


COMMONWEALTH OF PENNSYLVANIA



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September 14, 2021

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

Re: National Fuel Gas Distribution Corporation's
Universal Service and Energy Conservation
Plan for 2022-2026 Submitted in Compliance
with 52 Pa. Code § 62.4
Docket No. M-2021-3024935

Dear Secretary Chiavetta:

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

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Christy M. Appleby

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Certificate of Service

*317283

CERTIFICATE OF SERVICE

Re: National Fuel Gas Distribution Corporation's :
Universal Service and Energy Conservation : Docket No. M-2021-3024935
Plan for 2022-2026 Submitted in Compliance :
with 52 Pa. Code § 62.4 :

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 14th day of September 2021.

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

National Fuel Gas Distribution Corporation's :
Universal Service and Energy Conservation : Docket No. M-2021-3024935
Plan for 2022-2026 Submitted in Compliance :
with 52 Pa. Code § 62.4 :

COMMENTS
OF THE
OFFICE OF CONSUMER ADVOCATE

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The Office of Consumer Advocate (OCA) files these Comments pursuant to the directive in the Commission’s Order Directing Supplemental Information and Establishing Comment Period (NFG USECP 2022-2026 Comment Order)¹ entered July 15, 2021.²

I. INTRODUCTION

On March 31, 2021, National Fuel Gas Distribution Corporation (NFG) filed its proposed natural gas Universal Service and Energy Conservation Plan for 2022-2024 (USECP or Plan) pursuant to 52 Pa. Code Section 62.4.

Pursuant to a November 9, 2019 Order, the Commission’s CAP Policy Statement was amended effective March 21, 2020. NFG USECP 2022-2026 Comment Order at 3-4; see also, 2019 Amendments to Policy Statement on Customer Assistance Programs, 52 Pa. Code § 69.261-69.267, Docket No. M-2019-3012599, Final Policy Statement and Order (Order entered November 5, 2019) (Final CAP Policy Statement Order). As the NFG USECP 2022-2026 Comment Order provides, the CAP Policy Statement Order includes 17 amendments to the CAP Policy Statement, and on February 21, 2020, NFG filed a letter at Docket No. M-2016-2573847 identifying its current compliance with the CAP Policy Statement and noting other potential changes that might be filed as a part of the instant proceeding. NFG USECP 2022-2026 Comment Order at 3, 10-12.

On July 15, 2021, the Commission entered its NFG USECP 2022-2026 Comment Order and requested Supplemental Information. On August 24, 2021, NFG filed its Reply Comments in

¹ National Fuel Gas Distribution Corporation’s Universal Service and Energy Conservation Plan for 2022-2026 Submitted in Compliance with 52 Pa. Code § 62.4, Docket No. M-2021-3024935, Order Directing Supplemental Information and Establishing Comment Period (Order entered July 15, 2021)(NFG USECP 2022-2026 Comment Order).

² 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.

Response to Order of the Pennsylvania Public Utility Commission dated July 15, 2021.³ Comments are to be filed on September 14, 2021, and Reply Comments are due on September 29, 2021.

The OCA addresses the following issues raised by the NFG USECP 2022-2026 Comment Order: (1) energy burdens, including the need for additional cost control measures; (2) definition of household income; (3) outreach to customers below 50% of the Federal Poverty Level; and (4) Hardship Fund requirements. The OCA raises an additional issue related to the calculation of the CAP discount rate.

II. COMMENTS

A. Commission-Identified Issues

1. Energy Burdens

a. Introduction

As discussed in the NFG USECP 2022-2026 Comment Order, NFG proposes to decrease the energy burdens for its Low Income Residential Assistance (LIRA) program, NFG’s Customer Assistance Program (CAP). NFG proposes to decrease its energy burdens as follows:

Table 1
Percent of Income Target Based on Income
(2017 USECP vs. Proposed 2022 USECP)

FPIG	Current Bill Target as % of Income	Proposed Bill Target as % of Income
0%-50%	6.5%	4.0%
<u>NFG USECP 2022-2026 Comment Order</u> 51%-100%	8.0%	6.0%
101%-150%	9.0%	6.0%

Source: 2017 USECP at 17 and Proposed 2022 USECP at 22.

³ National Fuel Gas Distribution Corporation’s Universal Service and Energy Conservation Plan for 2022-2026 Submitted in Compliance with 52 Pa. Code § 62.4, Docket No. M-2021-3024935, Reply Comments in Response to Order of the Pennsylvania Public Utility Commission dated July 15, 2021 (Aug. 24, 2021)(Reply Comments).

NFG USECP 2022-2026 Comment Order at 14. NFG proposes that its incremental CAP costs will increase from \$3,337,098 in 2022 to \$4,078,675 in 2026, or by approximately \$741,577. NFG projects that its enrollment will increase from the current average of approximately 7,848 participants to 11,000 participants in 2026. NFG USECP 2022-2026 Comment Order at 43.

For the reasons set forth below, the OCA does not support the proposed changes to the energy burdens at this time, particularly in light of the current financial impact of COVID-19 on residential customers who must bear the increased costs of these changes. Asking residential customers to assume greater costs during this difficult economic time would further strain affordability for the many residential customers who do not qualify for CAP or who do not participate in CAP.

If the Commission determines that the changes to the energy burdens should be approved, the Company should be required to implement additional cost control measures as discussed below. One critical measure would be to hold annual cost increases included in the universal service charge rider to no more than those projected by NFG until a full evaluation of the modified program can be conducted.

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 lowering the energy burdens at this time and thus, increasing the costs of CAP borne by residential customers. NFG proposes that its incremental CAP costs will increase from \$3,337,098 in 2022 to \$4,078,675 in 2026, or by approximately \$741,577. NFG projects that its enrollment will increase from the current average of approximately 7,848 participants to 11,000 participants in 2026. NFG USECP 2022-2026 Comment Order at 43. The OCA has a particular concern about the impacts of such an addition to residential customer bills, particularly during this COVID-19 pandemic (and the economic impacts

related to the pandemic). Recognizing that the projections are just estimates, the OCA is concerned with unconstrained increases in the cost of CAP.

NFG's USECP estimates a low-income population of 59,860 people pursuant to the census data and has identified as confirmed low-income approximately 24,340 customers (as of March 2020). NFG 2022-2024 USECP at 17. Over the last three years, on average, NFG has had 7,848 customers participate annually in CAP. NFG 2022-2024 USECP at 17. The low-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 economic and financial circumstances of customers remain 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 could 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.

If the Commission determines to go forward with the full change in energy burdens proposed by NFG, the OCA recommends that the cost control measures discussed in Section A(1)(c) below be implemented. Among the cost mitigation and cost control measures to be discussed are limiting the annual increases in CAP costs flowed through the universal service charge; increasing the minimum payment; extending the length of time for arrearage forgiveness;

capping the amount of arrearage forgiveness charged to ratepayers; decreasing overall administrative costs; revisiting and adjusting maximum CAP credits; allocating Low Income Usage Reduction Program (LIURP) to reduce high user bills; and re-examining HUD recipient participation. Each will be discussed in turn below.

c. Cost Mitigation And Cost Control Measures

i. Controlling Annual Increases In the Universal Service Charge

NFG proposes that its incremental CAP costs will increase from \$3,337,098 in 2022 to \$4,078,675 in 2026, or by approximately \$741,577. NFG projects that its enrollment will increase from the current average of approximately 7,848 participants to 11,000 participants in 2026. NFG USECP 2022-2026 Comment Order at 43. The OCA remains concerned with these cost increases that are flowed through automatically to residential customers through the universal service charge. As the termination moratorium has ended, the OCA is concerned with the potential for unconstrained, automatic increases to residential customers.

The OCA recommends that at this time, an important cost control measure to consider is to hold NFG's annual costs flowed through its automatic universal service cost recovery mechanism, to the levels projected in the filing until such time as a full impact evaluation of the program changes can be completed.⁴ Controlling the annual increases in the universal service charge will assist in managing the impact of the changes in the program during these difficult economic times and will allow for more experience to be gained with the program changes.

⁴ In the alternative, program costs could be limited to a percentage increase in residential distribution costs each year to ensure that the rates for residential customers remain reasonable.

It will be particularly important in the evaluation of the modified program to analyze the CAP customer payment behavior under NFG's existing program and its revised program. NFG should be directed to collect and retain the necessary information so that its evaluator can complete the proper analysis.⁵

ii. Minimum Payments

The CAP Policy Statement identifies the minimum payments as a cost control measure.⁶ The OCA submits that the purpose of the minimum payment requirement is to control the overall costs of the program as well as the costs of the discount provided to CAP customers paid for by residential ratepayers. NFG currently has a minimum CAP payment of \$12. NFG USECP 2022-2026 Comment Order at 10; Proposed NFG 2022-2026 USECP at 12. Minimum payments are an important tool to balance the costs that non-participants pay for CAP and also provides for CAP customers to share in the responsibility of paying for natural gas costs. The OCA submits that an increase to the minimum monthly bill can help to off-set the increased energy burden costs to non-participating ratepayers.

iii. Arrearage Forgiveness

NFG's CAP participants receive 1/24th arrearage forgiveness monthly and then retroactively for CAP bills paid over a 36-month period. NFG USECP 2022-2026 Comment Order at 18; Proposed NFG 2022-2026 USECP at 16.⁷ The OCA submits that the arrearage forgiveness

⁵ Important information to collect (or calculate) for CAP participants both before and after program modification, for example, would include: (1) the payment coverage ratio (percent of billed revenue actually collected); (2) the number of complete and timely payments; (3) the "Bills Behind" (as defined by BCS); (4) the percentage of accounts, along with the corresponding percentage of dollars, in arrears; and (5) the level of in-program arrears. Collecting corresponding data for the twelve months preceding CAP participation should be required as well.

⁶ See, 52 Pa. Code § 69.265(3).

⁷ NFG's Plan provides for a 24-month arrearage forgiveness plan, but allows customers to make up the payments for a maximum time allotted for arrearage forgiveness of 36 months. NFG USECP 2022-2026 Comment Order at 18; Proposed NFG 2022-2026 USECP at 16.

is a necessary component to mitigating the annual cost impacts of any changes to the energy burdens. The Commission should consider lengthening the arrearage forgiveness period to 1/36th over three years for all participants or 1/48th over four years. By lengthening the arrearage forgiveness period the annual cost of the program charged to ratepayers can be mitigated while customers can continue to earn arrearage forgiveness.

Arrearage forgiveness makes up a significant portion of total universal service costs for NFG. The 2019 (2019 Universal Service Programs and Collections Performance of the Pennsylvania Electric Distribution Companies and Natural Gas Distribution Companies at 60-61) data on costs as a percentage of total program costs is set forth below.

2019 BCS Report on Universal Service Programs and Collections Performance

	CAP Credits	Arrearage Forgiveness	Administrative
Duquesne	72.3%	21.9%	5.8%
Met Ed	81.0%	9.5%	9.5%
PECO Electric	87.1%	7.6%	5.3%
Penelec	82.1%	7.8%	10.1%
Penn Power	81.6%	7.7%	10.8%
PPL	69.0%	26.5%	4.5%
West Penn	78.3%	12.1%	9.6%
Electric average ⁸	77.1%	16.8%	6.2%
Columbia	87.5%	8.9%	3.5%
NFG	58.4%	24.5%	17.1%
PECO Gas	70.2%	11.6%	18.2%
Peoples	66.5%	25.7%	7.8%
Peoples Equitable	70.8%	23.1%	6.2%
PGW	71.3%	23.5%	5.2%
UGI South	70.4%	23.1%	6.4%
UGI North	72.1%	20.7%	7.2%
Natural gas average ⁹	73.9%	20.3%	5.9%

The OCA submits that given the impact of the level of arrearage forgiveness costs, extending the arrearage forgiveness time period for all CAP participants to 36 months or 48 months in order to mitigate the annual impact to the universal service cost recovery is reasonable. In addition, given that NFG's arrearage forgiveness component is above the average of natural gas utilities, there is a concern with the level of arrears being brought into the program. This suggests

⁸ Electric data in 2019 BCS Report, at page 60.

⁹ Natural gas data in 2019 BCS report, at pages 61 – 62.

that NFG should pursue more aggressive outreach to customers to get them into CAP before the arrearages become so high. It does not benefit the CAP customer or other residential ratepayers to bring such high arrearages into the program. An alternative would be to limit the amount of arrearage forgiveness that can be earned in the program.

iv. Administrative Costs

The OCA submits that the costs of program administration should be examined. A limit on administrative costs that flow through the automatic recovery mechanism should be part of the cost control measures. The OCA does not believe that an across-the-board metric should be established, but those administrative costs should be one of the components that are controlled.

v. Maximum CAP Credit Ceilings

NFG does not have a maximum CAP credit ceiling for its CAP program. NFG USECP 2022-2026 Comment Order at 10. The Final CAP Policy Statement specifically identifies maximum CAP credits as a control measure, and identifies that if one is implemented, it should be tiered based upon income so that lower income customers will receive a greater maximum CAP credit.¹⁰ The OCA submits that maximum CAP credits are an important cost control measure that should be considered as a part of the determination regarding whether to increase the energy burdens.

vi. Allocation of LIURP Resources to Customers with High CAP Credits

The OCA submits that another method of cost control is the Low Income Usage Reduction Program (LIURP). The Commission should examine whether customers with high CAP credits should be prioritized for LIURP. As mentioned above, there is a concern that customers may be

¹⁰ 52 Pa. Code § 69.265(3).

reaching the maximum CAP credits. LIURP can be an effective tool to reduce the high costs of CAP and to keep customers from reaching maximum CAP credit limits.

vii. HUD Recipient Participation in CAP

The OCA submits that the Commission should consider the extent of participation in CAP by HUD recipients. Tenants in public and assisted housing receive utility allowances from the Department of Housing and Urban Development (HUD) that limit total shelter costs, including utilities, to no more than 30% of income. Providing assistance above and beyond the HUD allowances would appear to substitute ratepayer dollars for HUD dollars. In response to the OCA's previous proposal on this issue, the Commission did not adopt the proposal, but stated that “[a]t this time, we are not persuaded that these changes would benefit the universal service programs, its participants, or other ratepayers. Nevertheless, the Commission may further explore the following policies in future utility-specific or other Commission proceedings.” (Final CAP Policy Statement Order, at 99-100). (emphasis added). The OCA submits that the Commission should require NFG to provide the data necessary for a consideration of whether it would be appropriate to limit HUD recipient participation in CAP.

d. Impact of Unused LIHEAP Grants

The Commission has not examined the impact of the proposed change in energy burdens on the unused LIHEAP grants. NFG proposes an additional 90% discount tier in order to meet the Final CAP Policy Statement recommended maximum energy burdens. NFG USECP 2022-2026 Comment Order at 14. NFG's Plan does not specifically discuss the impact of the increased discount on unused LIHEAP grants. The OCA submits, however, that it is not reasonable to expect that there would be no change in the amount of returned grants, particularly with the proposed decrease to the minimum payments. The lowest income customers are the customers most likely

to receive the highest LIHEAP benefit and also most likely to pay the CAP minimum payment. LIHEAP recipients who receive the large grants may not exhaust the LIHEAP grant dollars when making only the minimum payments. For example, if the maximum cash grant is \$1,000, and the customer only pays the minimum payment as proposed by NFG of \$12, the lowest income customer would likely not exhaust the LIHEAP grant after 24 months. Unspent LIHEAP grants must be returned to DHS after two years. The OCA submits that the LIHEAP grant money should be fully utilized, and the full benefit of the LIHEAP grant may not be used.

2. Definition of Household Income

Section 69.262 of the Final CAP Policy Statement recommends that household income should be defined as the “combined gross income of all adults in a residential household who see benefit from the public utility service, as defined in 66 Pa. C.S. § 1403 (relating to definitions).”¹¹ NFG identified in its February 2020 letter that it is already in compliance with this recommendation. See, NFG USECP 2022-2026 Comment Order at 24. The Commission requested in its NFG USECP 2022-2026 Comment Order that the Company provide clarification regarding how income for CAP is determined and whether NFG counts the gross income of a minor, whether earned or unearned, as a part of a CAP household’s combined gross income. NFG USECP 2022-2026 Comment Order at 25. The OCA submits that it does not appear that NFG’s definition of household income is consistent with the definition set forth in the Final CAP Policy Statement and Chapter 14.

In Reply Comments, NFG responded that it “plans on continuing (as it has previously) to generally follow LIHEAP income guidelines...as it pertains to income of minors in the household.” Reply Comments at 8. NFG stated:

¹¹ 52 Pa. Code § 69.262; NFG USECP 2022-2026 Comment Order at 24.

NFG believes maintaining this established practice is important, as there has been an effort to coordinate referrals among programs/utilities and change to this could have significant impacts when determining which customers may qualify for other programs. Moreover, any change in this regard would increase administrative complexity, require the need for customers to provide additional documentation (frustrating the goal of streamlining enrollment/recertification), and confuse community partners who are familiar with the established practice.

Reply Comments at 8. NFG’s USECP states that NFG will use the income of all household members and does not exclude the income (either earned or unearned) of minor children. See, NFG USECP 2022-2026 Comment Order at 14.

The OCA submits that NFG’s proposed approach appears to be inconsistent with Section 1403 of the Public Utility Code and the Commission’s Final CAP Policy Statement. Section 1403 of the Public Utility specifically defines household income as “the combined gross income of all adults in a residential household who benefit from the public utility service,” and the Commission’s Final CAP Policy Statement implements this definition.¹² The OCA submits that NFG’s policy should be modified to utilize the Public Utility Code’s definition of the calculation of household income and not the LIHEAP State Plan’s definition of household income.

3. Outreach to Customers Below 50% of the Federal Poverty Level

In its USECP, NFG outlined its plans for its Consumer Education and Outreach Plan (CEOP). NFG Proposed 2022-2026 USECP at 8-9. The Commission requested in its NFG USECP 2022-2026 Comment Order that NFG provide additional information related to its outreach initiatives, including the following:

Indicate which CEOP initiatives are new (i.e., implemented in 2019 or later) and which initiatives represent existing, ongoing practices to help its most vulnerable customers (e.g., at or below 50% of the FPIG, limited English proficiency, customers impacted by COVID-19).

NFG USECP 2022-2026 Comment Order at 27.

¹² 66 Pa. C.S. § 1403; 52 Pa. Code § 69.262.

In its Reply Comments, NFG did not provide any specific information that appears to be related to its outreach to customers in the 0-50% of FPL population. NFG stated:

In this regard, new (*i.e.*, implemented in 2019 or later) CEOP initiatives include: targeted outreach (such as postcards to identify low income customers), solicitations sent via e-mail, and the use of social media postings. Existing CEOP initiatives included as part of the Plan include: participation in community events, offering in-home assistance, providing local agency training, offering solicitations via telephone and mail, and utilizing Language Line.

Reply Comments at 9. The OCA submits that it does not appear from NFG's response that NFG has taken specific steps to target the 0-50% of FPL population. The OCA submits that NFG should undertake more expansive and broader efforts to address this population.

In the Commission's Final CAP Policy Statement Order, the Commission stated explicitly that:

While utilities have flexibility as to the contents of their plans, the plans should reflect focused consumer education and outreach efforts, tailored to the demographics of their individual service territories, spanning the duration of the universal service plan period. In particular, these plans should identify efforts to educate and enroll eligible and interested customers at or below 50% of the FPIG.

Final CAP Policy Statement Order at 79 (emphasis added). Thus, utilities should be under a continuing obligation to ensure that its customer outreach programs adequately identify and solicit those who may need help the most.

NFG historically has a low participation percentage of those in the lowest tier of poverty. For example, NFG's participation rate of customers between 0 -50 percent of FPL was 12.2 percent in 2017, 12.4 percent in 2018, and 11.4 percent in 2019.¹³ NFG's participation rate of customers

¹³ See Bureau of Consumer Services, Pa. Pub. Util. Comm'n, Report on 2019 Universal Service Program and Collection Performance of the Pennsylvania Electric Distribution Companies and Natural Gas Distribution Companies at 53 (Sept. 2020), available at: https://www.puc.pa.gov/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2019.pdf

in the 0-50% of FPL was the lowest for any natural gas distribution company in Pennsylvania, and it was the lowest overall for electric and natural gas distribution companies in Pennsylvania. The industry average participation rates for natural gas distribution companies was 25.9 percent in 2017; 25.3 percent in 2018; and 23.6 percent in 2019.¹⁴ Moreover, the Company's estimated number of participating customers is low when compared to the number of estimated low-income customers in the Company's service territory. Compare NFG 2022-2024 USECP at 17 (estimating a low-income population of 59,860 people pursuant to the census data and 24,340 identified as confirmed low-income customers as of March 2020 by the Company).¹⁵ These trends are concerning and more must be done to increase these participation rates.

As the Commission stated in a recent Order, constant attention and development must be provided to these outreach programs:

Upon review, we agree with the recommendation of the ALJ that there is no need to change Columbia's outreach initiatives at this time.

However, we do want to reconfirm that [Columbia Gas of Pennsylvania, Inc. (Columbia)] is developing and implementing all reasonable strategies to both increase its customer outreach efforts and CAP participation levels in order to reduce arrearage levels as recommended in the [Columbia's] most recent Management Audit. We take notice of Columbia's statements in this matter that it has already put into practice all of the OCA's recommendations to increase outreach and expand CAP enrollment and commend [Columbia] for these efforts. But in acknowledging these efforts, consistent with the Management Audit recommendations, we expect [Columbia] to continue working with its USAC on its Outreach Strategy and Communication Plan going forward. These continuing

¹⁴ Id.

¹⁵ Although NFG projects an increase to its CAP participation from its current three-year average of 7,848 customers annually to 11,000 customers annually by 2026, NFG does not specifically identify how many of these participants are anticipated to be between 0-50% of the FPL. See, NFG USECP 2022-2026 Comment Order at 43; Reply Comments at 15-16.

efforts should include examining current outreach strategies for effectiveness and developing new outreach efforts to improve CAP participation levels even more, which, in turn, will likely reduce future arrearage levels. Further, [Columbia] needs to determine whether it has exhausted all grassroots community-based avenues to identify new low-income customers. For example, besides the community-based organizations Columbia already is working with, are there other local organizations it can partner with, such as food banks, schools, Head Start or other preschool programs to implement more fully its outreach strategies?¹⁶

Likewise, NFG needs to re-evaluate its current outreach efforts targeted to those at 50 percent FPL and below to increase the participation rate of this customer group because these customers are most likely to have natural gas bills that represent a high percentage of income and, thus, are more likely to have payment troubles.

In previous rate cases, OCA witness, Roger Colton, has recommended that utilities conduct certain outreach efforts to improve its participation rate. For example, Mr. Colton testified in Columbia's recent base rate case that a utility should (1) use the community as a means of identifying such customers rather than rely on call center contacts; (2) focus on relationship-building; (3) go to where the customers, live, work, shop, play, and pray rather than rely on the customers initiating contacts; and (4) rely on grassroots "trusted messengers" from within the community.¹⁷ Mr. Colton, in that same testimony, recommended that outreach could be built into the Company's collections process by offering customers a chance to enroll in CAP when a confirmed low-income customer seeks to enter into a payment arrangement, is about to be terminated for non-payment, is disconnected for non-payment, and/or is contacted by the Company and found to either be using a potentially unsafe heating source or is without service.¹⁸

¹⁶ Pa. Pub. Util. Comm'n v. Columbia Gas of Pennsylvania, Inc., et al., Docket Nos. R-2020-3018835, et al., Opinion and Order at 172-73 (entered Feb. 19, 2021) (Columbia).

¹⁷ Columbia, Opinion and Order at 162-63.

¹⁸ Id., at 163.

Similarly, in UGI Utilities Inc. – Electric Division’s (UGI Electric) most recent base rate proceeding, Mr. Colton recommended that the Company develop a Public Partnership Outreach Plan (PPOP) that would consist of the following three steps:

- Identification of public assistance programs which have income-eligibility guidelines at or below the income-eligibility guidelines for being deemed a confirmed low-income customer; being income-eligible for CAP; or being income-eligible for winter shutoff protections.
- Contact by UGI Electric with the administrators of each program requesting that enrollment in each program include a specific and explicit request at the time of program application with respect to which a program applicant shall designate whether they wish UGI Electric to be informed of their income eligibility for various customer service protections propounded by the Pennsylvania PUC. Each household answering in the affirmative shall be identified by UGI Electric as either (or both) a Confirmed Low-Income customer and/or a customer eligible for winter shutoff protections;
- Affirmative outreach shall be directed to each customer identified in this fashion informing the customer of the availability of CAP, and explaining both the reduced bill aspects, and arrearage forgiveness aspects, of the CAP, along with corollary program responsibilities.¹⁹

Such measures are important because improving participation in CAP can improve payment patterns for participating low-income customers and ensure that fewer are disconnected for non-payment. In other words, improving enrollment in CAP will help decrease utility expenses and improve revenues.

¹⁹ Pa. Pub. Util. Comm’n v. UGI Utilities Inc. – Electric Division, Docket No. R-2021-3023618, OCA Statement No. 4: Direct Testimony of Roger D. Colton at 60 (entered Jun. 29, 2021).

For these reasons, NFG should be directed to provide a detailed plan addressing how it intends to expand its CAP outreach to increase the CAP participation rate for customers with annual income less than 50% of FPL. Consistent with the Commission’s decision in Columbia, cited above, such a plan should include not only a discussion of the activities that the Company intends to take, but also include quantitative outcomes by which the success (or lack thereof) can be measured.

4. Hardship Fund Requirements

In the NFG USECP 2022-2026 Comment Order, the Commission identifies a concern with the Company’s policies regarding the receipt of a Neighbor for Neighbor (NFN) hardship fund grant. NFG USECP 2022-2026 Comment Order at 37-40. The requirements for receipt of a Neighbor for Neighbor grant are as follows:

To be eligible for NFN, applicants must have an “energy related need,” reside in the NFG service territory, made at least three “good faith” payments within the last 12 months, and meet one of the following criteria:

- Household income falls within 151-200% of the FPIG;
- Age 55 and older;
- Household member has a disability;
- Household member is a veteran;
- Household is receiving unemployment compensation;
- Household has experienced loss of income within the past 30 days; or
- Household is experiencing a medical related emergency.

NFG USECP 2022-2026 Comment Order at 37.

The Commission requests clarification regarding the 151-200% of the FPL income limit and good faith payment requirement and how it is defined. NFG USECP 2022-2026 Comment Order at 38-40. The Commission identifies a concern that this restricted income limit excludes vulnerable households below 150% of the FPL that are in need of assistance. NFG USECP 2022-2026 Comment Order at 39. As the Commission notes, this appears to be a new requirement for

eligibility for the NFN grant. Id. With respect to the 151%-200% of the FPL income limit requirement, the Commission requests that the Company provide whether there are income limits on households who meet non-eligibility criteria for NFN and asks the Company to provide information regarding why it is proposing to implement an income limit of between 151%-200% of the FPL as an eligibility criterion. Id. In its Reply Comments, NFG responds:

As an initial matter, NFG is not proposing changes to the eligibility requirements for NFN in this Plan. Instead, NFG plans to continue using the same historic eligibility requirements for participation in NFN.

In direct response to the first part of the data request, for purposes of NFN, there are no income limits on households who meet the non-income eligibility requirement for NFG. In this regard, NFG notes that as a means to *expand* eligibility to income those with “lower” income levels (but otherwise not falling within other eligibility categories (e.g., individual in household is disabled, is a veteran, etc.). In 2017, the Neighbor for Neighbor Advisory Board added an additional eligibility category specifically for those whose income falls within 151%-200% of the FPIG.

The 151%-200% FPIG was selected as the eligibility criteria for this additional category of eligible individuals, as it captures those individuals who would not qualify for other universal service programs (e.g., LIRA or other CAPs where income maximum is 150% FPIG) or other agency funding.

Reply Comments at 14 (emphasis in original).

The OCA supports inclusion of customers between 151%-200% of the FPL for assistance with a Neighbor for Neighbor grant; however, the OCA shares the Commission’s concern regarding the lack of eligibility for a grant for customers at or below 150% of the FPL who do not otherwise meet one of the other non-income eligibility requirements. The Commission’s regulations do not limit eligibility for a hardship grant to the criteria identified by NFG. Moreover, like the Commission stated, the OCA is also not aware of another utility that operates its NFN with the same limiting criteria. Due to COVID-19 pandemic, many customers may find themselves in a difficult financial position and may no longer be eligible for unemployment compensation or

may have received a change in income that dates to much earlier than the last 30 days. During this unique COVID-19 pandemic period, many customers may have gotten behind on their bills and may require financial assistance with maintaining service. The OCA submits that all customers between 0-151% of the FPL should also be eligible for assistance with a NFN grant.

The Commission also identifies a concern with the requirement of a good faith payment. The Commission requests clarification regarding the meaning of the term “good faith” payment. NFG USECP 2022-2026 Comment Order at 39. In its Reply Comments, NFG responds that “a good faith payment is any payment made to an individual’s 12-month period from the date of application, other than those provided by LIHEAP or assistance programs.” Reply Comments at 14. To the extent the term “good faith” is utilized in the Company’s Plan, it should be expressly defined. The OCA, however, does not agree that a LIHEAP payment should not be considered a “good faith” payment. If a customer affirmatively sought assistance from LIHEAP with the customer’s bill that payment should not be considered any differently than dollars received from any other source. The customer may have received a LIHEAP grant that paid in full several months of bills but then were otherwise unable to make additional payments. The payments received should not be considered or treated less favorably than if the customer had paid it out of their checking account or received assistance dollars from a friend or local church organization.

For the reasons set forth above, the OCA submits that all customers between 0-200% of the FPL should be eligible for assistance with a NFN grant. The “good faith” payment requirement should be explicitly defined in the Company’s Plan, and a LIHEAP or other assistance grant should be considered as eligible for consideration as a good faith payment.

B. OCA-Identified Issues

1. Calculation of Discount Rate

In the NFG USECP 2022-2026 Comment Order, the Commission requests clarification regarding whether the CAP payment calculation in its Table is accurate. NFG USECP 2022-2026 Comment Order at 16. In its Reply Comments, NFG confirms that Table 2 accurately describes how the Company plans to calculate the CAP bill discount, with one correction. Reply Comments at 3. NFG describes the correction as follows:

the Discount Rate applied (after determining the annual discount amount) is not “rounded up” to the nearest Discount Rate (i.e., 10%, 20%, 30%, 40%, 50%, 60%, 70%, 80%, or 90%), instead it is rounded to the nearest 10% Discount Rate – whether this Discount Rate is greater or less than the computed average (“Rounding Methodology”). This Rounding Methodology is unchanged from NFG’s previous Universal Service and Energy Conservation Plan. Any change to the Rounding Methodology would require significant information technology (“IT”) and other system changes to implement.

Reply Comments at 3. NFG states that the Rounding Methodology would not have an impact on the example and calculations in Table 2 of the Order. Reply Comments at 3.

The OCA has a concern with NFG’s approach of rounding to the nearest 10% Discount Rate. When NFG states that it will round to the nearest percent, a consumer discounted rate could presumably be rounded down. Whenever that happens, the CAP participant will not pay an affordable energy burden. The OCA submits that rounding to the nearest percent means that in all likelihood, roughly half of the participants will have an unaffordable energy burden due to the rounding rule. It is just as likely that some participants would be between 0% and 5% as would be between 6% and the next 0%. The OCA submits that by definition, according to NFG’s methodology, if the Company rounds down, then participants would be paying a *higher* than affordable energy burden. The OCA submits that NFG’s methodology should be modified to round up to the highest energy burden.

III. CONCLUSION

The OCA appreciates the opportunity to Comment on the National Fuel Gas Distribution Corporation's Universal Service and Energy Conservation Plan for 2022-2026. The OCA respectfully submits that its Comments and recommendations contained herein should be adopted.

Respectfully Submitted,

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