they are not currently allowed to participate in the program and utilize the procedures approved by the Commission for Duquesne and PECO for zero income customers.

III. CONCLUSION

The OCA appreciates the opportunity to Comment on PPL'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: July 9, 2014

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CERTIFICATE OF SERVICE

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

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 9th day of July 2014.

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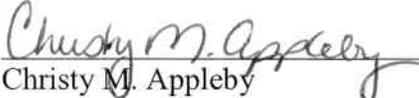
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