



**National Fuel**

---

**Nathaniel J. Ehrman**  
*Attorney*

May 8, 2019

**VIA ELECTRONIC FILING**

Ms. Rosemary Chiavetta  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

RE: Energy Affordability for Low-Income Customers  
Docket No. M-2017-2587711

Dear Secretary Chiavetta:

Enclosed please find a copy of National Fuel Gas Distribution Corporation's Comments in the above-referenced matter.

If you should have any questions or concerns, please contact me at (814) 871-8177.

Very truly yours,

Nathaniel J. Ehrman

Enclosure

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Energy Affordability for Low-Income Customers** :  
: **COMMENTS**  
:  
:  
:  
: **Docket Number: M-2017-2587711**  
:

---

**COMMENTS OF NATIONAL FUEL GAS  
DISTRIBUTION CORPORATION  
TO THE JANUARY 17, 2019 ORDER**

---

**TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:**

**I. Introduction.**

On January 17, 2019 the Pennsylvania Public Utility Commission (the “Commission”) issued an Order (“Order”) and related report titled “Home Energy Affordability for Low-Income Customers in Pennsylvania” (“Report”). The Report summarized data submitted by National Fuel Gas Distribution Corporation (“National Fuel” or “Company”) and other utility companies. The Report arises out of the May 5, 2017 order at this docket which directed PUC staff to initiate a study to “determine what constitutes an affordable energy burden for Pennsylvania’s low-income households and, based on this analysis, whether any changes in the Commission’s Customer Assistance Program (“CAP”) Policy Statement or other Universal Service and Energy Conservation Program (“USECP”) requirements are necessary to bring these programs into alignment with any affordability recommendations.”

As part of the Order, and the subsequent clarification letter of March 7, 2019 (“Secretarial Letter”), National Fuel submitted supplemental data to the information it previously provided for the Report. National Fuel hereby incorporates its responses for the Report and the supplemental data into its comments here. In addition to requesting supplemental data, the Order set forth a time frame for interested parties to submit comments at this docket.

National Fuel now submits the following Comments to address its concerns with this docket. Namely, National Fuel wants to ensure there are no unnecessary changes made to the CAP policy statement or USECP requirements, that the Commission allows utilities to have flexibility and avoids a uniform program design, and that the value of energy conservation be considered. National Fuel is an active member of the Energy Association of Pennsylvania (“EAP”) and supports the comments filed by the EAP at this docket, and National Fuel’s Comments will refrain from repeating the comments reflected by the EAP.

## **II. Comments**

### **A. The Commission should refrain from making unnecessary changes to Universal Service and Energy Conservation Program requirements and the CAP Policy Statement.**

As an overarching theme National Fuel wants to reiterate its commitment to providing support to all of its low-income customers who struggle to make payments and need support. National Fuel also supports the work BCS and the Commission have put into this Docket thus far to further that goal. The Report was a substantial undertaking, and contains a great deal of useful information. That being said, National Fuel believes the Report did not meet its major objective, namely it did not provide any analysis which would suggest whether or not changes are

necessary to the CAP Policy Statement or USECP requirements to better align with an affordable energy burden.

National Fuel notes that the majority of natural gas distribution companies' CAP programs fall within the CAP Policy statement Maximum Energy Burden Levels.<sup>1</sup> The Report notes that National Fuel was unable to submit energy burden information broken down by Federal Poverty Income Guidelines ("FPIG") for the time period of the study.<sup>2</sup> This is only partially correct. National Fuel was able to provide data regarding energy burdens by FPIG, however, it was unable to separate its LIHEAP and Non-LIHEAP recipients. Accordingly, the data provided by National Fuel was for all CAP customers. Please note that National Fuel's CAP program, called Low Income Rate Assistance ("LIRA") is an alternative discounted rate program (under 52 Pa. Code § 69.267) for payment-troubled, low-income customers. National Fuel's energy burden data for all LIRA customers follows below:

Year	50% FPIG	100% FPIG	150% FPIG
2012	4.05	3.98	3.3
2013	4.39	4.28	3.63
2014	5.52	5.91	4.51
2015	5.1	4.51	3.26
2016	7.84	4.79	3.3
<b>Average</b>	<b>5.38</b>	<b>4.69</b>	<b>3.6</b>

---

<sup>1</sup> See 52 Pa. Code § 69.265(2)(i)(A-C). See Report Tables 3-3, 3-4, 3-5.

<sup>2</sup> Report at 21.

Accordingly, National Fuel has satisfied the CAP Policy statement guidelines as it relates to all CAP customers. National Fuel notes that it had an increase in energy burden for 0-50% FPIG in 2016. National Fuel agrees with the Report's hypothesis that, "Inclusion of zero-income customers by some utilities may have inflated the energy burden calculations for this FPIG level."<sup>3</sup> In fact, if National Fuel excluded customers at 0% income, customers from 0-50% FPIG had an energy burden of just under 6.9% in 2016. Furthermore, with the changes to its LIRA discount calculations enacted with its Universal Service and Energy Conservation Plan 2017 – 2020, National Fuel expects that energy burdens will be even more affordable.<sup>4</sup>

National Fuel also cautions that the Commission not conflate correlation with causation. In the Report it seems there was an underlying implication that various factors, such as arrearage amounts, percentage of bills paid in full, termination rates, and debt levels signaled that the energy burdens need adjustment. This, however, is unfounded. The Report has failed to state with any clarity what it proposes the energy burden levels should be. While looking at various data sets and program designs and energy burden levels utilized in other states is a valuable exercise, it fails to get to the end goal of determining what an affordable energy burden level should be.

---

<sup>3</sup> Report at 31.

<sup>4</sup> See National Fuel Gas Distribution Corporation's Universal Service and Energy Conservation Plan for 2017-2020 Submitted in Compliance with 52 Pa. Code § 62.4; Docket No. M-2016-2573847. In its order, the Commission had National Fuel remove LIHEAP as a component in its LIRA discount calculation, and change how LIHEAP grants are applied on customer accounts. This new procedure impacted how discounted rates are calculated for customers enrolled in LIRA and will result in certain customers receiving up to an 80% rate reduction going forward.

Without any empirical evidence to support changing the energy burden levels, National Fuel believes that the Commission should refrain from making unnecessary changes to its CAP Policy statement or other aspects of USECP requirements in general. Furthermore, the Report failed to take into consideration many variables needed for an appropriate energy burden review, including cost of living, cost of energy, employment statistics, economic trends, and other potential expenses. Without a much broader study on what qualifies as an “affordable” energy burden, substantial changes are premature.

**B. The Commission must allow Utilities to retain flexibility in their program designs.**

National Fuel believes it has developed a variety of USECP features that effectively and efficiently provide various resources for its customers in need. National Fuel has developed programs and strategies that are tailored to its low-income customer base, without being unduly burdensome on the remainder of its ratepayers. To the extent that the Commission decides to make substantial changes to USECP requirements or the energy burden levels in the CAP Policy statement, National Fuel believes flexibility for utilities must be preserved for the benefit of all customers.

Each utility has developed programs that are approved periodically by the Commission that serve their specific service territories well. Each utilities’ USECP has been designed to best address the needs of the customers in a given service territory, and a one-size-fits-all USECP would not be appropriate. The design of various USECPs can be greatly influenced by a variety of factors including the average size of the residence, the age and condition of the housing stock, quality of appliances, usage rates, payment histories, the cost of living, and the poverty level in the service territory. These differences in service territories require programs to be targeted and have a company-specific focus as opposed to general overall mandates.

Additionally, these USECP have been designed in ways to ensure they are not unduly burdensome on non-CAP customers. National Fuel takes great pride in its efficiency as a utility, and the cost savings this produces for its customers. Based on information contained in the 2015 Universal Service Program & Collections Performance report, National Fuel's CAP expenditure per CAP customer and per residential customer was the lowest among the gas utilities reporting. In addition, National Fuel's total CAP costs per non-CAP residential customer are the lowest of the gas utilities.<sup>5</sup> Any rigid changes could greatly harm a large number of customers who fall outside the 150% FPIG levels, but may still face financial challenges by making the program more expensive for non-CAP customers to subsidize.

Utilities work diligently with interested stakeholders to review their plans and associated changes to their assistance programs in order to ensure that they suit the unique needs of their service territories. These procedures ensure robust programs that protect the interests of customers within the utilities' territories. Any overarching change would limit the effectiveness of this type of a review process and could ultimately hurt certain customers. Accordingly, the Commission should respect these differences and provide the utilities with the requisite flexibility to effectively serve their customer base with the appropriate USECP programs and should avoid the implementation of a uniform program design.

**C. The Commission must incentivize energy efficiency and conservation.**

In the Report, staff notes "energy efficiency and conservation can play major roles in making energy bills more affordable."<sup>6</sup> While conservation is important, the Report expressly stated, "The impact of these programs on energy burden levels is not measured as part of this

---

<sup>5</sup> Report Table 10-3.

<sup>6</sup> Report at 4-5.

study.”<sup>7</sup> National Fuel believes that any changes to energy burden levels, or USECP requirements in general, must take conservation into account.

As previously stated, National Fuel’s CAP program, LIRA, is an alternative discounted rate program for payment-troubled, low-income customers. While certain commenters in related dockets have called for a uniform program design, National Fuel believes this wholesale change is unnecessary and would actually harm its customers. Furthermore, it would result in the loss of one of LIRA’s best features- its emphasis on conservation and usage reduction.

While National Fuel has already spent a great deal of time commenting on its LIRA program in other dockets, there are elements that should be noted here.<sup>8</sup> Namely, unlike some other CAP programs, LIRA provides a discount that is applied to a customer’s consumption, which establishes a more affordable customer payment. In addition, LIRA customers are given support and education to help them make energy efficient choices. To facilitate energy management and conservation, an energy management representative offers energy education for each LIRA residence and audits are provided for those customers whose usage exceeds that of the typical residential customer. Those customers are then referred to other programs as appropriate. LIRA customers are encouraged to conserve resources and directly benefit from doing so.

As a result of the link between usage and bills, customers have the opportunity to reduce their end costs by reducing their consumption. This encourages customers to conserve resources and rewards better consumption management. LIRA also helps to achieve a level of fairness by

---

<sup>7</sup> Report at 5.

<sup>8</sup> For a complete overview of National Fuel’s LIRA program, please see National Fuel’s Universal Service and Energy Conservation Plan at Docket No. M-2016-2573847.



involving consumption into the total amount paid by customers. This feature allows low-income customers the option to change usage habits to lower their payments even further.

As stated in the Report, energy efficiency and conservation are vital aspects in the energy affordability puzzle. National Fuel's LIRA program has already taken these factors into account and this framework should be retained going forward.

### **III. Conclusion**

While National Fuel appreciates the substantial undertaking that was reviewing data and drafting the Report, much more work is required before any changes to energy burdens or USECP requirements in general can be justified. The Report did not meet its major objective, namely lacked any analysis that would suggest whether or not changes are necessary to the CAP Policy Statement or USECP requirements to better align with an affordable energy burden. Accordingly, the Commission should refrain from making any changes at this time. To the extent that the Commission proceeds with changes, there must be flexibility. Each utility has many different factors that have influenced their program designs, and the Company respectfully submits that a uniform program design would not be effective at this time. Finally, National Fuel emphasizes that conservation must be a major factor of any action taken by the Commission. National Fuel believes its LIRA program produces affordable rates for its CAP customers, without unduly burdening the remainder of its residential customers. Furthermore, LIRA is structured in a way that incentivizes energy conservation. National Fuel looks forward to being involved in further discussions on these topics, and remains committed to providing all customers with affordable gas service.

Respectfully submitted,



Dated: May 8, 2019

---

Nathaniel J. Ehrman  
Pa. I.D. No. 324920  
Attorney for National Fuel Gas  
Distribution Corporation  
P.O. Box 2081  
Erie, PA 16512  
(814) 871-8177  
(814) 871-8061 fax