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| PUC logo | COMMONWEALTH OF PENNSYLVANIA  PENNSYLVANIA PUBLIC UTILITY COMMISSION  P.O. BOX 3265, HARRISBURG, PA 17105-3265 | **IN REPLY PLEASE REFER TO OUR FILES**  M-2019-3010190 |

**July 17, 2019**

TO: All Parties of Record in:

Energy Affordability for Low-Income Customers,

Docket No. M-2017-2587711

Review of Universal Service and Energy Conservation Programs,

Docket No. M-2017-2596907

RE: Staff Review of CAP Final Billing Methods,

Docket No. M‑2019-3010190

By Order entered May 23, 2019, at Docket Nos. M-2017-2636969, *et al.*, (FE Order) regarding FirstEnergy’s 2019-2021 Universal Service and Energy Conservation Plan (USECP or Plan), the Commission directed the initiation of a review of utility customer assistance program (CAP)[[1]](#footnote-2) final billing practices. The Commission summarized in the FE Order that, over time, it has noted inconsistencies in how utilities calculate final CAP bills, with, for example, some companies charging full-tariff rates rather than prorating a CAP payment for a partial month’s usage. FE Order at 32-33. This Secretarial Letter initiates that review.

Through the FE Order, the Commission directed BCS, with the assistance of the Commission’s Law Bureau, to commence, by July 22, 2019, an inquiry into the final billing method for CAP customers with the goal of determining whether the Commission should establish a standardized CAP final billing policy for all jurisdictional energy utilities. FE Order at 61-62, OP #12.

The Commission acknowledges there are circumstances where calculating the final bill at the full tariff rate may be more beneficial for CAP customers. The full tariff rate for a partial month as a CAP customer may be lower than the CAP bill (*e.g.*, summer usage for a natural gas customer or short partial month usage for either energy source). At other times, the full tariff rate for a partial month as a CAP customer may exceed the normal CAP bill (*e.g.*, long partial month usage for either energy source). Some utilities forgo billing a CAP customer for the final partial month of CAP usage.

But it appears there is a lack of consistency in the way the NGDCs and EDCs are billing CAP customers for their final CAP usage. The Commission is reviewing how final CAP bill practices are justified and documented. CAPs are designed to provide participants with more affordable payment options while they are CAP customers. The costs of the USECPs are recovered from the non-CAP residential customers.[[2]](#footnote-3) The process must be reasonable and justifiable from the perspective of both CAP and non-CAP customers.

Through this proceeding at Docket No. M-2019-3010190, the Commission is seeking input from utilities and stakeholders on whether a standard policy or regulation should be established for the final billing of CAP customers. Some options to be considered include (1) the CAP bill, prorated; (2) the full-tariff rate, prorated; or (3) the lessor of the CAP bill or full-tariff rate, prorated. This list is illustrative and not exclusionary.

Accordingly, each jurisdictional energy utility shall file information at this docket clarifying its CAP final billing practices. Each utility shall include the following information in its submission:

1) Its billing calculation process by which a CAP customer is final billed;

2) How it bills any remaining pre-program arrears (PPAs);

3) How it applies any budget true-up, PPA forgiveness, or credit amounts to a final bill;

4) What impact, if any, its current CAP final billing policy had on CAP costs and write-offs in 2017 and 2018; and

5) The potential CAP costs, system-related expenses, write-offs, and other impacts of adopting each of the above-noted final bill options as well as the same information for any alternative final billing processes the utility may propose.

This information is due 30 days from the date of this Secretarial Letter. Comments to the filings shall be due 30 days after the filing of information, followed by a 15-day reply comment period. Thereafter, staff will prepare a recommendation for Commission review.

If you have any questions, please contact Eric Tuttle, in the Commission’s Bureau of Consumer Services, [etuttle@pa.gov](mailto:etuttle@pa.gov) or 717-705-0621.

 Sincerely,

# Rosemary Chiavetta

Secretary

cc: Lori Mohr, BCS, [laumohr@pa.gov](mailto:laumohr@pa.gov)

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1. CAPs are one of four mandatory elements of a USECP. [↑](#footnote-ref-2)
2. Except, generally speaking, the cost of the Hardship Fund grants. Hardship Fund administration costs are, however, recovered as UCESP costs. [↑](#footnote-ref-3)