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May 23, 2019

Rosemary Chiavetta, Esq., Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, Pennsylvania 17120

Re: Order and Staff Report Regarding Energy Affordability for Low-Income Customers, Docket No. M-2017-2587711

Dear Secretary Chiavetta:

Enclosed for filing please find the reply comments of the Energy Association of Pennsylvania to the Commission's January 17, 2019 Order at the above-referenced docket.

Sincerely,

A handwritten signature in blue ink that reads "Nicole W. Gear".

Nicole W. Gear
Manager, Policy & Research

Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Energy Affordability for
Low-Income Customers

:

Docket No. M-2017-2587711

**REPLY COMMENTS OF THE
ENERGY ASSOCIATION OF PENNSYLVANIA
TO ORDER AND REPORT**

I. INTRODUCTION

The Energy Association of Pennsylvania (“EAP” or “Association”) submits the following Reply Comments on behalf of its electric distribution company (“EDC”) and natural gas distribution company (“NGDC”) members¹ to the various parties commenting upon the Pennsylvania Public Utility Commission’s (“PUC” or “Commission”) Order entered on January 17, 2019. Initial responses were due to the Commission on May 8, 2019, with reply comments permitted 15 days thereafter, i.e., May 23, 2019. EAP incorporates its original Comments filed on May 8, 2019 by reference.

The Energy Association of Pennsylvania submits these reply comments to address positions and suggestions raised by certain stakeholders in filed comments. Individual EAP members may also express their views on these issues in separate company filings.

¹ Electric Utility Members: Citizens’ Electric Company; Duquesne Light Company; Metropolitan Edison Company; PECO Energy Company; Pennsylvania Electric Company; Pennsylvania Power Company; Pike County Light & Power Company; PPL Electric Utilities; UGI Utilities, Inc.-Electric Division; Wellsboro Electric Company; and West Penn Power Company. Gas Utility Members: Columbia Gas of Pennsylvania, Inc.; Leatherstocking Gas Company, LLC; Pike County Light & Power Company; National Fuel Gas Distribution Corp.; PECO Energy Company; Peoples Equitable Division; Peoples Natural Gas Company LLC; Peoples TWP LLC; Philadelphia Gas Works; UGI Central Penn Gas, Inc.; UGI Penn Natural Gas, Inc.; UGI Utilities Inc.; and, Valley Energy Inc.

II. COMMENTS

EAP reiterates its points from its initial comments to the Order and Report as well as in comments to the USECP review docket² and LIURP review docket³ regarding the essential role of utilities. The core purpose of the utility remains unchanged: to provide “adequate, efficient, safe, and reasonable” service.⁴ Pennsylvania’s EDCs and NGDCs are committed to plan, develop, and operate utility infrastructure with reliability and safety as their primary focus. Additionally, and apart from these core functions, Pennsylvania utilities initiated customer assistance programs under guidelines established by the Commission. The General Assembly sought to codify these programs in the respective Competition Acts,⁵ which served as reinforcement of the utilities’ role in assistance programs benefiting their low-income customers. These programs also inure to wider benefit as they can serve as a means by which utilities seek to lower the cost of collection activities, uncollectable expenses, and write-offs that would otherwise be paid by the remainder of the residential rate base.

Utility Universal Service and Energy Conservation Program (“USECP”) offerings are targeted assistance provided by utilities and are just one piece of a societal puzzle aimed at helping low-income families afford the cost of living in the Commonwealth. Utility programs are not intended to be a “catch-all” solution for every Pennsylvanian who might struggle to pay his energy bills. EAP and its member utilities diligently work alongside other stakeholders to encourage the General Assembly to assist low income energy customers. For example, EAP has and continues

² Review of Universal Service & Energy Conservation Programs, Docket No. M-2017-2596907.

³ EAP Comments dated January 30, 2017 to the Commission’s *Initiative to Review and Revise the Existing LIURP Regulations at 52 Pa. Code §§ 58.1 – 58.18*, Docket No. L-2016-2557886.

⁴66 Pa.C.S. § 1501.

⁵ The Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801-2812; and the Natural Gas Choice and Competition Act, 66 Pa.C.S. §§ 2201-2212. Universal service programs as defined by these statutes as the policies, practices and services, such as CAP, usage reduction programs, service termination protections and consumer education that help low-income customers maintain utility service. *See* 66 Pa C.S. §§ 2202 and 2803.

to advocate before the Department of Human Services for a dedicated state funding stream to match the federal Low Income Home Energy Assistance Program (“LIHEAP”) grant. Absent assistance from the state, utility-run and -funded programs should not be designed to subsidize other non-utility bills.

EAP does not believe there is a pressing regulatory reason for mandating that CAPs be uniform in terms of percentage of population served, program design, or specific manner of cost recovery to achieve any particular energy burden level; we fundamentally disagree with any implication that the staff Report indicates or proves otherwise. With these ideas in mind, EAP offers the following comments to highlight where utilities can agree with other stakeholders and where practical, programmatic, or cost concerns inhibit consensus.

A. CAPs are Working as Intended

EAP strongly disagrees with the Low-Income Advocates’⁶ assertion that CAP programs “simply are not working as intended to ensure access to essential utility services.”⁷ As outlined in EAP’s comments to the Order and Report, the estimated energy burden for electric CAP participants in 2016 was 6% and for natural gas participants was 5.4%. These figures are well-within – and in fact, in many cases, far below – the recommended thresholds presently contained in the Commission’s CAP Policy Statement. While relative affordability for any one particular customer or subset of customers may be higher, to claim that these levels indicate that CAPs “aren’t working” is simply false. The Commission’s own data show that, without CAP assistance, low-income customers would have, on average, energy burden levels between 10% and 21%. A

⁶ “Low-Income Advocates” are comprised of the Tenant Union Representative Network (“TURN”), Action Alliance of Senior Citizens of Greater Philadelphia, and the Coalition for Affordability Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”); these commenters are not statutory consumer advocates but rather represent a small subset of the residential rate class.

⁷ Low Income Advocates Joint Comments to Order dated January 17, 2019, p. 3.

more than 50% reduction in energy burden for enrolled low-income customers is evidence of these programs' efficacy. As the Office of Consumer Advocate ("OCA") points out, "we should not lose sight of what Pennsylvania CAPs have achieved."⁸

The Low Income Advocates assert throughout their comments that termination data proves utilities, and by implication the Commission, are not in compliance with the mandates of the Competition Acts.⁹ The Low Income Advocates cite definitions from those Acts that define universal service programs (which include CAPs), as "the policies, protections, and services that help low income customers *to maintain [electric and gas service].*"¹⁰ Emphasis original. They go on to assert that the Competition Acts require utilities "ensure" CAP customers are able to maintain service¹¹ and further suggest that CAP customers not be required to pay toward accrued arrearages (costs for service used) or any monthly minimum, asserting these "program designs" are inherently burdensome.¹²

EAP argues that the essential word from the Competition Acts' definition is not "maintain" but "help"; utility-run and -funded programs are designed to *help* low-income customers pay their bills, not provide unlimited free, or near free, service. Arrearage co-pays and minimum payments are cost-control measures that ensure that the rest of the residential rate base is not unduly subsidizing one subset of customers. EAP believes the costs associated by the suggested removal of these cost-containment measures would ultimately disproportionately hurt those customers who are earning just above the income guidelines and potentially jeopardize their ability to afford their energy bills; for this group of customers, each additional cost is felt significantly without the

⁸ OCA Comments to Order dated January 17, 2019, p. 5.

⁹ 66 Pa. C.S. §§ 2202, 2803.

¹⁰ Low Income Advocates Comments to Order dated January 17, 2019, p.10.

¹¹ Low Income Advocates Comments to Order dated January 17, 2019, p.14.

¹² Low Income Advocates Comments to Order dated January 17, 2019, p.15.

“safety net” of eligibility for utility (or many government) assistance programs. Furthermore, stringent mandates are particularly burdensome to Pennsylvania’s natural gas utilities whose customers have options when it comes to choosing how to heat their homes. Deliverable fuel vendors are not required to offer customer assistance programs or provide “affordable” bills¹³; increasing the costs of these programs on natural gas ratepayers may incentivize them to switch fuels.

B. One-Size Does Not Fit All

EAP does not believe the suggestions to mandate CAP uniformity in the name of an undefined metric of “affordability” are appropriate. Despite the inherent legal questions surrounding the Low Income Advocates’ call for a statewide energy assistance program, a one-size-fits-all approach would not necessarily be good policy. As OCA notes, “in one service territory, a 6% energy affordability may provide too much of a benefit to customers and in another service territory it may provide too little ... That same percentage benefit may differently impact the payment patterns for differently sized families.”¹⁴

EAP and its member utilities continue to believe ratepayers receive great benefits by allowing for the continued customization and flexibility currently permitted in the existing process and regulations, which grants each utility the opportunity to customize its plan for the specific needs of its service territory and unique customer base. As previously mentioned, utility assistance programs have been designed and customized – with the input of the Commission and various stakeholders – to be tailored to the needs of each individual service territory through the triennial USECP plan filings and six-year evaluations.¹⁵ As noted by Columbia Gas, their program has been

¹³ Although many are approved vendors to receive federal LIHEAP grants on behalf of their customers.

¹⁴ OCA Comments to Order dated January 17, 2019, p.6.

¹⁵ EAP Comments to Order dated January 17, 2019, pp. 23-24.

routinely “reviewed by the BCS and every recommended change was carefully ... analyzed to ensure that the change would result in cost effective, affordable benefits to CAP customers while minimizing the cost burden to the non-CAP residential customers funding the program.”¹⁶

There is no Commonwealth-wide uniformity among customer demographics, their credit or payment histories, or the percentage of people who need assistance paying their bills from one utility to another. In some service territories, people who might be income-eligible for CAP are able to regularly and routinely pay their bill, and are not payment troubled. In others, significant segments of income-eligible consumers are enrolled in CAP.

The OCA makes critical points in relation to the balance the Commission must keep between providing assistance to low-income customers and controlling expense for those who pay for the programs. OCA recommends “the Commission place limits on the extent to which low-income customers may participate in CAP if they are receiving government assistance that limits their utility bills to an affordably percentage of income, without any ratepayer assistance... Providing assistance above and beyond [Federal Department of Housing and Urban Development utility allowances] would appear to substitute ratepayer dollars” for federal assistance monies.¹⁷ The OCA goes on to say “it would not be possible to provide sufficient funds to provide every low-income customers with a discount without compromising affordability for near poor and moderate income customers that support, but do not participate in these programs.”¹⁸ EAP agrees with these points. The Commission must continue to negotiate the interests of all customers when considering any changes to these programs.

¹⁶ Columbia Comments to Order dated January 17, 2019, p. 2.

¹⁷ OCA Comments to Order dated January 17, 2019, p. 16.

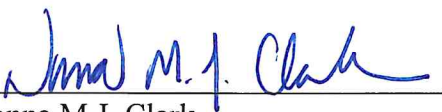
¹⁸ OCA Comments to Order dated January 17, 2019, p. 18.

III. CONCLUSION

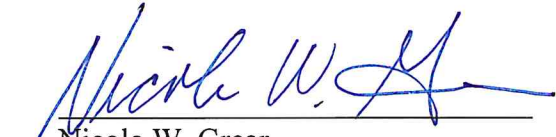
EAP and its member utilities understand the importance of affordable energy for all Pennsylvania customers but maintain that, with respect to assisting low-income customers, this obligation is a function primarily of government first, via taxation, as supplemented by utility customer assistance programs. Pennsylvania's utilities are committed to ensuring assistance remains available to help low income customers maintain their service and establish good payment habits, be energy efficient, and have access to additional help in crisis situations.

The goal of the comments contained herein is to encourage the Commission to continue to strive toward an optimum balance in the planning and scope of universal service programs: protecting vulnerable customers and helping them to maintain essential utility service while moderating costs for the remainder of the residential rate base. EAP respectfully requests that the Commission consider these comments as it determines next steps under this review docket.

Respectfully submitted,



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