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October 9, 2014

**Via Electronic Filing**

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:

Pursuant to the Commission's Final Order entered August 22, 2014 ("Final Order"), Philadelphia Gas Works ("PGW") filed a Revised Universal Service and Energy Conservation Plan 2014-2016 ("Revised USECP"). As invited by the Final Order, prior to filing the Revised USECP with the Commission, PGW shared a draft copy of the Revised USECP with staff from the Bureau of Consumer Services ("BCS") for a compliance review and, based on feedback received from BCS, made additional changes to the Revised USECP. It should also be noted that PGW's initial USECP was filed on May 31, 2013 and PGW filed a total of six different responses and comments in this proceeding to address various concerns raised about the USECP prior to the Commission's Final Order.

Nonetheless, on October 2, 2014, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") and Tenants Union Representative Network ("TURN") (collectively "CAUSE/TURN") filed Comments regarding the Revised USECP and identified four issues that they claim are "not consistent with the Commission's Order and require amendment." Staff from the Commission's Law Bureau directed that any response to the CAUSE/TURN Comments should be filed by October 9, 2014. For the reasons set forth below, PGW disagrees with CAUSE/TURN's comments and requests that the Commission approve the Revised USECP as filed.

**I. PGW's "Default Status" Section**

While PGW did not make any changes to the Section III definition of "default status" under CRP Provisions for Non-Compliance, this section is currently accurate as written. *See* Revised USECP at 13 (red-line version). PGW complied with the Commission's directive regarding treatment of arrears in the Section III definition of "arrearage forgiveness" under CRP Components and indicated it will implement this modification by January 2016 in accordance with the Commission's Final Order. PGW maintains that the Revised USECP amends the plan consistent with the Commission's Final Order and there is no need to further amend it for this issue.

If the Commission prefers a modification to the Default Status section, PGW proposes the following revised Default Status section:

- (a) Default status – CRP customers who fall 30 days or more behind in their monthly CRP payment are placed into default status. A customer in default status will continue to be billed the monthly CRP amount and continue to receive the CRP discount. They will receive arrearage forgiveness at a fixed rate of 1/36<sup>th</sup> per month for each month that the customer pays their monthly CRP amount regardless of their existing CRP arrearage. Once all past due CRP monthly bills are paid in full, their status will return to active.

## **II. Treatment of Money Received By Zero Income Households**

CAUSE/TURN is critical of PGW's long-term practice of treating "ongoing, discrete financial support" received by a zero or minimal income customer's household as income. For example, CAUSE/TURN argues that money paid in support of such a household should be viewed similarly to public benefit "vendor payments" and therefore, counting this money as income is unjustified. CAUSE/TURN Comments at 7.

PGW views additional money provided to a zero or minimal income household as designed to pay for the costs of the household, which includes the costs of PGW's services. PGW does not include LIHEAP grant money as income. PGW believes that its treatment of financial support is consistent with how some other utilities treat these types of payments. Not treating support received by the zero/minimum income household as income available to the household to pay bills, including utility bills, could result in a customer receiving full payment of all household expenses but still availing him or herself of PGW's CRP. Importantly, all of PGW's customers pay for the costs of CRP so ensuring that only those customers with demonstrated need receive the benefits of CRP is in the best interests of the public. Thus, counting monetary support received by the household as income for purposes of CRP is reasonable and should be affirmed.

## **III. Determining the Most Beneficial Financial Arrangement For Customers**

Regarding whether a customer should be enrolled in CRP, PGW's Revised USECP states that PGW determines the most beneficial payment arrangement for a customer and would not enroll the customer in CRP if there is a more beneficial payment arrangement – one that provides a lower monthly payment – available. Revised USECP at 12 (redline version). CAUSE/TURN claim that the customer should have the discretion to enroll in CRP if "either the receipt of arrears forgiveness or ELIRP services will provide benefits even if the monthly CRP payment is not the lowest." CAUSE/TURN Comments at 8.

CAUSE/TURN's assertion lacks foundation for several reasons and PGW recommends that the Commission not direct any changes to the Revised USECP related to this issue.

First, PGW notes that under Chapter 14's reconnection requirements a PGW customer/applicant whose income does not exceed 135% of the federal poverty level "shall be reinstated pursuant to

this subsection only if” they enroll in CRP; “except that this requirement shall not apply if the financial benefits” are greater if served outside of CRP. 66 Pa. C.S. § 1407(c)(2)(iii). Second, PGW and its ratepayers have an interest in ensuring that low income customers are on the most beneficial payment arrangement so that they can pay their bills and avoid termination. PGW is expertly positioned to make that determination for each individual customer based on its knowledge of its available programs and opportunities. PGW again notes that its non-CRP ratepayers bear the costs of CRP, including arrearage forgiveness, and should not be required to pay for a customer’s participation in CRP when it is not financially beneficial for the customer. Third, a low-income payment agreement would eliminate the customer’s arrearage over time (as would arrearage forgiveness under CRP as long as the customer pays the bills) as the customer pays off the payment agreement. Under a payment agreement in this situation, the monthly payment amount would still be lower than the CRP monthly amount even though the customer is paying off arrears. Fourth, CAUSE/TURN references the ELIRP program as a potential reason to allow CRP enrollment. However, ELIRP is available only to customers with high usage and thus is not guaranteed to a customer at the time of CRP enrollment. In addition, PGW selects ELIRP participants (no applications) based on its eligibility criteria & prioritization protocols. Thus, there is no rational public policy goal achieved by allowing low income customers to enroll in a program which results in higher bills that the customer may be unable to pay.

#### **IV. PGW’s Commitment To Enhancing Its Customer Service Training**

CAUSE/TURN argue that PGW needs to include a specific provision in the Revised USECP “as directed by the Commission” stating that customer service representatives will be trained to inform customers that they do not have to come into a district office to apply or recertify for CRP. CAUSE/TURN Comments at 9. PGW has every incentive to ensure that its customer service representatives are accurately trained with respect to CRP. However, in contrast with some of the other directives in the Final Order, this Order does not “direct” that the USECP include this language; rather, it states: “(5) PGW will enhance its customer service training to ensure that its customers are informed that they do not have to come into a district office to apply or recertify for CRP.” Final Order at 73. PGW will comply with this directive. Thus, additional language on this point is not consistent with the Final Order and is unnecessary.

Please feel free to contact me if you have further questions or require further clarification.

Sincerely,



Deanne M. O'Dell

DMO/lww

cc: Cert. of Service  
Grace McGovern via email  
Joseph Magee via email  
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**CERTIFICATE OF SERVICE**

I hereby certify that this day I served a copy of PGW's Letter Response upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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