



October 16, 2017

VIA e-file

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street, Filing Room
Harrisburg, PA 17120

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

Joint Reply Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, Tenant Union Representative Network, and Action Alliance of Senior Citizens of Greater Philadelphia

Dear Secretary Chiavetta,

Please find the Joint Reply Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), Tenant Union Representative Network (TURN), and Action Alliance of Senior Citizens of Greater Philadelphia (Action Alliance) (collectively, the *Low Income Advocates*), which are submitted for filing in the above captioned proceeding.

Please do not hesitate to contact me at 717-236-9486 x. 205, or by email at pulp@palegalaid.net with any questions or concerns.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Elizabeth R. Marx". The signature is written in a cursive style.

Elizabeth R. Marx

Before the Pennsylvania Public Utility Commission

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

JOINT REPLY COMMENTS OF
THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY
EFFICIENCY IN PENNSYLVANIA (CAUSE-PA),
TENANT UNION REPRESENTATIVE NETWORK,
AND
ACTION ALLIANCE OF SENIOR CITIZENS OF GREATER PHILADELPHIA

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TABLE OF CONTENTS

I.	INTRODUCTION AND BACKGROUND	1
II.	REPLY COMMENTS	3
	a. Universal Service Program Costs	3
	i. Cross-Class Recovery	9
	ii. Role of the Utilities in Providing Universal Services	11
	iii. Impact of Program Expansion on Households with Income Above 150%	13
	iv. Cost to Achieve Improved Affordability	15
	b. Energy Burden Study	16
	c. Universal Service Program Administration	17
	d. Universal Service Program Review Process	19
	i. Procedural Due Process	19
	ii. Needs Assessment.....	21
	e. Individual Universal Program Issues	26
	i. CAP.....	27
	ii. CARES.....	30
	f. Water Affordability.....	32
III.	CONCLUSION.....	34

I. INTRODUCTION AND BACKGROUND

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), together with Action Alliance of Senior Citizens of Greater Philadelphia (Action Alliance) and Tenant Union Representative Network (TURN) (collectively referred to herein as the Low Income Advocates), file the following reply comments in response to the Commission's May 10, 2017 Order at this docket. The Commission's May 10 Order opened a broad investigation into the state of Universal Service programming in Pennsylvania, and solicited comments from interested parties regarding Universal Service programs in Pennsylvania. The May 10 Order also directed the Commission's Bureau of Consumer Services staff to host a stakeholder meeting, after which interested parties were invited to file reply comments.

The Low Income Advocates previously submitted comprehensive comments (hereinafter, Initial Comments) in this proceeding, which principally recommended three broad, systemic changes to the Universal Service program portfolio to better meet the Commission's legal and regulatory obligations pursuant to the Natural Gas Choice and Competition Act¹ and Electricity Generation Customer Choice and Competition Act (collectively, Choice Acts),² and - more fundamentally - to better meet the basic energy needs of Pennsylvania's most economically vulnerable households. In relevant part, we recommended: (1) adoption of a 6% combined heat and electric energy burden, targeted through a Percentage of Income Program (PIP); (2) approval of cross-class recovery of universal service program costs, and (3) full integration and administration of universal service programming through a single statewide delivery model. In addition, the Low Income Advocates addressed a number of critically important programmatic details for each universal service program – the Customer Assistance Program (CAP), the Low

¹ 66 Pa. C.S. §§ 2201-2212

² See 66 Pa. C.S. §§ 2801-2815; 66 Pa. C.S. §§ 2203(7) & 2802(10).

Income Usage Reduction Program (LIURP), the Hardship Fund, and CARES. Finally, the Low Income Advocates made a number of recommendations regarding the Commission’s review of each utility’s universal service programs and the accessibility of important program metrics to promote transparency and allow the public to assess the availability and effectiveness of universal service programming.

For the sake of brevity, we will not restate our more comprehensive recommendations here – though we continue to strongly advocate for each of the systemic and programmatic advancements proposed in our Initial Comments. Rather, these reply comments are designed to clarify and respond to a number of issues raised by other stakeholders – both in initial comments and at the Commission’s two-day stakeholder meeting in September. To that end, the Low Income Advocates first respond to concerns of several stakeholders that the cost of providing adequate universal service programming to all those in need is simply too expensive, and cannot or should not be done. As discussed below, these arguments are unacceptable, and confuse the Commission’s legal obligation to ensure that universal service programs remain cost effective with a requirement that they not be too costly. Moreover, it fails to adequately fulfill the statutory universal service mandate to ensure that all Pennsylvanians have access to affordable, life sustaining utility services.³ In addition to addressing cost concerns, the Low Income Advocates also respond to a number of specific programmatic issues raised by stakeholders and/or questions posed by Commission staff. Of course, our silence on any specific issue not addressed here – or in our extensive Initial Comments – does not signify an endorsement or disagreement with any particular viewpoint.

³ See id.

Many of issues raised to date in this proceeding depend on which path the Commission chooses for overarching issues of program design, delivery, administration, cost recovery, and oversight. Moreover, the Commission's ultimate adoption of an appropriate energy burden, pursuant its energy affordability study, will allow for a more accurate, in-depth assessment of the likely impact and costs associated with specific, program-level policies.⁴ Once these framework questions are answered, further in-depth inquiry into specific program details will be necessary to ensure that the programs are well calibrated to deliver an affordable energy burden for all low income Pennsylvanians. Ultimately, the Low Income Advocates urge the Commission to continue its inquiry into universal service program design, implementation, funding, and administration beyond this initial round of comments and stakeholder meetings to fully develop and implement prudent changes to Pennsylvania's portfolio of universal service programs.

II. REPLY COMMENTS

a. Universal Service Program Costs

In our Initial Comments, the Low Income Advocates discussed at length the program structure, design, and implementation changes which are necessary to adequately serve low income households which are desperately in need of relief from unaffordable energy bills. (Initial Comments at 9-26) Principally, we urged the Commission to require CAPs to be designed as a Percentage of Income Program (PIP) - with a target combined energy burden of 6%, which several of our bordering states have adopted as a reasonable proxy for an affordable energy bill. (Initial Comments at 16-19, 27-31). We further argued for expanded CAP eligibility to allow all low income customers and applicants for service to enroll in the program based on the well-

⁴ Energy Affordability for Low Income Customers, Opinion and Order, Docket No. M-2017-2587711 (Order Entered May 5, 2017).

established principle that households with income at or below 150% of the federal poverty level (FPL) struggle to pay for essential needs (including utility service), and are - in fact - payment troubled. (Initial Comments at 35-37). As we explained, restricting eligibility to the existing definition of payment troubled customers (that is, customers who fall behind on their bills or face termination of service) encourages the accumulation of debt, and discourages low income households from taking proactive steps to remain current and stabilize their energy affordability. (Initial Comments at 35-37).

Several parties – both in comments and at the stakeholder meetings – hesitated at making these necessary reforms. These parties note that the cost for universal service programs is already high, and resist the expansion of current programming to provide affordable energy for all of Pennsylvania’s low income utility customers. (See, e.g., OCA at 24; First Energy at 3-5; EAP at 5-6, 21).

The Low Income Advocates recognize that providing affordable energy bills to low income Pennsylvanians comes with quantifiable and not inconsequential costs to other ratepayers – many of whom also struggle to keep up with rising energy costs. Put simply, it is not cheap to fulfill the General Assembly’s statutory mandate that low-income households have access to affordable electricity and natural gas service, delivered through appropriately funded, available, and cost-effective programming.⁵ While many commenters attempted to hang their hat on the cost-effectiveness requirement in arguing against expanded universal service programming,⁶ their comments imply that the more expensive the programs are, the more cost ineffective they become. (See, e.g., First Energy at 3-5; EAP at 5-6, 21). But *cost-effectiveness is not a measure*

⁵ 66 Pa. C.S. §§ 2802(9)-(10); 2804(9); 2203(8)-(9).

⁶ 66 Pa. C.S. §§ 2804(9), 2203(8).

of overall cost. It is an assessment of whether the dollars collected from other customers to benefit low income households are sufficient, and prudently spent, to achieve affordability, avoiding waste and inefficiencies.

Before exploring the potential costs of universal service expansion, it is important to first contextualize the rise in universal service enrollment and cost over the last decade. (See OCA at 4 (noting that universal service costs have increased \$100 million since 2006)). First, when contextualized against the increase in residential customers over the same period, CAP enrollment has *not* seen an appreciable increase. In 2005, 4% of residential electric customers and 6.3% of residential natural gas customers were enrolled in CAP.⁷ A decade later, in 2015, 5.8% of residential electric customers and 6.4% of residential natural gas customers were enrolled in CAP.⁸ **This amounts to an increase in proportional CAP enrollment of just 1.8% for electric and 0.1% for natural gas over the last decade.** While there has been some ebb and flow over those years, changes to CAP enrollment levels generally correspond to changes in utility revenues, indicating that the cost of utility service is one significant driver of CAP participation. In fact, the increase in CAP costs is neither substantial nor unexpected when the increase in residential revenue over the same period is taken into account. In 2005, electric CAP costs were 2.1% of residential electric revenue (billings) and 4.5% of residential natural gas revenue (billings).⁹ In 2015, electric CAP costs were 3.9% of residential electric revenue (billing) and 4.8% of residential natural gas revenue (billings).¹⁰ **This amounts to an increase in proportional CAP costs of just 1.8% for electric CAPs and 0.3% for natural gas CAPs over the last decade.** Again, there has been some ebb and flow with CAP costs, but the cost of

⁷ See Tables 1 and 2 below.

⁸ Id.

⁹ Id.

¹⁰ Id.

CAP programs, state-wide, have generally tracked residential gas and electric revenues over time.

TABLE 1: Electric CAP Enrollment and Cost Comparison Chart¹¹

	Residential Electric Customers	Average Electric CAP Enrollment	% of Residential Customers Enrolled in CAP	Residential Electric Revenues (Billings)	Electric CAP Program Costs	CAP Costs as % of Revenue
2005	4,802,383	191,751	4%	\$4,856,290,425	\$104,095,800	2.1%
2006	4,830,853	217,651	4.5%	\$4,931,019,237	\$117,050,577	2.3%
2007	4,851,068	219,748	4.5%	\$5,505,181,204	\$147,635,291	2.7%
2008	4,872,402	240,002	4.9%	\$5,605,293,344	\$189,171,318	3.4%
2009	4,879,111	270,537	5.5%	\$5,688,223,422	\$202,492,668	3.5%
2010	4,888,896	293,436	6%	\$6,489,210,950	\$226,810,162	3.5%
2011	4,900,959	306,213	6.2%	\$6,714,406,618	\$250,122,210	3.7%
2012	4,911,371	309,570	6.3%	\$5,876,078,986	\$234,413,568	3.9%
2013	4,920,573	291,693	5.9%	\$5,859,894,385	\$228,654,842	3.9%
2014	4,936,167	282,669	5.7%	\$6,075,531,693	\$238,152,520	3.9%
2015	4,952,396	287,125	5.8%	\$6,524,797,143	\$253,026,222	3.9%

TABLE 2: Natural Gas CAP Enrollment and Cost Comparison Chart

	Residential Gas Customers	Average Gas CAP Enrollment	% of Residential Customers Enrolled in CAP	Residential Gas Revenues (Billings)	Gas CAP Program Costs	CAP Costs as % of Revenue
2005	2,431,097	153,578	6.3%	\$3,045,098,311	\$138,689,120	4.5%
2006	2,451,310	182,034	7.4%	\$2,986,796,623	\$173,063,559	5.8%
2007	2,482,228	171,014	6.8%	\$2,944,047,425	\$182,732,645	6.2%
2008	2,495,294	179,958	7.2%	\$3,232,814,653	\$174,497,927	5.4%
2009	2,507,145	192,924	7.7%	\$2,910,373,678	\$197,875,832	6.8%
2010	2,512,029	191,891	7.6%	\$2,524,699,753	\$150,596,106	6%
2011	2,527,832	189,690	7.5%	\$2,390,608,096	\$151,715,916	6.3%
2012	2,551,614	175,015	6.8%	\$2,023,100,602	\$105,264,609	5.2%
2013	2,554,678	166,084	6.5%	\$2,323,207,746	\$118,957,657	5.1%
2014	2,571,434	161,297	6.3%	\$2,559,356,538	\$122,693,962	4.8%
2015	2,591,129	166,997	6.4%	\$2,290,931,184	\$110,217,100	4.8%

¹¹ Data for Tables 1 and 2 was derived from the Report on Universal Service Programs & Collections Performance for 2005 through 2015, http://www.puc.state.pa.us/filing_resources/universal_service_reports.aspx (See 2015 Report at 6, 28, 42; 2014 Report at 6, 28, 47; 2013 Report at 6, 41, 51-52; 2012 Report at 6-7, 39, 49-50; 2011 Report at 8-9, 44-45, 56-57; 2010 Report at 8-9, 45-46, 57; 2009 Report at 8, 44-45, 56; 2008 Report at 6-7, 42-43, 53; 2007 Report at 6-7, 43-44, 54; 2006 Report at 6-7, 43-44, 54; 2005 Report at 6-7, 48-49, 62). Percentages were calculated using data from the report, and rounded to the nearest tenth of a percent.

While expanded eligibility and enhanced affordability will undoubtedly raise the proportionate CAP enrollment and costs as more low income customer access the program, the Low Income Advocates submit that the redesigns we proposed will improve CAP affordability for other ratepayers and the cost-effectiveness of the program portfolio as a whole. Importantly, these benefits would be obtained while improving program accessibility and the affordability for those enrolled. First, as set forth in our Initial Comments, we strongly urge that these public purpose costs be shared across all rate classes, which will appropriately spread the costs and share the burden across all segments of the community. Even in the absence of this necessary and prudent cost allocation across rate classes, the Low Income Advocates assert that its proposed changes remain cost-effective. As our Initial Comments recommend, CAP – as well as LIURP – should be delivered on a statewide basis to obtain economies of scale, allowing for efficiencies to be gained in program administration, outreach, training, education, and service delivery. (Initial Comments at 66). Enhanced leveraging of non-utility dollars would also be possible under such a statewide approach. (Id.)

We acknowledge there are many data points which have yet to be adequately quantified in assessing the costs of necessary program reforms. Nonetheless, there is a rational and substantial basis to expect that further data will support our proposed CAP improvements. For example, allowing non-payment troubled customers to enroll in a CAP that better targets affordability *before* accruing arrears will likely significantly improve payment behaviors of low income customers – reducing debt management, collections, and uncollectible costs. Indeed, it is well documented that improved affordability significantly improves payment behavior.¹² As we

¹² At the stakeholder meetings, representatives from BCS noted that payment behavior data for CAP and LIURP participants is collected, but is not publicly available. This information should be shared with stakeholders to allow

noted in our Initial Comments, between 94-97% of participants in New Jersey’s Universal Service Fund program – which establishes energy burdens of 3% for natural gas and 3% for electric – had a bill payment coverage of over 90%, and between 83-92% of participants had a bill payment coverage of 100%. (Initial Comments at 34-35).¹³ In other words, when a household receives an affordable bill, they are far more likely to pay their bill. Likewise, adopting a PIP – which accurately targets benefits based on a household’s income – will eliminate over-subsidization for households who do not require a discount to achieve an acceptable energy burden. (Initial Comments at 28-31; see also OCA at 11-12). Finally, as set forth in our Initial Comments, imposing reasonable restrictions on the price a CAP customer may contract for energy supply – specifically no more than the utility default service price – would significantly reduce wasteful program spending that unnecessarily inflates program costs and increases CAP and non-CAP customer bills. (Initial Comments at 25-26). Indeed, data available in a number of current and pending proceedings show that unrestricted CAP shopping is responsible for millions of dollars in wasted program costs each year, and has been a tremendous impediment to the ability of low income consumers to maintain an affordable bill throughout the year. (Id.).¹⁴

In the end, while the Commission must consider whether universal service programs are cost-effective and deliver affordable utility services for low-income households, it should resist

for a more informed deliberation of program costs – though, we caution that *prior data may not create an accurate picture of improved payment behavior because the Commission’s current energy burden standards do not achieve sufficient levels of affordability.*

¹³ See Roger Colton, Water Bill Affordability for the City of Philadelphia (April 9, 2015), <http://povertylaw.org/files/docs/Colton%20City%20Council%20comments--April%208%202015--Final.pdf> (explaining the results of a New Jersey program assessment conducted by APPRISE).

¹⁴ See Petition of PPL Electric Utilities Corp. for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2017 through May 31, 2021, Final Order, Docket No. P-2016-2526627 (Oct. 16, 2016) (finding that data proved that unrestricted CAP shopping resulted in \$2.7 million in net additional program costs). Although data is not yet publically available, the increase in CAP costs for the First Energy Companies as a result of unrestricted CAP shopping is even more significant than in the PPL service territory.

any effort to set an arbitrary price ceiling on the cost of the programs. Remedying energy unaffordability is costly, but necessary and legally required. Indeed, low income Pennsylvanians are hurting. Today, thousands of vulnerable households – including a disproportionate number of women, children, minorities, elderly, and disabled individuals – are unable to afford the very basic necessities of life. While it is critical to ensure that programs are devoid of wasteful spending, and therefore “cost-effective”, it is undeniable that providing universal access to affordable utility service requires significant resources. There is no way to avoid the cost of universal services and still meet the statutory obligation to ensure programs are available and appropriately funded to meet the needs of low income customers. But there are many ways to ensure that programs are cost-effective – avoiding unnecessary expense and efficiently delivering true affordability. While the task at hand is difficult, we urge the Commission to not shy away from taking the necessary steps to ensure that all Pennsylvanians can access the basic necessities of life.

i. Cross-Class Recovery

The Low Income Advocates, along with the OCA and the Pennsylvania Departments of Aging, Community and Economic Development, Environmental Protection, Health, and Human Services (hereinafter Pa. Agencies), argued in comments that it is time for the Commission to change its general policy to limit universal service cost recovery to the residential class. (Initial Comments at 51-61; OCA at 35-40; Pa. Agencies at 3 (“We respectfully suggest that the Commission reconsider this judgment in light of the need to strengthen universal service programs. As noted, universal service is a legally established obligation of public utilities, to which all utility customers owe support as part of the price of service.”)). Indeed, as we explained in our Initial Comments, universal service program costs are public purpose costs, and

provide clear and undeniable benefits to every segment of our broad and diverse communities. (Initial Comments at 55-59; see also OCA at 36-40). Moreover, the Commission has the express authority to recover the programmatic costs from all ratepayers. (Initial Comments at 51-55; OCA at 35-36).

Industrial customer advocacy groups – joined by the Office of Small Business Advocate – argued in comments and/or at the stakeholder meetings that commercial and industrial customers do not benefit from the programs and, thus, should not pay pursuant to general principles of cost causation. (See Industrial Advocates at 2-3). But as the OCA points out, the vast majority of residential customers are not eligible to participate in universal service programming and do not “benefit” from universal service programs directly. (OCA at 40). The reality is that the need for universal service programming is driven, in large part, by inadequate income, disabilities, medical costs, and shelter costs, among other factors. These are not “caused” by the residential customers any more than by other customer classes. Nevertheless, as a Commonwealth, we each (residential, commercial, and industrial) share in the statutorily mandated obligation to fund universal services. Of course, the argument against cross-class recovery also runs contrary to the well documented fact that access to utility services improves the health and wellbeing of workers – and their children – and, thus, improves their overall productivity and limits absenteeism. (See Initial Comments at 56-57).

At the stakeholder meetings, UGI raised additional concerns with cross-class recovery of universal service costs, arguing that increased costs to commercial and industrial rates may cause businesses to leave their system and switch away from natural gas. The Low Income Advocates assert that, while the retention of commercial and industrial customers is an important consideration for natural gas utilities, there is insufficient information or data to support UGI’s

claim that universal service costs would be a driving factor in the choice of energy service providers. Indeed, universal service costs have not caused residential customers to switch away from natural gas. In fact, as Table 2 above shows, there has been a significant increase in residential natural gas customers over the last decade – in spite of universal service costs. The Low Income Advocates assert that it is likewise improbable that universal service costs will drive businesses away from the bountiful supply of natural gas in Pennsylvania. The Low Income Advocates urge the Commission to avoid jumping to unsupported conclusions about the impact of cross-class recovery on customer retention for any given utility, and to instead focus on quantifying the actual cost to commercial and industrial customers if cross class recovery were to be approved. This sort of cost assessment should be conducted for the existing paradigm and compared to statewide universal service administration model advanced by the Low Income Advocates, as well as any other models recommended by the parties. From there, a more reasoned assessment of the potential impact to customer retention can be made.

ii. Role of the Utilities in Providing Universal Services

Several stakeholders – both in comments and at the stakeholder meetings – suggested that problems of utility affordability should be primarily addressed by the government, not utilities. (See, e.g., EAP at 18, 21; PECO at 2-3). Effectively, these commenters submit that utilities should not be responsible for ensuring that utility service is affordable for low income customers, and that the government must step in to provide such assistance. (See id.) These are the same arguments made at the time the Choice Acts were initially considered. Indeed, through the Choice Acts, the General Assembly addressed these concerns by placing the onus on the Commission to ensure that low-income customers receive appropriately tailored assistance to afford and maintain essential utility service.

As set forth in the Choice Acts, the General Assembly recognized the critical importance of utility service to the “health and well-being of residents, to public safety and to orderly economic development.”¹⁵ As such, the Choice Acts enshrined the public purpose programs for universal services, mandating – *at a minimum* – that the programs in existence when the Choice Acts were passed continue to operate, and that these programs be appropriately funded such that they are available to low income consumers in need of assistance to access and maintain their service.¹⁶ The Choice Acts further mandated that full and non-bypassable cost recovery be required to ensure universal service programs are appropriately funded and cost-effective across the Commonwealth¹⁷ – ensuring that the utilities would be made whole for the role they play in providing universally available services to the public.

The Choice Acts fully vest and charge the Commission with addressing problems of utility affordability through its oversight of universal service programming. Given the statutory authority of the Commission over public utilities, the Low Income Advocates find no merit to the suggestion that the Commission’s obligations concerning utility affordability may be referred to another governmental body, left to the General Assembly or Federal Government, or suspended in the hopes that charities will step in to assist in effectuating the statutory promise of universal service. Rather, the Commission, having determined that utility unaffordability persists, despite existing programs and practices operated by public utilities, is fully and completely capable of requiring public utilities to implement new programs, satisfy lower energy burdens, and coordinate practices more effectively to ensure that low-income customers can maintain essential utility service.

¹⁵ 66 Pa. C.S. § 2802(9).

¹⁶ See 66 Pa. C.S. § 2802(9)-(10), 2804(9), 2203(7)-(9).

¹⁷ 66 Pa. C.S. §§ 2203(6), 2802(17), 2804(9).

iii. Impact of Program Expansion on Households with Income Above 150%

The OCA makes an important point about program costs, noting that many low and moderate income households do not or cannot participate in the available programs – but nevertheless cannot afford to pay for utility service. (OCA at 24). For that reason, the OCA argues against expanded program eligibility which may raise the overall cost of universal service programming. (Id.)

The OCA's argument should not cut against the need for and prudence of improved affordability and expanded program eligibility to include more low income households who struggle to make ends meet. If anything, it further underscores the need for expanded eligibility – coupled with improved outreach and enrollment efforts – to ensure that all low income households are receiving an affordable energy bill. Likewise, it further underscores the need to spread these public purpose costs across all rate classes to ensure that near-low income households are not unreasonably burdened by universal service costs.

When examining whether low income households not eligible for assistance would be harmed by expanded universal service programming, it is important to look at the comparative energy burden of this group. Households with income just above 150% FPL undeniably struggle to make ends meet with their limited means, and often need assistance from programs to keep up with their monthly expenses – especially when an unplanned expense or other emergency arises to disrupt the household's somewhat fragile stability. That said, on average, households with income above 150% FPL are either at or very near an acceptable energy burden, especially when compared to households below these thresholds. The Commission should recall that Pennsylvanians in deep poverty – households with income from 0% - 50% FPL – face an

average energy burden which can range as high as 28%.¹⁸ Even when they receive assistance from a universal service program, low-income households often still pay up to, and sometimes in excess of, 17% of household income for energy utilities.¹⁹ According to the 2016 Home Energy Affordability Gap Study, Pennsylvanians with income between 150-185% FPL have an energy burden of approximately 7%, and those with income between 185%-200% FPL have an energy burden of approximately 6%.²⁰ It is important to remember that these households have access to Hardship Fund assistance, which can assist the household through a temporary crisis and stabilize their often delicate financial stability. In turn, most utilities allow households between 150-200% FPL to participate in LIURP. Since LIURP is directed at those with high usage, it follows that these households likely have an energy burden above the average 6 or 7% for this income group, a burden that can be reduced through the provision of comprehensive energy efficiency and weatherization – thereby reducing these household’s energy bills over the long term to produce greater affordability.

We support the continued availability of Hardship Fund and LIURP services for those with income between 150-200% FPL. However, we continue to strongly assert that changes to the design, structure, and delivery of universal services are necessary to ensure that all low income households can access these programs. The changes proposed by the Low Income Advocates would simply enable those families most affected by poverty to be placed on par with the energy burden of households with incomes greater than 150% of poverty, and should be approved.

¹⁸ Fisher, Sheehan & Colton, The Home Energy Affordability Gap 2016, Pennsylvania (April 2017), <http://www.homeenergyaffordabilitygap.com/>.

¹⁹ See 52 Pa. Code § 69.265(2).

²⁰ Fisher, Sheehan & Colton, The Home Energy Affordability Gap 2016, Pennsylvania (April 2017), <http://www.homeenergyaffordabilitygap.com/>.

The Low Income Advocates recognize the difficulties faced by all economically vulnerable households, including those with income greater than 150% of poverty, and once again stress the importance of our recommendation that the public purpose costs of providing universally accessible services be shared by the public – irrespective of rate class.

iv. Cost to Achieve Improved Affordability

During the September stakeholder meetings, the OCA expressed concern that Pennsylvania’s adoption of a 6% energy burden, as proposed by the Low Income Advocates (Initial Comments at 16-19), was not reflective of similar standards in other states. The OCA contended that in other states, such energy burden levels are only available for LIHEAP recipients. The Low Income Advocates submit that New York’s program is more nuanced than this. Indeed, in New York, which recently implemented a 6% energy burden for all 2.3 million low income households, New York’s Public Service Commission specifically distinguished between the full population of customers that the 6% energy burden would apply to and those customers who receive LIHEAP:

About 2.3 million households are at or below 200% of FPL, with an energy affordability “gap,” i.e., an average annual energy burden above the 6% level, of \$807.9

Approximately 1.4 million of these households receive a [LI]HEAP benefit; however, for the 2013-2014 program year, only about 316,000 of those households received a benefit for utility service. Closing such a wide gap for 2.3 million low income households is a non-trivial pursuit, and will require a comprehensive effort that involves all of the tools at the state’s disposal, including, but not limited to, utility ratepayer-funded programs.²¹

New York specifically required “as an initial step” that utilities open their low income programs to all HEAP recipients, in order that they are automatically enrolled. But New York does not

²¹ Order Adopting Low Income Program Modifications and Directing Utility Filings, NY Pub. Service Comm’n Docket No. 14-M-0565 at 8-9 (May 20, 2016) (internal citations omitted).

limit the availability of affordable bills, calculated as 6% of household income, solely to those customers who receive LIHEAP. Even still, unlike in New York, Pennsylvania's Choice Acts *require* that all Pennsylvania low-income households have access to affordable utility services through the delivery of appropriately funded universal services – not simply those who are eligible to receive LIHEAP.²²

b. Energy Burden Study

Some parties argued – both in comments and at the in-person stakeholder meetings – that no further action should be taken on program design or administration until the energy burden study is complete. (See, e.g., EAP at 21; Duquesne at 11). While undoubtedly the findings from the energy burden study are critical to ensuring that households receive an affordable bill, and should inform the broader universal service program review (particularly as it relates to the cost impact of any changes, and the appropriateness of certain program-level design issues) the pendency of that report should not prevent the Commission from moving forward on other changes that can be made, including the appropriate framework for universal services.

Regardless of the energy burden standard ultimately adopted by the Commission, the broad design, administration, and funding issues remain the same: (1) a percentage of income program design will produce the most targeted, individualized level of affordability, and shields against under and over subsidization of any particular income tier; (2) cross-class recovery of universal service program costs is the most appropriate way to recover public purpose costs, and will provide a more balanced and stable funding structure with which to meet the Commission's statutory universal service mandate; and (3) statewide administration of universal service

²² See 66 Pa. C.S. § 2802(9)-(10), 2804(9), 2203(7)-(9).

programming will produce administrative efficiencies, streamline service delivery, leverage resources, and enhance accessibility for those in need.

The Low Income Advocates urge the Commission to continue its inquiry and decision making process in tandem with the energy burden study, and to resist calls to stop the progression of this proceeding until the energy burden study is complete. Indeed, there is progress which can be made – irrespective of the selected energy burden – to improve upon the structure and delivery of universal services. Each of these components of universal service need to be addressed by the Commission. To delay progress in reaching the best informed conclusion for any of them will simply result in continued hardship for low-income households and, thus, a failure to achieve the intended outcomes expected by the Choice Acts.

c. Universal Service Program Administration

Various utilities – along with the Energy Association of Pennsylvania (EAP) – argued in comments and at the stakeholder meetings that utility-run universal service programs should continue to be administered by each individual utility. (See, e.g., EAP at 20-21; PECO at 3). Utilities claim their operation of universal service programs promotes innovation, with programs catered to the needs of customers in utility service territories. (See, e.g., PECO at 3). EAP specifically asserts that factors such as the size of a home, source of heat, and cost of living are necessary variables to consider in the design of universal service programs. (EAP at 20-21). EAP argues, “These differences in not only the population served but the population funding the programs necessitates a targeted, company-specific focus as opposed to general overall mandates.” (EAP at 21). The Low Income Advocates strongly disagree.

With limited exception for the cost and acquisition of certain specific LIURP measures, the effectiveness of a universal service program at achieving a targeted level of affordability for

low income consumers does not vary with the type of home they live in, their source of heat, or their geographic location. While the cost of energy in each utility service territory has a bearing on affordability and need for funding, it does not impact *how* universal services should be structured or *by whom* universal services should be administered. Indeed, regardless of these factors, a household's ability to afford energy depends largely upon whether the household has sufficient income to bear the cost of service. A percentage of income design is the only design which targets affordability on an individualized basis and, as such, is the most effective at delivering bills which low income customers can afford. This is so regardless of the region, predominant housing type, or source of heat.

It is important to keep in mind that a statewide approach to program administration can be structured in different ways. For example, program funding could be effectuated through a uniform system benefit charge, which acknowledges the public purpose nature of universal services, and does not vary based on geographic location. (See Initial Comments at 60-61). Statewide program administration could also be funded in a manner which accounts for overall program costs on the back end to ensure that utility costs are appropriately apportioned. (See id.) Budgets can be set, costs can be allocated, and expenditures can be properly accounted for and attributed to each utility based on the actual costs of service for each utility's customer population. Under any funding alternative, the design and administration of the programs should be consistent across the state to ensure that all low-income Pennsylvanians have access to equally affordable utility service.

d. Universal Service Program Review Process

i. Procedural Due Process

The Low Income Advocates addressed procedural due process issues in our Initial Comments. (Initial Comments at 73-75). There, we urged the adoption of a more robust, data-driven review process which would ensure that critical program and policy determinations are based on clear, relevant, and responsive data. (Id.) While we will not reiterate those comments here, it is important to respond briefly to arguments raised by several utilities and the EAP that additional universal service review is unnecessary; that the review of program plans should be expedited to meet the current 90-day review process; and that the Commission should extend its current review cycle to every 4, 5, or 6 years. (See, e.g. EAP at 9; PGW at 7-8). Several utilities also raised concerns at the stakeholder meeting about the litigation of universal service programming in the context of a base rate proceeding. (See, e.g., PPL at § II.B.c.; UGI at III.a). In general, these commenters argue for significantly less oversight and transparency in universal services, and oppose a data-driven analysis of universal service programs in either the USECP or the base rate context.

Utility affordability is inextricably linked to a utility's rates. The just and reasonable standard requires the PUC to balance the interests of customers in receiving efficient utility service at the lowest possible rates, and the interests of the utility in conducting its operations, maintaining its financial integrity, accessing capital, and earning an adequate shareholder return.²³ It would be inappropriate to restrict consideration of rate affordability for the significant low-income customer base in proceedings which determine rates. But beyond rate affordability, universal service program issues are also relevant in rate cases: If rates increase,

²³ See Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591, 607 (1944).

the corresponding need for universal service programming also increases. Furthermore, utility customer service functions, including the operation of universal service programs, are clearly relevant to assessing the reasonableness of a utility's request for any increase in rates. It is legally appropriate, in the context of assessing utility rate increase requests, to ensure that customers are only obligated to pay for the cost of service if the utility meets its reciprocal obligation to satisfy standards of reasonable service.²⁴

Pragmatically speaking, issues surrounding the adequacy of universal service programming are often raised in base rate proceedings because those proceedings often present the only forum for parties to discover details and ask questions about a utility's program services. If a more thorough exchange of data and information related to program design were discoverable in the context of a USECP review, and adequate time and process were provided for the development of a detailed evidentiary record, including the impact of intervening rate increases, the nuanced details of universal service program design could be crafted more deliberately in the context of the USECP – and would be less likely to arise in the context of a base rate proceeding. That said, the overall affordability of rates will always be an important factor for consideration in setting base rates, and attempts to extricate this important consideration from the ratemaking process are inappropriate and should be rejected.

While the Low Income Advocates do not object, per se, to extending the current 3-year review cycle for universal service plans, we note that expanded due process – including the required exchange of discovery and the creation of a detailed evidentiary record – would become even more important if the Commission were to prolong its review cycle to every 4, 5, or 6

²⁴ See Nat'l Utilities, Inc. v. Pa. PUC, 709 A.2d 972, 979 (Pa. Commw. Ct. 1998), following D.C. Transit Sys., Inc. v. Washington Metro. Area Transit Com'n, 466 F.2d 394, 411 (D.C. Cir. 1972), *cert denied*.

years. Indeed, the triennial plan review cycle provides an opportunity for the Commission – and the public – to make periodic program adjustments based on trends identified through utility and BCS complaints and by experienced stakeholders. The three-year cycle ensures that corrective actions are both nimble and responsive to the needs of the population. If the review process is extended, it would be even more imperative that programmatic decisions be rooted in strong evidence and data.

ii. Needs Assessment

1. Use of Census Data

EAP, along with several utilities, argued in comments and at the stakeholder meeting that a needs assessment should not look to census data to estimate potential program need. (EAP at 17-20). EAP listed several reasons for its opposition to the use of census data – each of which is fundamentally flawed and should be rejected.

First, EAP asserts that census data is inaccurate because it “does not account for food stamps, Medicaid benefits, housing allowances and similar non-cash receipts.” (EAP at 18). This is an odd argument because a household must be verified as low income before they can receive food stamps, Medicaid, and housing assistance. Receipt of these benefits ensures that every Pennsylvanian can eat when they cannot afford food; access doctors when they are sick; and are sheltered when they cannot afford the cost of housing. But receipt of these non-cash benefits does not increase expendable income or lift a low income family out of poverty.²⁵ The same intent and spirit is at the heart of the statutory universal service program requirements:

²⁵ Indeed, such benefits may not be legally considered income for certain purposes. See, e.g., 7 U.S.C. § 2017(b) (“The value of [food stamp] benefits that may be provided under this chapter shall not be considered income or resources for any purpose under any Federal, State, or local laws, including, but not limited to, laws relating to taxation, welfare, and public assistance programs, and no participating State or political subdivision thereof shall decrease any assistance otherwise provided an individual or individuals because of the receipt of benefits under this chapter.”)

Universal service programs must be adequately funded and available to ensure that all Pennsylvanians can access heat and electricity to bring warmth and light to their home – even when they cannot afford to pay the full rates for service. Receipt of these benefits does not push the recipient out of poverty, but rather ensures that their basic human needs are met. Recipients of these benefits are low income, and must continue to be appropriately accounted for in the provision of universal service programming.

EAP next argues that census data is an inappropriate estimation for need because it “does not account for those households that live in ‘utilities included’ apartment buildings or other master-metered settings.” (EAP at 18). But this belies the fact (which EAP itself recognized in a footnote) that census data is only used in the context of a needs assessment proportionate to the number of residential accounts. For example, if County A has a poverty rate of 15%, and the utility has a total of 100,000 *residential* customers, the relative need would be assessed at 15,000 – or 15% of 100,000. Low income customers who reside in master-metered multifamily homes are not included in the approximation because they do not have residential customer accounts. Similarly, EAP goes on to argue that the use of census data is inaccurate because it fails to account for utilities which serve only a portion of a particular county. But again, census data is only used as a percentage of the total residential customers served by a given utility. For example, if County A has a 15% poverty rate, and the utility serves 5,000 customers in one corner of County A, the relative need would be assessed at 750 – or 15% of 5,000.

EAP next asserts that a needs assessment should account for households that “refuse or decline to participate because they do not wish to provide the necessary income information or for other personal reasons.” (EAP at 19). In the Low Income Advocates’ experience, there are very few low income households – if any – who fully understand the benefits and requirements

of CAP, yet choose to not participate. While it is true that many households often do not complete the application or recertification process for universal service programs, this is not a refusal to participate. In fact, most often this is not even a conscious choice by the customer to not participate in the program, but rather is most often attributable to a lack of information or education about the program terms and conditions and the customer's responsibility to periodically provide income information. Regardless of the reason these households may fail to provide income information at a particular point in time, exclusion of these households from a needs assessment would inappropriately presume that the household composition is static, never changes, and that each low-income individual would never seek to enroll in a universal service component, or that the customer would not decide later to enroll in the program.

Finally, and perhaps most egregiously, EAP argues that the use of census data to assess the sufficiency of universal service programs at meeting relative needs is inappropriate because “it equates an analysis typically undergone to determine need for government-funded programs with a cost-benefit analysis used to measure effectiveness of utility ratepayer funded programs.” (EAP at 18; see also First Energy at 3-4). The Low Income Advocates strongly assert that a “cost-benefit analysis” is an improper means to assess the universal services program need. Universal service costs are not like the charitable giving of individual households, where one decides how much one can give and who – or what entity – is worthy to receive it. Rather, as explained throughout, the appropriate inquiry when assessing the sufficiency of universal service programs is to determine the need and then to determine how to cost effectively deliver assistance to those in need to produce affordability. This is not a cost-benefit analysis. Again, just as with food stamps, Medicaid, and housing assistance, the intent of the General Assembly in codifying the universal service requirements was to ensure that Pennsylvania's low income

families can afford to bring light and heat to their home, even when they cannot afford to pay the full cost of energy services. It is the Commission – a government agency – which the General Assembly charged with ensuring that these programs are adequately funded, cost-effective, and available to those in need. Whether a universal service program is government funded or ratepayer funded is wholly irrelevant to whether a universal service program is meeting the government-imposed statutory requirement that utility service be accessible to all low income Pennsylvanians.

Ultimately, a needs assessment is just that: an assessment of need. In assessing need, the Commission should be inclusive – not exclusive – of all potential program participants to ensure that program terms and conditions are reasonably calibrated to be available to and meet the needs of the population. Contrary to assertions by utilities and EAP, census data provides a good, and universally accepted, proxy for conducting an assessment of potential need, and should continue to be used in assessing the full potential for program enrollment.

2. Definition of “confirmed low income customers”

In comments, EAP argued that the number of confirmed low income customers – as opposed to the number of estimated low income customers – should form the basis of any needs assessment. (EAP at 17-18). There was significant discussion at the stakeholders meeting with regard to the definition of “confirmed low income customers.” Through the course of that discussion, it became evident that each utility employs a different method to determine the confirmed low income households in its territory. Some utilities define the term very narrowly – only including households that have received LIHEAP or otherwise certified their income with the utility in the last 12 months. This practice is inappropriately restrictive.

The Low Income Advocates discussed this issue briefly in our Initial Comments, and urged the Commission to “ensure that, in the context of assessing need and potentially CAP-eligible households, utilities include all customers who have identified themselves as low income, and to prohibit utilities from removing a confirmed low income designation after an arbitrary period of time, without confirming with the customer whether their income has changed.” (Initial Comments at 20-21). For the sake of brevity, we will not reiterate those arguments here. However, given the significant discussion at the stakeholder meeting, we find it important to elaborate on our position.

The term “confirmed low income” is a term of art, and is used for certain collections performance measures in the PUC’s Reports on Universal Service Programs and Collections Performance.²⁶ It is also often used by utilities to apply winter termination protections, target program outreach materials, and to make other assessments relative to the services provided to low income customers.²⁷ As was discussed at length in our Initial Comments, current universal service programming is undersubscribed. Many who qualify for the programming do not participate, for a variety of reasons that have been explored elsewhere in our comments to the Commission. (See Initial Comments at 20-21). Thus, restricting confirmed low income customer counts to only those who have recently participated in a universal service program wrongfully excludes large swaths of the low income population from its needs assessment which do not actively participate in an assistance program, and skews the overall assessment of need. Indeed,

²⁶ See Pa. PUC, BCS, 2015 Report on Universal Service Programs and Collections Performance (Oct. 2016), http://www.puc.state.pa.us/filing_resources/universal_service_reports.aspx (reporting key figures, such as terminations, reconnections, and collections efforts based on confirmed low income status).

²⁷ See id.

this would be akin to determining the number of eligible voters by replacing census data with only those who actually voted in the last election.

It is critical for the Commission to ensure that the data and statistics about low income households are both consistent and accurate across the state. Without a consistent and sufficiently inclusive definition, it is difficult if not impossible to adequately assess the impact of policy on low income populations. The Low Income Advocates urge the Commission to adopt clear and inclusive guidelines for utilities to more accurately assess the adequacy of services for low income populations as a whole.

e. Individual Universal Program Issues

As we noted from the start, there are a number of nuanced program details that are critical to the delivery of universal services and deserve the Commission's attention. But before many of these details can be adequately addressed, logic dictates that the Commission first determine its course of action on broader framework issues – including program design, structure, implementation, and oversight – as well as appropriate energy burden. Once those details are clarified, individual program details can be more appropriately calibrated to fit within the chosen framework.

Nevertheless, there are several specific program rules which were raised in the course of the comment and stakeholder meetings to which the Low Income Advocates must explicitly respond. At the same time, our silence on any particular program issue does not indicate agreement therewith. We urge the Commission to continue on in its review, and to provide future opportunities for feedback before making changes to individual program-level design.

i. CAP

Commenters have raised a host of concerns about specific CAP policies, including termination policies for CAP customers, program recertification, stay-out provisions, maximum CAP credit policies, and CAP customer shopping. The Low Income Advocates addressed many of these issues in our Initial Comments, and will not reiterate those comments here. (See, e.g., Initial Comments at 19-26 (Addressing Threats to Affordability)). Below, the Low Income Advocates briefly respond to a few issues raised by other commenters which were not addressed in our Initial Comments.

More fundamentally, however, the Low Income Advocates believe that this proceeding cannot adequately deal with the many and varied program-level issues in a macro-level comment proceeding. Instead, this proceeding should be viewed as the beginning of a process that restructures universal services so as to ensure cost-effective affordability. To be sure, these issues separately and together implicate cost-effectiveness and affordability of CAP, but should be addressed in later stakeholder proceedings or through more targeted comments.

1. Asset Testing is Inappropriate

The OCA noted in its initial comments that utilities should be prohibited from conducting an asset test in determining universal service program eligibility. (OCA at 22-23). The appropriateness of asset testing was also discussed at the stakeholder meeting, where several utilities noted that they would like to conduct asset tests to determine household eligibility. The Low Income Advocates stand firmly opposed to asset testing, and agree with the OCA's thorough assessment of the issue. An individual should not be forced to sell their home or cash in their retirement resources to access a utility assistance program. Indeed, asset testing is

riddled with inaccuracies in valuation, and can create inordinately high and unjustifiable administrative costs. As the OCA notes, this sort of policy can have a disparate impact on retired and elderly individuals, and would inappropriately exclude those who are experiencing temporary or situational poverty – such as those who are temporarily unemployed, fleeing from domestic violence, divorcing a spouse, or those with an illness or disability. (Id.)

2. Utility Allowances Should Not Exclude Households from CAP

The OCA recommended in comments that, as a cost-control measure, customers who receive a utility allowance as a component of their housing assistance should be ineligible for CAP. (OCA at 28). In support, the OCA explains that utility allowances are deducted from the rent charged to a client, and argued that “ratepayer dollars should not be paid to households who are already receiving a government subsidy designed to pay the entire energy bill of the household.” (Id.) The OCA is incorrect in its analysis, and the Low Income Advocates strongly disagree with its conclusion.

The OCA’s argument rests on the incorrect conclusion that utility allowances are sufficient to pay for a household’s utility costs. But utility allowances are an “estimation” of monthly utility costs, often based on building averages,²⁸ and do not account for actual monthly household energy costs.²⁹ There is almost always a lag between an increase in rates and a utility allowance adjustment. Utility allowances are thus a proxy and almost always “stale” in terms to

²⁸ Use of building averages to determine average usage can have a big impact on a household’s deemed allowance. For example, if one or more units in the building is unoccupied for a portion of the year, the estimation could artificially decrease the household’s utility allowance. The same issue arises when some building residents are enrolled in CAP – but others are not – because the rates for some units are lower.

²⁹ See 24 C.F.R. § 5.603 (defining “utility allowance” as “an amount equal to the *estimate* made or approved by PHA or HUD of the monthly cost of a reasonable consumption of such utilities and other services for the unit by an energy conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment.”); see also 24 C.F.R. § 982.517.

approximating energy costs. Landlords and housing authorities are only required to *review* a utility allowance once each year, and are only required to *adjust* the allowance if rates increase by more than 10%.³⁰ As a result, many households – particularly those with larger families or household members with medical equipment needs – have higher utility costs than accounted for in this approximation due to medical equipment and household inefficiencies.

The OCA is correct that utility allowances are provided as a rent credit to some public housing recipients. However, those who receive a housing allowance must report the utility assistance they receive each year when recertifying their housing income, and their rent obligation is increased accordingly.³¹ In other words, households receiving a utility allowance are not provided with duplicative or overlapping utility assistance as the OCA suggests. Rather, the rent portion of their monthly housing allowance will increase to account for the assistance received.

The Low Income Advocates strongly oppose the OCA’s proposal to exclude households from CAP if they receive a housing allowance. However, if the Commission were to proceed with its consideration of OCA’s recommendation, further inquiry and review is both prudent and necessary to ensure that any integration of federal housing assistance programs with utility-run assistance programs does not place an undue burden on households which receive a utility allowance.

³⁰ See HUD, Methodology for Completing a Multifamily Housing Utility Analysis: Notice H-2015-04 (June 22, 2015).

³¹ Id.

ii. CARES

1. CARES Should Not Be Subsumed by 211

The United Way of Pennsylvania submitted comments, which explained the role 211 plays in Pennsylvania to help connect households to available services, including utility services. It is important to point out, however, that 211 provides services far broader than just utility referrals. The fact that utility referrals make up a significant portion of calls signifies the need for more assistance to utility customers, but does not *ipso facto* mean that utility ratepayers should support 211.

The Low Income Advocates assert that it would be inappropriate to allow 211 to subsume the critical case management services provided by utilities in supporting consumers with unique hardships, such as domestic violence, loss of a primary wage earner, loss of employment, divorce, or other major life event. It is the case management services – and not the referral services – which matter most in terms of providing meaningful assistance to acutely vulnerable low income households to maintain their utility service. Moreover, funding for referral services must not be prioritized over other forms of direct assistance. While referral services are helpful to connect households to appropriate assistance programs, they are only useful to that household when assistance is actually available at the program. For example, Hardship Fund grant assistance often runs out shortly after it is made available – leaving large gaps in time where households have no access to grant assistance. When a household is ineligible for CAP, or has fallen behind on CAP bills, there are few places for 211 to refer customers. Indeed, while a centralized referral service is helpful, it does not solve the inadequacy of direct assistance programs.

At the in-person stakeholder meetings, several utilities shared that they closely partner with 211 for universal service program outreach and marketing, and provide financial support through voluntary shareholder donations. While the Low Income Advocates support and encourage this sort of partnership, we strongly oppose United Way’s recommendation that 5% of each utility’s total universal service programming costs be allocated directly to finance 211 programming. (United Way at 16). Presumably, this 5% would come from the CARES budget because CARES is the program responsible for outreach and referral services. In 2015, CARES costs for gas and electric companies, combined, totaled approximately \$3 million.³² Comparatively, gross CAP costs in 2015 were approximately \$363 million and actual LIURP spending was approximately \$52 million.³³ Excluding Hardship Funds (which are voluntary ratepayer donations), universal service programming costs in 2015 for these three programs amount to approximately \$418 million.³⁴ The United Way’s request for 5% of universal service costs – or *approximately \$20.9 million* – would not only fully eclipse CARES services, it would also subsume nearly half of the LIURP budget.

While it is quite possible that the United Way did not “do the math” to understand the full cost of its request for funding, even a significantly scaled back request for a direct allocation of funding from universal costs should be disregarded here. The Commission must decide how and in what form universal services will be administered going forward. If these services continue to be administered by individual utilities, it may be the case that an individual utility determines that it is appropriate to contract with 211 for the provision of some services in the same way that it contracts with other non-utility entities and community based organizations. The Low Income

³² See Pa. PUC, BCS, 2015 Report on Universal Service Programs and Collections Performance, at 49 (Oct. 2016), http://www.puc.state.pa.us/filing_resources/universal_service_reports.aspx.

³³ Id. at 38, 47.

³⁴ See id.

Advocates strongly oppose any determination in this proceeding that one entity – 211 – should be singled out for special treatment and provided with a percentage of total costs. This is particularly true without first analyzing the impact that 211 provides in actually ensuring utility affordability or enrollment in utility assistance programs.

2. OCA – Early Identification Program proposal

The OCA recommended adoption of an Early Identification Program and specialized skills training, which would train utility frontline staff to recognize likely indicators of financial hardship to facilitate an appropriate referral to the utility’s universal service programs – or to a specialized CARES staff person capable of assisting customers with unique hardships. (OCA at 56-57). The Low Income Advocates support OCA’s proposal. This is precisely the sort of targeted prevention effort which can help detect payment trouble before the household amasses significant arrearages which are unable to be adequately addressed through existing universal service programming. That said, we again caution that case management services should remain a primary focal point of CARES to ensure that uniquely vulnerable households receive necessary services and benefits to maintain utility service. The Low Income Advocates discussed the need for case management services within the individual utility in greater detail in our Initial Comments. (See Initial Comments at 44-46).

f. Water Affordability

In discussing the need to coordinate eligibility standards across utility programs, Peoples Natural Gas Company noted in comments that “customers who participate in the Peoples CAP for example typically need to participate in CAP for their electric and/or water service as well.” (Peoples at 10). Water affordability issues have, to date, largely been missing from this broad universal service discussion. But it is a critical piece to consider, given the cost of private water

service in Pennsylvania is already among the highest in the nation³⁵ – and infrastructure issues facing water companies across the state threaten to push water costs even higher.

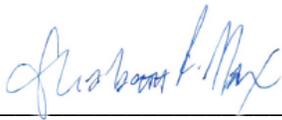
In our Initial Comments, the Low Income Advocates urged the Commission “to examine the affordability of water service in Pennsylvania, and the options available to ensure universal access to water for low income Pennsylvanians.” (Initial Comments at 12, n.24). However, given this recommendation was raised only in a footnote, we believe it necessary to highlight that support here, and further recommend that the Commission examine the current water assistance program offerings in Pennsylvania, as well as the water burden of households across Pennsylvania. In turn, the Low Income Advocates strongly assert that the full portfolio of universal service programs should be made available to Pennsylvania water and wastewater consumers to ensure that water – an essential ingredient to life – remain affordable and accessible to all Pennsylvanians, regardless of income.

³⁵ See generally Emily Previti, *Why is Water Expensive*, WITF – Keystone Crossroads (Feb, 24, 2016), <http://crossroads.newsworks.org/index.php/local/keystone-crossroads/91273-why-is-pennsylvanias-water-expensive-> (“The average cost for water provided by private companies is 43 percent higher in Pennsylvania than nationally; on the public side, its 21 percent higher...”).

III. CONCLUSION

The Low Income Advocates are grateful for the opportunity to provide comprehensive comments to the Commission on the state of universal service programming in Pennsylvania, and stand ready to fully engage in the next steps of this proceeding. We urge the Commission to take the necessary steps in the coming months to ensure that universal service programs are well designed and appropriately funded and available to all low income Pennsylvanians.

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