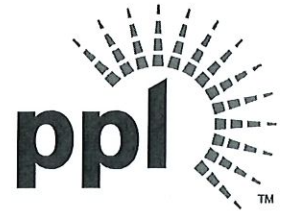


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**E-File**

May 23, 2019

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor North  
P.O. Box 3265  
Harrisburg, PA 17120-3265

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

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Dear Secretary Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation are Reply Comments in the above referenced matter.

The enclosed Reply Comments are being filed to pursuant to the January 17, 2019 Order in this matter.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on May 23, 2019, which is the date it was filed electronically using the Commission's E-filing system.

If you have any questions, please do not hesitate to contact me.

Respectfully submitted,



Michael J. Shafer

Enclosure

cc: Joseph Magee - Email  
Louise Fink Smith - Email

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Energy Affordability for Low-  
Income Customers

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Docket No. M-2017-2587711

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**REPLY COMMENTS OF  
PPL ELECTRIC UTILITIES CORPORATION**

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**I. INTRODUCTION & BACKGROUND**

On May 5, 2017, the Pennsylvania Public Utility Commission (“PUC” or “Commission”) issued an Order at this docket to initiate “a study regarding home energy burdens in Pennsylvania.”<sup>1</sup> The study’s development and issuance was referred to the Commission’s Bureau of Consumer Services (“BCS”). The PUC issued a staff report that summarized and analyzed data obtained from Pennsylvania Electric Distribution Companies (“EDCs”) and Natural Gas Distribution Companies (“NGDCs”). In January 2019 the PUC issued an Order requesting additional data be provided in follow-up to the study. PPL Electric submitted the requested data to this docket on April 8, 2019. Additionally, PPL Electric provided Comments on May 8, 2019, in response to the PUC study, questions in January 2019 Order, and questions asked in Statements by Vice Chairman Sweet and Commissioner Place. PPL Electric submits these Reply Comments to address comments submitted by parties to this docket.

**II. COMMENTS**

**A. The Development of PPL Electric’s Customer Assistance Programs (CAP)**

As a foundational principle, it is important to first understand that PPL Electric’s CAP is constructed through continuous and open dialogue between parties, adherence to PUC approved

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<sup>1</sup> Opinion & Order, Energy Affordability for Low-Income Customers, Docket No. M-2017-2587711 (entered on May 5, 2017).

processes and regulations, and an underlying objective to develop a program that supported low-income customers in an efficient and cost-effective manner. PPL Electric prides itself on working with interested parties to develop a program that meets the needs of its customers – engaging through stakeholder meetings and formal intervention and communication in its Universal Service Program proceeding. As with all such programs, PPL Electric’s current USE&C for 2017-2019 is vetted through a fully litigated proceeding before the PUC, resulting in a PUC Order.<sup>2</sup> Purposefully, no facet of the plan was developed without input from stakeholders as the Company looked for opportunities to provide the best program for PPL Electric’s customers.

#### **B. Importance of Recognizing Differences Between Utility CAP Programs**

Comments offered by several parties<sup>3</sup> to this docket appropriately highlight that differences exist from State to State, and within Pennsylvania, from utility to utility. While each set of Comments offer different recommendations for how these differences should be addressed, the result is that utility programs are unique, and special care must be taken before changing any CAP program to ensure that these programs appropriately balance both the benefits and costs.

EAP stated “what works for other states is not directly comparable or even applicable to energy assistance programs in Pennsylvania”.<sup>4</sup> OCA’s Comments mirror this sentiment by submitting that “there are important factors that must be considered when making such comparisons, and consideration of the energy burdens set in other states cannot be considered in a vacuum”.<sup>5</sup> PPL Electric agrees with these statements, that there are unique differences between

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<sup>2</sup> See Order approving PPL Electric’s USE&C Plan, Docket No. M-2016-2554787 (entered on December 7, 2017).

<sup>3</sup> Reference includes: *the Office of Consumer Advocate (OCA), Energy Association of Pennsylvania (EAP), and the combined filing of the Tenant Union Representative Network (TURN), Action Alliance of Senior Citizens of Greater Philadelphia (Action Alliance), and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA) hereto referred to as “The Low Income Advocates”.*

<sup>4</sup> EAP Comments, page 18, Section V.

<sup>5</sup> OCA Comments, page 9, Section A.1.

Pennsylvania energy burden limits and those set by neighboring states. Simply adopting another state's burden limit without considering the framework of programs and low-income customer cost compensation measures in place in those states, and the differences between low-income customers in Pennsylvania versus those in neighboring states, could result in unintended consequences, including program inefficiencies, increased program complexity, and increased program costs. This is not to say that lessons cannot be learned from other state's programs – PPL Electric supports consideration of measures that can support low-income customers and reduce the complexity and cost of its CAP. Before implementing any such program improvements, recommended changes should be fully analyzed to ensure adoption of the measure doesn't cause more harm than good.

The Low Income Advocates' comments highlight differences between utility programs in Pennsylvania, stating "Utility programs vary in significant ways across the state, with some producing greater level of affordability than others, and at varied costs to ratepayers".<sup>6</sup> As presented in the data provided by utilities per the 2017 PUC Order and in the subsequent January 2019 PUC Order, differences in implementation of CAP do exist between utilities. This has resulted in varying low-income affordability differences and program cost differences, unique not just to the utility, but the customer composition within those utility service areas. As explained in the prior section, each element of the program is reviewed and approved by the PUC with extensive input from the utility and stakeholders. PPL Electric, for instance, carefully considers its specific customer-base and CAP history when determining how to develop and update its OnTrack program. Any changes, either by PPL Electric or an intervening party, are vetted through this process before being adopted into the program. This process creates an open

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<sup>6</sup> The Low Income Advocates Comments, pg. 20, Section D

dialogue among all intervening parties and results in increased flexibility for PPL Electric. As a result, the Company has been enabled to craft a program that maximizes CAP customer benefits while controlling non-CAP customer costs.

Based upon data submitted by the utilities, the results of the PUC Study, and Comments by parties to this proceeding, PPL Electric does not believe there is a clear answer as to whether a statewide universal maximum energy burden should be implemented. Neighboring state CAP programs and affordability thresholds offer important information for Pennsylvania to consider when discussing changes to its own program; however, differences between state programs and between utilities within Pennsylvania must be considered before any subsequent change is made to the Pennsylvania CAP program.

### **C. CAP Benefit and Cost Balance**

An overarching objective of the Energy Burden Study was to determine the opportunities and impact of implementing a maximum energy burden. This is highlighted in the PUC's request for utility analysis concerning a flat 10% energy burden limit. Further, Vice Chairman Sweet sought information on what a 2% cost cap based upon utility revenues would do to the CAP program<sup>7</sup>. Commissioner Place sought to understand if a 10% or 6% threshold is appropriate and the impact of such thresholds in other states.<sup>8</sup>

PPL Electric believes that any CAP program changes, whether they include maximum energy burden ceilings, cost limits, or something else, must weigh the costs and benefits to all customers. The Low Income Advocates' comments stress the need for both a 6% maximum energy burden<sup>9</sup> and that no cost floor<sup>10</sup> should be implemented. This would likely result in more

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<sup>7</sup> Sweet Statement, pg. 2.

<sup>8</sup> Place Statement, pg. 2-3.

<sup>9</sup> The Low Income Advocates Comments, pg. 4.

<sup>10</sup> The Low Income Advocates Comments, pg. 14.

Pennsylvania low-income customers having a reduced energy burden, decreasing their costs, and ensuring utility CAP programs do not have spending limits. This of course would also likely result in increased cost, paid by non-CAP residential customers.

The OCA appropriately highlights the risks with any change to the current CAP program, highlighting the cost impact to non-CAP customers – especially “near poor” and non-CAP low-income customers<sup>11</sup>. Additionally, the OCA comments address the issues with low-income customers participating in government assistance programs and CAP that appears “to substitute ratepayer dollars for HUD dollars”<sup>12</sup> The EAP succinctly explains that “any additional decrease to CAP participants’ energy burden will inevitably increase the costs of these programs”<sup>13</sup>.

PPL Electric believes that the PUC must carefully consider the balance between low-income customer energy burden and program costs. In general, implementing a flat energy burden limit holds the potential to streamline utility processes and practices, and simplify CAP programs for customers. As with many things, the impact of changing to a flat limit is in the details – decreasing CAP customer energy burdens would likely increase CAP costs paid by non-CAP customers. Implementing a cost floor holds the opportunity limit total CAP program expenditures, but also runs the risk of limiting customers that can participate in CAP. The OCA states it well submitting “that the Commission must explicitly balance the affordability of the energy burden set with the total costs of the program”<sup>14</sup>

### **III. CONCLUSION**

Comments submitted by all parties to this docket highlight the nuanced complexity inherent in the Pennsylvania CAP. PPL Electric is supportive of opportunities to improve the

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<sup>11</sup> OCA Comments, pg. 23, Section C.5.

<sup>12</sup> OCA Comments, pg. 16, Section B.5.

<sup>13</sup> EAP Comments, pg. 23.

<sup>14</sup> OCA Comments, pg. 17, Section B.6.

efficiency of the program and reduce its complexity. Because CAP effects all residential customers – those low-income customers that utilize the program to reduce their energy burden, and non-CAP customers that subsidize it – careful consideration must be taken to ensure an appropriate balance between benefits and costs is maintained. Any changes must be appropriately analyzed to determine the impact on customers. PPL Electric appreciates the opportunity to provide reply comments to the PUC on its CAP and discuss potential opportunities to improve the program.

Respectfully submitted,



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Date: May 23, 2019

Counsel for PPL Electric Utilities Corporation