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| PUC logo | *COMMONWEALTH OF PENNSYLVANIA**PENNSYLVANIA PUBLIC UTILITY COMMISSION**BUREAU OF CONSUMER SERVICES**P.O. BOX 3265, HARRISBURG, PA 17105-3265* | In reply, refer to:Docket No. M-2017-2587711 |

 March 7, 2019

To: All Parties to Docket Nos. M-2017-2587711 and M-2017-2596907

 Re: Commission Clarification Regarding Supplemental Information and Filing Timeline Regarding the Commission’s January 17, 2019 Order at Docket No. M-2017-2587711

 On January 17, 2019, the Pennsylvania Public Utility Commission (Commission) entered an Order at this docket releasing staff’s *Report on Home Energy Affordability for Low-Income Customers in Pennsylvania* (January 17, 2019 Order).[[1]](#footnote-2) The January 17, 2019 Order, *inter alia*, requested supplemental information from the natural gas distribution companies (NGDCs) and electric distribution companies (EDCs) by February 19, 2019, at Ordering Paragraph (OP) #5, and established comment/reply comment periods at OPs #10 & 11. The January 17, 2019 Order also scheduled a stakeholder meeting (Stakeholder Meeting) on February 6, 2019, at OP #6. Public notice of the Stakeholder Meeting was provided through service of the January 17, 2019 Order and by publication in the *Pennsylvania Bulletin* on January 26, 2019.[[2]](#footnote-3)

 At the Stakeholder Meeting, stakeholders[[3]](#footnote-4) sought clarification on the supplemental information requested by the January 17, 2019 Order. Specifically, stakeholders sought clarification on: (1) the Commission’s request for a cost analysis based on a Percent of Income Payment (PIP) Customer Assistance Program (CAP) with a 10% maximum energy burden for 2017 through 2021; and (2) the Commission’s request for monthly customer tallies for all CAP customers claiming zero income in 2016 and 2017, broken out by heating type. Some stakeholders requested that the Commission provide the Report in an accessible format[[4]](#footnote-5) and asked for an extended comment period. By Secretarial Letter dated February 13, 2019, the Commission stayed the filing of the supplemental information and the comment period pending clarification from the Commission.

 This Secretarial Letter provides the Commission’s clarifications of the January 17, 2019 Order based on the Stakeholder Meeting, including establishing a revised timeline for filings supplemental information and comments.

*Commission Directive for Cost Analysis Based on a PIP CAP Model for 2017 through 2021.*

 The January 17, 2019 Order directed NGDCs and EDCs to:

Provide a cost forecast based on a 10% maximum energy burden [*i.e.*, 4% for electric non-heating, 6% for gas heating, and 10% for electric heating] for the years 2017 through 2021. Include costs associated with system changes, CAP credits (overall increases and decreases), [pre-program arrearages (PPA)], and in-program arrearages, and any other incurred costs that would contribute to such a change. Identify and take into account the cost savings from customers who would pay more under a 10% percent-of-income CAP. Indicate potential impact to uncollectible balances and collection costs. Cost estimates should be based on a percent-of-income CAP payment model. NGDCs and EDCs may also compare whether rate discount or other CAP payment options may be more cost-effective to achieve the maximum 10% energy burdens.

January 17, 2019 Order at OP #5(b).

 Some participants at the Stakeholder Meeting questioned whether cost forecasts should be based on each utility’s existing CAP structure, which may or may not include, *inter alia*, additional charges to CAP bills[[5]](#footnote-6) and CAP credit limits. Further, NGDCs and EDCs may have different minimum payment requirements for CAP accounts. Commission staff believes that there was a consensus at the Stakeholder Meeting that NGDCs and EDCs should each provide two separate cost estimates to compare to the Report’s PIP CAP model:

* The first cost estimate should be based only on charging all CAP customers the lesser of an average bill or 4, 6, or 10%[[6]](#footnote-7) of the household’s income for the yearly periods **from 2016 through 2021**.[[7]](#footnote-8) This estimate should not take into consideration system change costs, additional CAP charges, CAP credit limits, minimum payment/bill requirements,[[8]](#footnote-9) or other costs not related to charging the CAP customer the lesser of an average bill or the designated percent of income.
* The second cost estimate should also be based on the average bill or the PIP CAP model **from 2016 through 2021** but include all other costs/savings related to this change. This includes utility CAP charges, minimum payment restrictions, CAP credit limits, and other CAP costs/savings described in the January 2019 Order. NGDCs and EDCs should identify all costs/savings related to this estimate separately.[[9]](#footnote-10)

 **Commission Clarification**: The Commission finds merit in using these two separate cost estimates to determine the impact of a PIP CAP with a 10% maximum energy burden. Including a “baseline” cost analysis, which identifies only the cost of charging all CAP customers either their average bill or 4, 6, or 10% of their income based on heating type, whichever is less, would allow comparison of the estimated PIP CAP billing impacts across utilities. Therefore, NGDCs and EDCs are directed to provide the two cost estimates for the PIP CAP model, as described above.

 Accordingly, NGDCs and EGDCs shall file and serve the supplemental information requested in the January 17, 2019 Order, as clarified herein, within thirty (30) days of the date of this Secretarial Letter. All other provisions of the January 17, 2019 Order remain in effect.

*Commission Directive for Monthly Customer Tallies for All CAP Customers Claiming Zero Income in 2016 and 2017.*

 The January 17, 2019 Order directed NGDCs and EDCs to “provide monthly customer tallies for all CAP customers claiming zero income [(zero-income customers)] in 2016 and 2017, broken out by heating type, if possible. This information should also be provided as part of each utility’s 2018 Universal Service Reporting in a separate spreadsheet.” January 17, 2019 Order at 20.

 Some utilities at the February 6, 2019 stakeholder meeting reported that their systems do not track zero-income customers in CAP from month to month. Alternatively, stakeholders suggested that utilities could provide the number of customers charged a minimum bill.

 **Commission Clarification**: All NGDCs and EDCs require customers claiming zero income to complete a zero-income form prior to enrollment in a CAP or at CAP recertification. Further, utilities should be tracking CAP customer income. Based on the CAP customer data collected and reported to the Commission, we are not persuaded that the utilities cannot determine the monthly number of zero-income customers in their CAPs for the years requested. Therefore, we will not make any changes relative to this directive in the January 17, 2019 Order.[[10]](#footnote-11)

 Regardless of the availability of historical data, all NGDCs and EDCs remain under the directive to provide monthly customer tallies for all CAP customers claiming zero income, broken out by heating type if possible, as part of each utility’s 2018 Universal Service Reporting in a separate spreadsheet. January 17, 2019 Order at OP #15. This monthly tally and annual reporting requirement shall continue yearly thereafter.

*Request for the Report in an Accessible Format.*

 Some stakeholders requested that the Commission make the Report publicly available in an accessible format.

 **Commission Clarification**: The Commission will provide the Report, including the tables in the Report and in the appendices, in Microsoft Word on the Commission’s website at Docket Nos. M‑2017‑2587711 and M‑2017-2596907. This allows interested parties to copy the tables in the Report and appendices into Microsoft Excel or other analytical software.

*Timing for the Comment Period.*

 Finally, some stakeholders requested a longer comment period to allow time for additional analysis.

 **Commission Clarification**: We find that extending the comment period by ten (10) days, from twenty (20) to thirty (30) days, is reasonable to provide interested parties with more time to review and analyze the Report and the utilities’ supplemental filing, as clarified. We do not see a need to extend the fifteen (15) day reply comment period at this time.

 Accordingly. NGDCs and EGDCs shall file and serve the supplemental information requested in the January 17, 2019 Order, as clarified herein, within thirty (30) days of the date of this Secretarial Letter. Interested parties may submit written comments at this docket, within thirty (30) days after the filing deadline for the utilities’ supplemental information. Reply comments will be due fifteen (15) days thereafter.

 This Secretarial Letter shall be published in the *Pennsylvania Bulletin* and served on the parties at the above-captioned dockets. Non-parties who signed in at the Stakeholder Meeting will be provided a copy of this Secretarial Letter.

 Questions may be directed to Joseph Magee at jmagee@pa.gov.

 Sincerely,

 Rosemary Chiavetta

 Secretary

Cc: Lori Mohr, BCS

 Joseph Magee, BCS

 Sarah Dewey, BCS,

 Louise Fink Smith, Law Bureau

 Laura Griffin, Law Bureau

1. The short citation herein for the *Report on Home Energy Affordability for Low-Income Customers in Pennsylvania* is Report. [↑](#footnote-ref-2)
2. 49 *Pa. B.* 425, <https://www.pabulletin.com/secure/data/vol49/49-4/127.html>. [↑](#footnote-ref-3)
3. Entities that signed in at the Stakeholder Meeting included: the Office of Consumer Advocate; the Office of Small Business Advocate; the Energy Association of Pennsylvania; the Pennsylvania Department of Human Services, the Pennsylvania Utility Law Project; Community Legal Services; the Dollar Energy Fund; Columbia Gas; Duquesne Light; First Energy; National Fuel Gas; Philadelphia Gas Works; PECO Energy; Peoples Natural Gas; PPL Electric; UGI Utilities; Sadie Kroeck (Consultant); Melanie Popovich (Consultant); CCI (weatherization contractor); Clark Hill PLC; Burke Vullo Reilly Roberts (law firm); McNees Wallace & Nurick LLC (law firm); and Commission staff. [↑](#footnote-ref-4)
4. Stakeholders also discussed additional universal service matters and information, both related and unrelated to the Report. Such discussions have been duly noted but are beyond the scope of this Secretarial Letter. [↑](#footnote-ref-5)
5. Specifically, CAP Plus charges and PPA monthly co-payments. [↑](#footnote-ref-6)
6. 10% for electric heating customers, 6% for gas heating customers, and 4% for electric non-heating customers. [↑](#footnote-ref-7)
7. Stakeholders suggested using 2016 as a base year, instead of 2017, because this is the last year of the Energy Affordability Study. [↑](#footnote-ref-8)
8. Excluding minimum bill requirements means that customers reporting zero income, for example, would receive a $0 bill. [↑](#footnote-ref-9)
9. Customers reporting zero income, for example, would receive a minimum bill if the utility currently requires minimum bill payments. [↑](#footnote-ref-10)
10. NGDCs or EDCs that cannot provide a monthly count of zero-income CAP customers should contact Sarah Dewey, BCS, at sdewey@pa.gov, to discuss alternate methods of providing this required information. [↑](#footnote-ref-11)