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Via Electronic Filing

August 8, 2017

Rosemary Chiavetta, Executive Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Docket M-2017-2596907

Review of Universal Service and Energy Conservation Programs

Dear Secretary Chiavetta:

On behalf of Peoples Natural Gas Company LLC and Peoples Gas Company LLC, f/k/a Peoples TWP LLC ("Peoples"), please find enclosed for filing Initial Comments in the above-noted Proceeding.

Please contact the undersigned at (412) 208-6834 should you have any questions or concerns regarding this matter.

Very truly yours,

/es/ Jennifer L Petrisek

Jennifer L. Petrisek
Senior Attorney

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Review of Universal Service and :
Energy Conservation Programs : Docket No. M-2017-2596907

**INITIAL COMMENTS OF
PEOPLES NATURAL GAS COMPANY LLC AND PEOPLES GAS COMPANY LLC, F/K/A
PEOPLES TWP LLC**

I. INTRODUCTION

On May 10, 2017, the Pennsylvania Public Utility Commission (“PUC” or “Commission”) entered an Opinion and Order to initiate a comprehensive review of the entire Universal Service and Energy Conservation (“USECPs”) model at Docket Number M-2017-2596907. The Opinion and Order provided an opportunity for interested stakeholders to file Initial Comments on priorities, concerns and suggestion for amending and improving any or all aspects of the USECPs. Thereafter, within sixty days of the Initial Comments, the Commission’s Bureau of Consumer Services shall coordinate a stakeholder meeting to permit feedback on the filed comments. Thirty days thereafter, Reply Comments are permitted.

In consideration of the foregoing, Peoples Natural Gas Company LLC and Peoples Gas Company LLC, f/k/a Peoples TWP LLC¹ (the “Company” or “Peoples”) submit the following Initial Comments for consideration by the Commission and interested stakeholders in this proceeding. The Company agrees that revisiting the regulations, policies, practices and the USECP programs is of vital importance. Many of these programs have been in place for twenty-some years and while they have undergone revisions over time, a comprehensive review of the USECP model is necessary due to the evolving nature of utility service and customer needs. As discussed further in Section II herein, Peoples has monitored shifting needs of low-income customer and the impact of utility costs on customers just over the current Federal Poverty Level (“FPL”) cut-off for Customer Assistance Programs. As such, in 2015, Peoples proposed a

¹ On August 8, 2018, Peoples filed a Tariff Supplement to change its legal name from Peoples TWP LLC to Peoples Gas Company LLC. Such filing is requested to be effective August 9, 2017. Docket Number R-2017-2618118.

Pilot Program (E-CAP) that would provide a percentage of income Customer Assistance Program to customers at 151% to 200 % of the FPL. While Peoples does not contend that all USECP programs should see a shift in FPL eligibility levels, the Company agrees that the time is ripe for a review of the programs and a consideration of the right USECP Plans for today's low-income customers.

II. BACKGROUND ON PEOPLES' USECP & OTHER COMPANY PROGRAMS

The most recent Universal Service and Energy Conservation Plan, for the period 2015-2018, was approved by the Commission in Docket Number M-2014-2432515. This Plan applies to the Peoples Division and the Equitable Division of Peoples Natural Gas Company LLC. At a high-level the Peoples Plan includes the following programs (more detail is contained within the Final Plan Docket filed on January 12, 2016):

- i. **Customer Assistance Program ("CAP")**: Peoples CAP is a special payment plan for low-income, payment-troubled customers. Through CAP, low income customers pay a percentage of their income for natural gas service. The reduced payment amount is designed to improve payment compliance and reduce collection activities. Eligible customers pay the lesser of (1) 8%, 9%, or 10% of their verified before-tax monthly income or (2) the monthly budget amount for their particular residence for natural gas service, with a minimum monthly payment level of \$25. The household income and family size determine which percentage of income the customer is to pay. In addition to the percentage of income amount, CAP customers will pay \$5 per month toward amortizing the balance that existed before being accepted into the program. CAP customers with pre-program arrearages are eligible for Arrearage Forgiveness credits equal to 1/36th of their pre-program balance when the customer pays the required CAP payment. This program allows CAP participants to fully extinguish their pre-program balance over a three (3) year period. CAP credits are applied on a monthly basis when the CAP bill is issued to the customer. A CAP credit is defined as the difference between the CAP customer's actual usage bill and the CAP monthly bill.
- ii. **E CAP**: Peoples E-CAP is a three year pilot special payment plan for low-income, payment troubled customers with household incomes between 151 and 200% FPL. Eligible customers agree to pay 11% of their verified before tax monthly income for natural gas service. In addition to the percentage of income payment, E-CAP customers will pay \$5 per month toward amortizing the balance that existed before being accepted into the program. E-CAP

customers with pre-program arrearages are eligible for Arrearage Forgiveness credits equal to 1/36th of their pre-program balance when the customer pays the required E-CAP payment. This program allows CAP participants to fully extinguish their pre-program balance over a three (3) year period. E-CAP credits are applied on a monthly basis when the E-CAP bill is issued to the customer.

- iii. **Low Income Usage Reduction Program (“LIURP”)**: Peoples’ LIURP Program is designed to help low income customers who have problems coping with high gas bills. Program goals are to make the home more energy efficient, control high usage and achieve bill reduction through energy savings. The Program is available to residential heating customers whose total family income does not exceed 150% of Federal Poverty Guidelines. (Up to 20% of the annual program budget may be allocated to customers with incomes from 151- 200% of the federal poverty level on a case-by-case basis). Customers with lowest income and highest arrearages will be prioritized for participation. CAP participants receive priority to receive LIURP but must meet the underlying criteria for the program.

An energy auditor visits the customer’s home and conducts a thorough investigation to determine what measures will most benefit the customers’ homes.. The auditor assesses areas where heat is escaping and cold is entering the house and also notes any previous weatherization measures that were installed and evaluates their effectiveness. Measures are installed based on established payback criteria and may include: Heating system improvements and replacements, Attic, sidewall, and other types of insulation, Caulking and weather-stripping, Air sealing, and Hot water treatments including tank improvements, wrapping and replacements. A general guideline of \$500 per job for health and safety is provided. In addition to weatherization services, LIURP provides customer education to encourage ongoing conservation.

- iv. **Customer Assistance Referral and Evaluation Services (“CARES”)**: The CARES program provides comprehensive services for customers who may have an inability to pay their gas bills and/or have special needs such as a serious medical condition, a mental health condition, limited learning ability, recent unemployment, single parent issues, etc. Customer Relations Specialists address all CARES referrals including those relating to Protection from Abuse Orders as outlined in 66 PA CSA, Chapter 14. Customer Service Center agents (“CSC agents”) refer special needs customers to the Customer Relations Specialists (“Specialists”)

for assessment, assistance and additional referrals. Referrals to the program are received from a variety of sources, including CSC agents, field customer service personnel, social service staff, community based organizations, and the Commission. CSC agents also refer customers who have Protection from Abuse Orders to CARES. The CARES program is intended for customers with immediate needs. Specialists provide short-term assistance to assure customers not only receive all necessary referrals to other programs, but are able to access those resources.

- v. **Peoples Hardship Fund**: Peoples Hardship Fund is a partnership with the Dollar Energy Fund. Dollar Energy Fund was founded in 1983 and currently partners with thirteen utilities in Pennsylvania. Dollar Energy Fund is an independent, non-profit organization that provides utility bill financial assistance to customers who are on a low or fixed income. Dollar Energy Fund receives donations from utility investors and individual customers. Peoples contributes up to \$550,000 annually to match customer donations and contributes up to \$110,000 for administrative costs; of that amount \$330,000 is allocated for Peoples customers and \$220,000 for Peoples Equitable Division customers with \$66,000 and \$44,000 in administrative costs for each Division. Effective October 1, 2015, the available funds for the two Divisions was combined to provide one Hardship Fund for the purposes of providing grants to customers of either Division.

As a fund of last resort, if gas service is off and the applicants are eligible for LIHEAP and Crisis benefits, they must apply for these benefits, when available, before applying for Dollar Energy Fund. The Dollar Energy Fund Program year is open from October 1st to September 30th, and grants are provided until available funds are exhausted. Customers must be at or below 200% of the poverty level to qualify for a grant. In addition, the customer must have made a sincere effort of payment, which is defined as having paid at least \$150 toward their utility bill over a ninety-day time period.

- vi. **Emergency Furnace/Service Line Repair**: Customers must be at or below 200% of the federal poverty level and have a need for emergency repairs to their heating system or house/service lines. The Peoples Division Emergency Furnace/House and Service Line Repair Program has been operational since June 2011. Many low income customers are faced with the prospect of going through the winter months without heat because they cannot afford to have their furnace or service lines repaired and there are very few programs to

provide assistance and support. While the Peoples/Equitable Division offers a similar program, funding is extremely limited. Through the LIURP Pilot, this program will be reported upon annually in conjunction with the annual LIURP report. Coordination of weatherization benefits through LIURP with participation in this program will be prioritized. Customers seeking assistance for heating and service related emergencies will be evaluated for LIURP participation.

In addition to the USECP program components, Peoples is always looking to find additional ways to assist customers in need. Two important examples: (1) the 2-1-1 program and (2) the Peoples Universal Service Advisory Group (which is discussed in greater detail in Section III herein). From its inception, Peoples has been a strong supporter of the United Way's 2-1-1 initiative. The ability to provide one-stop assistance to individuals in crisis is paramount – first and foremost, it's efficient, but more importantly, it assists individuals in learning about assistance available outside of the initial crisis. For example, an individual contacting 2-1-1 for utility assistance may be looking to immediately restore service (or stop termination of service). While they are in crisis, this is often their sole focus. 2-1-1, through various contact methods, is able to quickly identify if the individual is in need of food assistance, medical assistance, job placement and so on. Peoples works closely with 2-1-1 for pre-crisis outreach, program outreach as well as developing new programs that may benefit customers in need.

III. UNIVERSAL SERVICE PROGRAMS REQUIRE A COLLABORATIVE PROCESS

As the Commission noted in the Opinion and Order, "...the feedback of stakeholders representing all interests, from low-income customers to consumer interest advocates to utilities, is necessary to ensure any outcomes are cost-effective and in the public interest."² Peoples strongly agrees that only through collaboration can this proceeding, and universal service programs in general, address all relevant issues and balance the needs of all stakeholders and consumers.

While the utilities develop, administer and maintain the programs in the USECP, the utilities must recognize they are not necessarily the expert on bringing individuals to the programs. As will likely be discussed by community action and advocacy organizations, these organizations are closer to understanding what specifically is needed by utility customers and how to reach those customers. They have means to communicate with customers about global needs (food shortages, housing crisis', medical

² Opinion and Order, dated April 6, 2017 in re. *Review of Universal Service and Energy Conservation Programs*, page 3. Docket Number M-2017-2596907.

care needs) and understand how a customer struggling in one area is likely to be struggling in many others areas. The community organizations are also equip to have a franker discussion with customers about what caused their crisis, what they need short-term and how they can be assisted long-term. Customers, understandably, are cautious about sharing such information with utilities for fear of losing services or simply because they do not want to share private and personal information with a utility worker.

Peoples has always had relationships with community organizations and the Company, as well as its programs, has benefited from the knowledge available to such organizations. However, over the past several years, Peoples has developed a stronger relationship with these community organizations in a manner that Peoples believes is important to highlight as this stronger relationship has benefited various aspects of the USECP. Since 2014, on a quarterly basis, Peoples facilitates a Universal Services Advisory Group meeting at its Pittsburgh office (and via conference call). Various stakeholders are invited, including the Bureau of Consumer Services (“BCS”), the Pennsylvania Utility Law Project (“PULP”), the Office of Consumer Advocate (“OCA”), the Bureau of Investigation and Enforcement, community organizations from Western Pennsylvania, the United Way, and weatherization partners. The quarterly meetings are designed by Peoples to be collaborative meetings with active discussion. At each meeting, various programs from the USECP are discussed to bring a global understanding of the program components and to open discussion of possible improvements to the program as well as addressing dress program strengths and weaknesses. The quarterly meetings may also highlight recent utility activities or challenges, such as Peoples partnering with local agencies to provide assistance to recent flood victims in the City of Butler, PA; as well as highlight programs offered by community organizations within the Advisory Group, such as a sharing of programs available to women and families by a local women’s shelter. The third aspect of quarterly meetings is a discussion of possible revisions to the USECP or other programs offered by Peoples. These discussions are intended to get ideas on the table, discuss advantages and/or concerns of revising programs and find areas of common agreement. The Advisory Group reviews aspects of the programs and makes recommendations for changes to the USECP.

The benefits of the Advisory Group are clearly evident - the members often leave quarterly meetings with new ideas, common areas for growth and find paths to facilitate improvements in existing programs. The participants rarely agree on everything, but positive progress is almost always developed. For example, Peoples has worked with the Advisory Group to simplify customer communications through letters and other contact methods and has expanded on effective outreach models, such as using grass-roots and local efforts to reach customers to share information on available programs.

A further example of the benefit of a robust Advisory Group can be seen in the Company's Emergency Furnace Program. In Spring of 2016, Peoples determined that the differences between the Peoples Division and Equitable Division funding for the Emergency Furnace programs was resulting in customers of the Divisions being treated differently for the purposes of obtaining assistance with heating and/or gas service emergencies. Peoples developed a proposal to adjust this program to extend the policies, practices and funding model of the Peoples Division to the Equitable Division. In July, 2016, the Company presented the proposal at the Quarterly Advisory Meeting. Various parties discussed the proposal, including the Advocates, PULP and BCS. Through discussion, the Company learned of modifications that could be made to make the proposal stronger, and openly discussed modifications that could not be made – and the underlying reasons why the Company felt as such. At the conclusion of the discussion, the Company redrafted the proposal and submitted for Commission approval³. While the revised proposal did not encompass all of the “wants” of various parties, its final form incorporated a consensus of the interested parties desires for the Emergency Furnace Program and the Advisory Group recommended proceeding with the revised proposal.

Peoples strongly advocates for an open collaborative process when evaluating programs in the USECP. Community organizations have important knowledge that needs to be brought to the table. As such, Peoples commends the Commission for encouraging the feedback of all stakeholders, including those representing consumer interest advocates, in this proceeding,

IV. EVALUATION OF TRIENNIAL USECP

Current Regulations in Chapter 62 establish the requirements for the filing and evaluation of the utility's USECP. BCS is the Commission Department responsible for evaluating the utility's USECP and making recommendations for modifications or approvals to the Commission. BCS has knowledge of all gas and electric USECP and is a vital partner in developing enhancements and modifications to USECP. Likewise, as discussed above, community organizations also have vital knowledge and should have an active voice in USECP review proceedings; as well as other utilities willing to share experiences and contractors and partners administering low-income programs.

³ *Petition of Peoples Natural Gas Company LLC – Equitable Division to Amend 2015-2018 USECP*; Docket Number P-2016-2562220

In the LIURP proceeding various parties suggested the the review dockets for USECPs should be assigned to the Administrative Law Judge offices for adjudication. Peoples believes the rationale for such process is a desire for community organizations and other stakeholders to be involved in the evaluation process. While this is understandable, Peoples does not support assigning the evaluations to the Office of the ALJ and instead believes a component of the Stakeholder meeting should be to develop a revised regulatory framework for the evaluation of USECPs. Peoples believes that taking BCS out of the critical role of evaluating and advising on these programs would be detrimental to the overall program knowledge of the low-income programs in Pennsylvania. At the Stakeholder meeting, the interested parties should discuss a framework where BCS maintains its vital role, community organizations are included in the review process, and efficient reviews of USECPs are encouraged. Peoples suggests several areas of discussions: (1) identification of advocates and community organizations to be listed as interested parties in the USECP review proceedings (which may vary by utility); (2) placement of notice of USECP filings in the PA Bulletin to provide notice to other community organizations that may have an interest; (3) preparing a standard ‘data list’ of information to be filed with each USECP to facilitate the initial review stage; (4) standard confidentiality agreements to facilitate sharing of information; (5) established timeframes for Initial Comments, Reply Comments, Initial Decision, Recommendations, etc. akin to a rulemaking proceeding; and (6) pre-filing stakeholder meetings which permit time for discussion of the proposed USECP as well as modifications if consensus is reached.

V. DIVERSITY IN UTILITY PROGRAMS

It is important not to lose sight of differences present in the utility programs across this large and geographically, as well as economically diverse, Commonwealth. As stated in the LIURP Proceeding, the Commonwealth of Pennsylvania is quite diverse in terms of population, income levels, age of housing structures, age of residents, availability of assistance, and so on. All of these differences can impact the manner in which a utility develops, funds, and delivers its USECP program. A utility must understand the unique features of its territory and apply them to program development and implementation. While some aspects may be consistent across the Commonwealth as a whole, it’s important to not create a “cookie-cutter” approach to programs in the USECP and apply a single-design for programs across the Commonwealth. While the utilities learn from each other’s programs. Peoples cautions that any re-working of the USECP regulations continue to provide flexibility to the utilities to operate a program based upon the needs of the citizens within its territory.

For example, in Western Pennsylvania, Peoples has two certified social workers on staff that handle the Company's CARES program. These individuals receive referrals of customers in crisis from internal employees, such as field workers and call center agents, as well as external agencies. As certified social workers, these employees have a unique understanding of the needs of consumers in crisis, the utility structure and the best manner to assist the consumer in crisis to maintain vital services and locate other assistance. While the CARES program, as designed by Peoples, has been every effective in Western Pennsylvania, it may not be as successful in other portions of the Commonwealth for varying reasons. If a single-design approach were adopted in which all utilities offered identical programs, it would be a disadvantage to Peoples' consumers to lose this aspect of the CARES program.

In order to reduce barriers to participation, encouraging utilities to use the similar standards to establish eligibility can be one area in which a more consistent approach makes sense. Customers who participate in the Peoples CAP for example typically need to participate in CAP for their electric and/or water service as well. Through Peoples partnership with Dollar Energy Fund ("DEF"), customers contacting Peoples for assistance with Peoples CAP can also link to the CAP programs offered by First Energy and Pennsylvania American Water. Customers can provide their consent for the income documentation provided for one of these other CAP programs to be used as proof of eligibility for the Peoples CAP program. Peoples also looks for way to eliminate the need for customers to submit income documentation for enrollment, such as the verification of low income status by way of receipt of LIHEAP. Helping customers establish eligibility in order to receive the utility assistance programs they need should be a goal of all utility programs.

VI. CONCLUSION

Peoples appreciates the opportunity to share its thoughts in these Initial Comments and looks forward to continuing to work with the Commission and other stakeholders to further evaluate to the USECP model and low-income assistance programs with the goal of providing affordability through manageable energy burdens to these vulnerable populations.

Respectfully submitted this 8th day of August, 2017

/es/ Jennifer L Petrisek

Jennifer L. Petrisek

Counsel for Peoples Natural Gas Company LLC & Peoples Gas Company LLC, f/k/a Peoples TWP LLC