


COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

 @pa_oca

 /pennoca

FAX (717) 783-7152
consumer@paoca.org

October 13, 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 Reply Comments in the above-referenced proceeding.

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

Respectfully submitted,

/s/ Christy M. Appleby

Christy M. Appleby

Assistant Consumer Advocate

PA Attorney I.D. # 85824

E-Mail: CAappleby@paoca.org

Enclosures:

cc: Norma Bowman, Bureau of Consumer Services (**email only:** nobowman@pa.gov)
Christina Chase-Pettis, Office of Communications (**email only:** cchasepett@pa.gov)
Louise Fink Smith, Law Bureau (**email only:** finksmith@pa.gov)
Erin Tate, Law Bureau (**email only:** etate@pa.gov)
Office of Administrative Law Judge (**email only**)
Bureau of Technical Utility Services (**email only**)
Office of Special Assistants (**email only:** ra-OSA@pa.gov)
Certificate of Service

*318473

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 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 13th day of October 2021.

SERVICE BY E-MAIL ONLY

Richard A. Kanaskie, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120
rkanaskie@pa.gov

Teresa Wagner
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101-1923
tereswagne@pa.gov

Dominick A. Sisinni, Esquire
National Fuel Gas Distribution Corporation
1100 State Street
P.O. Box 2081
Erie, PA 16512
sisinnid@natfuel.com

Elizabeth R. Marx, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
emarx@pautilitylawproject.org

/s/ Christy M. Appleby
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAappleby@paoca.org

Counsel for:
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: October 13, 2021
*318474

Darryl A. Lawrence
Senior Assistant Consumer Advocate
PA Attorney I.D. # 93682
E-Mail: DLawrence@paoca.org

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 :

REPLY COMMENTS
OF THE
OFFICE OF CONSUMER ADVOCATE

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAappleby@paoca.org

Darryl A. Lawrence
Senior Assistant Consumer Advocate
PA Attorney I.D. # 93682
E-Mail: DLawrence@paoca.org

Counsel for:
Christine Maloni Hoover
Interim Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: October 13, 2021

Table of Contents

I. INTRODUCTION..... 1

II. REPLY COMMENTS..... 2

 A. Energy Burdens..... 2

 1. LIRA Bill Discount Calculation..... 2

 a. Implementation of the 90% LIRA discount.....2

 b. Change to a Percentage of Income Payment Program Structure.....5

 c. Reporting Requirements on the Breadth and Depth of Affordability.....6

 B. CAP Final Billing 7

 C. Health and Safety and Incidental Repairs 10

 D. Termination and Restoration Procedures..... 12

III. CONCLUSION 15

TABLE OF AUTHORITIES

Page(s)

Cases

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) *passim*

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)10, 11, 12, 13

Staff Review of Customer Assistance Program (CAP) Final Billing Methods, Docket No. M-2019-3010190, Order (March 12, 2020)7, 8, 9

Statutes

66 Pa. C.S. § 1303.....9

66 Pa. C.S. § 1404(a)(1).....13

Regulations

52 Pa. Code § 56.32(e).....13

52 Pa. Code § 62.4, et seq.1, 8

The Office of Consumer Advocate (OCA) files these Reply Comments pursuant to the Pennsylvania Public Utility Commission's directive in the 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 62.4.³

On September 14, 2021, the OCA filed Comments. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) also filed Comments on September 14, 2021. On September 20, 2021, NFG filed a request to extend the deadline for Reply Comments for two weeks from September 29, 2021 until October 13, 2021. The OCA responds to the CAUSE-PA Comments regarding: (1) implementation of the 90% CAP discount, including the proposed changes to the energy burdens; (2) proposed change to a Percentage of Income Payment (PIP) program design; (3) additional proposed reporting requirements on the breadth and depth of affordability; (4) CAP final billing; (5) health and safety repair and incidental repairs; and (6) termination and restoration procedures.

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.

³ The OCA has included a procedural history at pages 1 to 2 of its Comments.

II. REPLY COMMENTS

A. Energy Burdens

1. LIRA Bill Discount Calculation

a. Implementation of the 90% LIRA discount

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.

NFG USECP 2022-2026 Comment Order at 14; OCA Comments at 2-3. 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 USECP 2022-2026 Comment Order at 43; OCA Comments at 2-3. 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; OCA Comments at 2-3.

In its Comments, CAUSE-PA supports the proposed reductions to the energy burdens. CAUSE-PA Comments at 10-11. The OCA does not believe that it is the appropriate time to implement the proposed changes. As the OCA discussed in its Comments, the OCA has a concern about the impacts of such changes on residential customer bills, particularly during this COVID-19 pandemic (and the economic downturn related to the pandemic). Comments at 3-5. The

economic and financial circumstances of customers remain tenuous and likely will be for some time to come. Id. at 4. The OCA appreciates the need for CAP at this critical time and anticipates that enrollment in the program could grow in the coming months, further increasing the costs borne, automatically, by non-CAP residential customers regardless of income. Id. at 4. In its Comments, the OCA recommended that the Commission postpone this change or mitigate the impact by moderating the change in energy burdens until such time as a full consideration of the necessary balance during this pandemic can be had. Id. at 4.

If the Commission determines to change the energy burdens as a part of this proceeding, the OCA does not agree that the energy burdens should be changed without a full consideration of the cost control measures that should accompany such change and data collection. OCA Comments at 5. As discussed in Section (A)(1)(b) below, CAUSE-PA recommends that if CAP participants exceed NFG's energy burden standards after two years that the Commission require NFG to transition its tiered discount program design to a PIP program design. CAUSE-PA Comments at 10. This proposal would potentially add additional costs to the program during the pendency of the Plan. The full impact of the proposed changes must be considered in the context of the Company's continued increases to the costs of the CAP program. OCA Comments at 5. The OCA has a particular concern about the impacts of changes to the energy burden or changes from a discount rate to a PIP on residential customer bills, particularly during this COVID-19 pandemic (and the economic downturn related to the pandemic). Recognizing that the proposed projections for the changes to energy burdens are just estimates, the OCA is concerned with unconstrained increases in the cost of CAP.

As the OCA discussed in its Comments, it will be important to have sufficient cost control measures in place if changes to the plan are contemplated. An important cost control measure recommended by the OCA in its Comments 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. It will also 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 See, OCA Comments at 7-8.

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) of the OCA's Comments be implemented. See, OCA Comments at 8-14. 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 resources (LIURP) to reduce high user bills; and re-examining HUD recipient participation. Id.

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 13-14. The Company

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 remains reasonable.

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.

has not provided any analysis to explain why it does 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 the Department of Human Services.

b. Change to a Percentage of Income Payment Program Structure.

In its Comments, CAUSE-PA recommends that if CAP participants exceed NFG's energy burden standards after two years that the Commission require NFG to transition its tiered discount program design to a PIP design. CAUSE-PA Comments at 10. CAUSE-PA proposes that NFG work with members of its Universal Services Advisory Committee (USAC) to review the programmatic design issues, including the adoption of an average bill CAP discount rate alternative and to file a petition to amend its USECP to implement the program design changes. Id. CAUSE-PA argues that a PIP design will "better target affordability to the participant household, ensuring that each LIRA participant receives a consistently affordable bill." CAUSE-PA Comments at 10.

While in general the OCA does not oppose a PIP design for CAP programs, the OCA is concerned with the potential cost impact of transitioning to a PIP design and whether the PIP design is appropriate for NFG, particularly at the same time that the Commission is considering changes to the Company's energy burden. The OCA submits that there may be a significant cost difference in PIP design versus the CAP discount design and that cost difference should be explored before changing to a PIP design. The scope of the costs of such a change have not been evaluated or presented as a part of this proceeding. Moreover, CAUSE-PA's Comments appear to recommend that after discussion of design elements, the Company would automatically petition to amend the program design without further review of the costs of the proposed change. CAUSE-PA Comments at 10. The OCA submits that prior to any transition to a PIP design, the

Commission should require NFG to examine the costs of the proposed transition to a PIP and to examine the impacts to affordability based on the proposed changes.

CAUSE-PA argues that “a PIP design will better target affordability to the participant household, ensuring that each LIRA participant receives a consistently affordable bill.” CAUSE-PA Comments at 10. The OCA submits, however, that the PIP may not necessarily address the issue that CAUSE-PA has raised for some customers, particularly those below 50% of the FPL. If customers below 50% of the FPL will incur a minimum bill, irrespective of whether the CAP participant receives a PIP bill or the 90% discount rate, the OCA submits that moving to the PIP may not improve affordability. One reason that CAP participants with income at or below 50% of Poverty tend to have burdens that exceed the PUC targets is because of mandatory minimum payments. Minimum payments are required when a CAP participant’s income is sufficiently low that the participant would make no payment, or a *de minimis* payment, toward the utility bill. Without a minimum payment, for example, in a percentage of income program, a customer would make *no* payment toward their bill. In all circumstances, the Commission has held, customers are to make a minimum payment as determined in proceedings reviewing each utility’s USECP. A move from the rate discount program to a percentage of income program does not mean that minimum payments will be eliminated. The OCA maintains that a minimum bill is also an important cost control measure.

c. Reporting Requirements on the Breadth and Depth of Affordability.

In its Reply Comments, CAUSE-PA recommends that the Commission require “NFG to submit quarterly reports indicating the number of households who received a bill each month in excess of the target energy burden standards, and the average dollar amount by which those households exceeded the applicable energy burden standards.” CAUSE-PA Comments at 10. CAUSE-PA references the program evaluation completed by APPRISE, and in the APPRISE

report, APPRISE determined that the program design was not achieving affordability for customers, in particular, at or below 0-50% of the Federal Poverty Level. CAUSE-PA Comments at 10. Although the OCA does not support CAUSE-PA's recommendation regarding the approval of the energy burdens at this time, the OCA supports CAUSE-PA's request for additional information related to the "breadth" and "depth" of affordability. The OCA submits that it would also be important to consider, as the APPRISE evaluation did, the number of customers that exceed the energy burdens who pay a minimum bill. The information will help to evaluate how to best address affordability concerns raised by CAUSE-PA.

B. CAP Final Billing.

As the Commission discussed in its NFG USECP 2022-2026 Comment Order, on March 12, 2020, the Commission issued its CAP Final Billing Order at Docket No. M-2019-3010190 regarding the utilities' policies and procedures for final CAP customer bills.⁶ As the NFG USECP 2022-2026 Comment Order provides:

The CAP Final Billing Order detailed how electric and natural gas public utilities calculate final CAP bills, summarizes stakeholder input on the issues, and calls attention to existing statutory and regulatory provisions relating to billing.

NFG USECP 2022-2026 Comment Order at 21. The CAP Final Billing Order provided in its conclusion that:

Section 1303, 66 Pa. C.S. § 1303, provides that public utilities must bill their customers for service rendered. Section 56.11(a) of Commission regulations, 52 Pa. Code § 56.11(a), require that a public utility render bills every billing period. Utilities are henceforth on notice that these statutory and regulatory provisions will be applied to the facts in all matters wherein we are called upon to review specific final CAP bills or recovery of universal service costs. Further, Section 1303 provides that public utilities are to compute bills under the rate most beneficial to the customer. Generally speaking, it would appear that the starting point for any specific inquiry regarding the bill for usage in a partial final billing period as a CAP participant should be a comparison between a residential tariff rate calculation for energy consumed and the CAP price prorated for the number of days of service in the billing period. The other items on a bill such as true-ups, arrears, arrearage

⁶ Staff Review of Customer Assistance Program (CAP) Final Billing Methods, Docket No. M-2019-3010190, Order (March 12, 2020)(CAP Final Billing Order).

forgiveness, third-party assistance such as LIHEAP, and CAP credits and limits are separate considerations dependent on the customer's payment history and the utility's CAP provisions. We shall address how the energy utilities describe their final billing practices for CAP customers in utility-specific proceedings. If further clarity is needed, we may address this topic in the universal service rulemaking proceeding or other proceedings, as necessary.⁷

In its CAP Final Billing Order, the Commission summarized NFG's approach to CAP final billing as follows, "a LIRA final bill is based on the residential tariff rate charges minus the LIRA discount rate prorated based on the number of days in the billing period."⁸ The NFG USECP 2022-2026 Comment Order specifically requested that NFG provide additional information in its Plan regarding its calculation of the final CAP bill. NFG USECP 2022-2026 Comment Order at 21. NFG responded that the Company would continue to follow its historic billing practice and incorporate by reference the practice described in its Comments to the CAP Final Billing Order.⁹

In its Comments, CAUSE-PA repeats its arguments in the CAP Final Billing Order Comments regarding NFG's approach to final billing. CAUSE-PA Comments at 16-17; CAP Final Billing Order at 15. CAUSE-PA states that it opposes any true-up of the final CAP customer bill. CAUSE-PA Comments at 16-17; CAP Final Billing Order at 15. CAUSE-PA argues that "budget billing true-ups, depending on the time of year that service is terminated or discontinued, may add hundreds of dollars to CAP customers' final bills." CAUSE-PA Comments at 14. The OCA has concerns with CAUSE-PA's proposal to not allow any true-ups for a CAP customer's final billing.

The OCA also does not agree with conceptual basis for CAUSE-PA's comments. CAUSE-PA has not provided any basis for the assertion that budget billing will add "hundreds of dollars"

⁷ CAP Final Billing Order at 22.

⁸ CAP Final Billing Order at 7; NFG USECP 2022-2026 Comment Order at 21.

⁹ 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 at 6 (Aug. 24, 2021)(NFG Reply Comments).

to CAP customers' final bills. CAUSE-PA's Comments do not provide any factual information to support this assertion. The OCA submits that the budget billing true-up would be subject to the same discount that is otherwise applied to the rest of the bill. If hypothetically there are issues with how the budget bill is calculated, resulting in large true-up bills, then the solution is not to prevent true-ups of budget bills, but to address the problems with the calculation of the budget bill. The budget bill provides an equal monthly bill that is designed to levelize the CAP customer's bill from month to month.

A true-up bill is designed to account for an under-billing or over-billing as a result of the estimating process used to calculate the budget bill. The true-up is to account for the difference between what the customer paid and what the customer actually consumed. The true-up effectuates the requirement of Section 1303 that public utilities bill customers for actual services rendered. CAP Final Billing Order at 22; 66 Pa. C.S. § 1303. The OCA submits that the unpaid portion of the true-up must be paid by someone, and if it is not the CAP customer, then it would have to be other residential ratepayers either through the Universal Service charge or uncollectibles in a base rate proceeding.

The premise underlying CAUSE-PA's Comments is that the true-up should be an affordable bill is flawed. The true-up is a reflection of the underlying affordable charges that the customer has incurred and has not previously paid as a result of the budget bill estimates. The OCA submits that if an NFG customer receives a discounted bill, the discount is not structured so that the bill is at the Commission's energy burden. The discount is instead structured so that the bill is no higher than the Commission's energy burden. At a minimum, the dollar amount by which the sum of the monthly bills would be lower than the energy burden should be subtracted from the true-up amount if affordability is taken into account.

Moreover, if the budget bill had been accurate over the course of months, the customer would have been responsible for paying the full amount identified in the true-up. To add the true-up amount to the final bill only charges the customer what the customer otherwise should have been charged had the budget bill been accurate. The OCA does not agree that the “true-up” bill presents an affordability issue. The amount billed to the customer under the discounted rate has already been determined to be an affordable bill.

The OCA submits that the issue raised by CAUSE-PA pertains to the issuance of a final bill. The issuance of a final bill is inconsistent with CAUSE-PA’s arguments that elimination of the true-up will result in improvements to “access to basic utility services.” CAUSE-PA Comments at 17. The final bill true-up is simply a tallying of the customer’s remaining incurred charges in order to close out the account for either termination or voluntary discontinuance of service. The customer receiving a final bill may have moved and left the service territory, so the OCA does not agree that the “true-up” bill undermines the goals of the LIRA program as CAUSE-PA contends. If the customer has been terminated, then reduction to a final bill does not comport with the notion of CAP being a more effective collections tool.

For the reasons set forth above, the OCA submits that CAUSE-PA’s proposal to eliminate CAP budget billing true-ups in the final CAP billing should not be approved.

C. Health and Safety and Incidental Repairs.

In its Comments, CAUSE-PA proposes to provide an allowance as a part of the Low Income Usage Reduction Program (LIURP) budget to allow for the installation of additional “routine health and safety measures” and “guidelines for incidental repairs when contractors are installing LIURP measures.” CAUSE-PA Comments at 27-28. NFG currently offers a health and safety allowance of up to \$500 for tenants and property owners and an incidental repair allowance of \$100. CAUSE-PA Comments at 28; NFG Reply Comments at 11. If a contractor proposes to

spend more than \$100 for an incidental repair, they must contact NFG for approval prior to the installation. NFG Reply Comments at 11; CAUSE-PA Comments at 28. CAUSE-PA recommends that NFG increase “the initial contractor spending threshold to \$1,000 -with flexibility for approval from NFG to conduct health and safety remediation up to \$2,000 per job in cases where cost effective savings can still be achieved.” CAUSE-PA Comments at 30. CAUSE-PA proposes that within the spending cap, NFG’s LIURP contractors should be able to complete all health and safety remediation measures necessary to allow for the maximum cost-effective savings potential. CAUSE-PA Comments at 30. If the repair costs would exceed NFG’s spending caps, CAUSE-PA recommends that NFG keep a list of local home repair and remediation programs that might be able to assist. CAUSE-PA Comments at 30. The OCA supports CAUSE-PA’s recommendation to increase the spending threshold from \$500 to \$1,000 with the flexibility to allow NFG contractors to spend up to \$2,000 with NFG approval.

As CAUSE-PA correctly notes, NFG has historically under-spent its LIURP budget, and the proposed increase to the budget is designed to address this issue. CAUSE-PA Comments at 30-31. As the Commission’s Order noted, NFG will carryover \$1.3 million and will have a \$2.6 million budget for 2021. See, NFG USECP 2022-2026 Comment Order at 35; CAUSE-PA Comments at 37. Although NFG identifies that 2020 was an anomaly due to COVID-19, CAUSE-PA and the Commission identified a concern with NFG’s consistent under-spending of its LIURP budget. NFG USECP 2022-2026 Comment Order; CAUSE-PA Comments at 37. The OCA submits that the proposed increase to the health and safety spending budget will allow NFG to utilize more of its budget and to address homes that otherwise may not have been able to be addressed. The expansion of the health and safety budget will help to expand the pool of customers eligible to receive LIURP assistance and will ensure additional assistance to customers seeking to reduce usage and conserve energy, particularly during this difficult time. Moreover, to the extent

that additional LIURP high-use customers are able to be served and reduce their annual consumption, the amount that ratepayers will be required to pay for the CAP shortfall may also decrease.

For the reasons set forth above, the OCA submits that CAUSE-PA's proposal to increase the allowances for health and safety and incidental repair expenses should be adopted.

D. Termination and Restoration Procedures.

In its Comments, CAUSE-PA addresses NFG's CAP termination procedures and identifies a concern with the requirements placed on CAP participants for service restoration following termination. CAUSE-PA Comments at 43-44. CAUSE-PA's concerns are based upon the information provided by NFG in this proceeding in its Reply Comments. In NFG's Reply Comments filed in response to the Commission's requests for Supplemental Information, NFG provides a document that is provided to its CAP participants called LIRA Program Features. NFG Reply Comments at Exh. Q-10. In the document, NFG describes the requirements for service restoration following a termination.¹⁰ NFG Reply Comments at Exh. Q-10.

In its Comments, CAUSE-PA recommends that the Commission: (1) require NFG to restore a household's CAP benefits upon service restoration, including the opportunity to earn arrearage forgiveness on debt incurred prior to CAP enrollment and (2) require NFG to cease requiring an up-front payment amount in order to restore service. CAUSE-PA Comments at 44.

CAUSE-PA summarizes the process as follows:

First, the form indicates that in addition to paying a reconnection fee and any past due LIRA bill amounts listed on the termination notice, a LIRA customer seeking to restore service must also "[e]nter into a payment arrangement on any unforgiven Pre-LIRA balance." (NFG Cmts at Exhibit Q-10). Going forward, the LIRA participant must pay both their LIRA bill and a payment arrangement amount.

¹⁰ The same requirements also appear on the Company's CAP application. See, NFG Reply Comments at Exh. Q-20.

CAUSE-PA Comments at 43. CAUSE-PA identifies a second concern as follows:

In addition to paying past due LIRA bills, a reconnection fee, and a payment arrangement for pre-program arrears, the form notes that LIRA participants are also required to pay a “down payment equal to one month’s LIRA Budget Plan amount.” (NFG Cmts at Exhibit Q-10).

CAUSE-PA Comments at 44.

The OCA agrees with both of CAUSE-PA’s concerns about NFG’s requirements for service restoration. CAUSE-PA correctly identifies that the imposition of an up-front payment could otherwise amount to a security deposit on CAP-eligible customers. CAUSE-PA Comments at 44 (citing the prohibition of such a requirement under 66 Pa. C.S. § 1404(a)(1); 52 Pa. Code § 56.32(e)). The up-front payment requirement presents an additional financial obstacle for the restoration of service. A CAP customer should be able to restore service by catching up on the missed payments and should not be required to make an up-front payment of the next month’s CAP budget amount in order to restore service. To the OCA’s knowledge, no other electric or natural gas utility requires such an up-front payment in advance of restoring CAP service, and such a requirement is contrary to the requirements of Chapter 14 and the Commission’s regulations. The OCA submits that NFG should be required to cease requiring an up-front payment for the first month’s LIRA budget amount in order to restore CAP service.

The OCA also agrees with CAUSE-PA’s recommendation that CAP customers should have the opportunity to restore prior CAP benefits, including receiving arrearage forgiveness. NFG’s current policy provides that CAP customers must enter into an in-program payment arrangement instead of being provided with arrearage forgiveness. NFG Reply Comments at Exh. Q-10. The OCA agrees with CAUSE-PA that this policy compounds the financial problems for CAP customers and will otherwise undermine the purpose of the CAP program -- to provide an affordable bill to low-income customers. The OCA submits that by making up the missed payments, the CAP customer should be eligible to resume receiving arrearage forgiveness as if the

customer had not been previously terminated and CAUSE-PA's recommendation should be adopted.

III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate requests that the National Fuel Gas Distribution Corporation's Universal Service and Energy Conservation Plan for 2022-2026 be approved subject to the recommendations in the OCA's Comments and identified herein.

Respectfully Submitted,

/s/ Christy M. Appleby

Christy M. Appleby

Assistant Consumer Advocate

PA Attorney I.D. # 85824

E-Mail: CAAppleby@paoca.org

Darryl A. Lawrence

Senior Assistant Consumer Advocate

PA Attorney I.D. # 93682

E-Mail: DLawrence@paoca.org

Counsel for:

Christine Maloni Hoover

Interim Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
DATE: October 13, 2021
317619