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February 21, 2020

Via Electronic Filing

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

RE: Addendum to Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2017-2020 Docket No. M-2016-2542415

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Philadelphia Gas Works' ("PGW") Petition for Expedited Approval of PGW's Letter Request to Amend its Universal Service and Energy Conservation Plan Pursuant to 2019 Amendments to Policy Statement at Docket M-2019-3012599 with regard to the above-referenced matter. **Please note that PGW requests that any Answers to this Petition be filed within 10 days after the date of service.** Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Lauren M. Burge

LMB/lww
Enclosure

cc: Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Petition for Expedited Approval of PGW's Letter Request to Amend Its Universal Service and Energy Conservation Plan 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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Lauren M. Burge, Esq.

Dated: February 21, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Addendum to Philadelphia Gas Works :
Universal Service and Energy Conservation : Docket No. M-2016-2542415
Plan for 2017-2020 :
:

**PHILADELPHIA GAS WORKS'
PETITION FOR EXPEDITED APPROVAL
OF PGW'S LETTER REQUEST TO AMEND
ITS UNIVERSAL SERVICE AND ENERGY
CONSERVATION PLAN PURSUANT TO 2019
AMENDMENTS TO POLICY STATEMENT AT
DOCKET NO. M-2019-3012599**

INTRODUCTION

Pursuant to 52 Pa. Code § 5.41 and the Pennsylvania Public Utility Commission's ("Commission") Orders on Reconsideration and Clarification entered February 6, 2020 at Docket No. M-2019-3012599, Philadelphia Gas Works ("PGW" or "Company") respectfully submits this Petition for expedited approval of its letter request to amend its Universal Service and Energy Conservation Plan ("USECP"). On January 6, 2020, PGW voluntarily proposed a Pilot Program implementing new maximum energy burdens ("Pilot Program") in its Customer Assistance Program ("CAP" or "CRP") consistent with the Commission's policy direction (as set forth in PGW's January 6, 2020 filing at this docket). As discussed below, PGW requests expedited approval of the Pilot Program and the amended USECP by March 31, 2020. PGW also requests that any Answers to this Petition be filed within 10 days of service of this Petition.

IMPORTANCE OF EXPEDITED CONSIDERATION

As described in its January 6, 2020 filing, in order for PGW to have time to implement the Pilot Program prior to the filing of its next USECP for 2023-2027 (due November 1, 2021), PGW respectfully requests expedited Commission review and approval of its Pilot Program. The main reason for this request is that PGW has begun its planned customer information system (“CIS”) replacement project and as part of this project needs to cease implementing new system enhancements in order to ensure successful testing and implementation of the CIS. As a secondary reason, implementation of the Pilot Program prior to PGW’s next USECP filing will enable PGW to begin to analyze how the Pilot Program energy burden changes impact PGW and its ratepayers, and will likely provide PGW with the ability to provide more informed input into the Commission’s upcoming Universal Service Rulemaking. This approach is consistent with the Commission’s comments in its Order on Reconsideration and Clarification of the Energy Association of Pennsylvania’s (“EAP”) Petition for Reconsideration.¹

The programming changes that need to be made to implement PGW’s Pilot Program have to occur before the CIS replacement project occurs because PGW cannot simultaneously replace its CIS while also implementing the voluntary Pilot Program. To ensure successful, timely, and cost efficient implementation of both the Pilot Program and the CIS replacement, the Pilot Program changes should either be tested, validated, and confirmed to be working properly before PGW can fully engage in the CIS replacement, or it should be delayed. Based on current CIS replacement timelines, PGW expects to cease making any changes to the existing CIS by the end of September 2020. Therefore, PGW requests Commission approval of the Pilot Program by the end of March 2020. Without such timely approval, PGW would not be able to implement a pilot

¹ EAP Order on Reconsideration and Clarification, Docket Nos. P-2020-3016889 and M-2019-3012599, at 9-10 (entered Feb. 6, 2020).

until after the replacement of its CIS. For this reason, PGW proposes that the Pilot Program proposal be withdrawn if it has not been approved by March 31, 2020. Subsequently, PGW would address any pilot or other CAP proposals in its next USECP filing on November 1, 2021, if there are any pilot/CAP proposals at that time. For these reasons, PGW respectfully requests that the Commission enter an order (or issue a Secretarial Letter) on or before its March 26, 2020 public meeting approving PGW's proposed voluntary Pilot Program. Additionally, PGW requests that any Answer to this Petition be submitted within 10 days of the Petition being filed, rather than the normal 20 day response time, to allow the Commission adequate time to consider any Answers and approve PGW's proposed voluntary Pilot Program before the end of March 2020.

SUPPORT OF INTERESTED STAKEHOLDERS

In the interest of obtaining third party support for its Pilot Program, PGW coordinated informal discussions with stakeholders at its most recent USECP docket about its proposal and time constraints. Based on these discussions, the following stakeholders support PGW's Pilot Program request: Tenant Union Representative Network ("TURN"), Action Alliance of Senior Citizens of Greater Philadelphia ("Action Alliance"), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"). Additionally, the following parties do not oppose the shortened 10-day period for the submission of Answers to this Petition as requested above: the Bureau of Investigation and Enforcement ("I&E"), Office of Consumer Advocate ("OCA"), TURN, Action Alliance, and CAUSE-PA.

PURPOSE OF PILOT PROPOSAL

Given the significant amount of time and energy that the Commission has dedicated to its new energy burden policies, it appears that the Commission has definitively determined that the

energy burdens proposed in the Pilot Program are likely the appropriate burdens for low-income, regulated utility customers in the Commonwealth of Pennsylvania from a policy perspective. With respect to PGW ratepayers, there are some real monetary impacts that need to be understood as fully as possible. PGW's Pilot Program will afford the Commission, PGW and all interested stakeholders with an opportunity to start to test this new policy in a measured way in Philadelphia - a City with a significant percentage of low income customers - and determine whether it is a good fit for PGW ratepayers and PGW's service territory. Furthermore, PGW submits that the Commission has the authority to approve this request to implement the Pilot Program in an expedited manner under the Commission's administrative oversight authority set forth in the Natural Gas Choice and Competition Act.

In support of this Petition, PGW states as follows:

I. BACKGROUND

1. On October 3, 2019, the Commission entered an Order at Docket No. M-2019-3012601 ("October 3 Order") extending the duration of existing or proposed USECPs from three to five years, and establishing pilot filing schedules for future plans and impact evaluations. The October 3 Order required electric distribution companies ("EDCs") and natural gas distribution companies ("NGDCs") to submit enrollment and budgetary projections for the years added to the current or proposed USECPs. October 3 Order at Ordering ¶ 3.

2. Additionally, on November 5, 2019, the Commission entered a Final Policy Statement and Order at Docket No. M-2019-3012599 (November 5 Order) adopting certain CAP policy changes and amending its CAP Policy Statement. The November 5 Order, in conjunction with the October 3 Order, required EDCs and NGDCs to submit addendums to their existing or

proposed USECPs indicating how they plan to implement the policy changes specified in the amended CAP Policy Statement. November 5 Order at Ordering ¶ 6.

3. Petitions for Reconsideration and/or Clarification of the November 5 Order were filed by EAP and OCA. In a November 25, 2019 Order at Docket No. M-2019-3012599, the Commission stayed Ordering Paragraphs 6, 7, and 8 of the November 5 Order pending consideration on the merits.

4. On January 6, 2020, the Company submitted the PUC-required cover letter and addendum to its USECP. As required by the October 3 Order, PGW amended its 2017-2020 USECP to extend the plan through 2022, and to provide enrollment and budgetary projections for 2021 and 2022. The January 6, 2020 cover letter also addressed the November 5 Order by indicating which of the policy changes specified in the amended CAP Policy Statement it proposed to implement via a pilot program.

5. In particular, the Commission's Policy Statement Modification (numbered in the cover letter as 1a) states that utilities should establish new maximum tiered CAP energy burdens of 6% for natural gas heating customers in FPIG tiers 51%-100% and 101%-150%, and 4% for natural gas heating customer in FPIG tier 0%-50%. In its January 6, 2020 letter, PGW proposed to implement a new maximum CAP energy burden of 4% for customers in FPIG tier 0%-50% and 6% for customers in FPIG tier 51%-150% in its CAP, and to remove the obligation to pay \$5/month towards pre-program arrears, as a Pilot Program through the term of its Amended USECP. Additionally, the Company proposed to modify the consumption limit (currently implemented as a pilot). PGW requested that the Commission approve this Pilot Program within 30 days to allow the Company adequate time to implement the change prior to an upcoming

replacement of its customer information system (“CIS”). The Commission has not yet acted on this request.

6. On February 6, 2020, the Commission entered two separate Orders on Reconsideration and Clarification regarding the EAP and OCA Petitions. The EAP Order indicated, *inter alia*, that utilities proposing to voluntarily change their USECPs pursuant to the amended CAP Policy Statement must submit a cover letter, a Petition to Amend an existing USECP, and an addendum reflecting proposed CAP changes to an existing USECP including enrollment and budgetary projections.² PGW submits this Petition as required by the EAP Order. PGW also incorporates by reference its January 6, 2020 cover letter and addendum reflecting enrollment and budgetary projections previously submitted in the above-captioned docket.

II. DISCUSSION

7. Through this Petition, PGW respectfully requests that the Commission approve the Pilot Program and the Amended USECP as filed on January 6, 2020, with the addition of USECP Appendix H which is attached to this Petition. Appendix H provides further detail about the Pilot Program and CRP Consumption Limit, and will be attached to PGW’s amended USECP upon approval in a compliance filing.

8. As discussed above, PGW has proposed to implement a Pilot Program reflecting new maximum CAP energy burdens of 4% for customers in FPIG tier 0%-50% (currently 8%) and 6% for customers in FPIG tier 51%-100% (currently 9%) and 101-150% (currently 10%) as part of its CAP. The Pilot Program would also include the removal of a \$5 monthly co-pay obligation for customers with pre-CRP arrears. Finally, under the Pilot Program, PGW’s current

² EAP Order on Reconsideration and Clarification, Docket Nos. P-2020-3016889 and M-2019-3012599, at 12 and Ordering Paragraphs 3, 4, and 5 (entered Feb. 6, 2020).

maximum consumption limit will be modified consistent with the current terms, except that customers who exceed an annual usage maximum of 2,290 ccf will be placed on an average bill program for the remainder of their CAP credit limit period (i.e., each 12-month period).

9. This Pilot Program should be approved quickly to allow it to be implemented prior to PGW's CIS replacement (and during the Commission's Universal Service rulemaking). PGW has an open Request for Proposals for the replacement of its CIS. Implementation of a new CIS is a very complex process, akin to the merger of two large, publicly owned companies, which includes bringing together different assets, operations, employees and business cultures to move forward in a cohesive manner. The recent Iowa Caucus provides an example of how failure to test and discover a "coding error" can lead to chaos. PGW's CIS is its main repository for all customer information, including financial information, and is used to monthly bill all PGW customers. A CIS replacement failure could lead to things such as inaccuracy in billing, CRP account errors, or disruption of customer choice shopping, and could generate significant customer confusion and complaints. In order to successfully implement the new CIS, PGW will cease making any changes to its current CIS so that it can thoroughly test and confirm billing, and so that new enhancements (such as the proposed Pilot Program) do not create costly delays in implementation. PGW does not have a firm date but currently expects to cease making CIS changes by the end of September 2020, and it will take approximately six to seven months to implement the Pilot Program changes to the CRP energy burdens. Accordingly, PGW requests Commission approval to proceed with the Pilot Program by the end of March 2020.

10. PGW proposes that the Pilot Program proposal be deemed withdrawn if it has not been approved by March 31, 2020 and PGW would continue under the terms of its currently approved USECP, as amended to include 2021 and 2022 budgets. Subsequently, PGW would

address any pilot or other CAP proposals/modifications, if any, in its next USECP filing on November 1, 2021.

11. The costs and budgets of CRP without the Pilot Program for 2021 and 2022 are set forth below.

Customer Responsibility Program	2021	2022
Administrative costs	\$3,000,000	\$3,000,000
CRP Discount	\$41,433,218	\$43,956,395
Arrearage Forgiveness	\$1,206,192	\$1,279,646
Total costs	\$45,639,410	\$48,236,041
Average monthly participation	62,400	66,200

12. The Commission has strongly encouraged utilities to implement changes to their USECPs pursuant to the November 5 Order “as quickly as possible, preferably by January 1, 2021, to allow for meaningful input in the upcoming universal service rulemaking.” *See* EAP Order at 12; *see also* November 5 Order at 100. PGW respectfully requests that the Commission approve the Pilot Program on an expedited basis, by the end of March 2020. This approval will allow PGW to implement the Pilot Program before the full CIS replacement process is underway.

13. PGW has discussed its proposed Pilot Program with parties in this proceeding and has provided additional supporting information. Based on these discussions, TURN, Action Alliance, and CAUSE-PA support PGW’s Petition.

14. If the Commission approves the Pilot Program as requested, PGW proposes to file its compliance USECP attaching Appendix H upon approval.

III. CONCLUSION

For the foregoing reasons, PGW respectfully requests that the Commission: (1) approve PGW's amended USECP as filed on January 6, 2020, with the addition of Appendix H attached hereto; (2) approve the Pilot Program on an expedited basis, by the end of March 2020, to allow PGW to implement this program change in a timely manner; and (3) require any Answers to this Petition to be filed within 10 days of this filing.

Respectfully submitted,



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February 21, 2020

Counsel for:
Philadelphia Gas Works

APPENDIX H

CRP Pilot Program and CRP Consumption Limit

- I. CRP Pilot Program - PGW will implement a new maximum CRP energy burden of 4% for customers in FPIG tier 0%-50% and 6% for customers in FPIG tier 51%-100% in its Customer Assistance Program (called CRP) as a pilot program (“Pilot Program”) through the term of its Amended USECP. The Pilot Program percentage changes are shown in Table 1 below.

Table 1. Modified Percentages for Pilot Program

Maximum Gross Monthly Household Income and Corresponding Percentage of Income Bill		
% Type Current CRP	% Type Pilot Program	% of FPL
8%	4%	0-50%
9%	6%	51-100%
10%	6%	101-150%

The Pilot Program will include the elimination of CRP’s \$5 co-pay for pre-program arrears. Consistent with how it estimated 2016 and 2017 costs in PGW’s Supplemental Information filed on April 8, 2019 at Docket No. M-2017-2587711, the approximate estimated costs of making the changes to the percentages of income and eliminating the \$5 co-pay is approximately \$23.8 million in 2016 and \$21.5 million in 2017.

- II. CRP Consumption Limit - PGW’s consumption limit will be modified as follows: customers who exceed an annual usage maximum of 2,290 ccf will be placed on an average bill program for the remainder of their credit limit period.