

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA 17120**

**Energy Affordability  
For Low Income Customers**

**Public Meeting March 16, 2017  
2587711-CMR**

**JOINT STATEMENT OF COMMISSIONER JOHN F. COLEMAN, JR. AND  
COMMISSIONER ROBERT F. POWELSON**

For our consideration today is a Motion directing Pennsylvania Public Utility Commission (Commission) staff to undertake a review of energy affordability levels for low income customers participating in Customer Assistance Programs (CAP). At present, the Commission utilizes a range of energy affordability levels, varying by income level and heating source, that are codified in our Policy Statement on Customer Assistance Programs.<sup>1</sup> The Motion directs staff to conduct an internal study and prepare a public report on this matter within one year. The Motion states that the Commission may revise the portions of the Policy Statement that pertain to the energy burden levels consistent with any findings and recommendations of this study.

We cannot support this Motion because we do not believe it is appropriate to examine the CAP energy burden levels as a stand-alone issue, without considering the other factors that impact the Commonwealth's universal service programs. The design, budgeting, and administration of universal service and energy conservation programs are a complex undertaking for our public utilities. It is also a serious and challenging obligation for the Commission to monitor, evaluate and, when necessary, make changes to the regulatory scheme or individual plans. When considering acting in this area in the past, the Commission has preferred to undertake a comprehensive review of the entire regulatory model for universal service, and we believe that is the appropriate course of action today.

The current CAP Policy Statement and its energy burden levels were a result of a formal investigation initiated by the Commission in 1990. The Commission was very concerned by rising levels of uncollectable balances and a growing population of payment troubled customers. At the outset, the Bureau of Consumer Services (BCS) held a series of informational meetings with utilities, followed by a series of data requests. Public comments were also solicited, and statewide public hearings were held at which seventy-five different individuals, interest groups, and government officials participated. Subsequently, the Commission issued an Interim Report, which was subject to public comment. This was followed by a Final Report of BCS, which contained the recommendations that led to the adoption of the CAP Policy Statement in 1992.

In 2007, the Commission initiated a universal service rulemaking and proposed revisions to the CAP Policy Statement based on the findings of a 2005 CAP investigation. The proposed changes addressed a broad range of issues, including the adoption of a more formal process for

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<sup>1</sup> 52 Pa. Code § 69.265.

the review and approval of universal service plans, the methods of program cost-recovery, and CAP program design. Several rounds of comments were solicited in response to these proceedings. Unfortunately, this review occurred during a time of expiring rate caps, rising wholesale energy prices, and uncertainty about federal policy regarding the Low Income Home Energy Assistance Program (LIHEAP). Accordingly, the Commission closed these dockets in 2012 without taking action. However, we did commit to revisiting the rulemaking and Policy Statement at a future date when these issues had been resolved.

We believe that with the successful transition from rate caps and the significant, and apparently lasting, stabilization in wholesale energy prices, it is now an appropriate time to begin another review of the CAP program. However, the approach set forth in the Motion, with its singular focus on energy burdens, is very different than the comprehensive reviews that the Commission has undertaken in the past. Given the complexity of this matter, we would prefer that the Commission adhere to its past practice of taking a comprehensive approach in reviewing and considering changes to universal service policies, programs and procedures.

While the Motion mentions balancing the interests of all customers, there is no definitive commitment to undertake a comprehensive review of all relevant issues, including the impact that revising energy burdens alone would have on those customers who do not participate in CAP, but fund the program. CAP program enrollments and budgets have significantly increased since their inception, and public utilities (with the limited exception of Philadelphia Gas Works) recover these costs solely from residential customers at the same charge per customer, regardless of income level.<sup>2</sup> Our concern is that the Commission will take the easier path of simply addressing energy affordability levels in a vacuum, without considering other issues relevant to a well-designed approach to universal service and energy conservation.

We believe it would be more appropriate to convene a collaborative of all interested stakeholders to examine the entirety of the CAP program. In this collaborative, participants could identify their priorities, concerns, and suggestions for improving CAP. This process would better inform the Commission about the scope of the work that needs to be done and the means of going about it. A collaborative would also have been an appropriate way to assure stakeholders that the Commission would address all relevant issues and make every effort to balance the sometimes conflicting objectives we wish to achieve through these very important programs.

Accordingly, we will be dissenting from this Motion.

  
**JOHN F. COLEMAN, JR.**  
**COMMISSIONER**

  
**ROBERT F. POWELSON**  
**COMMISSIONER**

**DATE: March 16, 2017**

<sup>2</sup> The Public Utility Code requires that gas and electric utility universal service programs be “appropriately funded and available” but does not identify a specific benchmark. 66 Pa.C.S. §§ 2203(8), 2804(9). Total gross electric CAP costs have increased from \$63 million in 2000 to \$253 million in 2015. Total gross gas CAP costs have increased from \$23 million in 2002 to \$110 million in 2015.