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May 8, 2019

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

Re: ***Home Energy Affordability for Low-Income Customers in Pennsylvania*; M-2017-2587711**

Dear Secretary Chiavetta:

Pursuant to the Commission's Order entered January 17, 2019 in the above-referenced proceeding, enclosed herewith for filing are the Comments of the Philadelphia Gas Works.

If additional information is required, please do not hesitate to contact the undersigned. Thank you for your assistance in the matter.

Very truly yours,

Graciela Christlieb, Esq.

Enclosures

cc: Louise Fink Smith, finksmith@pa.gov
Joseph Magee, jmagee@pa.gov
As Per Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

COMMENTS OF PHILADELPHIA GAS WORKS
TO JANUARY 17, 2019 ORDER

By Order entered January 17, 2019 ("Order"), the Pennsylvania Public Utility Commission ("Commission" or "PUC") published a staff report entitled "Home Energy Affordability for Low-Income Customers in Pennsylvania" ("Report"). The Report summarized utility data submitted by, among others, Philadelphia Gas Works ("PGW"). Subsequently, pursuant to Commission directives PGW participated in a February 2019 stakeholder meeting and filed supplemental information. PGW submits these comments in the interest of assisting the Commission with a determination of the appropriate Customer Assistance Program ("CAP," or, with respect to PGW's CAP, named the Customer Responsibility Program, "CRP") energy burden(s) for low-income Pennsylvanians.

I. ADDRESSING THE UTILITY BILL CHALLENGES CONFRONTING CUSTOMERS WITH INCOME AT OR BELOW 50% OF THE FEDERAL POVERTY LEVEL

For customers with income at or below 50% of the Federal Poverty Level ("FPL") – and particularly those with income at or below 25% FPL – the logic underpinning a fixed percent of income utility bill will fail. In its review of affordability for customers who are the most financially challenged, PGW worked with H. Gil Peach & Associates LLC ("Peach"). Peach prepared a technical note on "floor effects" in low-income utility programs ("Peach Note"). The Peach Note is attached hereto as Exhibit A. As explained more fully in the Peach Note, since customers with household income in the range of 0-25% of the FPL experience a myriad of

problems - including, most fundamentally, a lack of income - a low-income utility program that works well at income ranges above this level will not have an effect in the range of 0-25% FPL. Addressing the needs of customers at or below 25% FPL requires an integrated approach that is not wholly reliant on a fixed percent of income program. This creates an opportunity for a regulated utility like PGW to play a part in crafting such an approach.

The role of a regulated utility in addressing the needs of these lowest income customers could be as a partner with the Commonwealth and other parties. Under current utility law, regulated utility ratepayers are not obligated to pay for the significant social services which customers at or below 25% FPL require in order to maintain their households. Further, regulated utility ratepayers should not be required to subsidize unlimited free, or near-free, utility service.[1] In order to reach a solution that strikes a balance, PGW respectfully submits that the Commission, at this Docket, consider the recommendations and safeguards presented in the Peach Note. Specifically, PGW urges the Commission to consider implementing a statewide pilot program that includes a limit on the number of participants, time limits on participation, rules regarding LIHEAP receipt, periodic evaluation, and Commonwealth participation/administration and financial support. PGW would welcome the opportunity to participate in a stakeholder group to discuss the role PGW could play in such a partnership, if a stakeholder group is formed.

II. WHY LIHEAP SHOULD BE INTEGRATED INTO ENERGY BURDEN POLICY

PGW respectfully submits that, in order to meet the statutory obligation[2] to ensure that universal programs are operated in a cost effective manner, to make sure that utility ratepayer funds are not

[1] Based on APPRISE's estimate, the average annual unsubsidized utility bill for the16,690 CRP customers' with income at 0-50% FPL in 2017 was approximately $1,481 per customer.
[2] 66 Pa. C.S. § 2203(8).

used to supplant federal grant monies, and to balance the benefits of energy burden policies against the costs, LIHEAP funding should be integrated into any new PUC energy burden policy.. *See* 66 Pa. C.S. § 2203(8). Such integration would also ensure that the PUC established energy burden(s) are met. Ideally, LIHEAP and Pennsylvania CAPs would be administered jointly at the Commonwealth level, as is done in other states, such as New Jersey. Thus, all CRP customers would receive a LIHEAP grant. If joint administration is not possible, Commission policy could detail the role LIHEAP funds play in setting energy burdens.[3]

As the Commission has noted, LIHEAP grants can significantly reduce energy burdens. The Applied Public Policy Research Institute for Study and Evaluation ("APPRISE") reviewed the impact of LIHEAP on 2017 CRP energy burdens. This review revealed that a reduction of current energy burdens may not be advisable or necessary, at least with respect to LIHEAP recipients. The average energy burdens of CRP customers who obtain a LIHEAP grant fall below those set by current PUC policy. APPRISE found that for 2017 CRP customers, the average energy burden with LIHEAP receipt was 5.8% with no $5 co-pay, and 6.2% with the co-pay, as shown in Table 1 below.

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[3] For example, LIHEAP benefit charts could be used to establish an estimated grant amount and this amount would be added to CAP obligations.

Table 1

APPRISE 2017 CRP LIHEAP Recipients Only
Mean Energy Burden by Poverty Level

Tier	Poverty Level	All 2017 CRP Participants					
		Obs	% with Arrearages	Mean Energy Burden			
				No $5 Arrearage Co-Pay		$5 Arrearage Co-Pay	
				Without LIHEAP	With LIHEAP	Without LIHEAP	With LIHEAP
Average Bill		860	4%	7.6%	5.5%	7.6%	5.5%
Zero Income		69	45%	100.0%	10.1%	100.0%	13.0%
Minimum Payment		1,327	64%	16.1%	1.6%	18.1%	2.3%
8%	≤50%	5,609	65%	8.0%	3.3%	8.6%	3.7%
9%	51% - 100%	16,047	55%	9.0%	6.2%	9.3%	6.5%
10%	101% - 150%	3,169	57%	10.0%	8.2%	10.2%	8.5%
All Poverty Levels		27,081	56%	9.4%	5.8%	9.9%	6.2%

APPRISE's energy burden calculations in Table 1 constrained the range of possible burdens from 0-100%. At the lower levels of income this creates an issue when the size of the grant exceeds the bill amount - there is actually a negative energy burden, not a 0% burden. This impacts the average energy burden for the group by making it higher than it actually is. Removing the 0% constraint reveals that existing policies regarding the interplay between CAP and LIHEAP are inefficient. Further, the result of a negative energy burden is that monies likely will be refunded to DHS instead of utilized by the grant recipient. PGW estimates that fiscal year 2019 CRP LIHEAP recipients' energy burdens without the 0-100% constraints average 5.1%. See Table 2 below. In Table 2, zero income customers have been removed since even a $1 bill

will result in a 100% energy burden and skew the results, and minimum bill customers have been placed into their relevant poverty level.

Table 2

FY19 Energy Burden Including LIHEAP Grant
CRP LIHEAP Recipients Only, No $5 Co-Pay

Poverty Level	0-100% Limit	No Constraints
0-50%	3.6%	-0.4%
51-100%	7.6%	7.6%
101-150%	6.3%	6.3%
Zero Income	33.3%	NA
Total	**6.0%**	**5.1%**

Overall, PGW estimates that approximately 6.3% of CRP LIHEAP recipients under the terms of the current CRP in fiscal year 2019 have a zero or negative energy burden, and almost 33% have a burden that is equal to or less than 6%. As seen in Table 3 below, it is customers at higher income levels who on average confront higher energy burdens, not the 0-50% FPL customers. For the 0-50% FPL customers, approximately 86% have an energy burden at or below 6 percent.

Table 3

FY19 No Energy Burden and Burden Under 6%
CRP LIHEAP Recipients Only, No $5 Co-Pay

Poverty Level	Burden <=0%	Burden <=6%
0-50%	27.9%	85.5%
51-100%	0.2%	16.4%
101-150%	0.7%	19.9%
Zero Income	66.7%	66.7%
Total	**6.3%**	**32.9%**

Significant reductions to energy burdens related to LIHEAP receipt would also occur under the proposed 6% energy burden. APPRISE modeled the range of energy costs and burdens that would result from a 6% gas energy burden target across all customers at or below 150% FPL

after LIHEAP grant application. See Table 4 below. As a result of a LIHEAP grant, the net energy burden is 5% or lower for most groups evaluated in Table 4. For a number of groups, the grant amount exceeds energy costs. Thus, failing to include LIHEAP in the establishment of a 6% energy burden would result in over-subsidized customers.

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Table 4

APPRISE Energy Cost and Net Energy Burden Under Six Percent Energy Burden Target[4]

Pov. Level	HH Size	Annual Household Income		6% Energy Costs		LIHEAP Heating Grant		Net Energy Cost		Net Energy Burden	
		Min	Max	Min	Max	Min Income	Max Income	Min	Max	Min	Max
<50%	1	$0	$6,030	$0	$362	$907	$377	($907)	($15)	0%	0%
	2	$0	$8,120	$0	$487	$918	$290	($918)	$197	0%	2%
	3	$0	$10,210	$0	$613	$928	$224	($928)	$389	0%	4%
	4	$0	$12,300	$0	$738	$939	$200	($939)	$538	0%	4%
	5	$0	$14,390	$0	$863	$949	$200	($949)	$663	0%	5%
51%-100%	1	$6,031	$12,060	$362	$724	$377	$200	($15)	$524	0%	4%
	2	$8,121	$16,240	$487	$974	$290	$200	$197	$774	2%	5%
	3	$10,211	$20,420	$613	$1,225	$224	$200	$389	$1,025	4%	5%
	4	$12,301	$24,600	$738	$1,476	$200	$200	$538	$1,276	4%	5%
	5	$14,391	$28,780	$863	$1,727	$200	$200	$663	$1,527	5%	5%
101%-150%	1	$12,061	$18,090	$724	$1,085	$200	$200	$524	$885	4%	5%
	2	$16,241	$24,360	$974	$1,462	$200	$200	$774	$1,262	5%	5%
	3	$20,421	$30,630	$1,225	$1,838	$200	$200	$1,025	$1,638	5%	5%
	4	$24,601	$36,900	$1,476	$2,214	$200	$200	$1,276	$2,014	5%	5%
	5	$28,781	$43,170	$1,727	$2,590	$200	$200	$1,527	$2,390	5%	6%

[4] Energy Costs show the range of energy costs for each poverty level under the minimum and maximum income level in that poverty range by household size, and do not include a $5 monthly arrearage co-payment. The level of LIHEAP Heating Grant was based on the PA LIHEAP Benefit Table for natural gas in Philadelphia under the minimum and maximum level in each poverty level/household size. The Net Energy Cost is the net minimum and maximum energy cost for each poverty level/household size group after subtracting the LIHEAP grant for that group. The Net Energy Burden shows the energy burden after subtracting the LIHEAP grant for that group.

When considering how CAP and LIHEAP could work together, it may be helpful to review PGW's experience with LIHEAP. Historically, LIHEAP cash grants were integrated into CRP. Until 2009, LIHEAP cash grants were applied collectively to the actual, unpaid usage of all CRP customers. However, the Pennsylvania Department of Public Welfare ("DPW" now known as the Department of Human Services, or "DHS") required that PGW modify its practices and apply LIHEAP cash grants only to each individual customer's "asked to pay" CRP bills.[5] Some states apply LIHEAP monies to each individual customer's subsidy. In compliance with current DHS practices requiring that LIHEAP funds be applied to an individual customer's bill, the PUC may determine that to the extent that an individual customer is subsidized by non-CRP customers, the grant could be used to pay for such customer's bill subsidization (with any excess applied against future bills). Such result appears consistent with the Commission's authority to place conditions on receipt of CAP benefits.[6]

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[5] On October 22, 2009, the PUC issued an Order at Docket No.M-00072021 approving a settlement agreement that permitted PGW to amend its 2008-2010 Plan to apply LIHEAP Cash grants to the "asked to pay" bill amount on CRP customers' bills, in compliance with a DPW directive.

[6] In Pennsylvania Communities Organizing for Change, Inc., v. Pennsylvania Public Utility Commission, 89 A.3d 338 (Pa. Cmwlth. 2014), the Commonwealth Court addressed the interplay between the application of LIHEAP grants and ratepayer funded assistance to low-income customers. The underlying Commission Order that was challenged but affirmed by the Commonwealth Court held that:

> It is fully within this Commission's authority and jurisdiction to determine how much a customer must pay while respecting the federal law as to the use and application of the LIHEAP grant to the individual recipient. It is this Commission's responsibility to determine the amount of the CAP customers' bills that it finds to be just and reasonable.

Pennsylvania Public Utility Commission v. Columbia Gas Co., Docket No. R-2010-2215623, 2012 WL 1512158 (Pa. PUC 2012). In that litigation and subsequent cases, the PUC has emphasized that the entirety of the LIHEAP statute, 42 U.S.C. §§ 8621-8630, must be considered if one is calling into question whether the Commonwealth and/or a utility is in compliance with the LIHEAP statute in general and the vendor obligations in particular. *See* NFG ' s 2014-2016 USECP, Docket No. M-2013-2366232 (Order entered February 12, 2015); *see also* Duquesne 2017-2019 USECP, Docket No. M-2016-2534323 (Order entered March 23, 2017).

II.A. Vice Chairman David W. Sweet's Questions Regarding LIHEAP

1. How, if at all, are LIHEAP applications encouraged at the time of CAP enrollment? Are there ways the intake process could be improved to ensure dual enrollment in both programs?

PGW strongly encourages all of its low-income customers to apply for LIHEAP when the season is open. PGW trains its staff annually about the importance of referring customers to both CRP and LIHEAP, and performs a significant amount of outreach about the benefits of both programs. In addition, PGW currently has six customer service District Offices throughout the City of Philadelphia. During the LIHEAP season, PGW hires temporary staff to work at each office assisting customers with their LIHEAP applications. As part of its in-office assistance, PGW has a streamlined intake process to assist customers with their LIHEAP application whenever they visit to apply or recertify for CRP. Since the income documentation required for CRP is the same as is required for LIHEAP, PGW's customer service representatives are trained to ask customers if they would like to apply and walk them through the completion of the LIHEAP application. This process eliminates the need for customers to complete the application at a later time, or visit a DHS county assistance office. For customers who enroll or recertify for CRP via the web or by mail, PGW encourages them to apply for LIHEAP in its CRP application response letters. PGW also mails these individuals LIHEAP applications, and they are included in PGW's future LIHEAP outreach group.

With respect to improvements to the intake process, PGW would support a dual intake process with DHS, but this would have to be agreed to by DHS. PGW is currently participating in a workgroup that includes members of the Commission's Bureau of Consumers Services,

regulated utilities, DHS, and other interested stakeholders to focus on possible ways to streamline the LIHEAP and CAP enrollment processes.

2. What are the known or perceived barriers to LIHEAP enrollment (administrative or otherwise), if any?

PGW's understanding is that barriers to completing the four-page LIHEAP application include difficulty understanding both the application itself as well as what information and documentation are required to apply. This is one of the reasons why PGW hires temporary staff to assist customers with LIHEAP applications each year. Further, the current LIHEAP application could potentially dissuade some customers if their first language is not either English or Spanish, they are intimidated about completing government forms, or they struggle with literacy. In Philadelphia, it would be helpful to make the application available in other languages.

3. What are the advantages or disadvantages of requiring a LIHEAP application in order to receive CAP benefits?

A major advantage to requiring a LIHEAP application would be a reduced energy burden if a grant is awarded. As discussed herein, a LIHEAP grant significantly reduces the energy burden for CRP participants. Mandating that a CRP participant apply for and assign a LIHEAP grant to PGW would assist in offsetting either the amount that the customer is required to pay, or, depending on the policies set at this Docket, the CRP subsidy. In addition, PGW customers who assign a grant to PGW receive a CRP recertification waiver for up to two years. Instead of having to recertify annually, the customer only has to recertify once every three years. As one disadvantage to requiring an application, PGW expects that application to LIHEAP by all CAP

customers could significantly increase the number of applications, and duplicate applications (gas and electric), DHS receives. This increase could ultimately impact grant processing times.

Additionally, PGW submits that application for a grant and assignment of a grant should be distinguished from each other. In Philadelphia, a customer can apply for LIHEAP and assign it to either PGW or PECO. There is a question whether CRP customers who assign their grants to PECO would be disqualified from CRP participation, and whether customers who apply for a grant but are rejected would also be disqualified. Because the program is administered by DHS, PGW does not know whether a customer has applied for a grant, been rejected for a grant, or assigned a grant to PECO. PGW would have to rely on its own records. Based on recent experience, approximately half of CRP customers would be removed from CRP for failure to assign a grant to PGW.

In conclusion, based on the data discussed herein, current CRP customers who obtain a LIHEAP grant are, on average, already paying approximately a 6% energy burden. While CRP customers are required to assign a grant to PGW, approximately half of participants fail to do so each year. Instead, a customer may have decided to assign his/her grant to PECO, even though his/her primary heating source is gas. Others may have chosen not to apply for LIHEAP at all. If such customers participate in CRP, they would have an energy burden consistent with current CRP targets of 8%, 9% and 10% of household income. This result would encourage LIHEAP application, while still providing utility bill assistance and recognizing that LIHEAP funds are finite. Given that LIHEAP and CAP are not administered jointly in Pennsylvania, such a result is one way to integrate the programs.

III. HOW PENNSYLVANIA DIFFERS: COMPARISON OF PENNSYLVANIA CAPs TO OTHER STATES' ENERGY BURDENS AND COSTS

Commissioner Andrew G. Place's Statement of January 17, 2019 at this Docket included the following questions regarding the energy burdens set in other states:

> Is a 10% threshold appropriate given the movement of other states to 6% -- with Oregon, most recently, announcing that households spending more than 6% of their income on energy-related costs are considered "energy-burdened"? . . . What have the results been for ratepayers or program participants of Ohio's adoption of 10%?

In its investigation of these concerns, PGW asked Peach to analyze the low-income bill programs of 5 other states: (i) Oregon; (ii) Ohio; (iii) New Jersey; (iv) New York; and (v) Nevada ("Peach State Analysis"). The Peach State Analysis is attached hereto as Exhibit B. As detailed in the Peach State Analysis and discussed below, there are a number of distinctions between the states' programs studied and the Commonwealth's CAPs.

In New York, the energy burden target of 6% is not equivalent to the targets set in Pennsylvania, since the target is not set on a per household basis. Instead, New York bases it on a model of a block of low-income households and a set of tiers and assumptions to establish a fixed bill credit amount. The bill credit amount takes LIHEAP benefits into consideration and receipt of any HEAP benefit triggers an obligation for the utility to provide the rate discount. In order to assist in this process New York is moving towards a single statewide computer system that will provide identifiers for all households receiving a HEAP benefit. New York did set a revenue based budget cap, but it appears that since one utility's (National Fuel) program was impacted by the cap, the total energy burden target for customers of that utility was increased to approximately 3.5% (total 7%). Thus, the budget cap is the control, not the energy burden as in Pennsylvania. As an additional cost control, arrearage forgiveness is not available when the

budget cap is met or exceeded. Participation is currently limited to customers who have participated in the New York HEAP program; New York City utilities received an exception to continue other eligibility criteria they have used in the past including receipt of TANF and other welfare assistance. The statewide budget was set at $260 million in 2017. In comparison, in addition to other universal service costs, PGW ratepayers subsidized CRP at a surcharge cost of approximately $55.5 million in fiscal year 2018, and in 2017 Pennsylvania utilities spent approximately $331 million on CAPs as currently structured.

Oregon's program appears in flux due to legislative directive; Oregon Governor's Executive Order ("EO) 17-20") (November 6, 2017). Energy burdens and housing affordability are being considered together by a working group created by EO 17-20. The two largest electric utilities participate in the Oregon Energy Assistance Program (OEAP) under the same benefits schedules and intake procedures as statewide LIHEAP. These utilities collect the same charges per customer through separate low-income bill assistance tariffs. Currently, the tariff amount is set at $0.69 per month ($8.28 annually) for residential meters, and $0.069 per kWh up to a $500 monthly maximum for all other customers. Oregon's low-income population below 200% FPL is approximately 424,000 households; in 2017, Pennsylvania's estimated low-income population as reported in the PUC Universal Service Report was almost 2 million. In 2018, Oregon gas and electric ratepayers paid approximately $21.7 million to fund the low-income program (Oregon funding has a $5 million adder during periods of low economic activity, but this did not occur in 2018). This funding level and per customer cost contrasts significantly with the average PGW cost and customer spend under its current CRP. As in New York and New Jersey, Oregon LIHEAP funds are used to meet the energy burden goal.

Ohio's program has approximately 250,000 customers per year; at its peak during the Great Recession, approximately 400,000 customers were served. In contrast, Pennsylvania's CAPs served approximately 416,000 customers in 2017. The annual cost to Ohio ratepayers in calendar 2014 was approximately $354 million and currently is approximately $201 million annually – considerably lower than the 2017 Pennsylvania CAP spend with the programs "as is." Further, the $201 million Ohio spend includes low-income weatherization services. In Pennsylvania, in addition to CAP spends, utility ratepayers subsidized weatherization programs in the amount of approximately $63.4 million in 2017. In Ohio, LIHEAP is integrated into the program only to reduce arrears, including in-program arrears; excess grant monies are credited to the account. Finally, unlike in Pennsylvania, the Public Utilities Commission of Ohio is not charged with balancing the interest of the utilities and the public in its universal service fund rider rates proceedings; instead, the Ohio Commission's role is limited primarily to facilitating the filing process and implementation of rider rates.

In New Jersey, the low-income program is administered and funded at the state level, and – as PGW recommends herein - is coordinated with LIHEAP. New Jersey caps the customer credit at $1,800 annually and in 2014 the cost was approximately $158 million. Nevada's program is also funded on a statewide level, but funding does not always meet the ~2% energy burden target. Legislation provides the Nevada Division of Welfare and Supportive Services with flexibility to use funding as needed; in 2018 the energy burden was met for customers with LIHEAP. Nevada has a statewide fund to support its goal and only about 25,000 customers are served a year. In 2018, the Nevada ratepayers' spend was approximately $6.5 million.

Finally, with respect to a 3% CRP energy burden, APPRISE estimated the additional 2017 cost related to a 3% gas energy burden is approximately $51,498,200, and the additional 2016 cost is approximately $56,604,924.

IV. COST IMPLICATIONS FOR PHILADELPHIANS

The forecasts presented by PGW in its supplemental data do not take into consideration a number of factors that could significantly increase the costs of CRP.[7] As shown in Table 5 below, PGW ratepayers paid higher Universal Service and Energy Conservation Surcharge costs when CRP had more participants, the economy was in a recession, and the cost of gas was high. For example, in the year 2007 the average annual Universal Service Surcharge cost (excluding the Senior Citizen Discount) was approximately (i) $257 for residential ratepayers; (ii) $875 for commercial ratepayers; and (iii) $2,524 for industrial ratepayers.

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[7] With respect to the imposition of a limit on CAP spending based on revenues, in calendar year 2017 PGW total revenues as reported to the Commission to determine PGW's annual PUC assessment fee were $625,637,525 and total gross CAP costs as set forth in the PUC's 2017 Universal Service Report were $49,005,928. In calendar year 2016 PGW total revenues as reported to the Commission to determine the fee were $618,197,280 and total gross CAP costs as set forth in the PUC's 2017 Universal Service Report were $47,310,248.

Table 5[8]

Average Annual Universal Service Surcharge Ratepayer Cost

3a. Senior Citizen Discount Not Included

Year	Average Universal Service Cost Per Residential Ratepayer	Average Universal Service Cost Per Commercial Ratepayer	Average Universal Service Cost Per Industrial Ratepayer	Average Annual GCR	CRP Count as 12/31	Heating Degree Days[9]
2018	$ 144.99	$ 674.72	$ 2,265.87	$ 4.25	51,885	4,132
2017	$ 112.86	$ 534.31	$ 1,717.91	$ 4.47	49,310	3,628
2008	$ 247.78	$ 855.29	$ 2,467.23	$ 11.36	78,490	3,855
2007	$ 257.90	$ 875.89	$ 2,524.53	$ 10.57	76,235	3,989

3b. Senior Citizen Discount Included

Year	Average Universal Service Cost Per Residential Ratepayer	Average Universal Service Cost Per Commercial Ratepayer	Average Universal Service Cost Per Industrial Ratepayer	Average Annual GCR	CRP Count as 12/31	Heating Degree Days
2018	$ 151.06	$ 702.57	$ 2,359.59	$ 4.25	51,885	4,132
2017	$ 118.60	$ 561.31	$ 1,804.78	$ 4.47	49,310	3,628
2008	$ 274.29	$ 945.57	$ 2,727.94	$ 11.36	78,490	3,855
2007	$ 288.84	$ 981.21	$ 2,828.67	$ 10.57	76,235	3,989

[8] Through PGW's Universal Service surcharge, ratepayers pay for a Senior Citizen Discount program that was grandfathered by the PUC. This program is not income based and provides 20% off the total bill. In PGW fiscal year 2018, the highest monthly cost for the senior discount program was over $800,000; the total cost for fiscal year 2018 was almost $3.8 million. Currently, there are approximately 12,000 senior discount customers.

[9] As measured at PGW's Richmond plant.

It is essential to appreciate how factors such as the cost of energy, changes in weather and weather events, and the state of the economy could impact costs for CAPs. APPRISE has informed PGW that the forecasted spend for the first year of New Jersey's Universal Service Fund in 2003-2004 was approximately $30 million, but actual expenditures far exceeded this forecast at approximately $65 million in the first year (not including administrative expenses and start-up system development costs), and $102 million in the second year. Understanding and addressing the other factors that could drive up the costs of CAPs would ensure that ratepayer costs don't become excessive under a lower energy burden. For PGW, this matters because the costs related to a lower energy burden disproportionately burden ratepayers where there is a disproportionately large low-income population – such as in PGW's service territory. Given the level of poverty and near-poverty in PGW's service territory, the question of who will bear any increased universal service costs is a concerning one.

Many of the PGW ratepayers who would pay any increased costs of CRP are low-income or near low-income. APPRISE found that, based on census data, approximately 27% of PGW customers have income between 151-300% FPL, as shown in Table 6 below.

Table 6

APPRISE Estimated Poverty Group Distribution for PGW Customers

Poverty Group	Number	Percent
0%-150%	135,158	30%
151%-200%	45,023	10%
201%-300%	75,859	17%

Source: American Community Survey, 2014-2016.

Using the PUC's Universal Service Report methodology, APPRISE estimated that the added cost per residential ratepayer for a 6% energy burden program would have been approximately $29 in 2017 and $33 in 2016. This is not an insignificant increase for ratepayers with income at or below 300% FPL and for non-CRP low-income ratepayers, particularly since these ratepayers will also pay the increased costs of PECO's CAP program. For this reason, PGW believes that any changes Pennsylvania energy burden policy should be structured holistically to ensure that benefits are balanced against costs.

V. ISSUES THAT MAY ENHANCE A HOLISTIC REVIEW OF ENERGY BURDEN POLICY

CRP is a generous percentage of income program that currently does not have a cap on gas usage or the number of participants, and that has been designed to serve PGW's service territory. Customers can apply for CRP through the mail, in person at one of six PGW District Offices, or via the web. Further, PGW provides extensive outreach to CRP and other low-income customers regarding LIHEAP and provides in person assistance with LIHEAP applications in its offices. As evidence of the generosity of CRP, PGW firm ratepayers supported approximately 53% of the total gross natural gas CAP costs in Pennsylvania in 2017[10] and 59% in 2016.[11]

While energy burden policy should not be based solely on a determination of whether non-low-income ratepayers can or should bear the costs of the policy, this determination should not be excluded from the analysis. In addition to CRP, Philadelphia ratepayers fund a number of regulated programs, for example, PECO's Act 129 energy efficiency programs and CAP, PECO

[10] PA PUC 2017 Report on Universal Service Programs and Collection Performance, pg. 60

[11] PA PUC 2016 Report on Universal Service Programs and Collection Performance, pg. 59.

and PGW's other universal service programs, and DSIC/other surcharges. Given the level of poverty and near poverty in Philadelphia, significant modification to the CAP energy burden policy could potentially have an outsized impact in the city.

PGW submits that there are a number of issues that could be reviewed at this Docket in connection with a holistic evaluation of current energy burden policy, such as:

- Evaluation of a pilot statewide program designed to address utility bill challenges facing customers with income that is 25% FPL or lower;
- The full integration of LIHEAP into CAPs, and CAP energy burdens. Also, given the various applications of LIHEAP in other states, the PUC and DHS may be able to establish that the PGW refunds provided to DHS each year could be utilized to offset the subsidy costs of CRP. Refund amounts are not insignificant – in 2019 the refund related to the fiscal 2017 LIHEAP season was approximately $337,000. A lower energy burden target is expected to increase these refund amounts, and result in higher subsidy costs to ratepayers. PGW notes that requiring LIHEAP to participate in CRP would have negative implications for the roughly half of CRP customers who currently do not assign a grant to PGW;
- Investigation into whether there are non-energy burden CAP factors that could be modified to address issues raised at this Docket, such as the elimination of usage caps;
- A determination of how the full policies and programs implemented in other states would function for Pennsylvania ratepayers, as opposed to solely an energy burden modification. For example, New Jersey's program is essentially a public benefits

program with statewide funding that is tied to statewide need; further, revenue recoveries from gas customers to support the program are used to provide payment assistance to gas customers, and revenue recoveries from electric customers are used to provide payment assistance to electric customers;

- The addition of new CAP cost controls. An example of just a few: (i) the average bill CRP program could be modified to require payment of a percentage of income in order to receive arrearage forgiveness; (ii) even if the Commission removes "payment troubled" as a requirement for CAP participation, new policy regarding CRP participation for housing authority beneficiaries who receive a subsidized utility allowance; (iii) participation in CRP as a zero income customer should be limited in time, a robust screening process should be established with the participation of the Commonwealth, and zero income customers should not receive a $0 bill; (iv) assuming a lower energy burden is set, establishing mandated CAP usage caps; and (v) maintaining the $5 co-pay and minimum payment requirements in order to maximize LIHEAP grant amounts;
- With respect to cost controls, PGW submits that there are remaining questions regarding how to set and measure household burdens. For example, should energy burdens be set/measured: (i) by household, across income ranges, across all eligible participants, by a percentage of an average bill, or by some other method; and/or (ii) with the inclusion of an assumed LIHEAP grant, by income range. There is also a question on how or whether cost controls - such as spending that is limited to a fixed percentage of revenue – should impact PGW's customers' energy burdens; and
- Pennsylvania energy burden policy should establish whether the goal is to serve all low-income customers regardless of need, or only those who need assistance.

PGW appreciates the opportunity to participate in this proceeding.

Respectfully Submitted,

May 8, 2018

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CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Comments upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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Dated this 8th day of May, 2019
Supplemental Information

Graciela Christlieb, Esq.

Exhibit A

H. Gil Peach & Associates LLC Floor Effects Technical Note

Affordability and the Floor Effect

In statistics, a "floor effect" is a problem that can occur in systematic measurement, in which a systematic measurement procedure that works well over most a scale fails to operate well in the region of the bottom of a scale.[1] In household energy payment assistance program design, a "floor effect" is similar in that a key procedure for determination of affordability works well for most households but fails in the region of the bottom of a scale of ranked program participants.

Floor Effect in Measurement

There are three characteristics required for technical measurement:[2] an *operationally defined* process, outcomes that are *reproducible*, and a measurement process that is *valid* or accurate in the sense that the results are true measurement of what is being measured.

A floor effect can occur when the measurement situation is somewhat complex. For example, consider a test administered a classroom of students.

- **No floor effect:** Here, the measurement procedure is *operationally defined*, and results will be *reproducible*. For a well-grounded test of ability, with administration to a classroom of students who have the background necessary to take the test and who have studied the material, results will be *valid*.

- **Floor effect:** Suppose the same test is administered to a classroom of students before the topics covered by the test have been studied in the class (for example, a classroom of beginning fifth graders when the test is designed for second semester sixth graders). Students will score over the range of possible results, as before, but a sizable group of students will score at the bottom of the test within a very compressed range. This very compressed clump of very low scores at the bottom of the range is a floor effect. Here, the test is *operationally defined*, results are *reproducible*, and the test results may be valid over most of its range; but for the grouping of scores at the bottom the test is *not valid*. The test works well over most the range but is not valid in the region of the bottom of the scale. In statistics, a floor effect occurs when a test works well over most of its range but fails in the region of the bottom of its range.

Failure at the bottom of a range can also occur in program design.

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[1] A floor effect occurs when a measure possesses a distinct lower limit for potential responses and a large concentration of participants score at or near this limit (the opposite of a ceiling effect). Lewis-Beck, M. S., Bryman, A., & Futing Liao, T. *The SAGE Encyclopedia of Social Science Research Methods.* Thousand Oaks, CA: Sage Publications, Inc., 2004.

[2] S.S. Wilks, "Some Aspects of Quantification in Science," Pp. 5-12 in Woolf, Harry (ed.) *Quantification: A History of the Meaning of Measurement in the Natural and Social Sciences.* Indianapolis: Bobbs-Merrill, 1961.

Floor Effect in Program Design

In planning a program design, a specific design is a coherent model or plan. Suppose that in designing an energy assistance payment program we begin by focusing on the range of households from zero to one-hundred fifty percent of the federal poverty income guideline (Figure 1). Here, households are arranged along an income scale from 0 to 150 percent of poverty (x-axis). Energy use is shown on the y-axis. The scale used is a fraction of the mean energy use of the households analyzed.[3] Each household is coded and assigned by computer to an individual (x, y) square in the graph. The third dimension in Figure 1 is affordability, which is expressed as the color (gray or white) of each individual square in the graph. If the affordability criterion is met, the household is shown as gray; if the affordability criterion is not met, the household is coded white.

No Floor Effect

When all squares are gray (Figure 1), the affordability design is not compromised. There is no floor effect.

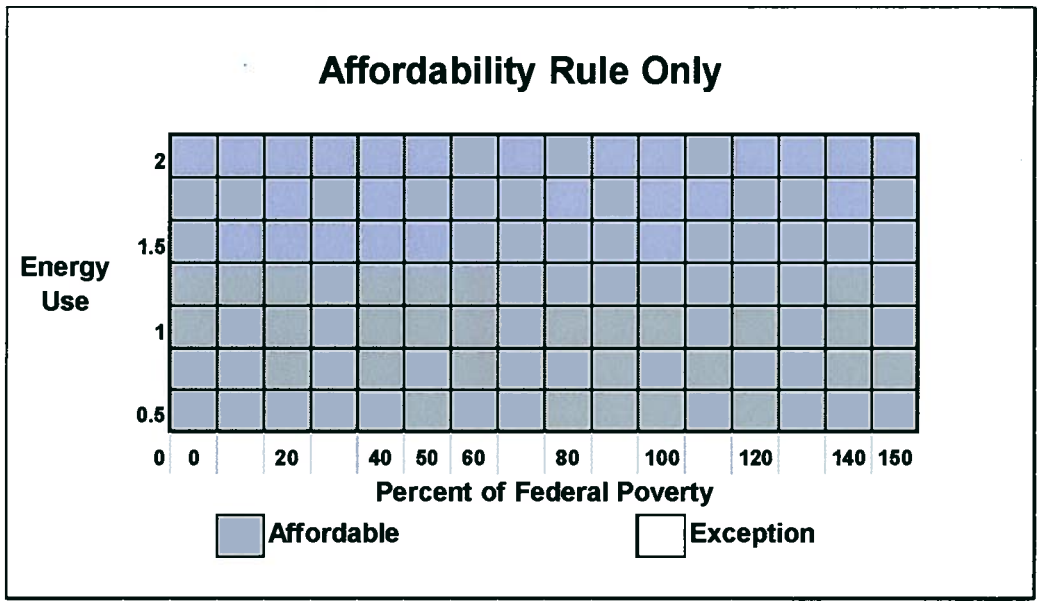

Figure 1: Affordability for all Low-Income Customers: No Floor Effect.

Each square represents a set of low-income program households. The gray shading is used to indicate regions in which the affordability criterion *has been successfully met* by the program. That all of the squares are gray indicates the affordability criterion has been met for all households across the full range from zero to one-hundred fifty percent of poverty and across the

[3] A different scale, such as therms or kWh could be used.

full range of household energy use.[4] A graph that is all gray corresponds to the program planning stage when the program affordability criterion operates without the complication of other program rules and without complication from other charges by the utility.[5]

An Affordability Criterion

Across utilities and jurisdictions, energy payment assistance programs are based on a matrix or schedule of payment assistance amounts.[6] These define both the portion of the bill that the customer is responsible to pay; and the portion covered by energy assistance. For planning purposes in assessing need, several states use energy burden (operationalized as the sum of natural gas bills plus the sum of electricity bills for a year divided by the household income and expressed as a percentage).[7] This use of energy burden for program design and goal setting is useful because energy burden of program participants can be related systematically to the national and state median energy burdens, to the energy burden of non-participant households and to the energy burdens of households broken out by demographic and other classifications.[8] It can be directly expressed in the formulation of required payment in percentage of income payment programs (PIPPs).

The affordability criterion may express, for example, either of the following definitions of affordability:

(1) The staff report developed by the Commission's Bureau of Consumer Services and the Law Bureau is based on customers data from 2012-2016. For this report, a household's energy burden is the percentage of household income dedicated to paying jurisdictional energy costs. The study attempts to begin to establish a starting point or process for identifying an affordable energy burden level for Pennsylvania's low-income population by evaluating the effectiveness of current utility CAPs. Although the study is essentially

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[4] The energy use scale at the left of the graph indicates usage as a percentage of mean energy use for the households included in the analysis.

[5] It can also be achieved in practice, usually through a series of progressive steps towards full affordability.

[6] For reviewing a payment assistance amount at an individual household level special circumstances can be considered. In program design, using percentage of income to assess need in terms of energy burden and requiring a percentage of income payment program (PIPP) is a systematic way to assess affordability absent special circumstances. Approaches among utilities and jurisdictions vary, with some using PIPP designs, some percentage of bill (POB) designs and some another form of benefit matrix. The definition of an affordable bill varies; and may be an explicit definition or implied. In either case, it can be operationalized to develop graphs.

[7] For ease in calculation, only natural gas and electric bills are typically quantified in design; though in implementation payment assistance may (or may not) be provided for other forms of energy such as oil or wood.

[8] See, for example, the range of comparisons developed in APPRISE, LIHEAP Energy Burden Evaluation Study, prepared for the Division of Energy Assistance, Office of Community Services, Administration for Children and Families, U.S. Department of Health and Human Services. Princeton: July 2005, PSC Order No. 03Y00471301D (https://www.acf.hhs.gov/ocs/resource/liheap-energy-burden-evaluation-study).

exploratory, it employs a tentative approach to affordability using ten percent (10%) of household income (for the total of billings for natural gas and electricity).

(2) The policy statement provided in current Pennsylvania code[9] states that the schedule of maximum payments combining electric or gas heating plus electric non-heating should not exceed 7% to 13% for households with income between 0-50% of poverty, 11% to 15% for households with income between 51-100% of poverty and 15% to17% for households with income between 100-150% of poverty. This approach provides guidance for maximum payment of thirteen percent (13%), fifteen percent (15%) and seventeen percent (17%) as a percentage of income and minimum payment of seven percent (7%), eleven percent (11%) and fifteen percent (15%) according to income tier.

Either of these criteria could be represented by an all gray Figure 1. For the approach used by staff, we would use ten percent (10%) for Pennsylvania. This corresponds to six percent (6%) for households using natural gas as the heating fuel. For the approach based on current Pa. Code, we would assign households by income tier at thirteen percent (13%), fifteen percent (15%) and seventeen percent (17%).

Floor & Ceiling Effect

No matter which definition of affordability is used, there will be a floor effect if additional program rules such as minimum payment are also operationalized. The affordability rule is the primary rule for a program design approach. However, additional rules (sometimes called control tools) may override affordability in some regions of the distribution of households as represented in a graph. These additional rules may compromise affordability within a certain range on the graph. A minimum payment rule affects customers from zero to fifty percent of poverty most strongly. It dominates results in the range below 25% of poverty.

For example, if the Customer Assistance Program (CAP) is designed to require a minimum payment of $15 (electric non-heating), $25 (gas heat) or $40 (electric heat) per month regardless of the payment indicated as an affordable percentage of income, there will be a minimum payment of $180, $300 or $480 per year. Using ten percent (10%) of household income as the affordability guide for natural gas and electricity together, then a payment of $480 per year for combined service corresponds to ten percent (10%) of a household income of $4,800.[10] If actual

[9] The PUC has never completed a rulemaking in this area, so the policy statement in the Pa. Code is advisory. See: 052 Pa. Code §69.265 CAP design elements, (2) Payment plan proposal (i) Percentage of income plan, (C) Maximum payments https://www.pacode.com/secure/data/052/chapter69/s69.265.html. This portion of the code was adjusted in 1999 to move maximum payment for households from 100-150% of poverty from fifteen percent (15%) to seventeen percent (17%).

[10] These amounts are equivalent when natural gas and electricity are considered together. The maximum "minimum payment" for electric heat is $40; for the combination of gas heat and electricity the monthly total is $40. See: 052 Pa. Code §69.265 CAP design elements, (2) Payment plan proposal (v) Control Features, (i) Minimum payment terms (A, B & C) (https://www.pacode.com/secure/data/052/chapter69/s69.265.html).

household income is below $4,800,[11] the "please pay" amount of the monthly bill will exceed the amount indicated as affordable by the primary design rule for the program. While, for an individual household, this problem could occur up to approximately 65% of poverty, it typically becomes noticeable below fifty percent (50%) of poverty. It becomes primary and displaces the affordability design criterion in the range of zero to twenty-five percent of poverty. The floor effect is shown by the white squares of Figure 2.

Any other additional cost to be paid by the customer each month (either inside the program design or outside the program design) also compromises the affordability design and would turn some of the gray squares in Figure 1 to white squares as in Figure 2.[12]

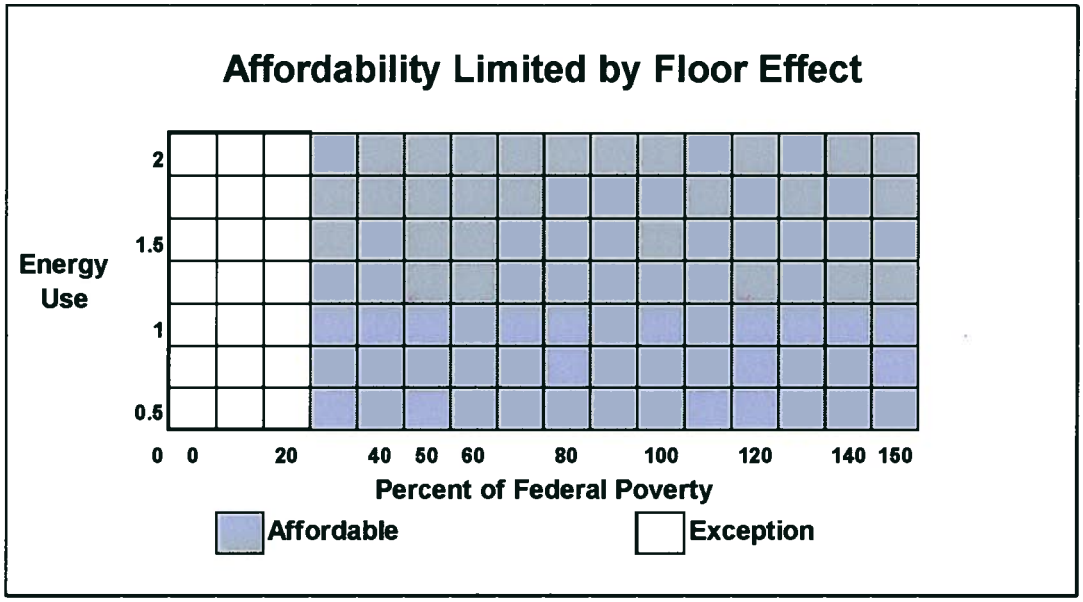

Figure 2: Affordability compromised by a Floor Effect.

In addition, there is the deeper problem of a kind of household "meltdown" that happens in the range of zero (0%) to fifty percent (50%) of poverty. Meltdown is particularly strong from zero percent (0%) to twenty-five percent (25%) of poverty. At some point, as income decreases, the logic of any system for determination of an affordable payment ceases to function. It occurs when a household simply does not have enough income to function and encounters multiple and cascading problems.

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[11] For 2019, 100% of poverty is $12,490 for a household of one, $16,910 for a two-person household, $21,330 for a three-person household and $25,750 for a four-person household (https://aspe.hhs.gov/2019-poverty-guidelines). A household income of $4,800 would be 38% of poverty for a household of one, 28% of poverty for a household of two, 23% of poverty for a household of three and 19% of poverty for a household of four.

[12] Some programs cover only the variable rate portion of a customer bill, leaving the fixed charge, fees and penalties outside the affordability calculation (to be paid by the customer in addition to the affordable bill).

If we consider a progressive application of the percentage of income payment, beginning at fifty percent (50%) of poverty and moving down to zero, there comes a point beyond which the fixed percentage of income rule fails as a criterion of affordability. The rule begins to encounter increasing difficulty; then no longer holds below this point. Below this point, the program logic fails because the household does not have enough income to function: the household has too many needs and not enough income to be responsive to the program rules.

In the income range from zero percent (0%) of poverty to approximately 20% to 25% of the Federal Poverty Level, households suffer extreme poverty. Somewhere around the 20% level, the effectiveness of all pricing systems breaks down since it is not the household that has failed but the higher-level systems of job structure, income allocation to households, employment and social insurance that have failed.[13] This is a region of special circumstances and would require a special approach.

If we were to look only at the range from zero percent (0%) to fifty percent (50%) of poverty in Figure 2, the average energy burden for this region would also be high because there are more white squares in this region than there are gray squares. Bottom line: the reason for high energy burden in this region *after applying the payment assistance amount* is not the affordability criterion used in the program design.[14] It is the overriding of the affordability rule by other rules (such as minimum payment) and realities of household meltdown below about 25% of the federal poverty level. Compromise of affordability by these two factors needs to be considered.

Figure 3 shows both a floor effect and a ceiling effect.[15] The white region at the top is a ceiling effect caused in households with higher than average energy use when there is a maximum CAP credit rule (which PGW currently does not utilize). The maximum CAP credit is an optional control tool in the CAP Policy Statement. In a ceiling effect, the white region does not usually reach all the way to the right side of the graph.[16]

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[13] Fundamentally, the floor effect is caused by lack of income. As such, unless utilities provide essentially free energy to these households the energy burden targets will not be met no matter what cost sharing mechanism is devised, because the problem is with income, not cost. Utilities can affect only the numerator of energy burden (cost), not the denominator (income).

[14] If we were to ask what kind of pure Percentage of Income Payment Plan (PIPP) could be designed for this group, so they could pay it like customers in the higher ranges of low-income households, the objective would be to set a token amount. However, there is no rule that can be applied within this group to determine the amount; systematic program designs do not work in this region.

[15] Extending the analysis to include LIHEAP payments would require two graphs, one with homes receiving LIHEAP and the other not in receipt of LIHEAP. We could then place the graphs side-by-side and see the differences. To keep things simple, we leave LIHEAP out of the analysis here.

[16] It is reasonable to project that in a ceiling effect, the white area should extend across the top of the graph. However, usually at the very highest household incomes within the range of low-income households' payment is affordable even with a maximum CAP payment rule. Finding apparent inconsistences like this is one of the values of the graph approach.

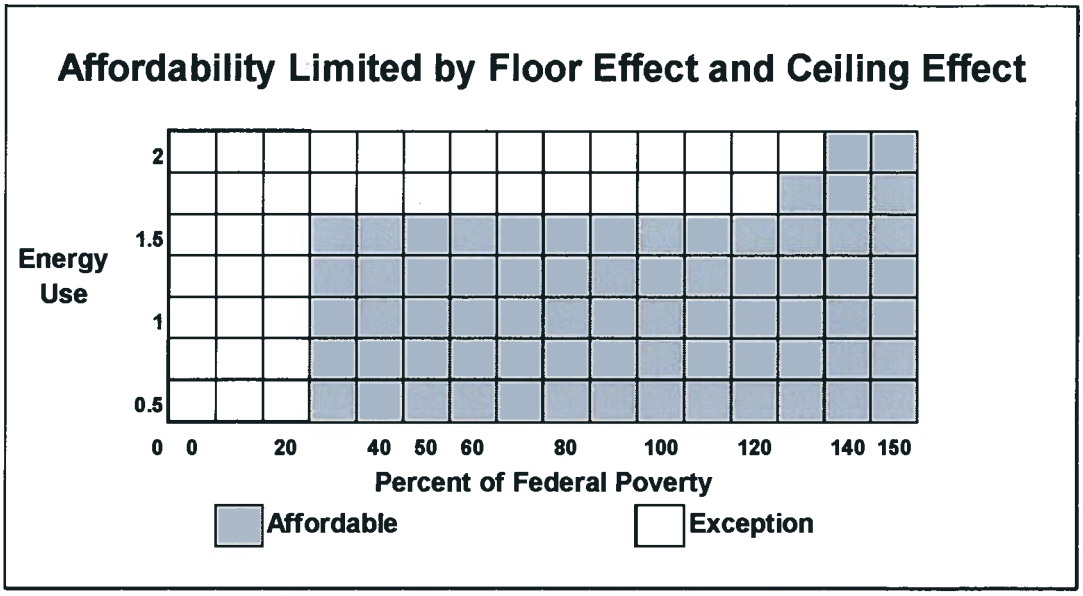

Figure 3: Affordability Compromised by a Floor Effect and Ceiling Effect.

Customers at the Bottom of the Distribution of Income to Households

If a program is modified to accommodate customers from zero percent (0%) to twenty five percent (0-25%) of poverty, how is this done? What kinds of safeguards need to be built in to the program? The households from zero to twenty-five percent (0%-25%) of poverty are special circumstance households. *Any logical and systematic program design approach that works well above this clump of households will fail for this group.* Many of these households are in the process of dissolving, though others will survive. Generally, when these households are interviewed, we find a complex of problems that combine and cascade, such as chronic illness (asthma is very common) plus single parent households, "old-old" senior households that are losing capacity to function and households that have experienced injury, accidents, loss of a primary wage earner or other problems. These problems combine and interlock.

Living in Philadelphia on household income that is from zero to twenty-five percent (0-25%) of the poverty level is not only severely difficult, it is nearly impossible. What these households need is supportive services, at an intense level. Customers in this range could be given a token bill and they could be connected to a social service agency that will provide services to the household and pay the token utility bill each month.

But this solution raises other problems. Suppose a utility were to create an option to place households with payment problems and with income at or below twenty-five percent (25%) of poverty into a special tier with a token payment.[17] How long should such a low bill last? How could the utility determine that the lack of income reported is both legitimate and continuing? For example, if a customer reports zero income, the utility has no way of verifying this.

[17] It would be prudent to limit this to a limited number of customers to test the approach. There should be a limit to time in this classification, with periodic re-evaluation. The pilot would also need a rule to handle situations in which LIHEAP is received and the billing arrangement would have to be structured so that it would not preclude future LIHEAP applications.

PGW has a CARES unit that is staffed and does referrals to social service, however it does not provide social services. There probably should be social workers to carry out CARES function which could then include some home visits as well as referrals, although PGW front line CARES staff are now trained to provide referrals to customers in need. Possibly the Neighborhood Energy Centers could do this work. Whether PGW, Neighborhood Energy Centers or Social Services provide interaction and referrals, this would require funding. For the group at the bottom of the income distribution state funding is more appropriate than utility funding.

Households are unlikely to be able to recover without a holistic social services approach and a substantial amount of human contact, advocacy and coaching. Yet utilities, while they may contribute to the resilience of their service territories in many ways are not holistic social service agencies. From year to year and decade to decade, there is a flow of households into the region of zero to twenty-five percent of poverty. Many of these households will be on their way to dissolution, but many could be maintained, and some helped to recover with the provision of comprehensive social services. While the utility could classify these households into a special tier and offer a token payment,[18] it is likely that only social welfare agencies could fully address the problem. This kind of program could make a real difference, however safeguards need to be built into the program. First, eligibility should be carefully defined as both a percentage of poverty range plus a list of conditions (accident, chronic disease, PTSD, other experiences that might make work impossible).[19] Second, there should be social work support to holistically insure that a non-utility social welfare agency insures continuation of housing. Third, each household will have its own set of problems – unless these can be resolved and untangled, recovery is not likely. The program for this group will have to connect people to services. This will need to be done through human contact and interaction (rather than remotely, electronically or bureaucratically) to be effective. Fourth, service should be time-limited but renewable so that no one so inclined will be tempted to take an unfair advantage of this status.[20]

Hand-off to Social Welfare Agency

There, it would seem, must be a hand off to a social welfare agency for the special tier at the bottom. It does not seem to be the role of a regulated utility to gather the health and income information already held (and kept confidential by) the social welfare agencies and without that information the continued integrity of assignment to this tier cannot be verified. Also, while it seems reasonable for ratepayers to support the program above twenty-five percent (25%) of poverty, it is not clear that ratepayers should be requested to pay for the intensive services required to try to stabilize households at or below twenty-five percent (25%) of poverty.

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[18] Currently, LIHEAP payments must be applied to an individual account. Sometimes, the LIHEAP amount covers payment due and requires refund of the balance to the state. In these situations, when the reason for the amount covering the payment due is subsidy by other customers it is reasonable to work on a billing structure that could apply funding to the individual account, as required, but then capture any balance up to the amount of subsidy.

[19] The utility would provide a list of conditions. Either PGW or a social services agency would have to do a diligence check and certify. Self-certification would be unlikely to work well here.

[20] For a pilot, a limit to the number of renewals would be prudent. This could be changed later, based on experience.

Exhibit B

H. Gil Peach & Associates LLC State Comparison Analysis

Payment Assistance Programs in Other States

5/7/2019

This table provides an outline of provisions for energy payment assistance in Ohio, Nevada, Oregon, New Jersey and New York.

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Provision	Ohio	Nevada	Oregon	New Jersey	New York
Name	Ohio PIPP Plus	Universal Energy Charge/Fund for Energy Assistance and Conservation/Energy Payment Assistance Program	Oregon Energy Assistance Program (OEAP)	Universal Service Fund (USF)	Each utility has its own program, but subject to a PUC statewide order to ramp up universal service funding.
Assistance provisions; PIPP or other, minimum payment, qualification/application.	Ohio has a Percentage of Income Payment Plan (PIPP) set at 12% (6% electric, 6% gas) or 10% for all electric. Minimum $10/month. There are also separate Winter Crisis and Summer Crisis programs. These are LIHEAP crisis grants. They are assigned, in part, to the households that applied for Crisis assistance. However, PIPP participants get a lower LIHEAP grant; the difference is used to increase the grant for higher low-income customers who would do better outside of PIPP. The smaller LIHEAP benefit paid to the PIPP households' credits back against arrears and lowers what the PIPP rider must pay for arrears. There is also a separate Winter reconnect program. For this, the customer must pay up to $175 and either be disconnected or have disconnect notice(s). The $175 is split between gas and electric if disconnected from both. These customers are required to enroll in PIPP or a payment plan if income is above PIPP level.	Nevada has a Percentage of Income Payment Program (PIPP) set at median household energy burden for the state. The median household energy burden calculation was developed by the State Demographer. It is now calculated each year by the Division of Welfare and Supportive Services using the same method. Household median income is provided annually by the DHHS Administration for Children and Families and the utilities provide energy use and cost data per household each year. There are fast track and emergency and crisis provisions. LIHEAP dollars can be spent on all qualifying households in any county; universal service funding can only be spent for households with gas or electric service from a utility in the program. LIHEAP funding is prioritized to counties that do not have service from a participating utility. The same programs are run statewide regardless of funding source.	Oregon does not currently have a PIPP. It has fixed payments from a schedule of benefits based on income, HH size and heating fuel. Electric cooling benefit also provided.	New Jersey Universal Service Fund (USF) is a Percentage of Income Payment Plan (PIPP), set at 6% (3% electric, 3% gas) or 6% for all electric. The customer credit is capped at $1,800 annually.	New York has a Statewide PUC order to reach 6% maximum energy burden for low-income households. Tiered-fixed bill credits determined. Ramping up over several years, starting with all recipients of HEAP grants, then expanding across all income-eligible households. Utility programs are flexible except for the 6% target. Utilities may offer arrearage forgiveness programs, but these are not required. New York City utilities are using wider eligibility criteria, including receipt of TANF and other welfare programs.
Using 30% housing / 6% energy model?	No, the model is 12% energy burden for electricity and natural gas combined, or 10% for all-electric. These targets are met each year for program participants. However, the Ohio philosophy is not to serve all income-eligible because many households do not need or want assistance even though income eligible.	No (approximately 2% energy) However, the approximately 2% target is generally not met because the rate riders are based on energy sales which have been declining. In practice, the result is about 5%-6%, depending on subgroup.	Yes	Yes	Yes However, this is a new program and is being ramped up. About 1/3 of income-eligible are currently served with a goal of reaching all within the next several years as the program matures. Currently entrance to the program is usually trigger by receipt of a HEAP benefit.

Provision	Ohio	Nevada	Oregon	New Jersey	New York
Income qualification	150% of poverty	150% of poverty	60% of state median income	175% of poverty	Follows LIHEAP model, 200% of poverty, maximum
Additional eligibility requirements (non-income)	Ohio philosophy is to aid as needed; not all income-eligible will need or want the program. Entrance to the program is usually triggered by a disconnect notice or payment problem.	None Referrals to the program from the utilities are usually triggered by a disconnect notice or payment problem, however program eligibility does not require a problem.	OEAP funds are directed to PGE and PP&L customers who are in danger of having their electricity service disconnected due to home heating costs. Entrance to the program is usually triggered by a disconnect notice or a payment problem.		None, but program will ramp up to cover all income-eligible over several years. Currently entrance to the program is usually triggered by receipt of a HEAP benefit. Eventually, just income level
Arrearage	Over two years, 1/24 of arrearage forgiven for each full, on time, monthly payment. This would eliminate all pre-program arrearage in two years if all payments are in full and on time.	There is a once in a lifetime full payment of all arrearage to date from the fund. Each utility may offer an arrearage plan, but these are not part of the statewide program.	No specific policy for arrearage forgiveness but Community Action Agencies (CAA) may advocate the serving utility on applicants behave.	Arrearage balance is forgiven if first year USF participants with more than $60 in arrears pay monthly bills on-time and in full for entire year.	Arrearage forgiveness program is optional for each regulated utility unless the budget cap is exceeded.
Re-verification	Annually. Must be caught up on PIPP payments and income qualify. For the past three years the rule has been that on the 12-month client anniversary date the client must be current on PIPP payments. However, this has pushed too many people off PIPP. This year they are working on a change so that the household stays on the program, but the arrearage adjusts to include any in-program new arrearage. The household will then continue in the program (without a break) with a 1/24 reduction of the new amount with each on time and in full payment. There is no stay out provision.	Annually - Must show payment equivalent to the statewide median household energy burden in the last year (do not need to have paid all energy bills if total is higher than statewide median household energy burden) and income qualify. There is no stay out provision.	Annually	Annually. LIHEAP and USF participants from prior year who have not moved may reapply using shortened recertification form rather than the full application. Households receiving Medicare Part-D benefits are automatically enrolled in LIHEAP and reviewed for USF enrollment.	Annually, with some utilities using "file matching" approach to automatically enroll customers receiving other income-based assistance (e.g. HEAP). Though Pennsylvania DHS currently holds this information close, DHS in other states shares with utilities or community action agencies, providing access to a statewide welfare database

Provision	Ohio	Nevada	Oregon	New Jersey	New York
Statewide or distribution company funding	**By utility:** Ohio appears seamless statewide but underneath the seamless appearance to the customer, it is funded by (coordinated) individual utility riders. Each utility provides the payment assistance amount to its own customers. Each utility bears the burden of its own costs, but the programs are the same across utilities. (Customers would see one program.)	**Statewide:** Nevada has a single fund, pooled by Public Utility Commission of Nevada. Distributed across customers of participating utilities according to need, without reference to which service territory a dollar comes from. Payments can go to a non-regulated energy supplier if the customer receives natural gas or electricity from a participating utility. Electric customers are billed for the Universal Energy Charge of $0.00039 per kWh of usage, with monies going to the State of Nevada Fund for Energy Assistance and Conservation as set forth in NRS 702.010 to 702.280. Gas customers have a similar per unit charge.	**By utility:** Oregon programs are utility specific. Two largest electric IOUs (PGE and PP&L) participate in Oregon Energy Assistance Program (OEAP) under same benefits schedules and intake procedures as statewide LIHEAP. OEAP funding is from two IOUs' service area. Each utility collects the same charges per customer through separate low-income bill assistance tariffs. Currently the tariff is set at $0.69 per month ($8.28 annually) for residential meters and $0.069 per kwh up to $500 monthly maximum for all other customers. Funds collected by utilities through these tariffs are transferred monthly to OHCS. Each utility bears the burden of its own costs, but the programs are the same across utilities. (Customers would see one program.)	**Statewide:** New Jersey collects from all regulated electric and natural gas customers into two statewide pools, one for electric and one for natural gas. Distributed across customers of participating utilities according to need, without reference to which service territory a dollar comes from.	**By utility:** For New York, the bill payment assistance program at each utility is self-funded through rates. The NY PUC ordered that allocation between customer classes would be set through rate cases but that all customers (all customer classes) would share the burden. Program budgets are not to exceed 2% of revenues collected from all retail customers. However, this cap is seen as a placeholder and is expected to be modified as needed as the program ramps up. Large industrial or institutional customers that receive electricity at wholesale rates do not pay in. All retail customers pay in.

Provision	Ohio	Nevada	Oregon	New Jersey	New York
Who operates the program (Administration)	**State Agency:** Electric administered by Ohio Development Services Agency, Office of Community Assistance; Gas by natural gas utilities with direction by Ohio PUC. Gas and electric programs are year-around and uniform for arrearage provisions. Applications processed through home energy assistance providers, Internet or by mail. All applications are processed by local Community Action Agencies (CAAs) which are also called Local Delegate Agencies (LDAs). The CAAs/LDAs do the casework. Seamless for customers, whether gas or electric. Ohio went to this system to provide lower cost than previous utility processing. The agencies do sign ups at $8 per application to place a household in PIPP. The agencies qualify the customers and put them in the statewide computer system. This keeps cost down for utilities. Intake people at CAAs are case workers. CAAs have access to the state welfare database system to see food stamps, TANF and housing benefits but not Medicaid (due to HIPPA). First-time PIPP applicants must have an in-person home visit. The agencies do the visits which are paid as part of the program.	**State Agency:** Nevada Division of Welfare and Supportive Services (DWSS) administers the program and covers direct client interaction in qualifying clients for the program; however, there are community-based agencies that can take applications. Funding is for year-around program. Applications are processed by staff at DWSS offices. No in-home visits.	**State Agency:** Oregon Housing and Community Services administers OEAP and LIHEAP using same operations manual for both programs. Applications are processed by Community Action Programs, and in a few cases by counties.	**State Agency:** New Jersey USF and Fresh Start administered by Department of Community Affairs (LIHEAP grantee).	Parts of the New York program are overseen by state agencies. However, each regulated utility operates its own customer assistance program. New York went to this system, rather than a statewide administrator to provide a lowest cost approach.
Who implements the program (Delivery)	Community Action Agencies (CAAs) which are also called Local Delegate Agencies (LDAs)	State DWSS Management & Staff, coordinating with utilities.	Community Action Agencies (CAA)	Community Action Agencies (CAA)	Individual utilities, though weatherization is provided by the Community Action Agencies (CAAs)

Provision	Ohio	Nevada	Oregon	New Jersey	New York
Control Tools. Intra-year funding adjustments (dealing with over/under funding). Funding management/control limits	Ohio cannot run out of funds, since rate riders are coordinated and adjusted annually; program had about 400,000 during the Great Recession, about 250,000 now.	Nevada rate riders are based on units of energy sold. When less is sold the universal service funding drops. DWSS is authorized to modify the programs. This is done in each year for which funding is not enough to reach the target of median household energy burden in the state. This is most years. When support per household is reduced, the reduction is more for households at the higher end of income-eligibility; also lower for households with a child under six, a senior or a disabled household member.	Oregon is authorized to collect $15 mm annually. Automatic provision for +$5 mm funding during poor economic conditions (previous 12 months); automatically drops back when economy improves. Non-residential customers are exempt from the additional funding.	New Jersey is funded through Social Benefits Charge (SBC) paid by all electric and natural gas utility customers.	New York funding is through rates determined through rate cases. Program budgets limited to no more than 2% of retail revenue from all customer groups; this is understood as a placeholder value and expected to be adjusted based on experience. Program instituted statewide in May 2016. So far, only NY National Fuel Gas is up against this limit because it has a large proportion of low-income households in its customer base. The other utilities have considerable room before encountering this cap.

Provision	Ohio	Nevada	Oregon	New Jersey	New York
Recent legislative and other directives and modifications?	Ohio portal for application by Internet for renewing participants created in 2018. In Ohio, the program structured with a five-year rolling review; 2019 is a review year. The rolling review coordinates the program with Ohio law that requires all regulations to be reviewed every five years. This legislative requirement has been coordinated with review of gas rules and electric rules by the commission. The rule review process is run by the state PUC.	In Nevada, DWSS adjusts payments each year to optimize program in years in which available funds do not permit reaching the legislated energy burden target. These adjustments are made to favor protected classes. Public Utility Commission of Nevada held hearings and recommended PIPP payments be made monthly; but that this would not be a state responsibility. Utilities have not implemented this recommendation.	As part of the climate adaptation effort in Oregon, low-income became a new Governor and Legislative priority. In Oregon, Cap & Trade Legislation (HR2020) under consideration by legislature and Governor's policy to reduce greenhouse gas emissions are driving changes to low income energy bill assistance. Governor's Executive Order (EO) 17-20 (November 6, 2017) to reduce greenhouse gas emissions and improve energy efficiency. Section 5(B) specifically addresses affordable housing. Energy burden and housing affordability are being considered together by the working group created by EO 17-20. Governor & legislature want Cap & Trade; want to address the adverse effects on low-income so as not to obstruct climate legislation as climate cost is internalized and "beneficial electrification" proceeds. Low-income payment assistance pulled away from Oregon PUC; lead agency is now the Oregon Housing & Community Services. This move allows the energy burden and housing affordability to be considered together by the same department. There will be a year-long evaluation of energy assistance programs including investigation of a 6% PIPP. There is also an Oregon House Bill which may or may not pass that requires the PUC to take ability to pay into account.		For New York, as part of the state re-visioning of energy supply and utilities following hurricane Sandy, low-income became a new Governor, Commission and Legislative priority. NY PUC order effective May 20, 2016 established statewide goal of 6% maximum energy burden and standardized many aspects of programs operated by individual utilities. Utilities file quarterly reports with the PUC. Since the PUC order establishing the 6% of household income energy burden target is new, the sense is to allow programs to evolve for about five years before doing the first evaluation. Until then, there is an open statewide docket in which regulated utilities participate. Plus, program changes are made by utilities in their individual rate case proceedings.

Provision	Ohio	Nevada	Oregon	New Jersey	New York
LIHEAP Integration	**Yes**, fully integrated to the extent that it pays arrears only. The object is an affordable bill and both LIHEAP and universal service funding is used. There is a seamless program statewide across participating natural gas and electric utilities; though cooperatives and municipals are not included in the program. LIHEAP money is applied only to arrearage, though an overage can be applied as a bill credit. Universal service money holds the current and prospective bills to 6% of household income.	**Yes**, fully integrated. The object is an affordable bill and though there are restrictions, DWSS manages to use LIHEAP and universal service funding to provide a seamless program statewide.	**Yes**, fully integrated. The object is an affordable bill and community action agencies draw from LIHEAP and universal service funds to operate the program. Parts of the state that are served by municipals and cooperative utilities can only receive LIHEAP dollars and whatever their local utility offers. The major Oregon program is not statewide.	**Yes**, fully integrated.	**Yes**, fully integrated.
Assistance Payment	Credited monthly	Credited once per year for a full year of assistance. Customer then responsible to work with the positive credit on energy bills and pay customer share on each new monthly bill.	Determined at time of intake and credited for the year. Paid directly to fuel vendor (exceptions apply).	Determined at time of intake and credited for the year as a reduction on monthly utility bills. Paid directly to fuel vendor. The state collects the tariff from the utilities, and the state (through the community-based agencies that make the individual case decisions) pays the grants back to the utilities.	Determined by each utility according to standards set by the NY PUC and rate case results.
How is "affordability" determined?	Optimized in a data informed study with the goal of balancing costs and payments. This was done once to set up a matrix at the start of the program and has not been revisited.	Concept of fairness most important. Customer is responsible for payment equal to the average energy burden of households in the state. (This is calculated from DHHS ACF median income (provided annually) and the customer weighted cost of median household use of natural gas and electricity across utilities each year.) The result is always somewhat above or below two percent (2%) of household income. There is no official definition of affordability.	Like Ohio, there is a matrix. There is no official definition of affordability. There is a major investigation into affordability for 2019-2020, for which the Oregon Housing and Community Services agency has the lead. The 6% calculation is a focus of the investigation.	Six percent of income for electricity and gas combined (federal housing guidance)	Six percent of income for electricity and gas combined (federal housing guidance) unless budget cap is exceeded. There is no official definition of affordability; but the 6% calculation serves defacto.

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Program metrics: Customers served & dollars distributed	About 250,000 participants per year currently, $201 million spend. Gas utilities required to adjust rider once per year to insure coverage.	The program has about 37,000 applicant households per year, of which about two-thirds or 25,000 are found to be eligible and are served through the program. The spend on universal service funding was about $6.5 million for SFY 2018. This does not include LIHEAP.	Annual 2018: OEAP $15.91 mm spend, 33,909 HH served. LIHEAP 23.16 mm spend, 56,163 HH served. Both programs served 73,763 HH (some HH are served by both programs). Nat Gas bill assistance: 0.75% energy charge by NWN Annual 2016: $2.5 mm spend, 7,559 HH served. Customer-Owned utilities can opt-in to OEAP provisions, then obligated to collect 3% Public Purpose Charge. Eugene Water and Electric Board (EWEB) accounts for 60% of PPC from COUs (Customer Owned Utility). OEAP authorized to collect/spend up to $20 million annually ($15 in normal years and +$5 when certain economic conditions are met). Average cost per residential electric rate payer for OEAP funding is: $8 to $11 per year.	2014 USF (bill assistance); Enrollment: 252,000 Funding: $157.6 million. 2014 Fresh Start (arrearage forgiveness); Enrollment: 19,000 Funding: $8 million	After adopting the May 20, 2016 PUC order, statewide assistance of $248 million to 1.65 million households, an increase of 87% over prior program spending. This is a new program, being ramped up. There is about $300 million in LIHEAP each year and, now, an additional approximately $250 million each year in universal service funds. Universal service funds are projected to go to $1 billion to serve all income-eligible households when ramping up is complete.
Limitations	Limited to customers of regulated utilities; there is an option for municipals and cooperatives to opt-in, but none have.	Limited to customers of regulated utilities, plus customers of municipal and cooperative utilities if the utility chooses to opt in. DWSS uses LIHEAP dollars to serve counties with no participating utilities in a program that exactly mirrors the Universal Service program. LIHEAP funds can also be used in all counties. LIHEAP funds are spent and never returned. Unspent universal service dollars remain in a fund if not spent in a fiscal year and are applied the next fiscal year.	The Oregon Energy Assistance Program applies to the two largest electric utilities. Municipals and cooperatives may join. Some have. Gas companies have parallel programs using the same delivery agents. Other utilities (Oregon has a lot of small to medium cooperative and municipal utility districts) may and do offer energy assistance payment programs. Program provisions vary significantly although some choose to follow OEAP guidelines.		
Penalties	Dropped from program for failure to re-verify, failure to report changes in household members, or a missed payment.	Since payment by the program is once per year, there are no ongoing payment or reporting requirements.			

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Special provisions	If a customer leaves a utility and has an outstanding balance, they can enroll in a special one-year "Post- PIPP" to receive credits of 1/12 of outstanding balance for each payment of 1/60 of outstanding balance. If a PIPP customer's income increased beyond eligibility for the program, there is a special one-year "PIPP Plus Graduate" program that can help with arrearage when payment shifts out of the PIPP program. Funding is collected by a rider on all customers of regulated utilities in Ohio. Not a goal to get everyone eligible in the program, only those who need it.	Higher income households can be served under emergency provisions if temporarily within income limits (for example, due to an expensive medical emergency). Legislation makes Public Utility Commission of Nevada responsible for enforcing collection of Universal Energy Charge, but advisory for program administration. Universal Energy Charge collected from all rate classes (with an exemption for the mining industry) for all regulated utilities in Nevada. Municipal and cooperative utilities may opt-in. Funding collected by a rider on all customers of regulated and opt-in utilities in Nevada.			
Percentage of low-income population served by program	Goal is not to serve all income eligible but to serve all who need assistance. The principle is one of balance between needs of customers paying into universal service funding and customers receiving universal service funding. Rough estimate is 20% of income-eligible served by program.				Program is new and ramping up. Goal is to eventually serve all income-eligible. Rough estimate is 36% of income-eligible served by the program.
Does program achieve the energy burden goal? Energy burdens after assistance.	Yes.	No.	Average affordability gap (based on 6% maximum energy burden) excluding bill assistance for all energy burdened households (<200 FPL) is $631 per household ($346 million total gap). Ratepayer funded bill assistance payments of between $20 mm to $25 mm (all fuels all utilities estimate) and LIHEAP funding at similar levels (total of $40 mm to $50 mm) only reduces this gap by around 13%, leaving a substantial energy burden.	Yes.	Yes.

Provision	Ohio	Nevada	Oregon	New Jersey	New York
Are LIHEAP funds used to meet the energy burden goal or as an added benefit after assistance level is determined for a household?	LIHEAP funds are used for arrears.	LIHEAP funds are used to meet the energy burden goal.	LIHEAP funds are used to meet the energy burden goal.	LIHEAP funds are used to meet the energy burden goal.	LIHEAP funds are used to meet the energy burden goal.