PEOPLES | MAKING YOUR LIFE BETTER.

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VIA ELECTRONIC FILING

May 8, 2019

Rosemary Chiavetta
Executive Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105

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

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("Commission") on behalf of Peoples Natural Gas Company LLC and Peoples Gas Company LLC are Comments to the Report prepared by the Commission's Bureau of Consumer Services and Law Bureau – titled "Home Energy Affordability for Low-Income Customers in Pennsylvania" ("Report").

Please contact Rita Black, Director of Customer Relations (412-208-6530) or the undersigned should you have any questions or concerns regarding these Comments.

Very truly yours,

/es/ *Jennifer L. Petrisek*

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Senior Counsel

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

COMMENTS OF

PEOPLES NATURAL GAS COMPANY LLC

AND PEOPLES GAS LLC

I. INTRODUCTION

On January 17, 2019, the Pennsylvania Public Utility Commission ("PUC" or "Commission") released a staff report prepared by the Commission's Bureau of Consumer Services ("BCS") and Law Bureau – titled "Home Energy Affordability for Low-Income Customers in Pennsylvania" ("Report"). The Report summarized and analyzed customer data related to energy burdens gathered from Pennsylvania's larger National Gas Distribution Companies ("NGDCs") and Electric Distribution Companies ("EDCs"). The report also incorporated information from other states and several independent studies. The Order accompanying the Report required the listed natural gas distribution companies and the electric distribution companies to file supplemental information and data and sought comments from interested parties within prescribed periods. In accordance with the Order, Peoples Natural Gas Company LLC and Peoples Gas Company LLC (collectively "Peoples" or the "Company") submits the following comments and information for the Commission's consideration.

II. COMMENTS

Peoples applauds the Commission for taking on the issue of utility affordability in a comprehensive manner. By engaging utilities, regulatory parties and low-income advocates in the process, the Commission has provided a forum for fruitful discussion and consideration of the myriad of issues surrounding affordability.

As the largest natural gas utility in the state, Peoples serves a diverse customer base, including those struggling under poverty. One example of an economically challenged community we serve is Johnstown. Johnstown was once a strong steel town along with many other communities in the Commonwealth. Families working in the steel industry enjoyed family-sustaining wages and the dependability of ongoing work. As the steel industry fell, so did the town's prospects. Today, more than 3 decades since the loss of the steel industry, residents in Johnstown still struggle. Named the poorest town in Pennsylvania in 2018[1], Johnstown has a poverty rate of 37%. While there is not one solution to long-sustained poverty such as this, any steps we can take to increase utility affordability can only have a positive impact on the community at large.

Utility Customer Assistance Programs (CAP) play an important role in increasing affordability. There are several models including percentage of income plans and discount plans, all of which are designed to reduce the payment obligations for those with low-incomes in order to increase sustainability of utility service in these households. Peoples' program uses a percentage of income model in which customers below 150% of Federal Poverty Level, the customer group around which the Commission has established the CAP policy statement, pay a monthly payment based on the lower of the applicable percentage of income payment or the average bill. In addition to the traditional CAP program, Peoples has expanded CAP eligibility to customers with incomes between 151 and 200% of Federal Poverty Level that have

[1] 24/7 Wall Street: '50 Million Americans Live in Poverty – Here Are the Poorest Towns in Every State' by Samuel Stebbins and Michael B. Stauter.

accumulated significant balances. Customers participating in CAP at this level benefit from a more affordable payment than would otherwise be available through a payment arrangement and regular payments are rewarded through Arrearage Forgiveness benefits that are provided to all CAP participants. The current percentage of income payment amounts by income grouping are as follows:

Federal Poverty Level	**Percentage of Income Payment**
0 to 50%	8%
51 to 100%	9%
101 to 150%	10%
151 to 200%	11%

The Company's CAP program has increased affordability for those participating. In 2017, as part of the Independent Evaluation performed by Applied Public Policy Research Institute for Study and Evaluation (APPRISE), a survey of CAP participants was conducted. Sixty-one percent of respondents stated they enrolled in CAP in order to reduce their energy bills. Respondents were also asked about how difficult it was to make monthly payments before participating in CAP and while in CAP. The vast majority of respondents, 88% to be exact, stated that making payments before CAP was either very difficult or somewhat difficult. Following enrollment in CAP, the percentage dropped to 30%. This shows a significant impact on affordability, but it also reflects there is room for improvement since almost a third of the respondents are still reporting some difficulty in making monthly payments.

Utilities are a key part of the household budget, but other basic needs can be just as difficult to manage for families and seniors in poverty. In the survey of CAP participants, APPRISE asked about the household's ability to maintain other basic needs such as food, medications and housing. The household was asked to rate their ability to cover these expenses before entering CAP and while participating in CAP. The results are as follows:

Table IV-15

Problems Meeting Financial Obligations

	In the year before/while participating in CAP, did you ever have to delay or skip paying the following bills or making the following purchases in order to make ends meet?		**Always or frequently had to delay or skip paying?**	
	Before CAP	**In CAP**	**Before CAP**	**In CAP**
Respondents	103			
Food	60%	24%	25%	7%
Telephone	53%	24%	19%	2%
Medical or Dental	35%	24%	18%	8%
Mortgage or Rent	35%	19%	10%	2%
Credit Card or Loan	31%	17%	14%	9%
Medicine	27%	17%	10%	4%
Car Payment	13%	8%	4%	1%

The number of households delaying or skipping purchases of food, telephone service, medical or dental services, housing and medical care exceeds 35% before enrollment in CAP. Once enrolled in CAP, these instances improve consistently. However, almost one-quarter of CAP participants partaking in the survey reported having to skip or delay food, telephone service, medical or dental services even though their utility bill was lower.

Further evidence of the difficulty facing low-income families can be found in the National Energy Assistance Directors' Association's 2018 National Energy Assistance Survey. This survey used LIHEAP data from seven states. It notes that forty-nine percent could not pay their full utility bill, thirty-four percent faced disconnection threats and thirty percent were unable to use their main heat source due to inability to pay the bill or failed equipment. Most astounding is that 82 percent of households in the study had an annual income below $20,000.

The Home Energy Affordability for Low-Income Customers in Pennsylvania Report published by the Commission in January pointed to consideration of a more affordable CAP design, based on a model in use in Ohio. Stakeholders to this proceeding were asked to consider the ramifications of a model in which overall energy burdens did not exceed 10%. Specifically, for customers who purchase their gas and electric from separate utility companies, the energy burden for electric would be limited to 4% with the gas energy burden limited to 6%. Utilities were required to calculate the projected costs and/or savings expected from implementing this proposal. Following a stakeholder discussion to clarify the data request, utilities were asked to provide this data under two scenarios. First, a strict calculation of cost and/or savings using the energy burden limit described in the Report in which each customer would pay the lower of the average bill or the calculated percentage of income payment. Second, a calculation of the cost and/or savings impact of operating under the energy burden limit while also retaining all other aspects of the utility's existing CAP program. Such provisions could include such variances as minimum payments, maximum CAP credits, add-ons for pre-CAP balances and CAP Plus. All utilities responded to this request by providing thoughtful analyses of expected impact of implementing the energy burden limits described in the Report. Due to the variances in calculation methods and the multitude of CAP designs, it is difficult if not impossible to compare utility results to one another or to define the total cost and/or savings in aggregate.

The Company recognizes that an analysis of the costs and/or savings of implementing the proposed energy burden limits is a key component in determining how the Commission may move forward in its desire to increase affordability in Pennsylvania. However, it should not be the sole consideration. Pennsylvania's history of utility low-income programs is rich and diverse. Programs have been developed over decades with input from stakeholders and independent evaluations. Individual program provisions and designs are unique to each utility's service territory, customer composition and cost recovery mechanism. Standardization of some aspects, such as establishing a maximum energy burden, could not only increase overall affordability in the state, but may also positively impact enrollment and participation efforts. If CAP is easier to understand and customers are connected to both gas and electric programs through one enrollment, measurable affordability can be achieved.

III. COMMISSIONER QUESTIONS & CLARIFICATIONS

Commissioners Place and Sweet issued Statements on January 17, 2019 coincident with the release of the PUC's Report. Commissioner Place asked parties to this proceeding to comment on "meaningful trends that the report has yet to illuminate". Peoples believes consideration should be given to CAP enrollment and recertification. Specifically, how customers with multiple utilities, such as is the standard in the western part of the state, can more easily enroll and recertify in CAP programs of both electric and gas utilities. To achieve the 10% energy burden for utility service that is experienced by consumers in Ohio, it is necessary for our customers to not only enroll in the Peoples CAP program, but also that of their electric company. Establishing a universal CAP application is a first step, but the method by which the customer applies and the documentation required to enroll must be simplified. Further, recertification processes are essentially re-applications for CAP and should be opportunities to recertify for both utility programs through a single submission on recurring and consistent timeframes. The current trends in enrollment and recertification administration should be high priorities for future stakeholder discussion and ultimately CAP program requirements.

Commissioner Sweet asked utilities to comment on the following questions:

- 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?
- What are the known or perceived barriers to LIHEAP enrollment (administrative or otherwise), if any?
- What are the advantages or disadvantages of requiring a LIHEAP application in order to receive CAP benefits?

LIHEAP is not only encouraged at the time of CAP enrollment, but emphasized while customers participate in CAP. Peoples call center agents and the Dollar Energy Fund CAP team offer LIHEAP applications and remind customers to apply in every customer contact. The Company also sends a reminder mailing in February of each year to CAP customers who have not yet received LIHEAP benefits to encourage them to apply. To further increase cross-participation, the Company scans its billing system on a weekly basis to identify customers who received a LIHEAP grant that week, but are not currently enroll in CAP. Accounts identified through this process are reviewed to determine if CAP is the most advantageous payment plan for the customer and if so, customers are contacted and enrolled via telephone. It is not necessary for the customer to provide any documentation to enroll in CAP because the receipt of LIHEAP is acceptable proof of low-income eligibility.

Regarding potential barriers to LIHEAP enrollment, the Company will note that the LIHEAP application is not always easily understood, particularly by those with limited literacy skills who are often most in need of this assistance. A streamlined application that is acceptable for any program year would be a significant improvement. Each year, the application changes slightly, resulting in the need to destroy all unused applications. Customers who submit an application from a prior program year have those applications rejected and are required to re-submit using a new application.

Finally, in response to Commissioner Sweet's question regarding requiring a LIHEAP application to participate in CAP, the Company notes the challenges in multi-utility households. If, for example, the customer participates in the Peoples CAP and the CAP program of their local electric company, they face a difficult choice in determining which utility will receive their LIHEAP benefit in order to ensure they are in compliance with the CAP agreement of both utilities. LIHEAP does not allow a customer to allocate their LIHEAP cash benefit across more than one utility. For this reason, Peoples believes LIHEAP should continue to be highly emphasized for CAP participants, but should not be a requirement in order to receive CAP benefits.

Both Commissioners sought opinions on other energy affordability programs, specifically those in Oregon and New York. Peoples has been studying the Oregon plan[2] which focuses on energy reduction measures in order to improve affordability. As a result, the Company reviewed a potential smart thermostat pilot with its Universal Service Advisory Group in January and plan to introduce this technology into its Low Income Usage Reduction Program ("LIURP") projects this year. Peoples believes services provided through LIURP, in addition to changes in utility CAP programs, could further increase affordability for low-income consumers across the Commonwealth by reducing energy consumption. The Oregon Ten-Year Plan identifies affordability as a total energy burden no higher than 6%, as determined by the work of Roger Colton[3]. Its plan uses 6% as its benchmark for developing initiatives to reduce energy usage, thereby increasing affordability.

[2] Ten-Year Plan, Reducing the Energy Burden in Oregon Affordable Housing, produced by the Oregon Department of Energy, Oregon Public Utility Commission and Oregon Housing & Community Services.
[3] Colton RD, "Home Energy Affordability in New York: The Affordability Gap (2008 – 2010)" 2011. https://www.nyserda.ny.gov/-/media/Files/EDPPP/LIFE/Resources/2008-2010-affordability-gap.pdf

IV. CONCLUSION

Peoples is concerned about energy affordability for all of its customers. Any discussion regarding increasing affordability for low-income consumers brings along with it valid concerns of rising utility bills for those customers who fund these programs through rates. Balance among the customers who benefit and the customers who pay for these programs is important Each of the utilities provided projections on the cost impacts of moving towards an Ohio model for energy burden. Across the Peoples companies, the annual bill impact for non-CAP customers of moving to a CAP model in which customers pay the lower of 6% of income or the average bill amount while retaining all other aspects of the current CAP program ranges from $9 to $12, a dollar or less on average per month. Peoples encourages the Commission to continue movement towards changes to utility CAP programs that will decrease energy burden. Rather than a wholesale change to a Ohio type model, the Commission could require all utilities to develop pilot CAP models that reduce energy burden in consideration of their customer base and current costs to ensure balance between CAP participants and non-CAP ratepayers is well considered. The information gained from these pilots could further inform the Commission and stakeholders in the development of a new CAP Policy Statement with revised energy burden levels. Further, in consideration of controlling costs, the Commission should actively pursue standardization of a universal CAP application and recertification policy and should establish parameters for acceptable forms of income documentation that would be used by all utilities. Standardization of these items will provide a framework for utilities to work together to increase enrollment in multiple utility programs through one point of contact with the overarching goal of reducing administrative costs over time. Stakeholders from the Department of Human Services, the administrator of LIHEAP in Pennsylvania, along with utilities, low-income advocates and regulatory parties should be convened to identify pathways to enrollment in utility CAPs. An effective stakeholder process with defined targets and timelines is critical to addressing the problem of utility affordability.

Reduction in CAP payments, particularly for those with the lowest incomes, should continue to be a key focus of this proceeding. Too many customers, such as those in Johnstown, face competing basic needs priorities and are making difficult choices between utility bill payment and groceries every month. Utility pilot programs that take first steps towards reducing existing energy burdens would have an immediate positive impact for CAP participants, while also providing important data to inform development of an overall energy burden guideline for all utility programs. A sustainable affordability commitment will require a holistic approach that incorporates energy reduction through LIURP, maximizes LIHEAP participation and reduces CAP payments. By working together, we can develop a comprehensive multi-year utility affordability plan that will provide the support needed by our most vulnerable consumers.

Respectfully submitted this 8th day of May, 2019,

/es/ *Jennifer L. Petrisek*

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