

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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October 20, 2020

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

Re: Peoples Natural Gas Company LLC  
Universal Service and Energy Conservation  
Plan for 2019-2024  
Docket No. M-2018-3003177

Peoples Gas Company LLC  
Universal Service and Energy Conservation  
Plan for 2019-2024  
Docket No. M-2020-3021343

Petition of Peoples Natural Gas Company  
LLC –to Modify the Budget for the  
Equitable Division  
Docket No. P-2019-3007044

Amendment to Peoples Natural Gas  
Company LLC Universal Service and  
Energy Conservation Plan for 2015-2018  
Docket No. P-2020-3017641

Peoples Natural Gas Company LLC  
Universal Service and Energy Conservation  
Plan for 2015-2018  
Docket No. M-2014-2432515

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Comments in the above-referenced proceedings.

Rosemary Chiavetta, Secretary

October 20, 2020

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Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Christy M. Appleby

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Certificate of Service

\*298110

CERTIFICATE OF SERVICE

Re: Peoples Natural Gas Company LLC	:	
Universal Service and Energy Conservation	:	Docket No. M-2018-3003177
Plan for 2019-2024	:	
	:	
Peoples Gas Company LLC	:	
Universal Service and Energy Conservation	:	Docket No. M-2020-3021343
Plan for 2019-2024	:	
	:	
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Equitable Division	:	
	:	
Amendment to Peoples Natural Gas	:	
Company LLC Universal Service and	:	Docket No. P-2020-3017641
Energy Conservation Plan for 2015-2018	:	
	:	
Peoples Natural Gas Company LLC	:	
Universal Service and Energy Conservation	:	Docket No. M-2014-2432515
Plan for 2015-2018	:	

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 20<sup>th</sup> day of October 2020.

**SERVICE BY E-MAIL ONLY**

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 Dated: October 20, 2020  
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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Peoples Natural Gas Company LLC	:		
Universal Service and Energy Conservation Plan	:	Docket No.	M-2018-3003177
For 2019-2024	:		
Peoples Gas Company LLC	:		
Universal Service and Energy Conservation Plan	:	Docket No.	M-2020-3021343
For 2019-2024	:		
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To Modify the Budget for the Equitable Division	:	Docket No.	P-2019-3007044
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For 2015-2018	:		
Peoples Natural Gas Company LLC	:		
Universal Service and Energy Conservation Plan	:	Docket No.	M-2014-2432515
For 2015-2018	:		

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COMMENTS  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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Dated: October 20, 2020

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The Office of Consumer Advocate files these Comments pursuant to the Pennsylvania Public Utility Commission's (Commission) directive in the Tentative Order entered August 27, 2020.<sup>1</sup>

## **I. INTRODUCTION**

On July 2, 2018, Peoples Natural Gas Company LLC (PNGC) and Peoples Gas Company (PGC) (collectively Companies) filed their proposed 2019-2021 Universal Services and Energy Conservation Plan (Proposed 2019 USECP or Proposed 2019 Plan).<sup>2</sup> Subsequent to the filing, the Commission extended the duration of the Proposed 2019 USECP through 2024. The Companies filed several additional revisions to the Proposed 2019 USECP. On January 6, 2020, the Companies filed an addendum to incorporate changes to the Proposed 2019 Plan as a result of the changes to the Final CAP Policy Statement and Order at Docket No. M-2019-3012599. The Companies also filed on April 24, 2020 at Docket No. P-2020-3017641 modifications to CAP, the Emergency Furnace and Service Line Repair (EFSLR) program, and Hardship Fund budgets and enrollment projections. Finally, on May 8, 2020 at Docket No. P-2020-3017641, the Companies filed modifications to the eligibility descriptions for the EFSLR program.<sup>3</sup>

Pursuant to its November 9<sup>th</sup> Order, the Commission's CAP Policy Statement was amended effective March 21, 2020. Tentative Order at 4-6; see also, 2019 Amendments to Policy Statement on Customer Assistance Programs, 52 Pa. Code § 69.261-69.267, Final Policy Statement and Order, Docket No. M-2019-3012599 (Final CAP Policy Statement Order). As the Tentative Order

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<sup>1</sup> The OCA was assisted in the preparation of these Comments by its consultant, Roger D. Colton. Roger Colton is a principal in the firm of Fisher Sheehan & Colton, Public Finance and General Economics. Mr. Colton provides technical assistance to a variety of public utilities, state agencies, and consumer organizations on rate and customer service issues for telephone, water/sewer, natural gas and electric utilities. Mr. Colton's work focuses on low-income energy issues, and he has testified and published extensively in this area.

<sup>2</sup> The OCA notes that in January 2020, the Peoples Companies were acquired by Aqua America, Inc., Aqua Pennsylvania, Inc., and Aqua Pennsylvania Wastewater Inc.

<sup>3</sup> See, Tentative Order at 2-14 for complete history of filings.

provides, the CAP Policy Statement Order includes 17 amendments to the CAP Policy Statement, and the Companies' January 6<sup>th</sup> filing proposes to incorporate nine of the proposed changes discussed in the Final CAP Policy Statement Order. Tentative Order at 11.

On August 27, 2020, the Commission entered its Tentative Order and requested Supplemental Information. The Tentative Order requested Supplemental Information and Comments on the following issues:

- a) Provide (1) actual enrollment levels and expenditures (*i.e.*, CAP credits, PPA forgiveness, and administrative costs) for CAP customers with incomes between 151%-200% of the FPIG from 2018 through 2019; (2) projected annual enrollment levels and expenditures (*i.e.*, CAP credits, PPA forgiveness, and administrative costs) for CAP customers with incomes between 151%-200% of the FPIG for 2020 through 2024; (3) an analysis of E-CAP participant pre- and post-program payment behavior (*e.g.*, percent of bills paid on-time and in-full) and termination rates from 2016-2019; and (4) impact of E-CAP on the Peoples' Companies bad debt and credit/collection costs. Further, we request that the Peoples Companies file and serve E-CAP data through 2019, consistent with the original reporting requirements.
- b) Provide estimates of how each individual change in their proposed CAP payment (*i.e.*, energy burden level decrease, elimination of PPA co-payment, elimination of CAP Plus) will increase CAP costs for each year of the proposed USECP broken down by household FPIG (*i.e.*, 0%-50%, 51%-100%, 101%-150%, and 151%-200%). Furthermore, identify the potential impact of the proposed PIP levels on unused LIHEAP grants returned to DHS. Specifically, provide an analysis for each income tier (0%-50%, 51%-100%, 101%-150%, and 151%-200%) to determine the number of CAP accounts which have unused LIHEAP funds returned to DHS and the average amount of those funds. Provide actual data for 2018 and 2019 and projected data for 2020 through 2024 based on the proposed PIP levels.
- c) Clarify the discrepancy between the January 6 Addendum and what is stated in the Proposed 2019 USECP regarding whether CAP customers have to direct their LIHEAP grants to utilities.
- d) Clarify whether any consumption limit distinctions are proposed for households between 151% and 200% of the FPIG.
- e) Include in their 2019 USECP a detailed description of their upcoming online CAP application process and how customers will be able to access it and provide required information.

- f) Include in their compliance filing their Consumer Education and Outreach Plan.
- g) Explain whether earned and unearned income of minor children are excluded when determining CAP eligibility and benefits. If the definition of household income has changed since the prior USECP, identify the effective date of this change.
- h) Identify the restoration requirements for CAP-eligible customers who are not currently enrolled in the program, including what amount of their balance can be placed into arrearage forgiveness before restoring service and enrolling these customers into CAP.
- i) Identify (1) how the customer is expected to provide authorization to the utilities and to DEF to share customer information between DEF-administered universal service programs; (2) how customer authorization is documented; (3) which organization (*e.g.*, utility, DEF) retains any authorization documentation; (4) how the information is securely tracked and transferred; and (5) if customers are able to opt-out of the information exchange.
- j) Articulate CAP collections procedures. Provide examples of an “extraordinary customer circumstance.”
- k) Explain how all customers have access to CAP through the application mediums available and specifically address whether prohibiting customers from applying via mail or fax limits access to the program. Outline the utilities’ process that CAP applicants follow to complete and submit applications and DEF’s process, including the timeframes for reminder notices and documentation requirements.
- l) Address how their final CAP billing practices reflect compliance with the relevant statutes and regulations as discussed in the CAP Final Billing Order.
- m) Provide details about LIURP customers who do not experience energy savings. Discuss (1) the reasons reported by non-savers for continuing high usage; (2) consequences for high usage after LIURP installation measures and the remedial action taken; and (3) services/incentives that LIURP offers to non-saving participants to encourage participation in the survey or remedial measures.
- n) Provide additional details about health and safety measures and provide examples of the health and safety measures that are performed and how they are documented.
- o) Provide additional details about the EFSLR program measures available to renters, including landlord consent and the measure actually installed.

- p) Provide a date-specific timeline for the universal service commitments in the Joint Settlement approved in the Aqua Acquisition Order, beginning with the date of acquisition of the Peoples Company by Aqua.
- q) Provide a full description of the Hardship Fund eligibility criteria, especially if practices differ or expand on the criteria listed on page 28 of the Proposed 2019 USECP. Clarify whether these requirements apply to all customers seeking Hardship Funds or if the Peoples Companies or DEF use discretion on a case-by-case basis. Advise if they use the same or similar process for any subset of customers as senior citizens aged 62 and over. Indicate if (and if so, how) the criteria in operation are different from the criteria articulated in the 2015 USECP.
- r) Explain how the Hardship Fund administrative costs are funded.
- s) Explain why the matching donations for Hardship Funds vary so greatly between PNGC and PGC.
- t) Provide current needs assessments for PNGC and PGC. Include the following:
- (1) the confirmed number of low-income customers at or below 150% of FPIG,
  - (2) the estimated number of low-income customers at or below 150% of FPIG,
  - (3) the confirmed number of payment-troubled, low-income customers,
  - (4) the estimate of payment-troubled, low-income customers,
  - (5) the estimated number of potential low-income LIURP participants,
  - (6) and the cost to serve customers needing LIURP. Provide the following information for PNGC and PGC households with income between 151%-200% of the FPIG: (1) the confirmed number of customers at 151% to 200% of the FPIG, (2) the estimated number of customers at 151% to 200% of the FPIG, (3) the confirmed number of payment-troubled customers at this FPIG level, (4) the estimate of payment-troubled customers at this FPIG level, (5) the estimated number of potential LIURP participants at this FPIG level, and (6) the cost to service customers at this level needing LIURP.
- u) Provide projected annual enrollment levels for PNGC's and PGC's CAP from 2020 through 2024. Include separate CAP projections for customers with

incomes at or below 150% of the FPIG and for customers between 151% and 200% of the FPIG.

v) Clarify if administrative costs not covered by utility donations for the Hardship Fund are recovered from ratepayers.

w) Provide the average annual number of PGC residential, CAP, and E-CAP customers from 2017-2019.

x) Clarify how LIURP is managed in-house but administered by CLEAResult.

Tentative Order at 60-63. On September 16, 2020, the Companies filed the requested Supplemental Information. On September 23, 2020, the OCA filed its Notice of Intervention and Public Statement in this matter and served its OCA Set I discovery requests.<sup>4</sup>

The OCA addresses the following issues raised by the Tentative Order in its Comments: (1) lowering the energy burdens, including the impact of unused LIHEAP grant dollars; (2) continuing the E-CAP for customers between 151%-200% of the Federal Poverty Level; (3) changing the policy regarding maximum CAP credit; and (4) changing the program requirements under the DEF administration of the Hardship Fund.

## **II. COMMENTS**

### **A. Tentative Order Identified Issues**

#### **1. Energy Burdens**

##### **a. Introduction**

Under the amended Proposed 2019 USECP, the Companies propose to reduce the energy burdens for its CAP Percentage of Income Payment (PIP) from:

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<sup>4</sup> The OCA notes the Companies expeditiously responded to the OCA's discovery requests. The OCA appreciates the Companies' efforts to answer the OCA's discovery responses as quickly as possible.

<b>FPIG Level</b>	<b>Current PIP</b>	<b>Proposed PIP</b>
<b>0% to 50%</b>	8%	4%
<b>51% to 100%</b>	9%	5%
<b>101% to 150%</b>	10%	6%
<b>151% to 200% (E-CAP)</b>	11%	7%

Tentative Order at 27, citing January 6 Addendum at 1 and Proposed 2019 USECP at 8. The Companies also propose to eliminate the co-payment of \$5 for CAP customers with pre-program arrearages (PPAs) and the CAP Plus amount for all customers. Tentative Order at 27-28. The Companies state that they plan to review the current minimum payment of \$25 with the Universal Services Advisory Group (USAG) during a 2020 meeting and will propose to amend the CAP minimum payment if the change is recommended by the group.<sup>5</sup> Tentative Order at 28, citing January 6 Addendum at 1. The Tentative Order requested that the Companies provide additional information regarding:

How each individual change in their proposed CAP payment (i.e, energy burden level decrease, elimination of PPA co-payment, elimination of CAP Plus) will increase CAP and E-CAP costs for each year of the proposed USECP.

Tentative Order at 28. The Tentative Order also requested that the Companies demonstrate the potential impact of the proposed PIP levels on unused LIHEAP grants returned to Department of Human Services (DHS). Tentative Order at 28-29.

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<sup>5</sup> The OCA notes that the Companies have not filed a proposal in this proceeding to amend the minimum payment.

b. An Examination of the Impact of the Proposed Changes to the Energy Burdens During COVID-19.

The OCA is concerned with the cost impact of so significantly lowering the energy burdens and thus, increasing the costs of CAP borne by residential customers. Peoples’ two other proposals -- the removal of the CAP Plus amount and the co-pay amount for arrearage forgiveness – add to these costs. Peoples provided an estimate of the costs of these changes to the Peoples CAP program in Attachment D of its Supplemental Information (September 2020). Supplemental Information at Attachment D. The incremental costs for 2021, assuming Peoples CAP enrollment projections, are set forth below:<sup>6</sup>

	PNG – Estimated Change by Component		
	Removal of \$5 PPA	Removal of \$5 CAP Plus	Reduction in Payment Percent
0 – 50% estimate	\$189,117	\$472,793	\$1,419,758
51 – 100% estimate	\$255,876	\$775,380	\$2,904,758
101 – 150% estimate	\$195,472	\$514,399	\$790,085
151 – 200% estimate	\$86,162	\$128,600	\$43,270
Total	\$726,627	\$1,891,792	\$5,157,871

<sup>6</sup> The focus is on 2021 costs given how late in 2020 we now are.

PG – Estimated Change by Component			
	Removal of \$5 PPA	Removal of \$5 CAP Plus	Reduction in Payment Percent
0 – 50% estimate	\$15,289	\$36,401	\$135,384
51 – 100% estimate	\$28,393	\$72,803	\$147,782
101 – 150% estimate	\$22,005	\$56,422	\$151,431
151 – 200% estimate	\$10,484	\$16,381	\$10,551
Total	\$76,171	\$182,007	\$445,148

As can be seen, the total incremental cost for these program changes is \$7,776,290 for PNG and \$70,326 for PG. The OCA has a particular concern about the impacts of such an addition to bills, particularly during this COVID-19 pandemic (and the economic downturn related to the pandemic), for residential customers. PNG reports that it has an estimated 143,280 customers living with income at or below 150% of Poverty (Supplemental Information, at Attachment H), with an additional 52,633 living with income at between 150% and 200% of Poverty. *Id.* In contrast, Peoples Natural Gas has only 30,270 CAP participants with income at or below 150% of Poverty (21% of the income-eligible), and only 2,204 CAP participants with income between 150% and 200% of Poverty (4% of the income-eligible). These lower income customers who are not CAP participants must bear these costs. These costs will also fall on customers with incomes above the level qualifying for assistance but still struggling to make a sustainable income.

The Pew Research Center, one of the nation’s most respected research centers, reported that:

lower-income adults are more likely than middle- and upper-income adults to say they've experienced significant job disruption due to the coronavirus outbreak. About half of lower-income adults (52%) say they or someone in their household has lost a job or taken a cut in pay due to the outbreak. This compares with 42% of middle-income and 32% of upper-income adults.<sup>7</sup>

The Pew data is set forth in the Table below.

More than four-in-ten adults say they or someone in their household has lost a job or taken a pay cut due to COVID-19 (Pew Research Center)			
	Been laid off / lost job	Had to take cut in pay	Net either / both
Upper income	18%	26%	32%
Middle income	26%	32%	42%
Lower income	39%	41%	52%

The Urban Institute examined the growth in “material hardships” attributable to COVID-

19. The Urban Institute stated:

define[s] [a material hardship as] being unable to pay their rent or mortgage, being unable to pay utility bills, reporting house-hold food insecurity, or having someone in the family go without medical care because of the cost. As noted, 31.0 percent of all adults and 42.0 percent of adults in families experiencing a loss of work or work-related income because of the pandemic reported that their families faced at least one type of hardship in the month before they completed the survey. This included 8.1 percent of adults whose households did not pay the full amount of the rent or mortgage or were late with such a payment; 10.3 percent who did not pay gas, oil, or electricity bills; 21.9 percent reporting household food insecurity; and 15.6 percent with unmet needs for medical care. These estimates likely understate housing hardship, because about three-quarters of respondents completed the survey before rent was due on April 1.

It is important to note that the inability to pay bills does not just impact customers with income below the Federal Poverty Level as the following chart shows:

<sup>7</sup> Parker, Horowitz and Brown (April 21, 2020). About Half of Lower-Income Americans Report Household Job or Wage Loss Due to COVID-19,” at 7, Pew Research Center: Washington D.C. , available at <https://www.pewsocialtrends.org/2020/04/21/about-half-of-lower-income-americans-report-household-job-or-wage-loss-due-to-covid-19/> (last accessed August 3, 2020).

Material Hardship in the Last 30 Day Reported by Adults Age 18 to 64, By Family Income (Federal Poverty Level), March/April 2020 <sup>8</sup>				
	Family Income			
	At or below 100% FPL	100 – 250% FPL	250 – 400% FPL	400% FPL or more
Unable to pay full amount of gas, oil or electricity bills	27.5%	13.9%	8.2%	2.6%

It is not simply the fact of the inability to pay the full amount of home energy bills in the past 30 days that is of concern, however. “Among adults in families that lost work or income,” the Urban Institute found, over half (50.6 percent) were “*worried about* being able to pay debts, and many also worried about being able to pay. . . utility bills (43.8 percent). . . *in the next month*. These data suggest that in addition to those who have already had problems paying their bills, a large share of adults in families losing work or income were *newly* at risk of falling behind on the rent, mortgage, or utility bills. . .”<sup>9</sup> (emphasis added).

As can be seen from the above, the economic and financial circumstances of customers remains tenuous and likely will be for some time to come. The OCA appreciates the need for CAP at this critical time and anticipates that enrollment in the program will grow dramatically in the coming months, further increasing the costs borne, automatically, by non-CAP residential customers regardless of income. The decision of whether to allow this change at this critical point in time of the COVID-19 pandemic, and associated economic crisis, is a discretionary decision on the part of the Commission. The OCA recommends that the Commission postpone this change or mitigate the impact by moderating the change in the energy burdens until such time as a full

<sup>8</sup> Karpman et al. (April 2020). The COVID-19 Pandemic is Straining Families’ Abilities to Afford Basic Needs, at 13, Urban Institute Health Policy Center: Washington D.C., available at <https://www.urban.org/research/publication/covid-19-pandemic-straining-families-abilities-afford-basic-needs> (last accessed October 20, 2020).

<sup>9</sup> Urban Institute, *supra*, at 14.

consideration of the necessary balance during this pandemic can be had. The OCA submits that referral to an ALJ may be appropriate in these circumstances to consider all means of making bills affordable and mitigating the cost consequences for the non-CAP residential customers who must pay the additional costs.

c. Impact of Unused LIHEAP Grants

The Tentative Order requested that the Companies provide information regarding whether the Companies anticipate an increase to the number of Low Income Home Energy Assistance Program (LIHEAP) grants that are returned unused to DHS. With respect to the current levels of returned LIHEAP grants, the Supplemental Information stated that, currently, roughly 1% of LIHEAP recipient dollars are returned to the Department of Human Services. Supplemental Information at 2. The Companies stated that “these customers are typically those that pay the CAP minimum payment (income 0 to 50% FPIG).” Supplemental Information at 2. The information provided, however, shows no anticipated impact of the reduced energy burdens on the LIHEAP grants. The Companies anticipate that they will maintain approximately 410 refunds for the Peoples Natural Gas Company and approximately 23 refunds for the Peoples Gas Company throughout the duration of the Plan. Supplemental Information at 2.

The OCA submits that it is not reasonable to expect that there would be no change in the amount of returned LIHEAP grants. Under the proposed reduced energy burdens, customers between 0-50% of the Federal Poverty Level will receive a 50% decrease in the energy burdens from 8% to 4%. This is the same population of customers that will receive the highest LIHEAP grants. The applicable LIHEAP dollars should reduce the asked to pay amount to many of these customers. The Companies have not provided any analysis to explain why they do not anticipate an increase in the amount of money in returned LIHEAP grants. A more complete analysis is

needed regarding the impact of the proposed CAP energy burdens on the amount of LIHEAP benefits that would be returned to DHS.

2. Continuation of the E-CAP Program

The Tentative Order raises a question regarding whether the E-CAP program that serves customers between 151%-200% of the Federal Poverty Level should be continued in light of the proposed cost increases due to the proposed changes to the energy burdens for CAP. Tentative Order at 24-27. The E-CAP program provides an 11% energy burden (or average bill) for customers at 151-200% of the FPL with arrearages in excess of \$800. *Id.* The Tentative Order notes an increase of 316 customers, or by 25%, while the cost of E-CAP increased by \$942,076 from 2016 to 2017. Tentative Order at 25. The Tentative Order also stated:

We further note that the average annual E-CAP cost per E-CAP household in 2016 was \$398, and the average annual E-CAP cost per E-CAP household in 2017 was \$910. The Peoples Companies have not explained why the average annual per-household cost of E-CAP more than doubled, increasing by 129% comparing 2017 to 2016.

Tentative Order at 25.

The Companies propose to continue the program and also propose to decrease the energy burdens from 11% to 7% for the E-CAP customers. Tentative Order at 23-24. The OCA does not agree that the energy burdens should be reduced so far, if at all. The Companies have not provided any demonstration of why this additional reduction should be extended to the 151-200% of the FPL population will achieve the intended purpose. The Companies' response to OCA Set I, No. 6 provides that the 4% decrease in the energy burden would increase the costs of the program which the Commission has already identified as a concern.

The OCA supports continuation of the program at this time with its current energy burden. The OCA submits that the Companies have demonstrated the important benefits of providing the

E-CAP program to customers between 151%-200% of the Federal Poverty Level. This additional financial assistance to a population that may not otherwise have access to public assistance programs is particularly important during these difficult financial times. The Supplemental Information shows that program has been successful. Attachment C to the Supplemental Information states “almost two-thirds of participants improved their payment behavior (i.e., increased the number of monthly payments made) following their entry into CAP.” Supplemental Information at Attachment C. The OCA submits, however, that there are areas for improvement.

In response to the OCA’s discovery requests, the Companies provided additional data regarding the number of E-CAP accounts that are billed each month and the number of accounts that were paid in full each month. The data shows that the number of customers paying on time and in full remains low. The OCA recommends that the Company consider ways to improve full collections received from the population of customers.

The E-CAP participation has steadily increased from 2018 through 2020 and now approximately 2,400 customers participate in the program. The OCA’s understanding of the primary purpose of E-CAP is to assist customers between 151-200% of the Federal Poverty Level in resolving large arrearages. The Companies provided in response to OCA Set I, No. 7 that there are not a lot of new enrollees each month but the number of enrolled participants is growing. It appears as if participation is increasing because participants are enrolling in the program and staying in the program, without retiring their arrears.

The OCA recommends that the program address this issue by enrolling the E-CAP customer population for a limited period of time to help the customers retire their arrearages. For example, the Company could establish a 30-month program and provide 1/24<sup>th</sup> arrearage forgiveness for each full payment that is made. If the customer does not retire the arrears by the

end of 30 months, then the remaining balance is returned to the customer's account and the customer is returned to the full standard residential rate. The data presented in the Companies' response to OCA Set I, No. 5 shows that the bills at standard residential rates at the 11% energy burden are not that different from the standard residential rates for lower income customers. The OCA submits that this would help to control the participation levels and the total costs of the E-CAP but maintain the benefits of the program.

The OCA recommends that the Companies continue to maintain the E-CAP program, but the program should not decrease the energy burdens from 11% to 7%. Although the Companies have been successful in improving the payment behavior for some customers, the OCA submits that payment behaviors should still be further improved. The OCA proposes that the program enrollment be limited to 30-months with 1/24 arrearage forgiveness provided during that time period.

### 3. Maximum CAP Credit

The Tentative Order describes how the Companies use their maximum CAP credit. Tentative Order at 32. The Tentative Order states:

The Peoples Companies notify CAP customers as they approach annual CAP credits of \$500, \$750, and \$1,000 and refers them to their LIURP. When a CAP account exceeds the \$1,000 CAP credit threshold, the Peoples Companies review the account and contact the customer in order to determine if the excess usage was justified. Currently, if the Peoples Companies determine that the excess usage was not justified, the customer may be charged for the additional CAP credits. 2015 USECP at 13. The Peoples Companies are proposing to amend this process by adding the option to remove customers from CAP, instead of charge them for excess CAP credits, if their natural gas consumption pattern is reviewed and the Peoples Companies determine that the household is not using natural gas responsibly.

Tentative Order at 32 (emphasis added). Currently, the Companies do not remove customers from CAP if customers exceed the maximum CAP credit, but they propose to amend this process to

allow for the removal of a customer from CAP. The Tentative Order notes that this policy change is not reflected in the Companies' Proposed 2019 USECP. Tentative Order at 32. The Tentative Order identified that the Commission has previously approved consumption limits for other natural gas utilities. Tentative Order at 32, citing Columbia 2019-2023 USECP, Docket No. M-2018-2645401, Order at 26 (Order entered Nov. 25, 2019); UGI 2020-2025 USECP, Docket No. M-2019-3014966, Order at 20 (Order entered Jan. 16, 2020). The Tentative Order also requests clarification regarding whether similar consumption limit distinctions are proposed for households between 151% and 200% of the FPIG. Tentative Order at 33.

The OCA agrees that any such proposed policy changes should be reflected in the Companies' USECP. The OCA submits, however, that removal from CAP may not be the appropriate answer and should only be used as a last resort. The Companies should first evaluate whether the customer is unable to reduce his or her consumption or is eligible for one of the exemptions under the CAP Policy Statement. See, 52 Pa. Code § 69.265(2)(vi). The customer should then be referred to LIURP and prioritized for LIURP services.

The Tentative Order identified that a customer's "excess usage" may "lead to someone being removed from CAP" rather than being charged for the excess CAP credits. Tentative Order at 32. While there may not be a significant difference on the customer's bills between the two approaches, there is a considerable difference in removing a customer from CAP. With removal from CAP, the customer could lose arrearage forgiveness if they make payments in full of the higher amount, could lose prioritization for LIURP, and could owe the full unpaid balance. The OCA would recommend that this proposed change not be adopted.

4. Dollar Energy Fund

The Tentative Order raises a concern regarding Dollar Energy Fund's (DEF) policies regarding the administration of the Companies' Hardship Fund and whether those policies have been approved by the Commission for the Peoples Companies' Hardship Fund. Tentative Order at 45. The Tentative Order states:

DEF, the Peoples Companies' Hardship Fund administrator, has recently introduced a requirement on its website that a household cannot receive a hardship grant if the amount is not enough to stop termination or to restore service. This Hardship Fund eligibility is not listed in the Peoples Companies' Proposed 2019 USECP.

We are concerned that the Peoples Companies may be imposing, or allowing their administrator DEF to impose, requirements on the Peoples Companies' Hardship Fund grants that are not expressly articulated by the Peoples Companies in their USECP as approved by the Commission. Consistency and clear eligibility criteria ensure program integrity and fair customer treatment.

Tentative Order at 45-46 (footnotes omitted). In particular, the Tentative Order requested information regarding the Companies' policies and requested a full description of the Companies' policies and eligibility criteria. Tentative Order at 46. The information in Attachment G addressed the criteria for receipt of a Hardship Fund grant; however, the information presented in Attachment G did not specifically include whether the grant must be sufficient to address the reason for determination. Supplemental Information at Attachment G.

The OCA is also concerned about the Peoples Companies' similar statement included in its Plan. The Proposed 2019 USECP Plan states that "the Dollar Energy Fund reviews and modifies *its* eligibility guidelines annually." Proposed 2019 USECP Plan at 28 (emphasis added). The OCA submits that the eligibility guidelines will need to be set by the Peoples Companies, and approved by the Commission. DEF is only the administrator of the Peoples Companies' Hardship

Funds, and the administration of the Hardship Funds should be guided in all respects by policy established by the Commission and implemented by the Companies.

The OCA submits that the Peoples Companies should provide a response to the Tentative Order example from the DEF website regarding whether the Hardship Fund grant (and any other assistance funds combined) may be received if the grant is not sufficient to stop the termination or to restore service. This policy information should be clearly spelled out in the Companies' USECP, the guidelines for operation of the Hardship Fund, and as approved by the Commission.

### III. CONCLUSION

The OCA appreciates the opportunity to Comment on the Peoples Natural Gas Company and Peoples Gas Company Universal Service and Energy Conservation Plans for 2019-2024. The OCA respectfully submits that its Comments and recommendations contained herein should be adopted.

Respectfully Submitted,

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