

COMMONWEALTH OF PENNSYLVANIA



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November 4, 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 Reply Comments in the above-referenced proceedings.

Rosemary Chiavetta, Secretary

November 4, 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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Assistant Consumer Advocate

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Louise Fink Smith, Law Bureau (**email only**)
Certificate of Service

*298804

CERTIFICATE OF SERVICE

Re: Peoples Natural Gas Company LLC :
Universal Service and Energy Conservation : Docket No. M-2018-3003177
Plan for 2019-2024 :
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Peoples Gas Company LLC :
Universal Service and Energy Conservation : Docket No. M-2020-3021343
Plan for 2019-2024 :
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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 Reply 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 4th day of November 2020.

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Dated: November 4, 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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Amendment to Peoples Natural Gas Company LLC	:		
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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	:		

REPLY COMMENTS
OF THE
OFFICE OF CONSUMER ADVOCATE

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Dated: November 4, 2020

The Office of Consumer Advocate files these Reply Comments pursuant to the Pennsylvania Public Utility Commission's (Commission) directive in the Tentative Order entered August 27, 2020.¹

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).² 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.³

On August 27, 2020, the Commission entered its Tentative Order and requested Supplemental Information. 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.

¹ The OCA was assisted in the preparation of these Reply 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.

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

³ See, Tentative Order at 2-14 for complete history of filings.

On October 20, 2020, the OCA and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSA-PA) filed Comments. The OCA responds to the Comments of CAUSE-PA regarding: (1) energy burdens; (2) continuation of the E-CAP; (3) DEF cross-enrollment in CAP with overlapping water and electric utilities; and (4) the Dollar Energy Fund.

II. REPLY COMMENTS

A. Energy Burdens

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

FPIG Level	Current PIP	Proposed PIP
0% to 50%	8%	4%
51% to 100%	9%	5%
101% to 150%	10%	6%
151% to 200% (E-CAP)	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. In its Comments, CAUSE-PA recommends that the Companies’ proposals to lower the energy burdens and remove the CAP Plus amount and \$5 co-pay amount for arrearage forgiveness be approved. CAUSE-PA Comments at 15-18. As the OCA discussed in its Comments, the OCA does not agree that the energy burdens, CAP Plus amount, or arrearage forgiveness amount should be changed at this time. OCA Comments at 5-12.

As the OCA stated in its Comments, 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. OCA Comments at 7-11. Peoples' two other proposals -- the removal of the CAP Plus amount and the co-pay amount for arrearage forgiveness -- add to these costs. OCA Comments at 7. 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 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.

As the OCA discussed in its Comments, the OCA also recommends that any change to the energy burdens consider the impact of the change to energy burdens on the unused Low Income Home Energy Assistance Program (LIHEAP) grants. OCA Comments at 11-12. 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.

As a part of its discussion of the energy burdens, CAUSE-PA states that it supports the Companies' proposal to address whether the current \$25 minimum bill should be changed in the Universal Services Advisory Group. CAUSE-PA Comments at 18. CAUSE-PA argues that the minimum charge should be "consistent with Peoples' applicable residential customer charge."

CAUSE-PA Comments at 18. The OCA agrees that the insights of the USAG would be valuable in consideration of the appropriate minimum charge. Any change to the minimum bill, however, should be approved as a part of the Companies' USECP. The OCA reserves comment on changes to the minimum bill at this time.

B. Continuation of the E-CAP

In its Comments, CAUSE-PA recommends on a pilot basis, the approval of the Companies' proposal to reduce the energy burdens from 11% to 7% for the E-CAP program for customers at 151-200% of the Federal Poverty Level. CAUSE-PA Comments at 9-15. CAUSE-PA recommends that the program be continued as a pilot program for the 2019-2024 USECP with additional data and reporting requirements to assess whether the program should be included as a part of the USECP going-forward. CAUSE-Comments at 13. CAUSE-PA proposes that the issue of the appropriate proposed metrics be referred to the Universal Services Advisory Group for review. CAUSE-PA Comments at 13. The review should include metrics related to the partial payment rate by E-CAP participants. CAUSE-PA Comments at 13.

As the OCA discussed in its Comments, the OCA supports continuation of the E-CAP program, but the OCA does not agree that the current energy burdens should be changed. OCA Comments at 12-14. The OCA agrees with CAUSE-PA that the Companies have demonstrated the important benefits of providing the E-CAP program to customers between 151%-200% of the Federal Poverty Level, but the OCA does not believe that there is a need to change the energy burdens in order to achieve those objectives. The Supplemental Information shows that program has been successful as currently designed. 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 may be areas for improvement. The OCA

agrees that the metrics proposed by CAUSE-PA would be helpful for future evaluation of the program.

As the OCA discussed in its Comments, the OCA recommends that the program enroll the E-CAP customer population for only a limited period of time to help the customers retire their arrearages. For example, the Company could establish a 30-month program and provide 1/24th 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. The OCA submits that CAUSE-PA's proposal for the Universal Services Advisory Group to develop metrics to evaluate the effectiveness of the E-CAP program should be approved.

C. Cross-Enrollment

In its Comments, CAUSE-PA supports the Companies' proposal to use (with explicit customer consent) information on file with Dollar Energy Fund (DEF) to cross-enroll customers in the Companies' CAP or for recertification purposes. CAUSE-PA Comments at 30-31. DEF currently administers the low-income programs for Duquesne Light, the Peoples Companies, the FirstEnergy Companies, Pennsylvania-American Water Company, and Pittsburgh Sewer and

Water Authority. CAUSE-PA questioned the Companies' use of the phrase that the information would be "used for appropriate means." CAUSE-PA Comments at 31. CAUSE-PA cautioned that the information should only be used with the explicit consent of customers. CAUSE-PA Comments at 31.

The OCA agrees that the coordination of enrollment and recertification of the programs will reduce administrative barriers for customer enrollment in CAP and recertification and should be encouraged. The proposal will also reduce the administrative burdens of enrollment and recertification for the utilities. The OCA also agrees with CAUSE-PA's condition that the information only be used with explicit consent by the customer.

D. DEF

In its Comments, CAUSE-PA raised the same concern that the OCA raised in its Comments regarding whether DEF, rather than the Peoples Companies, are directing the program requirements. CAUSE-PA Comments at 37-38. CAUSE-PA specifically expresses concerns about DEF's requirements for "sincere effort of payment" before a Hardship Fund grant will be provided. CAUSE-PA Comments at 38. CAUSE-PA states that DEF should not be permitted to implement program rules that are not memorialized in the Companies' USECP. CAUSE-PA Comments at 38.

The Tentative Order and the OCA's Comments identified similar concerns. Tentative Order at 45-46; OCA Comments at 16-17. In its Comments, the OCA stated that it is concerned about the Peoples Companies' USECP statement that "the Dollar Energy Fund reviews and modifies *its* eligibility guidelines annually." OCA Comments at 16, citing Proposed 2019 USECP Plan at 28 (emphasis added). The OCA submits that the eligibility guidelines should 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 agrees with CAUSE-PA and the Tentative Order that any policy information related to the Companies' program requirements 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

WHEREFORE, the Office of Consumer Advocate respectfully requests that the Peoples Natural Gas Company and Peoples Gas Company Universal Service and Energy Conservation Plan for 2019-2024 be approved subject to the recommendations in the OCA's Comments and identified herein.

Respectfully Submitted,

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