



November 4, 2020

VIA E-File

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street, Filing Room
Harrisburg, PA 17120

Re: Peoples Natural Gas Company LLC Universal Service and Energy Conservation Plan for 2019-2024 at Docket No. M-2018-3003177
Peoples Gas Company LLC Universal and Energy Conservation Plan for 2019-2024 at Docket No. M-2020-3021343
Petition of Peoples Natural Gas Company LLC - to Modify the Budget for the Equitable Division at Docket No. P-2019-3007044
Amendment to Peoples Natural Gas Company LLC Universal Service and Energy Conservation Plan for 2015-2018 at Docket No. P-2020-3017641
Peoples Natural Gas Co. LLC Universal Service and Energy Conservation Plan for 2015-2018 at Docket No. M-2014-2432515

Reply Comments of CAUSE-PA

Dear Secretary Chiavetta,

Pursuant to the Tentative Order entered August 27, 2020 by the Pennsylvania Public Utility Commission in the above noted dockets, enclosed please find the **Reply Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)**.

Respectfully Submitted,
Counsel for CAUSE-PA

A handwritten signature in blue ink that reads "Elizabeth R. Marx".

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CC: Certificate of Service
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BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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

Certificate of Service

I hereby certify that I have this day served copies of the **Reply Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania** in accordance with the requirements of 52 Pa. Code § 1.54, as modified by the Commission's March 20, 2020 Emergency Order, in the manner and upon the persons listed below.

VIA EMAIL

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Respectfully Submitted,



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Counsel for CAUSE-PA

November 4, 2020

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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2015-2018 : Docket No. P-2020-3017641

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and Energy Conservation Plan for 2015-2018 : Docket No. M-2014-2432515

**REPLY COMMENTS OF THE COALITION FOR AFFORDABLE UTILITY SERVICES
AND ENERGY EFFICIENCY IN PENNSYLVANIA**

PENNSYLVANIA UTILITY LAW PROJECT

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November 4, 2020

I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its attorneys at the Pennsylvania Utility Law Project, submits the following Reply Comments pursuant to the August 27, 2020 Tentative Order (TO), which invited interested parties to submit comments and reply comments to the Peoples Gas Company LLC and the Peoples Natural Gas Company LLC (collectively, Peoples) Universal Service and Energy Conservation Plan for 2019 - 2024 (Peoples USECP or Plan).

On October 20, 2020, CAUSE-PA and the Office of Consumer Advocate (OCA) each submitted initial Comments in response to Peoples' proposed USECP and the issues identified in the Commission's TO. CAUSE-PA submits the following comments for the Commission's consideration in response to the initial Comments of OCA. For the sake of brevity, CAUSE-PA will not reiterate arguments raised in initial comments, but incorporates those arguments by reference. To the extent that any argument raised in OCA's initial Comments is not addressed does not indicate CAUSE-PA's agreement.

II. REPLY COMMENTS

CAUSE-PA agrees with OCA that Peoples' proposed maximum CAP credit limit should be rejected and that policy related to Hardship Funds should be set by the Companies and approved by the Commission as part of Peoples USECP. (See OCA Cmts at 14-17; CAUSE-PA Cmts at 22-25, 37-39). However, we strongly disagree with OCA's recommendation that the Commission delay implementation of Peoples proposal to address longstanding unaffordability within CAP by adopting the Commission's revised energy burden standards. In short, CAUSE-PA continues to assert that the Commission has overwhelming evidence with which to make a decision on this issue and should – without further delay – approve Peoples' proposal to reduce its applicable

energy burden standards consistent with the energy burden standards adopted by the Commission in its formal CAP Policy Statement. (See CAUSE-PA Cmts at 9-19).

1. CAP

a. CAUSE-PA supports the immediate reduction of Peoples' CAP energy burdens standards.

It is critical that the Commission implement the energy burden standards proposed by Peoples without delay, consistent with the energy burden standards adopted in the Commission's formal CAP Policy Statement. This program reform is particularly critical, given the devastating and profound economic impact of the pandemic, which has undeniably fallen hardest on low income consumers.¹ It would be unjust and unreasonable to require CAP customers to continue to pay rates that the Commission has already concluded to be unreasonable and unaffordable.² The Commission has already engaged in a years-long, multi-level investigation into the reasonable level of affordability for CAP customers, and has all the evidence needed to make a determination on this issue without referring the matter to the Office of Administrative Law Judge for further proceedings. Delaying implementation of the reduced energy burden standards will only postpone critical rate relief - compounding the emerging utility debt crisis as low income families struggle to keep warm in their homes this winter. Now is the time to address longstanding unaffordability, consistent with the Commission's stated policy, to ensure that low income consumers can maintain service to their home.

¹ Graff, M., Carley, S. COVID-19 Assistance Needs to Target Energy Insecurity, *Nat Energy* 5, 352–354 (2020). <https://doi.org/10.1038/s41560-020-0620-y>; see also Parker, K., Minkin, R., and Bennett, J. Economic Fallout from COVID-19 Continues to Hit Lower-Income Americans the Hardest, Pew Research Center, (Sept. 24, 2020) <https://www.pewsocialtrends.org/2020/09/24/economic-fallout-from-covid-19-continues-to-hit-lower-income-americans-the-hardest/>

² 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261-69.267, Final Policy Statement and Order, Docket No. M-2019-3012599 (order entered Nov. 5, 2019) (“[T]he current maximum energy burden ranges based on the FPIGs in the [previous] CAP Policy Statement do not reflect reasonable or affordable payments for many low-income customers. This would be our conclusion even if the currently specified burdens are considered only presumptively reasonable or affordable.”).

OCA disagrees with CAUSE-PA on this point, and argues in its Comments that the economic impact of the pandemic is reason to delay adoption of the Commission's energy burden standards, noting concern for lower income residential customers whose income exceeds 150% of the FPL - yet still fall short of securing a sustainable income that renders utility bills sometimes unaffordable. (OCA Cmts. at 8-11) It is undeniable COVID-19 is profoundly exacerbating an ongoing and serious utility affordability issue – especially for low income customers. This is precisely the reason why it is critically important for the Commission to approve Peoples' proposed energy burden reductions without delay.

The research OCA cites to explain the impact of the pandemic underscores the critical need to provide immediate increased support and improved affordability to CAP eligible households. Data from the Pew Research Center, for example, highlights the fact that the pandemic has had a far greater economic impact on low income households than on middle and upper income households. (OCA Comments at 9). Likewise, research published by the Urban Institute, which assessed acute economic hardship of families over a 30-day period in March and April, 2020, showed that 27% of people with income at or below 100% FPL were unable to pay the full amount of gas, oil, or electricity bills - while 13.9% of those whose income ranges from 100 to 250% FPL faced the same difficulty. (OCA Comments at 10). The number of families struggling to pay utility bills is *nearly double* for those under 100% FPL than those with income from 100-250% FPL. Of course, Peoples' proposal to improve affordability for its CAP and E-CAP customers would reach the vast majority of households in both of these income groups – including those up to 200% FPL – ensuring that any household with income at or below 200% FPL will receive an appropriately targeted level of assistance through CAP to reach a reasonably affordable rate.

CAUSE-PA recognizes that households with income higher than 250% FPL also experience hardship. However, the research already conducted by the Commission regarding the relative energy burden of middle income households suggests that there is great disparity in the *relative depth* of that struggle – with CAP-eligible households experiencing far greater depth of unaffordability and far greater need for assistance.³ CAUSE-PA submits that the projected increase in universal service costs on those ineligible for assistance through CAP or E-CAP will not have a significant impact on affordability for those with income that exceeds 200% FPL. To put the cost in full context, a household of 3 at 200% FPL has a gross household income of \$43,440 – or \$3,620 per month; and a household of 3 at 250% FPL has a gross household income of \$54,300 – or \$4,525 per month. As noted in CAUSE-PA’s initial comments, on a per customer basis, the projected cost of Peoples’ proposed energy burden adjustments is approximately \$0.27/month for Peoples Gas customers and \$0.96 per month for Peoples Natural Gas customers – bringing the total monthly cost of CAP per residential customer to approximately \$2.53 for Peoples Gas and \$3.14 for Peoples Natural Gas. (CAUSE-PA Cmts at 17). ***As a percentage of income, the cost of the proposed improvements to affordability for those ineligible for CAP (above 200% FPL) is roughly 0.0265% or less of household income for Peoples Natural Gas customers and 0.0075% or less of household income for Peoples Gas.*** The ***full cost*** of universal service – including the current universal service costs and the costs of the proposed improvements – is also remarkably low for households ineligible for CAP (above 200% FPL), and amounts to 0.07% or less for Peoples Gas and 0.09% Peoples Natural Gas customers. We strongly assert that the improved

³ See 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261- 69.267, Final Policy Statement and Order, Docket No. M-2019-3012599, 16-17, 27 (order entered Nov. 5, 2019); see also Energy Affordability Report at Docket M-2017-2587711.

affordability proposed by Peoples is inherently reasonable – costing those who are ineligible for CAP a few one-hundredths of one percent of household income.

OCA further argues that Peoples’ proposal to adopt the Commission’s energy burden standards should be referred to the Office of Administrative Law Judge for further factual proceedings 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” (OCA Comments at 11). Referring this matter to an ALJ is unnecessary, and is not a good use of resources to further litigate a matter which has already been subject to painstaking review and detailed factual inquiry.⁴ The Commission’s revised energy burden standards were adopted after an exhaustive multi-year study and investigation into rate affordability and the adequacy of universal service programming in Pennsylvania. In adopting its revised energy burden standards, the Commission was explicit in concluding that maximum energy burden ranges in the Commission’s CAP Policy Statement did not reflect reasonable or affordable payments for many low-income customers.⁵ Thus, as CAUSE-PA stated in our initial comments, failure to approve Peoples proposal to adjust its energy burden standards would impose categorically unaffordable and unreasonable rates on CAP customers. Such unreasonable and unaffordable rates flout the Commission’s obligations set forth in the

⁴ See 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261- 69.267, Final Policy Statement and Order, Docket No. M-2019-3012599 (order entered Nov. 5, 2019).

⁵ Id. at 27 (emphasis added). The Commission went further in its declaration that the former energy burden standards are categorically unreasonable and unaffordable, explaining: “**This would be our conclusion even if the currently specified burdens are considered only presumptively reasonable or affordable.**” Id.

Choice Act,⁶ and contradict the Commission's responsibility to ensure all rates are just, reasonable, and in conformance with all applicable regulations of the Commission.⁷ (CAUSE-PA Cmts at 8).

CAUSE-PA urges the Commission to implement the energy burden reductions without delay. Especially in light of the ongoing pandemic and the proven disproportionate economic hardship on low income customers, swift rate relief for CAP customers is necessary to remediate existing unaffordability within Peoples' CAP, helping to ensure that all low income customers in Peoples' service territory are reasonably able to afford to maintain service to their home.

b. CAUSE-PA maintains the impact of unused LIHEAP grants is negligible and further evaluation is unnecessary.

OCA states concern that information provided by the Peoples Companies does not show an anticipated impact of the reduced energy burdens on LIHEAP grants. OCA avers it is reasonable to expect to see a change in the number of LIHEAP grants returned to DHS with the reduction of energy burdens to low income customers and requests for a thorough analysis to be completed on the impact of grant funding returned to DHS. (OCA Cmts at 11-12).

Peoples explained in response to the TO that the number of LIHEAP grants for CAP customers not fully expended within the program year, and therefore returned to LIHEAP at the end of the program year, was extremely limited – accounting for just over one percent of all LIHEAP recipients. (Supplemental Information at 2). In 2018, the total number of active LIHEAP refunds was 455 out of 33,583 total LIHEAP recipients, and there were fewer still in 2019 – with 411 active refunds out of 33,110 total recipients. (*Id.*) The average dollar amount refund per person

⁶ See 66 Pa. C.S. §§ 2202, 2203(8).

⁷ 66 Pa. C.S. § 1301(a) (“Every rate made, demanded, or received by any public utility ... shall be just and reasonable, and in conformity with regulations or orders of the Commission.”).

in 2018 was approximately \$108, and \$168 in 2019. (Id.) Even if there is an increase in the number of refunds, as OCA submits, any increase is likely to be marginal.

LIHEAP refunds are typically only on accounts where the CAP customer receives a minimum bill. (Supplemental Information, 1-2.) Generally, only those with extremely low or no income – 0-50% FPL – are charged the CAP minimum payment. (Id.) For context, a household of three at this income level must make less than \$10,860 (gross) each year – or just \$905 per month.⁸ These households are desperately poor and require substantial assistance to remain connected to service in their home – even with the assistance of LIHEAP.

As the Commission recognized in its Final CAP Policy Statement and Order, LIHEAP assistance is limited in its reach.⁹ Customers are not required to apply their LIHEAP grant to gas service, and may opt instead to apply their grant to reduce their electric bill burden.¹⁰ As the Commission concluded, CAP customers should not be punished for assigning their LIHEAP grant to a specific CAP.¹¹ However, if LIHEAP is factored directly into the energy burden determination for the lowest income households (0-50% FPL), it would penalize those CAP customers if they need to assign their LIHEAP grant to assist with another regulated or unregulated heat related service. Moreover, not all low-income households are eligible for LIHEAP. Immigrant consumers are particularly vulnerable, often facing disproportionately higher energy burden levels, yet many

⁸ U.S. Department of Health and Human Services, Federal Poverty Guidelines Used to Determine Financial Eligibility for Certain Federal Programs (January 2020) <https://aspe.hhs.gov/poverty-guidelines>

⁹ Final CAP Policy Statement and Order at 50-52.

¹⁰ Final CAP Policy Statement and Order at 50-52 (“As low-income customers may participate in more than one CAP – or may use their LIHEAP grant to obtain a deliverable fuel source – these provisions are no longer appropriate as they could require households to choose between CAPs or between a CAP and a necessary fuel delivery.”); 52 Pa. Code § 69.265(9).

¹¹ Final CAP Policy Statement and Order at 53.

are as many are ineligible for the program, or may be apprehensive of participating in a federal assistance program.¹²

LIHEAP is a federal program, with a finite budget, and relies on an annual appropriation that could be eliminated in the federal budget in any given year.¹³ Unlike many other federal assistance programs, LIHEAP is not an “entitlement” program, and grant amounts can change dramatically from year to year.¹⁴ Moreover, LIHEAP does not provide an unlimited amount of assistance dollars, and is inadequate to serve all CAP customers – let alone all low-income customers who may be eligible for regulated or unregulated home heating assistance through the program. In fact, the current administration has proposed the complete elimination of LIHEAP funding in the federal budget in each of the last three years.¹⁵ Once LIHEAP funding is expended – or the program otherwise closes for the season – there is no additional assistance available until the following program year. The Commission, through the development and ultimate publication of the Final CAP Policy Statement and Order, already evaluated data related to LIHEAP.

As the Commission has made the determinations as detailed above, and as Peoples notes the number of returned grants has a pattern of being inconsequential and the reduction of energy burdens is not anticipated to alter that pattern, CAUSE-PA submits no further analysis is necessary to determine anticipated impact.

¹² Final CAP Policy Statement and Order at 50.

¹³ Pa. Dept. of Human Services, Low-Income Home Energy Assistance Program Final State Plan, Fiscal Year 2021, at i (2020) (explaining federal funding).

¹⁴ See id. at i-ix (detailing changes from previous program year).

¹⁵ See, e.g., LIHEAP.org, LIHEAP News Alert: Administration’s Budget Proposes Significant Cuts to HHS Programs (Mar. 12, 2019), <https://www.liheap.org/news/2019/3/12/liheap-news-alert-administrations-budget-proposes-significant-cuts-to-hhs-programs>.

Finally, it is important to keep in mind that LIHEAP “refunds” do not go back to the federal government. Any grant funding returned to DHS is, rather, reapportioned to other Pennsylvanians in need of home energy assistance.

c. CAUSE-PA supports continuation of Peoples’ E-CAP as a pilot program.

In its initial Comments, CAUSE-PA supported continuation of Peoples’ E-CAP as a pilot program, with a reduced energy burden for participants. (CAUSE-PA Cmts at 9-14). OCA also supported continuation of E-CAP – but with a different implementation strategy and without a reduction of the energy burden for those with incomes between 151 and 200% FPL. (OCA Cmts at 12-14). OCA avers E-CAP should be a temporary assistance program only to help customers in this income bracket to reduce accrued arrears. OCA proposes E-CAP be a limited 30-month program with 1/24 arrearage forgiveness provided during that time period.

CAUSE-PA disagrees with this recommendation for restructuring E-CAP. This program was piloted to determine if expanding CAP to a slightly higher income bracket, with important additional qualifiers for the program, could help Peoples improve payment behavior and thus increase collections. As explained in our initial comments, Peoples reported data which indicated promising trends in payment behaviors of this group. (See CAUSE-PA Cmts at 12) These payment trends suggest these customers are in need of ongoing financial assistance to afford their utility bills, not simply to pay off accrued arrearages. As previously explained, there is simply not enough analysis and information at this stage to fully and appropriately assess the effectiveness of E-CAP – though it is clear that improvements are possible, and that there is a significant need for both arrearage forgiveness and ongoing bill assistance to prevent the *additional* accrual of arrears once resolved through the program. (See id.)

As stated in our initial comments, CAUSE-PA recommends that E-CAP remain a pilot program for the 2019-2024 USECP to have a better understanding of the impact E-CAP may have on CAP, especially considering Peoples' other proposed changes to improve affordability and accessibility to all CAP customers.

III. CONCLUSION

CAUSE-PA thanks the Commission for its thoughtful consideration of the issues raised above and in its initial Comments. We urge the Commission to act accordingly to ensure that all customers are able to access safe, affordable natural gas service within the Peoples service territory.

Respectfully Submitted,

PENNSYLVANIA UTILITY LAW PROJECT



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