

**PENNSYLVANIA.
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held April 14, 2022

Commissioners Present:

Gladys Brown Dutrieuille, Chairman
John F. Coleman, Jr., Vice Chairman
Ralph V. Yanora

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

BY THE COMMISSION:

On July 15, 2021, the Pennsylvania Public Utility Commission (Commission) entered an Order (July 2021 Order), withholding approval of a Proposed 2022-2026 Universal Service and Energy Conservation Plan (Proposed 2022 USECP) for National Fuel Gas Distribution Corporation (NFG), a jurisdictional natural gas distribution company (NGDC), pending review of requested additional information and stakeholder comments. The July 2021 Order indicated issues that required further attention on the record, directed NFG to provide supplemental information, and set a timeline for stakeholder comments and reply comments on the Proposed 2022 USECP. On August 24, 2021, NFG filed its Supplemental Information. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), the Office of Consumer Advocate (OCA), and NFG individually filed comments and/or reply comments. We have considered the supplemental information, comments, and reply comments filed by the parties and direct that NFG file and serve its Revised 2022

USECP, consistent with this Order, for the reasons described herein. NFG's existing 2017-2020 USECP (2017 USECP) will continue in operation in whole or in part until its 2022 USECP is fully implemented.

I. BACKGROUND

As an NGDC serving approximately 197,945 residential customers,¹ NFG is required to maintain an approved USECP and to obtain an independent third-party review of its universal service programs periodically.²

Policy Statement on Customer Assistance Programs (CAPs), 52 Pa. Code §§ 69.261-69.267 (CAP Policy Statement), Docket No. M-2019-3012599

The Commission's CAP Policy Statement was amended effective March 21, 2020, pursuant to an order and annex entered on November 5, 2019, and published in the *Pennsylvania Bulletin* on March 21, 2020. *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 (November 2019 Order and November 2019 Annex). See also 50 Pa.B. 1652.*³ The November 2019 Order, *inter alia*, strongly urged electric distribution companies (EDCs) and NGDCs to incorporate the CAP policy amendments into their USECPs to allow stakeholders to have a basis for meaningful input in a *Universal Service Rulemaking*.⁴ November 2019 Order at 2.

¹ *Report on 2020 Universal Service Programs & Collections Performance* at 5. <https://www.puc.pa.gov/media/1709/2020-universal-service-report-final.pdf>

² NGDCs are subject to the universal service reporting regulations at 52 Pa. Code §§ 62.1-62.8. and the low-income usage reduction regulations at 52 Pa. Code §§ 58.1-58.18. NGDCs are guided by the recommendations in the CAP Policy Statement at 52 Pa. Code §§ 69.261-69.267.

³ Available at <https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol50/50-12/409.html>.

⁴ On January 2, 2020, the Commission entered an order at Docket No. L-2019-3012600 directing its Bureau of Consumer Services (BCS) and Law Bureau to initiate a comprehensive universal service rulemaking.

2019 Adjustment to USECP Filing Schedules, Docket No. M-2019-3012601

On October 3, 2019, the Commission entered its order (October 2019 Order) in *Universal Service and Energy Conservation Plan (USECP) Filing Schedule and Independent Evaluation Filing Schedule*, Docket No. M-2019-3012601, to extend the duration of USECPs from the then-prescribed three years to at least five years. The filing schedule for third-party independent evaluations was adjusted to coincide with the revised USECP duration and filing schedule. The Commission extended NFG's 2017 USECP through 2021, and directed NFG to file its next five-year USECP (2022-2026) on April 1, 2021.

II. HISTORY

NFG's most recent USECP was its 2017 USECP, approved by the Commission at Docket No. M-2016-2573847 by order entered on May 3, 2018. The 2017 USECP, as has been subsequently revised, is still in operation.

On March 8, 2019, NFG filed and served a Petition at Docket No. P-2019-3008559 seeking approval to amend its 2017 USECP to establish a new two-year LIURP pilot program, entitled the Low Consumption-LIURP Pilot (LC-LIURP Pilot). The LC-LIURP Pilot was approved by Commission in an order entered on October 24, 2019. On November 19, 2019, NFG filed and served a Revised 2017 USECP with the LC-LIURP Pilot at Docket No. M-2016-2573847. The Commission approved the Revised 2017 USECP via a Secretarial Letter issued on January 30, 2020, at Docket Nos. P-2019-3008559 and M-2016-2573847.

A six-year evaluation of NFG's universal service and energy conservation efforts was completed in September 2020 by Applied Public Policy Research Institute for Study and Evaluation (APPRISE) (2020 APPRISE Evaluation).⁵

In compliance with Commission regulations, NFG submitted its Proposed 2022 USECP on March 31, 2021, and served OCA, the Office of Small Business Advocate (OSBA), the Pennsylvania Utility Law Project (PULP, Legal Counsel for CAUSE-PA) and the Commission's Bureau of Investigation and Enforcement (BIE). An informal conference among stakeholders was held on May 18, 2021.

The July 2021 Order withheld approval of the proposed 2022 USECP, identified issues in the Proposed 2022 USECP requiring further clarification, requested supplemental information from NFG, and set out a timeline for stakeholder comments and reply comments. On August 24, 2021, NFG filed Supplemental Information. CAUSE-PA and OCA individually filed comments on September 14, 2021. CAUSE-PA, OCA, and NFG individually filed reply comments on October 13, 2021. On December 30, 2021; February 25, 2022; and March 31, 2022, NFG filed status updates regarding the implementation of its online CAP application.⁶

III. DISCUSSION

NFG's 2022 USECP, as proposed, contains four major components that help low-income customers maintain utility service. The four programs are as follows: (1) the Low-Income Rate Assistance (LIRA) program, which is NFG's CAP and provides

⁵ The 2020 APPRISE Evaluation can be found at <https://www.puc.pa.gov/pcdocs/1676238.pdf>.

⁶ NFG's online CAP application and status updates are further discussed in the CAP section of this Order.

“discounted rates” for low-income residential customers;⁷ (2) Low Income Usage Reduction Program (LIURP), which provides weatherization and usage reduction services to help low-income customers reduce their utility bills; (3) Customer Assistance Referral Evaluation Services (CARES) program, which provides referral services for low-income, special needs customers; and (4) Neighbor for Neighbor Heat Fund (NFN), which is NFG’s hardship fund and provides grants to eligible customers that require assistance to meet basic energy needs. We shall discuss each program in greater detail below.

A. Summary of Proposed Modifications to the Universal Service Programs in the Proposed 2022 USECP as Compared to the 2017 USECP

1. Proposed LIRA Modifications

- Introduce a 90% rate discount.
- Eliminate the requirement that income-eligible customers must be “payment-troubled” to qualify for LIRA.
- Accept documentation of the last 30 days or 12 months of household income, whichever is more beneficial, to determine eligibility and benefits at application or recertification.
- Eliminate the requirement that a LIRA customer must apply for LIHEAP and assign the grant to NFG.

⁷ Proposed 2022 USECP at 15. While NFG speaks in terms of “discounted rates” for low-income customers, the correct construction is that qualifying low-income customers receive a discount off of NFG’s residential tariff rate. Low-income customers are part of the residential customer class and not a separate rate class.

- Exempt LIRA customers from late payment charges.
- Develop an online application.
- Adopt the standardized zero-income statement form approved in the November 2019 Order.
- Amend its LIRA recertification timeframes.
- Implement a universal service consumer education and outreach plan (CEOP).
- Add the provision that households will be removed from LIRA if they decline to participate in LIURP.

2. Proposed LIURP Modifications

- Extend the LC-LIURP Pilot through January 2023.
- Add blower door testing to all LIURP jobs.
- Establish an annual meeting for LIURP contractors.

3. Proposed CARES Modifications

NFG proposes no major changes to its CARES program in its Proposed 2022 USECP compared to its 2017 USECP.

4. Proposed NFN Modifications

- Allow customers with incomes between 151-200% of the FPIG to qualify for a NFN grant.
- Eliminate the requirement that a customer must have made a fourth “good faith” payment within the past 90 days.
- Add households with veterans and add households that have experienced a loss of income to the list of customers eligible for an NFN grant.

Resolution: With the exception of the proposed changes and the other issues that are specifically addressed in this Order, the Commission approves NFG’s proposed changes to its universal service programs for its 2022 USECP as listed above.

B. Program Descriptions as Proposed for 2022-2026

1. LIRA

NFG’s LIRA program⁸ will continue to offer “discounted rates” to payment-troubled heating customers whose income is less than 150% of the FPIG and who are unable to pay their regular monthly bills. The program is intended to increase payments from low-income customers while decreasing the utility’s collections costs. LIRA is funded by the utility’s residential ratepayers via a LIRA Discount Charge rider in NFG’s tariff. The primary features of LIRA include:

⁸ NFG’s LIRA program is its CAP.

- Reduced monthly natural gas bills.
- Complete arrearage forgiveness over a period of 24-36 months.
- Conservation education.
- Referrals to other community programs and services.

To participate in LIRA, households must agree to enroll in budget billing, provide income and identification for all household members, participate in LIURP (if eligible), and apply for LIHEAP annually. Although customers enrolled in LIRA are required to apply for LIHEAP annually, NFG does not remove customers from LIRA if their LIHEAP cash grant is not designated to NFG. In addition, all adult members of the household must agree to become ratepayers for the account and are responsible for the balance accrued while enrolled in LIRA. Household members considered dependents under federal tax rules are not counted as ratepayers.

LIRA customers currently receive monthly bills discounted by 10%-80% depending on the customer's household size and income. NFG proposes to implement a new 90% discount as part of its Proposed 2022 USECP to conform to the recommended maximum energy burdens in the CAP Policy Statement (2020). NFG calculates the amount of the LIRA discount based on a targeted percentage of household income (energy burden) over the course of a year. As shown in Table 1, NFG is proposing to reduce its target energy burdens to reflect the recommendations in Section 69.265(2)(i)(B) of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(2)(i)(B), 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%
51%-100%	8.0%	6.0%
101%-150%	9.0%	6.0%

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

Once the annual energy burden for the household is determined, NFG calculates the annual discount amount by subtracting the total of the household energy burden payment from the estimated annual bill. NFG uses the annual discount amount to determine a rate discount percentage for the LIRA household (rounding to the nearest 10%).

Additionally, LIRA customers receive 1/24th pre-program arrearage (PPA) forgiveness for each monthly bill paid on-time and in-full, regardless of any existing LIRA arrears (also sometimes referred to as “in-program arrears”). Customers that fail to pay LIRA bills in-full can receive PPA forgiveness retroactively for any missed months when they achieve a zero LIRA balance. Customers have up to 36 months to earn full PPA forgiveness. Any PPA balance remaining after 36 months is added to the current LIRA balance.⁹

Customers currently reporting zero income must, at a minimum, re-certify every three months. NFG proposes to change this to every six months. NFG requires households that receive LIHEAP benefits to re-certify every three years. All other LIRA customers must re-certify eligibility every two years but may be required to re-certify earlier if their household situation changes (e.g., consumption increases, they report zero income, or they do not assign a LIHEAP grant to NFG annually).

⁹ The timeframe for PPA forgiveness is not impacted if a LIRA customer moves and establishes natural gas service with NFG at a new residence. Proposed 2022 USECP at 16.

Based on our analysis in the July 2021 Order of NFG’s LIRA in the Proposed 2022 USECP, we directed NFG to provide clarification and/or supplemental information regarding identified issues. The following discussion reflects resolution of those issues:

a. LIRA bill discount calculation

In the July 2021 Order, the Commission noted that the Proposed 2022 USECP does not provide step-by-step examples of how it calculates a LIRA bill discount based on specific household income and average usage scenarios. Based on the description provided in the Proposed 2022 USECP, the Commission presumed that the calculation of a LIRA rate discount and bill would follow the illustration provided in Table 2.

**Table 2
Presumed Example of a LIRA Rate Discount Calculation**

Annual Income Household of One	\$5,000 (42% FPIG)
Annual Energy Burden	4% of \$5,000 = \$200
Average Annual Natural Gas Bill:	\$899
Required Annual Discount	\$899 – 200 = \$699
Discount %	\$699/\$899 = 77.75%
Round to nearest 10%	80%
LIRA Bill	Annual: \$180 (20% of \$899, rounded) Monthly: \$15

July 2021 Order at 16.

The July 2021 Order directed NFG to identify whether the LIRA payment calculation in Table 2 is accurate and to provide LIRA billing calculation examples for household with income between 51% and 100% and between 101% and 150% of the FPIG who qualify for a discount. July 2021 Order at 16.

Comments

NFG confirms that the LIRA payment calculation contained in Table 2 of the July 2021 Order is generally accurate in how it plans to calculate the LIRA bill discount under the 2022 USECP. NFG reports one correction, in that its discount rate percentage (applied after determining the annual discount amount) is not rounded up to the nearest 10% but instead is rounded to the nearest 10%. NFG Supplemental information at 3. NFG also provided the following additional rate discount calculation examples:

Table 3
LIRA Household with Income Levels Between 51%- 100% FPIG

Annual Income Household of One	\$10,000 (78% FPIG)
Annual Energy Burden	6% of \$10,000 = \$600
Average Annual Natural Gas Bill:	\$899
Required Annual Discount	\$899 – 600 = \$299
Discount %	\$299/\$899 = 33.26%
Round to nearest 10%	30%
LIRA Bill	Annual: \$630 (70% of \$899, rounded) Monthly: \$52.50

Table 4
LIRA Household with Income Levels Between 101%-150% FPIG

Annual Income Household of One	\$14,000 (109% FPIG)
Annual Energy Burden	6% of \$14,000 = \$840
Average Annual Natural Gas Bill:	\$899
Required Annual Discount	\$899 – 840 = \$59
Discount %	\$59/\$899 = 6.6%
Round to nearest 10%	10%
LIRA Bill	Annual: \$810 (90% of \$899, rounded) Monthly: \$67.50

NFG Supplemental Information at 3-4.

OCA is concerned with NFG’s approach of rounding to the nearest 10% discount rate, which could lead to a discounted rate being rounded down and a household charged more than its calculated energy burden. OCA submits that rounding to the nearest

percent means that roughly half of LIRA participants will not pay an affordable energy burden due to the rounding rule. OCA submits that NFG's methodology should be modified to round up when determining the rate discount. OCA Comments at 20.

In reply to OCA's rounding concerns, NFG explains that if its rounding methodology resulted in the application of a smaller discount rate, "the discount amount would still be based on the discount rate (up to 90%) required for the household to attain a monthly bill: (a) in line with the New Energy Burden Levels; or (b) with the LIRA minimum payment of \$12." NFG Reply Comments at 12.

CAUSE-PA states it is supportive of NFG's adoption of the Commission's reduced recommended energy burden standards. However, CAUSE-PA avers that NFG's discount calculation is unnecessarily complex and does not result in consistent levels of affordability for LIRA participants. CAUSE-PA Comments at 8-10. CAUSE-PA recommends that the Commission require NFG to:

- Submit quarterly reports indicating the number of households who received a bill each month that is greater than the target energy burden and the average dollar amount of the amount in excess;
- Review these data with its universal service advisory committee (USAC) and discuss necessary programmatic changes to resolve any issues; and
- Transition its current rate discount to a Percentage of Income Payment (PIP) design if LIRA customers continue to exceed NFG's approved energy burden standards after two years, which would be in line with the program design of every other NGDC in PA.

CAUSE-PA Comments at 10.

OCA states it does not generally oppose a PIP design for CAP programs, but it is concerned with the potential cost impact of transitioning to a PIP and whether the PIP design is appropriate for NFG. OCA Reply Comments at 5.

Resolution: We do share OCA and CAUSE-PA's concerns that the LIRA discount calculation may not result in consistent levels of affordability. NFG has clarified that the calculated discount rate is rounded to the nearest 10%. This means that a customer needing a discount of 34% to achieve NFG's energy burden target would only receive a rate discount of 30%. Meanwhile, a customer requiring a discount of 35% to achieve the energy burden target would presumably receive a rate discount of 40%. In the November 2019 Order, the Commission supported allowing NGDCs to choose their own CAP payment plans but stressed that payments should not exceed energy burden targets.

We agree with OCA, Columbia [Gas], and NFG that utilities should be permitted to maintain CAP payment structures that best meet the needs of their service territories. Therefore, we are not requiring that EDCs and NGDCs adopt PIPs. **However, each utility CAP payment plan should be designed to ensure a household's total CAP bill – including any additions such as PPA co-payments or CAP Plus charges – will not exceed the Commission's energy burden threshold.** However, if the minimum CAP payment is higher than the energy burden threshold, the household may be charged the higher minimum CAP payment.

November 2019 Order at 31 (emphasis added).

NFG's approach of rounding to the nearest 10% discount rate will clearly result in some households being charged more than the LIRA energy burden. We agree with OCA that NFG should round up to the next discount rate to ensure that all LIRA customers will receive monthly bills that do not exceed their energy burden targets. Accordingly, within six (6) months from the entry date of this Order, NFG is directed to amend its LIRA payment methodology to ensure a household's calculated discounted rate

is always rounded up. NFG shall file and serve a letter at this docket when this change is implemented. NFG shall also update its 2022 USECP to reflect this pending change. We also find merit in CAUSE-PA's concerns. After the rounding change directed above is implemented, NFG is further directed to track the number of LIRA households who receive monthly bills exceeding their targeted energy burdens and the reasons for it (e.g., minimum bill). This information should be filed and served annually at this docket on June 1 each year, beginning in 2023, for the duration of its 2022 USECP. NFG shall also review this information with its USAC.

b. Implementation of the 90% LIRA Discount

In its Proposed 2022 USECP, NFG proposes to adopt a 90% LIRA discount to meet the CAP Policy Statement (2020) recommended maximum energy burdens. NFG reported that, even after this change, approximately 60 LIRA participants (or less than 0.75% of program participants) would still have bills exceeding these recommended energy burden thresholds. NFG states many of these customers report \$0 income and must pay the minimum monthly amount of \$12. Proposed 2022 USECP at 15. The July 2021 Order requested additional information regarding this proposed change. Specifically, NFG was directed to identify:

- How many of the estimated 60 customers would, in fact, likely be paying the LIRA minimum amount of \$12.
- How many customers would likely exceed the proposed energy burden targets for other reasons and identify each reason.
- The energy burden ranges for LIRA customers that may likely exceed the energy burden targets.

- How the implementation of the 90% discount rate could impact annual LIRA costs for each year of the proposed 2022 USECP compared to the 80% discount rate currently in effect.

July 2021 Order at 17-18.

*Comments*¹⁰

NFG reports that all 60 customers would pay the LIRA minimum payment of \$12 per month. NFG estimates that 12 customers would exceed the proposed energy burden targets for reasons other than reporting \$0 income; these participants have been identified as having extremely limited income. NFG Supplemental Information at 4. Specifically, NFG reports that:

- Seven of the limited income participants have annual household incomes of \$12 with energy burdens ranging from 427% to 1,584%.
- Five of the limited income participants have annual household incomes between \$888- \$2,460 with energy burdens ranging from 4.5% to 11.5%.

NFG Supplemental Information at 4-5.

NFG estimates that the addition of the 90% discount rate would increase LIRA costs by \$25,000 annually, with a one-time Information Technology (IT) fee of \$56,875 to make the required system modifications. NFG Supplemental Information at 5.

¹⁰ Following our summary of NFG's supplemental information regarding the proposed implementation of the 90% discount, our discussion of the comments and reply comments are segmented below according to issues raised.

Proposed LIRA Energy Burdens

OCA states it does not currently support the proposed changes to NFG's LIRA energy burdens and suggests that the Commission postpone this change to help mitigate costs recovered from NFG ratepayers, especially those who may be financially impacted by the COVID-19 pandemic and do not qualify or participate in LIRA. OCA Comments at 3. OCA recommends that, if NFG adopts the new energy burdens, it should also implement LIRA cost-saving measures, such as:

- (1) Limiting annual increases in program costs;
- (2) Increasing the minimum LIRA payment;
- (3) Extending arrearage forgiveness timeframe to 36 or 48 months;
- (4) Capping the amount of arrearage forgiveness customers can earn in LIRA;
- (5) Examine administrative costs;
- (6) Establish maximum CAP credit limits;
- (7) Prioritizing customers with high CAP credits for LIURP; and
- (8) Limiting Department of Housing and Urban Development (HUD) recipient participation in LIRA.

OCA Comments at 3-10.

CAUSE-PA shares the same concern as OCA regarding bill affordability for all NFG customers, including non-LIRA ratepayers. CAUSE-PA contends that the solution is not to continue charging unaffordable rates to its low-income customers. CAUSE-PA argues that instead of undermining cost affordability through LIRA, that efforts to address affordability for low-income customers not enrolled in LIRA should be focused on improving outreach and enrollment in NFG's other universal service programs, which are available to those with higher incomes. CAUSE-PA Reply Comments at 2-3. CAUSE-PA further disagrees with OCA's cost mitigations recommendations, noting that

they would undercut affordability and accessibility to customers in need. CAUSE-PA Reply Comments at 5.

NFG also disagrees with OCA's cost concerns, stating that NFG's LIRA spending per ratepayer has historically ranked amongst the lowest of all NGDCs. NFG specifically noted that in 2019, NFG's estimated annual CAP spending per residential ratepayer was \$11.35 (versus the NGDC average of \$33.57). NFG Reply Comments at 9, citing the *2019 Report on Universal Service and Collections Performance* at 77.

Impact on LIHEAP refunds

OCA notes that LIHEAP recipients who receive large grants may not exhaust the full amount they receive if only making NFG's current minimum LIRA payment. OCA argues that the lowest income LIRA customers may not exhaust their LIHEAP grant after twenty-four months and unspent LIHEAP grants must be returned to the Department of Human Services (DHS) after two years. OCA Comments 10-11.

CAUSE-PA agrees with OCA that all assistance dollars should be used but has no concerns regarding LIHEAP grant dollars being returned to DHS. CAUSE-PA Reply Comments at 15. CAUSE-PA is supportive of NFG's adoption of the Commission's reduced energy burden recommendations although it is concerned about the current LIRA rate discounts. CAUSE-PA Comments at 11.

Resolution: Acknowledging that NFG's annual CAP spending is currently among the lowest of the NGDCs,¹¹ we find the estimated increase in LIRA costs of \$25,000 annually to be reasonable and in the public interest in order to implement the 90% rate

¹¹ NFG reported total annual CAP spending of less than \$2 million in 2020, averaging \$260 per LIRA customer. Among the NDGCs, only PECO Gas reported lower CAP spending per customer (\$152). Average NGDC CAP spending per CAP customer in 2020 was \$555. *2020 Report on Universal Service and Collections Performance* at 71.

discount, including the one-time IT cost of \$56,875. Accordingly, NFG's proposal to implement a 90% rate discount for its LIRA is approved.

c. 36-month limit to forgiveness of PPA balances

The Proposed 2022 USECP states that LIRA customers will continue to receive 1/24th PPA forgiveness both monthly and retroactively for LIRA bills paid over a 36-month period. After 36 months, any remaining PPA balance is added to the household's current asked-to-pay LIRA balance. Proposed 2022 USECP at 16. NFG's bill reflects the PPA forgiveness policy and the number of months remaining for the customer to earn full PPA forgiveness.

In the July 2021 Order, the Commission asked NFG to: (1) identify how many LIRA customers had pre-program arrears remaining after 36 months in 2019 and 2020 and what their average remaining PPA balance was; (2) identify how many had service terminated for insufficient payments after pre-program arrears were placed back onto their LIRA account; (3) provide or cite data to demonstrate that the 36-month PPA forgiveness timeframe incentivizes customer payments; and (4) provide specific information on the program and system costs, if any, related to modifying or eliminating this provision. July 2021 Order at 20-21.

Comments

NFG reports there were 142 customers in 2019 and 280 customers in 2020 who had a PPA balance remaining after 24 months of being enrolled in LIRA. NFG identified nine accounts in 2019 and 24 accounts in 2020 that carried a PPA balance after the 36-month expiration date. The average PPA remaining for these accounts was \$114.69 in 2019 and \$158.34 in 2020. NFG reports only one customer was terminated in 2019 after having the PPA balance added back to the account due to nonpayment. With respect to

the 24 accounts which carried a PPA after the 36-month expiration date in 2020, NFG states it is unable to determine how many of these accounts would have proceeded to termination if not for the Commission's utility termination moratorium established in response to the COVID-19 pandemic.¹² NFG Supplemental Information at 5-6. NFG maintains that the small number of accounts who had PPA balances after 36 months demonstrates that customers are incentivized by the 36-month deadline to make monthly payments to earn PPA forgiveness. NFG Supplemental Information at 6.

NFG opines that, if the PPA timeframe were eliminated, the integrity of LIRA could be compromised and PPA forgiveness costs could increase by approximately \$620,000 annually. This amount was computed by NFG by taking the difference of the average annual aggregate amount of: (a) initial PPA debt eligible for forgiveness for customers who enrolled in LIRA from 2016-2020; and (b) the actual amount of PPA debt forgiveness for such customers. NFG states that this change would harm those ratepayers who fund the LIRA program. NFG also estimates a one-time cost of \$22,500 to make necessary IT and system changes to accommodate for removal or modification of the 36-month PPA time-limit. NFG notes this change would also require it to update written materials and incur additional one-time administrative costs, which it cannot quantify. NFG Supplemental Information at 6.

CAUSE-PA asserts NFG's cost estimates based on the elimination of the 36-month PPA timeframe appear greatly exaggerated given the relatively small number of LIRA customers carrying PPA balances beyond NFG's 36-month restriction. CAUSE-PA points out that if few LIRA customers are having their PPA balance applied to their LIRA bill after 36 months, the cost to absorb that additional PPA balance should be minimal. CAUSE-PA also notes that NFG has not provided any comparative data suggesting that its program provides a greater incentive for PPA forgiveness compliance

¹² See *Public Utility Service Termination Moratorium Proclamation of Disaster Emergency-COVID-19*, Docket No. M-2020-3019244 (ratified on Mar. 26, 2020).

than any other PA CAP, which do not impose limited timeframes for earning PPA forgiveness. CAUSE-PA recommends that the Commission not approve NFG's time-limit on PPA forgiveness but instead require NFG to grant forgiveness for each in-full payment, regardless of when it is made. CAUSE-PA Comments at 13-15.

NFG asserts that its PPA forgiveness policy incentivizes LIRA customers to make their monthly payments. However, NFG agrees to develop program documentation to better communicate and educate customers about this policy, including through an enhanced LIRA Features Sheet, additional notice to LIRA customers 12 months before the expiration of the PPA period, and a one-time bill insert/postcard. NFG Reply Comments at 16-17.

Resolution: Section 69.265(8)(ix) of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(8)(ix), recommends that utilities grant PPA forgiveness over a two to three-year period contingent upon regular CAP payments. It also recommends that CAP customers receive PPA forgiveness for each on-time and in-full monthly bill paid and retroactive forgiveness for any months missed once any in-program arrears balance is caught up. *See* 52 Pa. Code § 69.265(8)(ix)(A-B). The CAP Policy statement does not specify a time limit for when a customer should qualify for retroactive PPA arrearage forgiveness.

In general, most EDCs and NGDCs forgive 1/24th or 1/36th of a PPA balance for each CAP payment received until the PPA balance is completely forgiven. The Commission has also approved CAPs that offer full arrearage forgiveness in less than two years.¹³ All EDCs and NGDCs grant PPA forgiveness for each monthly in-full CAP payment, regardless of in-program arrears, and retroactively for any months missed once

¹³ For example, PECO's CAP offers full pre-program arrearage forgiveness over 12 months and PPL offers full pre-program arrearage forgiveness over 18 months. *See* PECO 2016-2018 USECP, Docket No. M-2015-2507139 (filed on February 17, 2017), at 8-9; and PPL 2017-2019 USECP, Docket No. M-2016-2554787 (filed on November 3, 2017), at 2.

the CAP balance is paid. Other than NFG, we are not aware of any other NGDC or EDC that imposes time restrictions for CAP customers to receive full PPA forgiveness.

Although NFG is offering to further educate customers about its PPA policies beyond its current bill messaging, we are not persuaded that LIRA customers are “incentivized” to make regular payments based on time limited PPA forgiveness. We are also concerned that LIRA customers who have pre-program arrearages after 36-months may have to establish a payment arrangement on the remaining balance. Adding a payment arrangement to a monthly LIRA payment may make the program less affordable and result in participants accruing higher in-program arrears.

The information provided by NFG indicates that eliminating the time limit for PPA forgiveness should have a minimal impact on LIRA costs, given the small number of customers in 2019 and 2020 who retained a PPA balance after 36 months. This change will also ensure that NFG customers receive the same opportunity for PPA forgiveness are offered in other CAPs. However, NFG should continue to track the number of LIRA customers who require more than 36 months to achieve full PPA forgiveness and the costs associated with this extended forgiveness period. This information should be shared and discussed annually with its USAC.

Accordingly, NFG is directed to eliminate its 36-month time limit for PPA forgiveness within six (6) months from the entry date of this Order. NFG is also directed to update its 2022 USECP to reflect this direction. NFG shall file and serve a letter at this docket when this change is implemented.

d. CAP Final Billing

The Commission addressed CAP final bills in *Staff Review of Customer Assistance Program Final Billing Methods*, Docket No. M-2019-3010190, by Order entered on

March 12, 2020 (CAP Final Billing Order). The CAP Final Billing Order detailed how electric and natural gas public utilities calculate final CAP bills, summarized stakeholder input on the issues, and called attention to existing statutory and regulatory provisions relating to billing.

NFG reported that a LIRA final bill is the prorated LIRA price based on the number of days in the billing period. CAP Final Billing Order at 7. The July 2021 Order asked NFG to provide a description of its final LIRA billing practices for inclusion in its 2022 USECP. July 2021 Order at 21.

Comments

NFG confirms that it has not changed its LIRA final billing practices, as reflected in the CAP Final Billing Order. NFG Supplemental Information at 6.

CAUSE-PA is supportive of NFG's practice of discounting and prorating final LIRA bills. However, CAUSE-PA maintains the Commission should prohibit NFG from charging CAP customers a budget true-up on their final CAP bill. CAUSE-PA notes that budget true-ups are out of the LIRA customer's control and that they undermine the goals of the LIRA program by providing LIRA customers with an unaffordable bill. CAUSE-PA Comments at 17.

OCA has concerns with CAUSE-PA's proposal to not allow any true-ups for a CAP customer's final billing. OCA notes that the true-up bill is designed to account for the difference between what the customer paid and actual usage. OCA Reply Comments at 8-9. OCA and NFG separately note that eliminating the true-up bills to account for unbilled consumption could result in a scenario in which a LIRA participant received services without being billed for them. OCA and NFG separately submit that the true-up bill enforces the requirement of 66 Pa. C.S. § 1303 (regarding adherence to tariffs) that

requires public utilities to bill customers for actual services rendered. OCA Reply Comments at 9, NFG Reply Comments at 18. OCA does not agree with CAUSE-PA's argument that a true-up bill presents an affordability issue as the amount billed to the customer with the discounted rate has already been determined to be affordable. 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. OCA Reply Comments at 9-10.

NFG contends that removing the true-up component of final LIRA bills would make final billing practices for LIRA participants and non-LIRA residential customers fundamentally different from each other. NFG is concerned that this practice would not be in compliance with 66 Pa. C.S. § 1304 (regarding discrimination in rates). NFG ultimately objects the removal of true-up billing from its final billing practices. NFG Reply Comments at 18.

Resolution: Neither the CAP Policy Statement (1999) nor the CAP Policy Statement (2020) specifically address how EDCs and NGDCs should calculate a CAP customer's final billing period bill. However, 66 Pa.C.S. § 1303 provides that public utilities are to compute bills under the "rate" most beneficial to the customer. As described in the CAP Final Billing Order:

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 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.

CAP Final Billing Order at 22 (emphasis added).

Low-income households enrolled in CAPs should receive the most affordable payment over the course of a program year, through reduced payment amounts, deferred arrears, and other benefits. As noted in the CAP Final Bill Order, the Commission considers a CAP customer to be enrolled in the program until either the effective date of the customer's requested removal from CAP or until service is terminated/discontinued. CAP Final Billing Order at 20. Therefore, we support NFG's practice of charging the prorated LIRA price for usage incurred during a final billing period. We have not challenged a public utility's discretion to include additional charges in a CAP final bill, including unforgiven preprogram arrears and budget billing true-ups if such items are part of the public utility's CAP provisions.

The Commission has approved the FirstEnergy utilities¹⁴ practice of applying CAP credits to a true-up amount at the end of each budget billing cycle. Likewise, offering qualified low-income customers discounted bills, arrearage forgiveness, and other benefits to make electric and natural gas service affordable through CAPs are also not considered discriminatory practices. Further, the CAP Final Billing Order specifically noted that true-ups on a customer's bill are separate considerations dependent on the customer's payment history and the public utility's CAP provisions.

¹⁴ FirstEnergy consists of four EDCs: Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company.

Therefore, consistent with the CAP Final Billing Order, we are not requiring NFG to waive budget billing true-up costs or to apply CAP credits as part of its final billing for LIRA customers. Accordingly, we direct NFG to include its LIRA final billing policy in its Revised 2022 USECP.

e. Recertification Timeframes

NFG proposes to require LIRA households reporting zero income to recertify every six months and LIRA households that received LIHEAP annually to recertify every three years. All other LIRA customers are required to recertify every two years. Proposed 2022 USECP at 51. The July 2021 Order directed NFG to clarify why it is proposing a two-year recertification timeframe for LIRA households with fixed incomes. July 2021 Order at 22.

Comments

NFG reports that it had intended to allow households whose primary source of income is Social Security, Supplemental Security Income, or a pension to recertify for LIRA every three years, but this provision was inadvertently omitted from the Proposed 2022 USECP. NFG proposes to extend the recertification timeframe for LIRA customers with fixed incomes to once every three years. NFG Supplemental Information at 6-7, Annex A at 51. CAUSE-PA supports NFG's proposal. CAUSE-PA Comments at 18.

Resolution: We have received no objection to NFG's original or amended proposed recertification timeframes. We recognize that failure to recertify is often the most common reason customers are removed from CAPs.¹⁵ Further, NFG's proposed

¹⁵ For example, see FirstEnergy 2017 APPRISE Universal Service Impact Evaluation at 22. http://www.puc.pa.gov/general/pdf/USP_Evaluation-FirstEnergy.pdf. Of customers removed from FirstEnergy CAPs in 2013-2015, 63% were removed for failing to recertify, and 8% were removed because their income was too high, on average.

amended recertification timeframes are consistent with Section 69.265(8)(viii)(A)(I-IV) of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(8)(viii)(A)(I-IV). Therefore, we find the NFG’s revised proposed LIRA recertification timeframes reasonable and in the public interest. Accordingly, NFG is directed to include its revised recertification timeframes in its Revised 2022 USECP.

f. “Payment-troubled” criteria for LIRA eligibility.

NFG proposes to eliminate the “payment-troubled” criteria as part of the LIRA eligibility requirements and to allow all income-eligible customers with active residential natural gas heating service to enroll in LIRA if the program offers the most beneficial payment amount. February 2020 Letter at 2; Proposed 2022 USECP at 12.

In the July 2021 Order the Commission directed NFG to identify how many households it rejected for LIRA annually based on its “payment troubled” requirement from 2018 to 2020 and how many additional customers it projects may be eligible for LIRA annually through 2026 if this change is approved. NFG was also directed to include the projected annual cost impact of enrolling these additional customers into LIRA based on its current and proposed LIRA discount calculation. July 2021 Order at 22.

Comments

NFG explains that if a household does not meet the payment-troubled requirement, they are not referred to LIRA. Therefore, it does not reject customers from LIRA for failure to meet the payment-troubled requirement. NFG reports that it has not tracked the number of customers that were not referred to LIRA for this reason. NFG estimates that the elimination of the payment-troubled requirement will lead to a total of approximately

3,065 more eligible customers by 2026 and that annual LIRA costs could increase by approximately \$227,000. NFG Supplemental Information at 7.

CAUSE-PA supports the elimination of the payment troubled criteria for LIRA eligibility. CAUSE-PA Comments at 19.

Resolution: We have received no objection to NFG’s proposal to eliminate its requirement for customers to be “payment-troubled” to qualify for LIRA. We note that this proposed change is consistent with Section 69.265(4)—(5) of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(4)—(5), which recommends that utilities only use a payment-troubled criterion for CAPs to prioritize enrollments or control program costs, neither of which appear needed for NFG’s LIRA. Therefore, we find NFG’s proposal to eliminate its requirement that customers be “payment-troubled” to qualify for LIRA reasonable and in the public interest. Accordingly, this aspect of the NFG’s Proposed 2022 USECP is approved.

g. Documentation of Income

In the July 2021 Order, the Commission noted that the Proposed 2022 USECP does not specify what types of documentation NFG accepts when verifying a household’s income eligibility for LIRA. The Order directed NFG to provide a description of acceptable household income documentation for inclusion in its 2022 USECP. July 2021 Order at 24.

Comments

NFG confirms that the income documentation listed in the NFG LIRA Application is accepted to determine program eligibility. NFG proposes to add the acceptable income

documentation to its 2022 USECP and reference it within the 2022 USECP. NFG Supplemental Information at 7, Annex A at 26.

CAUSE-PA recommends NFG discuss expanding its acceptable documentation list with its USAC to ensure it is inclusive and accessible. CAUSE-PA Comments at 20.

Resolution: We are satisfied with the income documentation clarification provided by NFG. CAUSE-PA and NFG are welcome to explore this matter further in the USAC discussion if they so choose. Accordingly, we direct NFG to include a copy of LIRA Application as an attachment and a specific reference to the income documentation in its Revised 2022 USECP.

h. Income for a Child

The Proposed 2022 USECP does not specify how household income for LIRA is determined or whether NFG counts the gross income of a minor, whether earned or unearned, as part of a LIRA household's combined gross income. The July 2021 Order directed NFG to explain how household income is currently determined for LIRA eligibility and benefits and whether earned and unearned income of minor children are excluded. Additionally, If NFG is proposing to change how it defines "household income" to now exclude income from minors, it is directed to: (1) provide the before and after definitions of "household income" and identify the proposed effective date of the change; (2) provide estimates on its annual impact on LIRA enrollment and costs for the duration of the USECP; and (3) identify how customers will be notified of this change; including any special outreach to customers who may have been denied LIRA enrollment within the last 12 months due to household income.

Comments

NFG clarified that it follows LIHEAP guidelines regarding counting household income, including the counting of unearned income of minors in the household. NFG stated any change in this regard would increase administrative complexity, require the need for customers to provide additional documentation, and confuse community partners who are familiar with the established practice. NFG Supplemental Information at 8.

OCA and CAUSE-PA separately argue that NFG should exclude unearned income for minor children when determining household income to be consistent with the Public Utility Code and the CAP Policy Statement. OCA Comments at 12; CAUSE-PA Comments at 21-23.

In response to OCA and CAUSE-PA's comments, NFG agrees to modify its proposed definition of household income for LIRA eligibility to exclude unearned income for minors. NFG Reply Comments at 19-20, Annex A-2 at 12.

Resolution: We find that the proposed exclusion of unearned income for minors is consistent with the definition of household income in Section 1403 of the Public Utility Code, 66 Pa. C.S. § 1403, and with Section 69.262 of the CAP Policy Statement (2020), 52 Pa. Code § 69.262. Accordingly, NFG is directed to clarify in its Revised 2022 USECP that unearned income for minors is excluded when determining household income for LIRA eligibility and benefits.

i. Online LIRA Application

The Proposed 2022 USECP states that NFG proposes to leverage new technologies to enhance participants' experience by engaging a third-party vendor to: (1) develop an online application and a means to electronically submit LIRA and NFN

applications and supporting documentation; (2) improve the application interface; and (3) enhance processing times. Proposed 2022 USECP at 14. NFG does not identify an anticipated timeline for when it will implement an online LIRA application and allow electronic submission of documentation. In the July 2021 Order, NFG was directed to: (1) identify a timeline for its implementation of an online interface for customers to apply for LIRA and submit requested documents electronically; (2) file a description of its upcoming online application process as specifics for the process become available, including how customers will be able to access the online process and submit required information electronically; and (3) provide a monthly status report reflecting implementation progress. July 2021 Order at 25.

Comments

NFG reports that it is working with a third-party vendor to develop an online interface where customers can submit electronic LIRA applications and recertifications and upload required documentation. The online interface will be accessed via a link on NFG's website and via the vendor's website. Customers will have the ability to complete the LIRA application or recertify online and can upload supporting documentation. NFG proposes to file a description of the online application process as additional specifics for this process become available and will submit monthly status reports beginning in December 2021 to specify whether the online interface is available. NFG Supplemental Information at 8-9.

CAUSE-PA supports the implementation of an online LIRA application which can be accessed on NFG's website. However, CAUSE-PA asserts that NFG's application interface should be mobile-friendly and include the ability to scan and upload documents using a mobile device. CAUSE-PA recommends that the Commission require NFG to take the following steps to address potential issues in its proposed online application process:

- Clarify its process for providing notification to online applicants when an application is considered incomplete;
- Share relevant data with its USAC regarding the number of successful and incomplete online applications to review how well the online application process is working and identify potential improvements; and
- Specify how it is protecting data and sensitive customer information provided through the online interface.

CAUSE-PA Comments at 23-25.

NFG clarifies that all components of the online application process will be accessible using a mobile device. NFG also explains that the following process is used when it receives an incomplete LIRA application:

In such scenario, the customer will receive a notification (phone call, e-mail, and/or letter) advising that their application is incomplete and that the customer will have ten (10) days to complete same. Similarly, at the time of submitting an application, the customer will be advised which documentation must be provided to review his/her application and identifying the time period in which such documentation must be provided. If such time period elapses, the same notification process described above will be followed. In the case of a customer utilizing the Online Interface, he/she will be able to provide required documentation directly in the Online Interface. For those unable to use the Online Interface, documentation can be provided via e-mail or U.S. mail.

NFG Reply Comments at 20-21. NFG agrees to share information regarding its online application process with its USAC. Finally, NFG notes that data sent through the online

interface will be encrypted and that NFG maintains various cyber security protections to prevent breaches of its system. NFG Reply Comments at 21.

On December 30, 2021, NFG filed its first status update regarding its online CAP application stating that it has selected Dollar Energy Fund (DEF) to administer the online application and that the application should be available by the end of the first quarter of 2022. December 2021 Status Update at 1. On February 25, 2022, NFG filed a second status update reiterating that it plans to have the online application available to customers by the end of the first quarter of 2022. On March 31, 2022, NFG filed a third status update confirming that it is taking the final steps to make the online application available to customers. NFG will file an additional status update in April 2022. March 2022 Status Update at 1.

Resolution: No parties to this proceeding opposed NFG's proposed online application and electronic documentation submission process. We find this proposal to be reasonable and in the public interest as well as consistent with Section 69.265(8)(ii)¹⁶ of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(8)(ii). We are not directing any changes to this process at this time. Accordingly, NFG is directed to continue to file monthly status updates at Docket No. M-2021-3024935 until its online CAP application and interface is fully implemented.

j. Consumer Education and Outreach Plan (CEOP)

Section 69.265(8)(i) of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(8)(i), recommends that a NGDC develop and incorporate a CEOP as part of its USECP. The November 2019 Order recommended the CEOPs identify, *inter alia*: (1)

¹⁶ Section 69.265(8)(ii): *Intake and verification*. The utility should accept applications for CAP through mail, telephone, electronically or in-person. The utility should also offer online platforms that allow customers to submit CAP applications and documentation electronically. 52 Pa. Code § 69.262(8)(ii).

efforts to educate and enroll eligible and interested customers with incomes at or below 50% of the FPIG; and (2) resources, services, and translated materials available to those customers who are of Limited English Proficiency (LEP). November 2019 Order at 77.

The Proposed 2022 USECP includes a CEOP that describes, *inter alia*, NFG's direct customer outreach initiatives, including community events, in-home assistance, and solicitations through telephone, mail, email, and social media postings. NFG also describes how it trains local agencies and organizations about its low-income programs, conducts targeted outreach for customers with incomes at or below 50% of the FPIG, and uses a language line for its LEP customers. NFG also reports it conducts additional outreach to educate customers and stakeholders about its LIRA and other universal service programs through, *inter alia*, bill inserts, social media advertisements, screening customers that contact NFG's phone center, providing training to community partners, and participation in community outreach events. Proposed 2022 USECP at 8-9.

The July 2021 Order directed NFG is to provide the following clarifications and information related to its CEOP initiatives:

- 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).
- Indicate what is meant by “seasonal” social media outreach. If outreach is limited to only certain times of the year, explain how the timing of seasonal media will be determined.

- Explain how it educates customers on how to determine their own “household energy burden” to help encourage interest and participation in LIRA and stimulate actions for energy conservation in the household.
- Explain whether and how the components of its CEOP are provided to each county within its service territory.
- Provide copies of its LIRA brochures and customer bill inserts that outline the program guidelines and customer responsibilities.

July 2021 Order at 27-28.

Comments

NFG explains that new CEOP initiatives include targeted outreach (*e.g.*, postcards sent 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 Proposed 2022 USECP include participation in community events, offering in-home assistance, providing local agency training, offering solicitations via telephone and mail, and utilizing the Language Line for customers with limited-English proficiency. NFG states that seasonal social media posts refer to those targeted social media campaigns made to promote programs which complement LIRA and are advertised during those times of the year when such programs are available (*e.g.*, LIHEAP). NFG Supplemental Information at 9.

NFG reports that it does not instruct customers on how to calculate their household energy burdens. Instead, NFG can provide: (a) an energy audit; (b) an energy savings tip flyer to all newly enrolled LIRA customers; or (c) weatherization services via NFG’s LIURP if eligibility requirements are met. NFG also provided a copy of its energy savings tip flyer. NFG Supplemental Information at 9, Exhibit Q-10. NFG

clarifies that it offers the services described in its CEOP to each county within its service territory. NFG notes that it conducts outreach to multiple agencies which collectively serve all its counties. This consists of providing materials related to available programs, conducting training for agencies regarding available programs, and attending legislative and community events. NFG provided copies of its LIRA brochures and bill inserts outlining LIRA guidelines and customer responsibilities. NFG Supplemental Information at 10, Exhibit Q-10.

OCA avers NFG has not taken specific steps to target the population with incomes between 0-50% of the FPIG. OCA notes that NFG has had historically low program participation rates for customers at this income level, the lowest for any NGDC. OCA finds these trends concerning and asserts that NFG needs to do more to increase participation rates for this population. OCA Comments at 13-14. Specifically, OCA recommends that NFG re-evaluate its current outreach efforts targeted to those with incomes at or below 50% of the FPIG. OCA also recommends that the Commission direct NFG to provide a detailed plan addressing how it intends to expand its LIRA outreach to increase the LIRA participation rate for customers at this income level and measurable outcomes for success. OCA Comments at 15-17.

CAUSE-PA supports NFG's expansion of digital communication efforts and its attempts to identify low-income customers. Additionally, CAUSE-PA supports NFG's efforts to screen all customers for LIRA who have a Protection from Abuse (PFA) order and/or who participate in other universal service programs. CAUSE-PA recommends that NFG develop customer and agency training materials to help low-income households calculate their own household energy burden and provide its customer service representatives and community agencies with in-person training to ensure they understand how to enroll customers appropriately. CAUSE-PA also encourages NFG to consider providing incentives for agencies to help improve program enrollments. CAUSE-PA also suggests NFG consider amending its existing outreach material,

specifically its LIRA Program Features educational document that accompanies LIRA bills, to provide greater clarification. CAUSE-PA recommends that the Commission direct NFG to continue to work with its USAC to enhance its programming and outreach materials. CAUSE-PA Comments at 26-27.

In response to the comments of CAUSE-PA and OCA, NFG proposes to revise the LIRA feature sheet, prepare enhanced documentations, and create additional training materials for community agencies. Additionally, NFG reports that it plans to work with its USAC to address issues such as targeted outreach and helping customers understand their energy burden levels. NFG Reply Comments at 21-22.

Resolution: The CEOP reflects current practices rather than a strategy to go beyond the status quo and increase enrollments and awareness of its programs for customers at this income level. While noting some concerns and areas for follow-up, the Commission accepts this CEOP as a starting point. Accordingly, NFG shall include this CEOP as part of its Revised 2022 USECP with the notation that the CEOP is an evolving process and should be modified and enhanced within the duration of the 2022 USECP. Also, beginning in 2023 and for the duration of its 2022 USECP, NFG shall file and serve, by March 1st at Docket No. M-2021-3024935, annual updates and enhancements of its CEOP and include outreach and education actions taken.

As part of the process of enhancing its CEOP, we direct NFG to work with its USAC including the Commission's Office of Communications to develop ways to incentivize customers to embrace household conservation efforts and ways to increase enrollment in universal service programs. Specifically, as part of the first annual filing, we direct NFG to:

- Include more educational training webinars and workshops using a virtual or hybrid approach to keep community partners and interested stakeholders informed and updated about NFG’s universal service programs.
- Enhance its outreach efforts for households with incomes at or below 50% of the FPIG.
- Add an additional education component to inform customers about the importance of understanding their energy burden to foster customer awareness of how much their household is spending on energy.

2. LIURP

NFG’s LIURP is designed to assist low-income customers reduce their energy usage and bills. To be eligible for NFG’s LIURP, a customer must have household income at or below 150% of the FPIG, residency at the premises for at least one year with 12 months of continuous service, and annual consumption in excess of 1300 CCF. Consistent with its 2017 USECP, 20% of NFG’s LIURP budget may be spent on households in the 151%-200% FPIG range with special needs.¹⁷ Customers using less than 1300 CCF may still be eligible for a furnace or water heater repair or replacement through NFG’s Emergency Repair and Replacement Program (ERRP), which is funded through the LIURP budget. Services provided through NFG’s LIURP include home energy audits, energy education, heating system inspections, air sealing, and other weatherization measures, as needed.

¹⁷ NFG includes senior citizens (*i.e.*, those 55 years of age or older), customers with medical needs or disabilities, and/or customers with “young” children in the home in the category of “special needs.” Proposed 2022 USECP at 31.

LC-LIURP Pilot

NFG implemented the LC-LIURP Pilot to provide LIURP benefits to households that consume less than 1300 CCF. The pilot offers the same conservation measures as the traditional LIURP but restricts eligibility to LIRA customers. Proposed 2022 USECP at 29. NFG proposes to continue the LC-LIURP Pilot through 2023. The Proposed 2022 USECP describes the eligibility criteria and prioritizations for the LC-LIURP Pilot as follows:

- 12 months of continuous natural gas service at the same property address.
- Annual Consumption between 1000 CCF and 1300 CCF.
- Total household income less than or equal to 150% of the FPIG.
- Must not have been weatherized by NFG's LIURP in the past 7 years.
- Must be enrolled in LIRA and reside in the following counties: Erie, Crawford, Venango, and Warren.
- *First priority* – homeowners in a single-family house in which the square footage of the home is less than or equal to 1,299 and consumption is greater than or equal to their house square footage but does not exceed a 1300 CCF threshold.
- *Second priority* – homeowners regardless of the home's square footage if NFG believes that the household would achieve sufficient energy savings through participation in the LC-LIURP Pilot.

- *Final priority* – customers regardless of home ownership status, such as renters, in single family or multifamily properties, otherwise meeting the eligibility criteria.

Proposed 2022 USECP at 29-30.

Staff identified potential areas of concern and potential deficiencies inherent in NFG’s LIURP and LC-LIURP Pilot proposed for the 2022 USECP as detailed below.

a. Health and Safety and Incidental Repair

In the 2017 USECP proceeding, NFG indicated that its LIURP contractors have a \$250 health and safety allowance and an incidental repair allowance of \$100. The incidental repair allowance is used to perform minor repairs, such as window repair, venting/pipe issues, and chimney repair. NFG 2017 USECP Comments at 16. These policies and details are not listed in NFG’s Proposed 2022 USECP. In the July 2021 Order, NFG was directed to explain if its \$250 health and safety allowance is still in place for the installation of health and safety measures. We also directed NFG to indicate if its incidental repair allowance is still \$100 and to provide a description of its recommended parameters and allowance limits for performing incidental repairs as part of its LIURP in its 2022 Proposed USECP.

Comments

NFG clarifies that it plans on continuing to offer the health and safety allowance, at a rate of \$500 for tenants and property owners (increased from \$250 in June 2021). Additionally, NFG plans on continuing to offer the incidental repair allowance to account for minor repairs costs in the current amount of \$100. Any minor issue discovered by the contractor, which is not categorized as a LIURP measure, will be classified an incidental repair. Incidental repairs include venting/pipe issues, chimney repair, and window repair.

Incidental repairs exceeding the \$100 threshold require approval from NFG. NFG Supplemental Information at 10.

CAUSE-PA supports NFG's increased allowance for health and safety measures but questions whether it is adequate to serve customers in need. CAUSE-PA notes that many households are ineligible for LIURP services because their existing health and safety issues disqualify them from participation, even though they have high usage and need help with energy reduction and cost savings. CAUSE-PA Comments at 28. CAUSE-PA recommends, and OCA supports, that NFG increase its health and safety allowance to \$1,000, with the flexibility to spend up to \$2,000 per job, upon NFG approval, in cases where cost effective savings can still be achieved. CAUSE-PA Comments at 30; OCA Reply Comments at 11. CAUSE-PA also recommends that when health and safety repair costs exceed these limits, NFG and its contractors should help connect customers with local home repair and remediation programs that may be able to assist with completing the job. CAUSE-PA Comments at 30.

NFG maintains that its allowances for initial, pre-approved contractor spending is appropriate for health and safety measures and incidental repairs. NFG clarifies that on a case-by-case basis it will allow up to \$1,000 to be spent on health and safety measures and \$200 for incidental repairs if appropriate. NFG Reply Comments at 26.

Resolution: The Commission has found that customers ultimately benefit from the additional energy savings and comfort provided by having health and safety measures installed.¹⁸ Further, the Commission has previously directed public utilities without LIURP protocols and allowance limits for incidental repairs and health and safety measures to develop such guidelines.¹⁹

¹⁸ See, e.g., *PPL 2014-2016 USECP*, Docket No. M-2013-2367021 (order entered on September 11, 2014), at 40-42.

¹⁹ See, e.g., *Duquesne 2017-2019 USECP*, Docket No. M-2016-2534323 (order entered on March 23, 2017), at 36-38.

Based on the additional information provided by NFG, we find its guidelines for performing incidental repairs when installing LIURP measures satisfactory. We also find it appropriate for NFG to expand the allowances for health and safety measures and incidental repairs on a case-by-cases basis. However, we remind NFG that any addition or changes to its policies or procedures in its USECP must be approved by the Commission prior to implementation. This includes changes to the health and safety and incidental repair allowances. Until the Commission approves changes to NFG's universal service programs, NFG must continue to adhere to the policies and procedures in its most recently approved USECP. Public utilities may pursue changes to their USECPs in conjunction with the periodic USECP review process, or they may petition for changes in the interval between periodic reviews. Accordingly, we direct NFG to include its clarifications and allowance limits for health and safety measures and incidental repairs in its Revised 2022 USECP.

b. LIURP and LC-LIURP Pilot Usage Requirements

The Proposed 2022 USECP provides conflicting statements regarding the usage requirements to qualify for NFG's LIURP and LC-LIURP Pilot. The July 2021 Order directed NFG is to clarify its usage requirements for LIURP and the LC-LIURP Pilot, specifically addressing eligibility for income-eligible households with annual consumption of exactly 1000 CCF and 1300 CCF.

Comments

NFG explains that income-eligible households must have annual consumption greater than or equal to 1300 CCF to qualify for LIURP. To qualify for the LC-LIURP Pilot, income eligible households must have annual consumption greater than 1000 CCF but less than 1300 CCF. NFG clarifies that neither consumption at exactly 1000 CCF nor

consumption at exactly 1300 CCF would qualify an income-eligible household for the LC-LIURP Pilot. NFG proposes making amendments to its Proposed 2022 USECP to clarify the annual consumption requirements for LIURP and the LC-LIURP Pilot. NFG Supplemental Information at 10, Annex A at 2, 3-9, 17, 29, 31, and 35.

Resolution: The Commission is satisfied with NFG’s clarification of its usage requirements for LIURP and the LC-LIURP Pilot. Accordingly, we direct NFG to reflect these annual consumption requirements in its Revised 2022 USECP. This includes the revised usage consumption limits for the LC-LIURP Pilot, which are discussed below.

c. LC-LIURP Pilot Reporting

NFG is proposing to extend the LC-LIURP Pilot an additional year (*i.e.*, through 2023), to allow NFG adequate time to complete more jobs and evaluate the results. Proposed 2022 USECP at 30. The July 2021 Order directed NFG to provide a status update summary, including the current number of participants served, total dollars paid out, and total MCFs saved, pursuant to the LC-LIURP Pilot authority granted in the October 24, 2019 Order. NFG was also directed to include the following information in the status update of completed LC-LIURP Pilot jobs as well as LC-LIURP projections for the next two years:

- How many customers have been served in each LC-LIURP Pilot priority level?
- How many customers does NFG expect to serve in each priority level through 2023?

July 2021 Order at 33

Comments

NFG reports that it has completed a total of eight LC-LIURP jobs and spent a total of \$48,980.73. Moreover, NFG states that only one participant has incurred 12-month post-job usage so far. NFG reports that the usage for this participant shows a total MCF savings of 25% compared to pre-weatherization usage, with a reduction from 1252 CCF to 939 CCF. NFG also notes that, of these eight weatherization jobs, six were considered first priority and two were considered final priority. NFG states that 56 jobs were submitted for LC-LIURP consideration, of which eight jobs were completed. NFG reports that 22 of these jobs are pending and 26 were cancelled for various reasons including: no response (13), decline to participate/refused to participate (5), over-income (2), moved out of home (2), home already weatherized (4). NFG reports it will target 40 participants for the LC-LIURP Pilot if it is extended. NFG did not specify how many customers for each priority level it plans to target. NFG states that it could not provide this information because there are not enough data to allow NFG to meaningfully model or anticipate this information. NFG asserts that the reason it would like to extend the LC-LIURP Pilot is to obtain meaningful data to measure program efficacy. NFG notes that the lack of program data so far is directly related to COVID-19 restrictions and the ongoing pandemic. NFG Supplemental Information at 11.

CAUSE-PA supports the extension of the LC-LIURP Pilot, noting the significant usage reduction by the one participant for which NFG did collect 12-months of post-job data. However, CAUSE-PA recommends that NFG further reduce the usage threshold to reach more households. Specifically, CAUSE-PA recommends that the usage eligibility for the LC-LIURP Pilot be reduced to 900 CCF annually. CAUSE-PA Comments at 32-33.

NFG notes that CAUSE-PA has made a valid argument to expand the usage eligibility threshold for LC-LIURP Pilot for income eligible customers to greater than or

equal to 900 CCF but less than 1300 CCF. NFG submits that expanding LC-LIURP eligibility to income eligible customers with usage greater than or equal to 900 CCF but less than 1,300 CCF could help NFG serve 40 households, target first level priority customers, spend the full budget allotment for the LC-LIURP Pilot, and provide data analytics for LIURP benefits for homes that don't traditionally qualify for LIURP. Additionally, NFG notes that this expansion could also address the annual underspend of the LIURP budget. NFG proposes to reduce the usage threshold to qualify for the LC-LIURP Pilot to 900 CCF, effective upon Commission approval. NFG Reply Comments at 25, Annex A-2 at 3,13,17, and 29.

Resolution: The Commission acknowledges NFG's explanation that an accurate number of the LC-LIURP Pilot participants for each priority level is difficult to project at this time as a result of the COVID-19 restrictions and on-going impact. However, it is important that NFG provide the Commission with data-based projections. We support reducing the LC-LIURP Pilot's usage eligibility threshold to 900 CCF to allow NFG to reach its target number of participants and spend its full budget allotment for the LC-LIURP Pilot. This change should also benefit households that may otherwise not traditionally qualified for LIURP. Accordingly, we approve NFG's request to extend the LC-LIURP Pilot through 2023 and to reduce its usage requirements. NFG is directed to provide a status update summary pursuant to the LC-LIURP Pilot authority granted in the October 24, 2019 Order, including the number of customers served and projected to be served in each priority level through 2023. NFG shall file and serve annual LC-LIURP Pilot status updates by April 30th, beginning in 2022 and ending in 2024. Additionally, NFG shall amend its Revised 2022 USECP to reflect the LC-LIURP Pilot's usage eligibility threshold to "greater than or equal to 900 CCF but less than 1300 CCF."

c. Annual Contractor Meeting

NFG proposes to facilitate an annual meeting with contractors, noting a start date of July 2021. Proposed 2022 USECP at 32. However, the Proposed 2022 USECP does not provide any details on what instruction these annual meetings would provide or how they would improve NFG's LIURP standards. The July 2021 Order directed NFG to explain how these annual meetings will improve consistency and communication in its LIURP. July 2021 Order at 33-34.

Comments

NFG explains that at its annual contractor meetings it will review job goals and best practices to accomplish these goals, the importance of accurate and timely billing of jobs, and how to spend excess carry-over money to ensure maximum usage of funds. NFG reports that the first annual contractor meeting was held in July 2021 and states that there was robust discussion on the effects of the COVID-19 pandemic on LIURP. As a result, NFG reports that it increased the health and safety allowance from \$250 to \$500 to allow for the installation of weatherization measures instead of deferring the household due to a health and safety issue.²⁰ NFG opines that its annual meetings will improve consistency and communication within its LIURP contractor community and increase the number of LIURP jobs performed, which will reduce the annual underspend of the LIURP budget. NFG Supplemental Information at 11-12.

CAUSE-PA supports NFG's annual contractor meetings. CAUSE-PA recommends that NFG's annual meetings be used as an opportunity to train on other universal service programs. CAUSE-PA requests that NFG share the minutes of these meetings with its USAC. CAUSE-PA also recommends that NFG consider holding the

²⁰ We note that we have addressed NFG's change in health and safety allowance elsewhere in this Order.

contractor meetings biannually prior to USAC meetings so that information can be shared between the two groups. CAUSE-PA Comments at 34.

Resolution: The Commission is satisfied with NFG's explanation on how its annual contractor meetings will improve consistency and communication regarding its LIURP. Furthermore, we agree with CAUSE-PA's recommendation for NFG to consider sharing the minutes of the annual contractor meetings with its USAC. Accordingly, we direct NFG to share the content covered at the annual contractor meetings with its USAC. NFG should provide clarifications about content covered at its annual contractor meeting and the sharing of information with its USAC in its Revised 2022 USECP.

d. LIURP Post Inspection

The Proposed 2022 USECP indicates that a NFG representative will perform a post inspection on 25% of completed LIURP jobs. Proposed 2022 USECP at 28. The July 2021 Order directed NFG to explain the methodology used to select the 25% of jobs that receive a post inspection and what steps, if any, are taken if an installed LIURP measure is not operating efficiently and/or an increase of energy usage is found during a LIURP post inspection. July 2021 Order at 34.

Comments

NFG states that it randomly selects LIURP jobs for post-inspection which have an aggregate cost of at least \$4,000 or in which other unique circumstances were present which required NFG to review the work of the contractor. NFG explains that if a recipient of weatherization services has an increase in consumption after a weatherization job is completed, NFG will review the record to see what measures were installed. If there were consumption savings measures installed, NFG will contact the customer to determine if there are any issues with the measure(s) or if any changes have occurred

since the installation which may have contributed to the increase in usage. If necessary, NFG will visit the property to review the problem and address the issue with the contractor. NFG Supplemental Information at 12.

CAUSE-PA asserts that by only evaluating more expensive or unique projects, NFG skews its LIURP data. CAUSE-PA recommends NFG choose a more representative sample of LIURP jobs for post inspection to ensure all types of projects are being audited for energy usage reduction and bill affordability. CAUSE-PA Comments at 35.

Resolution: Based on the additional information provided by NFG, the Commission is not persuaded that NFG's methodology provides an adequate sampling of LIURP jobs. Section 58.14(b) of the Commission's LIURP regulations, 52 Pa. Code § 58.14(b), require public utilities to conduct a post-installation inspection of LIURP jobs when a contractor is used.²¹ The regulations do not limit post-installation inspections to a specific type of LIURP job or price-point threshold. While NFG is randomly selecting 25% of LIURP jobs, it is taking that selection from a pre-screened list that only includes the more expensive and the unique LIURP jobs. This restricted post inspection does not provide an effective quality control process across all jobs.

We are not aware of any other public utility that restricts post-installation inspections to more expensive or unique LIURP jobs. Rather, in previous USECP proceedings, we have supported post-installation inspections that mirror actual job production rather than by job classification. For example, we have supported FirstEnergy's request to change its practice of inspecting 50% of home heating jobs and 15% of water heating and baseload jobs to a post inspection rate of 35% of total

²¹ 52 Pa. Code § 58.14(b), requiring public utilities to schedule post-installation inspections when a contractor is utilized.

production.²² Furthermore, we find merit in CAUSE-PA’s recommendation for NFG to choose a more representative sample of jobs for post-inspection to ensure all types of jobs are evaluated. Accordingly, NFG is directed to include all LIURP job types in its process of randomly selecting 25% of jobs for post-installation inspection. NFG shall include this change in its Revised 2022 USECP.

e. Landlord Permission

The Proposed 2022 USECP does not specify the method in which NFG receives written landlord permission to install LIURP measures recommended during an energy audit. The July 2021 Order directed NFG to clarify the method in which it receives written landlord permission to install LIURP measures and to identify what LIURP measures or referrals could be provided to a tenant, if any, if the landlord refuses to give permission. July 2021 Order at 34-35.

Comments

NFG explains that it receives written landlord permission prior to the installation of LIURP measures by requiring landlords to complete both: (a) the Landlord/Tenant Certificate of Approval form; and (b) Sidewall Insulation Installation form. NFG provided both documents as attachments to its Supplemental Information. If a landlord does not sign the forms, then the measures will not be provided. If this happens, NFG states that it provides the tenant with a “Low-Cost Energy Savings Tips Flyer” to help the tenant identify steps that the tenant can take to help reduce household energy costs. NFG Supplemental Information at 13, exhibit Q-16.

²² See *Met-Ed, Penelec, PennPower, West Penn Power 2015-2018 USECP*, Docket Nos. M-2014-2407729, M-2014-2407730, M-2014-2407731, M-2014-2407728 (order entered May 19, 2015) at 51-53.

CAUSE-PA questions whether a landlord who refuses to sign the Sidewall Insulation Installation form but still signs the Certificate of Approval will prevent the installation of all LIURP measures or only the sidewall insulation. CAUSE-PA notes that NFG's Landlord/Tenant form could deter landlord approval with the disclaimers and liability waivers that landlords are asked to sign. CAUSE-PA argues that such language creates an unreasonable barrier to tenant participation in LIURP and may contribute to NFG's annual underspend of its LIURP budget. CAUSE-PA also contends the sidewall insulation form is unnecessary at the enrollment stage and may cause landlords to be hesitant to allow their tenant to receive LIURP measures. CAUSE-PA recommends that the Commission direct NFG to have only one required landlord approval form and to remove restrictive language that could deter landlords from participating. Further, CAUSE-PA recommends that the Commission require NFG to work with its USAC to develop an outreach strategy for landlords to explain how the LIURP process works and how it will impact them. CAUSE-PA Comments at 35-37.

NFG agrees to consolidate the landlord approval forms into a single document which will note that the language related to the sidewall insulation is "applicable only if the project involves sidewall insulation." NFG included a copy of its proposed consolidated landlord approval form as part of its Reply Comments. NFG Reply Comments at 27, Exhibit B.

Resolution: We support combining and clarifying the language of NFG's landlord approval forms into one document. The proposed modifications to NFG's Landlord Approval Form appear consistent with 52 Pa. Code § 58.8, which requires public utilities to obtain written permission from landlords for the installation of program measures and establishes protections for the tenant from a rent increase for at least 12 months. Therefore, the Commission supports NFG's modifications to the Landlord Approval Form. Accordingly, NFG is directed to clarify its practice of obtaining landlord approval and identify what information is provided to tenants when landlord approval is not

received in its Revised 2022 USECP. We also direct NFG to work with its USAC to develop a strategy to educate its landlords about LIURP and seek input on potential changes to its landlord approval form.

f. Unspent LIURP Funds

Historically, NFG underspends its annual LIURP budget each year and carries over unspent LIURP funds into the next year’s LIURP budget. NFG’s annual LIURP budget is set at \$1,300,000, to which any unspent carryover from the previous year is added.²³ Table 5 shows NFG’s LIURP spending and production data from 2016 through 2020.

**Table 5
NFG LIURP Spending and Production 2016-2020**

Spending*					
	2016	2017	2018	2019	2020
Projected Budget	\$1,626,491	\$1,786,958	\$2,039,835	\$2,007,897	\$2,129,300
Actual Spending	\$1,139,533	\$1,047,123	\$1,331,938	\$1,178,597	\$820,235
<i>Unspent/Carryover</i>	<i>\$486,958</i>	<i>\$739,835</i>	<i>\$707,897</i>	<i>\$829,300</i>	<i>\$2,609,065</i>
Production**					
	2016	2017	2018	2019	2020
Projected Jobs	239	271	304	250	247
<i>Actual Jobs Completed</i>	<i>161</i>	<i>143</i>	<i>149</i>	<i>123</i>	<i>77</i>

Source: 2015 Report on Universal Service Programs & Collections Performance at 38 and 39; 2016 Report on Universal Service Programs & Collections Performance at 46 and 47; 2017 Report on Universal Service Programs & Collections Performance at 47 and 48; 2018 Report on Universal Service Programs & Collections Performance at 47 and 48; 2019 Report on Universal Service Programs & Collections Performance at 46 and 47; and Proposed 2022 USECP at 46. 2020 Report on Universal Service Programs & Collections Performance at 53 and 54; and Proposed 2022 USECP at 46.

*Includes LIURP and ERRP Budget

**Includes only LIURP Jobs

²³ NFG’s annual LIURP budget was increased from \$1,183,566 to \$ 1,300,000 through a settlement in a base rate proceeding at *Pa. PUC, et al. v. NFG*, Docket No. R-00061493, *et al.* The Commission approved the settlement in an Order entered on December 4, 2006.

The July 2021 Order noted NFG is completing only about half of the LIURP jobs that it projects. The Commission expressed concern that NFG may continue to underspend its annual LIURP budget if the annual number of jobs completed remains unchanged from its historical average. July 2021 Order at 35-36. In the July Order, NFG was directed to explain what steps it is taking to increase the number of LIURP jobs performed and address the underspending of its annual budgets.

Comments

NFG reports that it is working to increase completed annual LIURP jobs by, *inter alia*, collaborating with statewide agencies, hiring additional LIURP contractors, and working with the Energy Association of Pennsylvania to implement a statewide LIURP advertising campaign. NFG also asserts that extending the LC LIURP Pilot and increasing the health and safety allowance would increase the number of homes receiving weatherization and reduce annual underspending. NFG Supplemental Information at 13.

CAUSE-PA opines that NFG's LIURP enhancements will not be enough to resolve the substantial level of program underspending. To resolve this, CAUSE-PA recommends that NFG also lower its high usage threshold to allow all households with higher-than-average usage to be eligible for LIURP. CAUSE-PA Comments at 39.

NFG maintains that its steps to increase LIURP participation as identified in its proposed USECP will have a significant impact on reducing its LIURP underspend. NFG also notes that it is proposing to expand the LC-LIURP Pilot consumption eligibility requirements. If the LC-LIURP Pilot performs as expected, NFG will seek Commission approval to make the expansion a permanent part of its LIURP. NFG Reply Comments at 27.

Resolution: The Commission finds merit in NFG’s proposed steps to increase LIURP jobs and address its annual program underspending. Specifically, NFG’s proposals to increase the health and safety allowance, modify the Landlord Approval Form, contract with additional weatherization contractors, and expand the LC-LIURP Pilot consumption eligibility requirements should increase the number of LIURP jobs completed annually. The Commission is satisfied with NFG’s proposals. However, we will continue to monitor NFG’s LIURP spending and production and may revisit this issue by or before NFG’s next USECP proceeding. Accordingly, NFG shall ensure its Revised 2022 USECP reflects the actions to be taken to more fully use the budget resources to increase the number of annual LIURP jobs completed.

3. CARES

NFG’s CARES program continues to provide assistance to low-income, payment-troubled, and special needs customers who are experiencing “short-term” financial hardships. The customer is temporarily protected from service termination for 30 days while NFG representatives try to find financial assistance or try to establish customer payment arrangements. If the customer can pay a budget bill, a payment arrangement is negotiated. If the customer cannot afford a budget bill, a lower payment arrangement amount can be provided for a maximum of four months. CARES also provides a personalized, needs-based referral-and-action plan to address customer needs (*e.g.*, financial assistance, medical services, food, shelter, etc.). NFG representatives make referrals to other social service agencies and provide information regarding available programs. The maximum time a customer may remain in the CARES program is four months. Low-income customers who are experiencing long-term financial hardships are referred to LIRA. The July Order did not note any issues with NFG’s CARES program, and the stakeholders did not raise any issues, either.

Resolution: NFG’s CARES program appears to provide the outreach and casework approach necessary to help customers secure energy assistance funds and other needed services as described in 52 Pa. Code § 62.2. Accordingly, we are not currently requiring any clarifications or proposing any changes to this aspect of the Proposed 2022 USECP.

4. NFN

NFG’s NFN²⁴ provides financial assistance to individuals who need help in meeting basic energy needs. Natural gas heating customers can receive grants of up to \$400 while non-natural gas heating customers can receive grants of up to \$200. Grants are paid directly to the household’s energy vendor. Eligible households must reside in NFG’s service territory but do not have to be an NFG customer. This program helps with paying overdue bills, purchasing any type of heating fuel, repairing or replacing heating equipment, and preventing the disconnection of utility service. NFG donates matching funds up to \$67,000 per year for public and employee donations for NFN grants.

To be eligible for NFN, an applicant must have an “energy-related need,” reside in the NFG service territory, made at least three “good faith” payments within the last 12 months to the household’s energy vendor, 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.

²⁴ NFN is NFG’s hardship fund program.

a. Income Limit for NFN

In its Proposed 2022 USECP, NFG proposes to allow households with incomes in the 151% to 200% tier of the FPIG to qualify for an NFN grant. Proposed 2022 USECP at 37. In the July 2021 Order, we expressed concern that this restricted income limit would exclude many vulnerable households with incomes at or below 150% in need of an NFN grant. We are not aware of any other public utility that does not offer Hardship Fund grants to customers with incomes at or below 150% of the FPIG. We directed NFG to clarify whether there are income limits on households who meet non-income eligibility criteria for NFN (*i.e.*, households with veterans, unemployment compensation, a disability, or medical related emergency). NFG was also directed to explain why it is proposing to implement an income limit in the 151% to 200% tier of the FPIG as an eligibility criterion for NFN. July 2021 Order at 39.

Comments

NFG explains that there are no income limits for households that meet the non-income eligibility requirement for NFN. NFG notes that 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 to expand eligibility for the NFN program. NFG explains that the 151%-200% FPIG was selected as eligibility criteria because it includes individuals who would not qualify for other universal service programs. NFG Supplemental Information at 14.

OCA supports the expanded eligibility to include customers in the 151% to 200% tier of the FPIG for the NFN program. OCA also shares the Commission's concern regarding the lack of eligibility for customers that are at or below 150% of the FPIG who do not otherwise meet other non-income eligibility requirements. OCA notes that the

Commission's regulations do not limit eligibility for a hardship grant to the criteria identified by NFG. Like the Commission, the OCA is not aware of another public utility that operates its Hardship Fund program with the same limiting criteria. OCA requests that all customers between 0-150% of the FPIG be eligible for an NFN grant. OCA Comments at 18-19.

CAUSE-PA recommends that the Commission direct NFG to change the language in its 2022 USECP to state that income for eligibility is between 0% – 200% of the FPIG. CAUSE-PA asserts this change will alert those whose income falls within the 151-200% of the FPIG that they also qualify for NFN without unintentionally signaling to those whose income falls at or below 150% of the FPIG that they do not qualify. CAUSE-PA Comments at 40.

NFG contends that expanding the NFN eligibility criteria to include all customers with income levels in the 0%-200% tier of the FPIG would “undermine the purpose and intent of NFN” and threaten ability of the program to aid customers that do not qualify for other universal service programs. NFG asserts that if these income eligibility changes were made it may exhaust program funds more quickly and that customers who do not qualify for other assistance programs may be denied assistance from NFN. NFG Reply Comments at 29-30.

Resolution: We have previously addressed the issue of allowing a third party, in this case NFG's NFN Advisory Board, to modify the eligibility criteria for a universal service program outside of a USECP proceeding. In Duquesne's 2017-2019 USECP proceeding, Duquesne explained that requiring customers to provide Social Security Numbers (SSNs) to qualify for its Hardship Fund was not the public utility's policy, but rather the policy of the DEF, which administers the program. The Commission found

this answer inconsistent with a public utility’s responsibilities under the Competition Act²⁵ and stated that:

Section 2804(9) of Title 66^[26] encourages the use of CBOs “that have the necessary technical and administrative experience to be the *direct providers of services or programs*” (emphasis added). While contracted CBOs may be used to administer universal service programs, the utilities are responsible for setting eligibility requirements, establishing program parameters, and drafting a triennial USECP for Commission approval. A contracted CBO should not dictate the eligibility requirements of a utility’s universal service program.

Duquesne 2017-2019 USECP, Docket No. M-2016-2534323 (order entered on March 23, 2017), at 46. Similarly, NFG is responsible for establishing the eligibility criteria for its NFN and seeking approval to amend its USECP prior to making program changes.

The Commission agrees with OCA and CAUSE-PA that customers with income ranging from 0% through 150% of the FPIG should not be unfairly excluded from receiving a NFN grant. We are not persuaded with NFG’s argument that expanding this eligibility would “undermine” the purpose of the program or make it unlikely that there would be enough funds to assist all those vying for relief from NFN. NFG provides no data or evidence in support of this argument. Accordingly, NFG is directed to expand its NFN eligibility criteria to include all customers with incomes at or below 200% of the FPIG. However, NFG may propose to require households with incomes at or below 150% to first apply for LIHEAP if they are eligible and the program is available. LIHEAP may be able to address the energy needs of the low-income household and

²⁵ The Natural Gas Choice and Competition Act (Natural Gas Competition Act), requires the Commonwealth to continue, at a minimum, the policies, practices, and services that were in existence to assist low-income customers in affording utility service, as of the effective dates of the Natural Gas Competition. 66 Pa.C.S. § 2203(7). Universal service programs, including Hardship Funds, are part of these policies and services. 52 Pa. Code § 62.2 defines, *inter alia*, Hardship Fund and Hardship Fund Benefits.

²⁶ The corresponding provision is 66 Pa.C.S. § 2203(8) for natural gas public utilities.

reduce or eliminate assistance required from NFN. This requirement would be consistent with the Hardship Fund policies of Columbia Gas, Duquesne, Met-Ed, Penelec, PennPower, WPP, and Peoples²⁷.

NFG is also directed to provide periodic reports on NFN spending to track the cost-impact of this change. The reports should identify the number and amounts of NFN grants issued to customers by eligibility category (*i.e.*, incomes between 0%-150%, 151%-200%, or other income categories). NFG shall file and serve these reports at Docket No. M-2021-3024935, by June 1 and December 1 each year through the duration of its 2022 USECP, beginning in 2023. This information should also be shared and discussed with its USAC to determine whether further changes or restrictions to NFN policies or procedures should be proposed.

b. Good Faith Payments

The Proposed 2022 USECP does not specify what criteria are used to qualify a payment as “good faith.” It is not clear whether a payment is determined to be in “good faith” based on the fact that it is made before the due date (regardless of amount); the payment satisfies the monthly bill; the payment satisfies a certain percentage of the amount due; or other criteria. In the July 2021 Order, NFG was directed to clarify how it determines whether a payment made in the past 12 months qualifies as a “good faith” payment as it relates to NFN eligibility. July 2021 Order at 39.

²⁷ See Columbia Gas 2019-2021 USECP, Docket No. M-2018-264540 (filed on November 25, 2019), at 20; Duquesne 2017-2019 USECP at 19; Met-Ed, Penelec, PennPower, and WPP 2019-2021 USECP at 6; and Peoples 2015-2018 USECP, Docket No. M-2014-2432515 (filed on July 20, 2018), at 28.

Comments

NFG explains that for NFN eligibility, a good faith payment is any payment made to an individual's heating bill within a 12-month period from the date of the NFN application. NFG notes that this does not include payments made on the customer's behalf by LIHEAP or assistance programs. NFG Supplemental Information at 14.

OCA recommends that a good faith payment be defined within NFG's USECP. OCA also disagrees with excluding a LIHEAP grant as a good faith payment. OCA argues that LIHEAP payments should not be considered any differently than if the customer had received assistance dollars from a friend or local church organization. OCA Comments at 19.

CAUSE-PA asserts that NFG's definition of a good faith payment is not satisfactory. Specifically, CAUSE-PA states that NFG needs to answer if a payment is considered a good faith payment if it is the full payment or a partial payment. If a partial payment is considered a good faith payment, NFG should explain if there is a threshold amount or percentage of the bill which must be paid. CAUSE-PA recommends that the Commission require NFG to specify how it decides whether a payment meets its good faith payment requirements and allow interested parties the opportunity to review the process and respond. CAUSE-PA is also concerned about requiring a household to make a pre-set number of payments to qualify for a hardship fund. CAUSE-PA recommends that NFG eliminate prior payments as an eligibility requirement for a hardship grant. CAUSE-PA Comments at 41.

NFG notes the Commission has previously affirmed its ability to determine good faith payments for NFN eligibility. It argues that its definition of a good faith payment includes "plain, expansive language, promoting flexibility in implementation," and it

disagrees with recommendations to further define the meaning of “good faith.” NFG Reply Comments at 30, citing the March 2018 Order at 45.

Resolution: As noted by NFG, the Commission has previously supported its efforts to maintain flexibility in determining good faith payment requirements so that those in need of an NFN grant may qualify for one. The Commission has historically approved Hardship Fund programs with pre-payment eligibility requirements. For example, the Hardship Fund programs for Columbia Gas,²⁸ Duquesne Light,²⁹ FirstEnergy (Met-Ed, Penelec, PennPower, and WPP),³⁰ and Peoples Natural Gas (Peoples),³¹ each have pre-payment provisions requiring a household to have paid a set amount within the previous three months to qualify for a grant. Their Hardship Funds are administered by DEF, and the requirement for pre-payments are posted on the DEF website.³² However, we are not aware that any other public utility excludes monies received from LIHEAP or other assistance programs when determining whether the customer meets pre-payment eligibility requirements.

We are also concerned that excluding LIHEAP payments when determining NFN eligibility may be a violation of Section 2605(b)(7)(C) of the Low-Income Energy Assistance Act of 1981 (2008), 42 U.S.C. § 8624(b)(7)(C), which states “that no household receiving assistance under this title will be treated adversely because of such assistance under applicable provisions of State law or public regulatory requirements.” A Hardship Fund is a required program under the Public Utility Code, 66 Pa.C.S. § 2203(7) and 2203(8), relating to standards for restructuring of natural gas utility industry, and Commission regulations, 52 Pa. Code § 62.4, relating to universal service and energy

²⁸ See Columbia Gas 2019-2021 USECP at 20-21.

²⁹ See Duquesne Light 2017-2019 USECP at 14-17.

³⁰ See Met-Ed, Penelec, PennPower, and WPP 2019-2021 USECP (filed on December 6, 2017) at 5-6.

³¹ See Peoples 2015-2018 USECP, Docket No. M-2014-2432515 (filed on January 12, 2016), at 28-30.

³² DEF requires Hardship Fund applicants to have paid at least \$150 on their gas and electric accounts in the past three months to qualify for a grant. Senior Citizens (age 62 and over) must have paid at least \$100 on their accounts. <http://www.dollarenergy.org/need-help/pennsylvania/hardship-program/>

conservation plans. Determining that a household is ineligible for NFN because seven out of their nine monthly payments during the last 12 months came from a LIHEAP grant, for example, appears to reflect adverse treatment under the LIHEAP statute. We agree with OCA that LIHEAP or other assistance program grants issued on the customer's behalf during the last 12 months should be considered "good faith" payments. Accordingly, NFG is required to count customer bills paid by LIHEAP or other assistance programs within the past 12 months as "good faith" payments when determining NFN eligibility. NFG shall include this change and its explanation how a "good faith" payment is determined in its Revised 2022 USECP.

c. NFN Agency Training

The proposed 2022 USECP does not address whether or how NFG will ensure NFN community partners have the proper knowledge and education to refer customers to LIRA. In the July 2021 Order, we directed NFG to explain what measures it is taking to ensure that NFN community partners are properly educated about NFG's universal service programs. Specifically, NFG was directed to describe its annual NFN agency training schedule, provide copies of training materials, and explain whether/how the agencies can make direct program referrals to NFG on a household's behalf. July 2021 Order at 40.

Comments

NFG specifies that it works to ensure that its NFN community partners are educated about NFG's universal service programs through the bi-annual NFN Advisory Board meetings that are held each spring and the fall. NFG explains that at these meetings an NFG representative facilitates discussion, shares universal service educational and promotional materials, provides support, and answers questions. NFG states there is no formal scheduled training for NFN providers. NFG notes that if there is

a change in agency personnel, the new member is provided with information on NFN and contact information for both the NFG Consumer Business representative and the NFN Advisory Board. NFG Supplemental Information at 14-15.

Additionally, NFG states that it conducts outreach to at least two agencies each year for targeted outreach, meeting with different agencies each year, ensuring to rotate through all its agencies. NFG notes that upon request it also offers one-on-one training to any agency about its universal service programs. NFG included the educational and program materials it provides to members of the NFN Advisory Board. NFG Supplemental Information at 15, Exhibit Q-20.

CAUSE-PA notes that NFG did not provide a copy of the agenda for its NFN meetings, a list of agencies attending the meetings, information about its outreach, or information as to what its one-on-one agency training consists of. CAUSE-PA recommends NFG work with its USAC to develop an NFN agency training plan and materials, including the development and implementation of a direct program referral process for customers to other NFG universal service programs. CAUSE-PA Comments at 41-42.

NFG agrees to work with its USAC to develop an agency training plan and materials for its NFN Advisory Board and community partners. NFG Reply Comments at 31.

Resolution: We are concerned that biannual meetings with the NFN Advisory Board and outreach to only two of the 11 NFN agencies per year is not sufficient to ensure all NFN staff are knowledgeable about NFG's universal service programs. Therefore, we support the proposal of CAUSE-PA and NFG to develop agency training plans and materials through collaboration with low-income advocates, OCA, community agencies, and other

stakeholders. Accordingly, we direct NFG to work with its USAC to enhance its NFN agency trainings and include this process in its Revised 2022 USECP.

C. Eligibility Criteria

NFG’s various programs have slightly different proposed eligibility criteria as shown in Table 6 below:

**Table 6
Eligibility Criteria**

Program	Income Criteria	Other Criteria
CAP (LIRA)	<ul style="list-style-type: none"> ▪ 150% FPIG or less 	<ul style="list-style-type: none"> ▪ Must be a residential heating customer
LIURP	<ul style="list-style-type: none"> ▪ 150% FPIG or less (Note: 20% of the budget may be allocated to customers with incomes of 151%-200% of the FPIG.) 	<ul style="list-style-type: none"> ▪ Annual usage must exceed 1300 CCF; customers with lower usage may qualify for furnace or water heater repair/replacement. ▪ Must be a resident at the property for at least one year and 12 months of continuous gas service
CARES	<ul style="list-style-type: none"> ▪ No specific income criteria; usually low income 	<ul style="list-style-type: none"> ▪ Must be payment-troubled ▪ Special needs, elderly, people with disabilities ▪ Circumstances must be temporary, otherwise the customer is considered for the LIRA program.
Hardship Fund (NFN)	<ul style="list-style-type: none"> ▪ No uniform income criteria 	<ul style="list-style-type: none"> ▪ Resident in NFG service territory, but not necessarily a customer, with an energy need ▪ Household must have made three “good faith” payments within the past 12 months. ▪ Household must meet <u>one</u> of the following criteria: <ul style="list-style-type: none"> ○ 151%-200% of the FPIG. ○ At least 55 years old. ○ Household member is a veteran or has a disability. ○ Receiving unemployment, experienced recent loss of income in past 30 days or a medical emergency.

Resolution: Except for the changes required above regarding the NFN’s income limit and “good faith” payment determinations, we are not currently requiring any further changes to this aspect of the Proposed 2022 USECP.

D. Projected Needs Assessments

NFG submitted a needs assessment for its universal service programs based on the 2020 American Community Survey Census data from 2015-2019 (U.S. Census data).

1. LIRA

NFG estimates that there are 59,860 households with income at or below 150% of the FPIG within its service territory. NFG has confirmed a total of 24,340 of its customers are within this income range as of March 2020. Proposed 2022 USECP at 17.

2. LIURP

NFG estimates that there are 82,540 households with income at or below 200% of the FPIG in its service territory. NFG reports that, as of March 2021, approximately 9,753 confirmed low-income households meet the annual usage threshold for LIURP eligibility. With an average cost of \$5,011 per job, the estimated cost of serving all LIURP-eligible households is \$48.9 million. Proposed 2022 USECP at 31-32.

3. CARES and NFN

NFG’s CARES and NFN programs target those payment-troubled customers that are low-income, elderly, or special needs. NFN also serves households that receive

unemployment income and households that have a veteran in the home. According to U.S. Census data, approximately 59,860 households in NFG’s service territory have incomes of 150% or below of the FPIG, 48,062 households have incomes in the 151%-200% tier of the FPIG, 67,971 households have members aged 55 and older, 13,319 households have members with a disability, 6,250 households are receiving unemployment benefits, and 14,875 households have a veteran in the household. Some households may belong to more than one of these categories. Proposed 2022 USECP at 31, 39.

Resolution: Consistent with the July 2021 Order, we are not requiring any changes to this aspect of the Proposed 2022 USECP.

E. Projected Enrollment Levels

NFG’s projected enrollment levels from 2022 through 2026 are as shown in Table 7 below.

**Table 7
Projected Enrollment Levels**

Program	2022	2023	2024	2025	2026
CAP (LIRA)	9,000	9,500	10,000	10,500	11,000
LIURP	141	141	141	141	141
ERRP	110	110	110	110	110
CARES*	50	50	50	50	50
Hardship Fund (NFN)*	312	312	312	312	312

Source: Proposed 2022 USECP at 20, 33, 39, 42. NFG Supplemental Information at 16.

*Projected enrollment levels are based on historical averages. Proposed 2022 USECP at 33, 39, 42.

a. LIRA Enrollment Levels

Average LIRA enrollments have consistently fallen well below 8,000 annually, yet NFG projects LIRA enrollment will reach 11,000 by 2026. In the July 2021 Order, NFG was directed to explain how its LIRA enrollment projections were calculated and, if needed, to provide revised enrollment projections. July 2021 Order at 44.

Comments

NFG states it continues to target and project approximately 11,000 enrolled LIRA participants by 2026. Although, it acknowledges that its current annual enrollment levels remain just beneath 8,000 participants, NFG anticipates higher LIRA participation levels due to the removal of the payment-troubled eligibility requirement. NFG Supplemental Information at 15-16.

Below is the table NFG provided to illustrate these projections:

Table 8
LIRA Enrollment Projections 2022-2026

	2022	2023	2024	2025	2026
Base Enrollment Projection	7,863	8,476	9,089	9,702	10,315
Additional Projected Enrollment	613	613	613	613	613
Total Plan Enrollment Projection	8,476	9,089	9,702	10,315	10,928

Source: NFG Supplemental Information at 15.

NFG estimated these LIRA account enrollments by using the average number of accounts for the twelve-month period ending in March 2021 and the growth trend it identified through regression analysis used to estimate accounts for the residential class which NFG refers to as Base Enrollment Projection. NFG Supplemental Information at 15-16.

Resolution: We find it reasonable to assume that the elimination of the payment-troubled requirement, as well as the potential financial impact of COVID-19 on NFG's service territory, will result in higher LIRA enrollments over the next few years. Accordingly, we accept NFG's LIRA enrollment projections and direct no changes to this aspect of NFG's 2022 USECP.

b. LIURP and ERRP enrollments

The Proposed 2022 USECP does not include projected estimates for annual LIURP and ERRP enrollments through 2026. Instead, the Proposed 2022 USECP states that, because LIURP funding and costs have remained constant year-over-year, NFG expects to serve a similar number of customers annually as it has done in past years. Proposed 2022 USECP at 33. The July 2021 Order directed NFG to provide enrollment estimates for LIURP and ERRP for each program year through 2026. NFG was also directed to specify whether its projected enrollments are based on customers enrolled in the program or jobs completed for each year. July 2021 Order at 45.

Comments

NFG states it expects to serve a similar number of customers annually with respect to its LIURP and ERRP programs as it has in past years. NFG explains that its estimates are based on historical data based on jobs completed. NFG reports that it expects to weatherize 141 homes through LIURP and serve 110 customers through ERRP through each year of the USECP. NFG claims that it does not have the ability to provide estimates for LIURP and ERRP based on its new initiatives. NFG Supplemental Information at 16.

Resolution: NFG provided the requested projections for its LIURP and ERRP enrollments based on historical data. These estimates are lower than the LIURP job

estimates reported in NFG’s 2017 USECP.³³ As shown in Table 5, NFG’s actual production numbers reported in 2017 and 2018 are higher than the number of projected LIURP enrollments for each year of the 2022 USECP.

As previously discussed, NFG has agreed to work with contractors, statewide agencies, stakeholders, and other public utilities to increase its LIURP enrollments. We expect that these efforts will result in NFG exceeding its historical LIURP enrollment levels. With additional LIURP contractors and outreach, NFG should be able to serve a higher number of customers through LIURP and ERRP than it has in past years.³⁴ Accordingly, we direct NFG to include its LIURP and ERRP enrollment projections in its Revised 2022 USECP.

F. Program Budgets

Table 9 below shows the proposed budget levels for CAP, LIURP, and CARES from 2022 through 2026. The projected NFN annual budgets are described and discussed separately below.

³³ NFG reports approximately \$813,000 will be available for weatherization jobs. At the current average of \$4,300 per job, that budget would accommodate around 189 jobs each year of the 2017 USECP. 2017 USECP at 30.

³⁴ We will continue to monitor NFG’s LIURP production and may revisit this issue by or before NFG’s next USECP proceeding.

Table 9
2022-2026 Projected Universal Service Program Budgets

Program	2022	2023	2024	2025	2026
CAP (LIRA)	\$3,337,098	\$3,522,492	\$3,707,787	\$3,893,281	\$4,078,675
LIURP*	\$1,300,000	\$1,300,000	\$1,300,000	\$1,300,000	\$1,300,000
CARES	\$4,424	\$4,424	\$4,424	\$4,424	\$4,424
Total	\$4,461,522	\$4,826,916	\$5,011,787	\$5,197,705	\$5,383,099
Average Monthly Cost per non-CAP Residential Customer**	\$1.96	\$2.12	\$2.20	\$2.29	\$2.37

Source: Proposed 2022 USECP at 20, 32, 39, and 43.

*The \$300,000 annual ERRP budget and the LC-LIURP budget of \$250,000 through 2023 is included in the annual LIURP budget amount.

**Based on an average of 190,152 non-CAP residential customers in 2020. 2020 Report on Universal Service Programs & Collections Performance at 88.

Resolution: We are satisfied with the above data that NFG provided identifying projected LIRA, LIRUP, and CARES budgets for 2022-2026. Accordingly, we accept NFG’s LIRA, LIURP, and CARES budgets and direct no changes to this aspect of NFG’s 2022 USECP.

NFN Budget

NFG contributes up to \$67,000 per year in dollar-for-dollar matching funds. However, it is not clear what the total NFN historical fund experience has been for the most recent years (*i.e.*, based on actual NFG contributions, employee or other donations, ratepayer donations, fundraising, etc.) on which NFG is basing its projection. It was also not clear what administrative expenses NFG incurs for NFN and whether those costs are recovered from ratepayers. In the July 2021 Order, NFG was directed to provide the following information related to its NFN budget:

- Identify the actual amount of NFN annual budgets, identifying all components separately, such as shareholder contributions, ratepayer donations, employee donations, and administrative costs for 2018, 2019, and 2020.
- Identify the projected amounts of NFN annual budgets, identifying all components separately, such as projected shareholder contributions, ratepayer donations, employee donations, and administrative costs for 2022 through 2026.
- Explain how NFN administrative costs are funded and recovered (*i.e.*, through the universal service rider, base rates, etc.)
- Explain any change in per-participant cost for each year and each cost component of NFN.

July 2021 Order at 46-47.

Comments

NFG provided the following NFN budget information for 2018, 2019, and 2020 and projected information for 2022 through 2026.

**Table 10
NFN Budget 2018-2020**

Allocation	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Projected Annually for 2022-2026
Shareholder Contributions	\$67,000	\$67,000	\$67,000	\$67,000
Ratepayer Donations	\$44,619	\$39,507	\$43,895	\$42,600
Direct Contributions ³⁵	\$1,473	\$4,516	\$600	\$2,200
Administrative Costs				
GECAC ³⁶	\$7,675	\$6,600	\$5,515	\$6,600
Agency Fees ³⁷	\$13,090	\$9,940	\$2,730	\$8,600
One-time Grant Processing Fee ³⁸	\$13,090	N/A	N/A	N/A

Source: NFG Supplemental Information at 17-18.

NFG reports its projections for fiscal years 2022-20206 were determined based on historical data from 2018-2020. NFG clarifies that NFN administrative costs are funded directly by shareholder dollars, ratepayer donations, and direct contributions. NFN administrative costs are not recovered from ratepayers. NFG Supplemental Information at 17-18.

NFG notes that its annual basis contribution remains the same, while revenues from ratepayer donations and direct contributions vary year-to-year. NFG also states that its per-participant cost and administration service charges payable to GECAC also fluctuate on an annual basis. NFG Supplemental Information at 18. NFG did not address actual or projected changes in per-participant annual costs for each cost component of NFN.

³⁵ Direct contributions come from employee fundraisers or one-time donations to Greater Erie Community Action Committee (GECAC), the NFN administrative agent. NFG Supplemental Information at 17-18.

³⁶ GECAC is paid 6% of the fund's income revenue. Supplemental Information at 17-18.

³⁷ Each NFN agency receives \$35 for each application submitted and processed. NFG Supplemental Information at 17-18.

³⁸ NFG reports that in FY 2018, the NFN Advisory Board voted to give all NFN recipients an additional \$100 supplemental grant and paid an additional \$35 per grant to GECAC for processing. NFG Supplemental Information at 17

Resolution: We are satisfied with the above data that NFG provided identifying actual NFN annual expenditures and costs for 2018-2020 and the projected expenditures and costs for years 2022-2026. Additionally, we are satisfied with the explanation of how administrative funds are funded. Further, none of the hardship fund costs including administration costs are recovered from ratepayers; the contributions that ratepayers make are voluntary. Accordingly, we direct NFG to include its NFN grant and cost projections from 2022 through 2026 in its Revised 2022 USECP.

G. Use of Community-Based Organizations (CBOs)

The Competition Act directs the Commission to “encourage the use of [CBOs] that have the necessary technical and administrative experience to be the direct providers of services or programs which reduce energy consumption or otherwise assist low-income retail gas customers to afford natural gas service.” 66 Pa.C.S. § 2203(8). NFG contracts with seven CBOs to perform LIURP jobs and 11 CBOs for its NFN program. Finally, NFG uses approximately 55 CBOs throughout its service territory as referrals for its CARES program. Proposed 2022 USECP at 6-7.

Resolution: Consistent with the July 2021 Order, we are not requiring any changes to this aspect of the Proposed 2022 USECP.

H. Organizational Structure

The internal organizational structure for NFG’s universal service programs includes 14 management staff, 73 supplemental staff, and four part-time staff. Proposed 2022 USECP at 5. The July 2021 Order directed NFG to define what it considers supplemental staff and the role that its supplemental staff fulfills. July 2021 Order at 48.

Comments

NFG clarifies that its supplemental staff refers to NFG employees working as Customer Service Representatives (CSR) in its Pennsylvania Consumer Business Department. NFG explains that its CSR staff make referrals, answer customer questions, and address customer concerns made through interactions with customers via phone or in person. NFG Supplemental Information at 19.

Resolution: We are satisfied with NFG's clarification of the position and roles of supplemental staff for its universal service programs. Accordingly, NFG is directed to include this clarification regarding the titles and job duties of supplemental staff in its Revised 2022 USECP.

IV. PROCEDURE

The Commission has previously required a public utility to file and serve a revised USECP at this stage in a USECP proceeding. That revised USECP was then subject to an exception and reply exception period. Thereafter, the revised USECP and any exceptions would be addressed at a future Public Meeting. This practice for the review and approval for revised USECPs has been in place at the Commission for about five years.

Prior to that time, the Commission directed that a public utility file a revised USECP, or compliance filing, and serve the revised USECP on the Commission's Bureau of Consumer Services (BCS) for review. The Commission did not use an exception and reply exception period, and there was no Public Meeting vote on the USECP compliance

filing.³⁹ If BCS identified an error in the compliance filing, a correction could be directed through the issuance of a Secretarial Letter.

The Commission does, from time to time, adjust its procedures for the review and disposition of the matters that come before it. In the case of USECPs, the Commission's regulations and enabling legislation do not identify a specific process that must be used for the review and approval of these plans. While it was reasonable for the Commission to adopt and try the longer process of exceptions and reply exceptions, that process has resulted in an expenditure of Commission and public utility resources without a corresponding benefit to justify its continued use. We find that BCS is in the best position to determine whether a revised USECP is in compliance with a Commission Order, and that the parties to the proceeding are free to file a protest to a revised USECP if they deem it necessary.

Therefore, we shall return to the prior practice of directing that public utilities serve revised USECPs adopted through final Orders on BCS for compliance review. The Commission will cease the use of an exception and reply exception period for revised USECPs and will not require an additional Public Meeting vote for these compliance filings. This change is effective immediately.⁴⁰

³⁹ See, i.e., *PECO Energy Company Universal Service and Energy Conservation Plan for 2016-2018 Submitted in Compliance with 52 Pa. Code §§ 54.74 and 62.4*, Docket No. M-2015-2507139 (order entered on August 11, 2016); *West Penn Power Universal Service and Energy Conservation Plan for 2015-2018, et al.*, Docket Nos. M-2014-2407728, M-2014-2407729, M-2014-2407730, M-2014-2407731 (order entered on May 19, 2015).

⁴⁰ We have also implemented this change relative to the Duquesne Light Company (Duquesne) 2020-2025 USECP proceeding. See *Duquesne's 2022-2026 USECP*, Docket No. M-2021-3024935 (order entered on April 21, 2022).

V. CONCLUSION

Consistent with the discussion above and the ordering paragraphs below, we shall direct NFG to file a Revised 2022 USECP reflecting the changes directed herein within 30 days of the date of entry of this Order. With these changes, NFG's 2022 USECP is approved and shall take effect unless otherwise indicated, as of the filing date of its Revised 2022 USECP. The Commission's approval of the 2022 USECP does not limit the Commission's authority to order future changes to the 2022 USECP based on evaluation findings, universal service data, or ratemaking considerations.

NFG's existing 2017 USECP will continue in operation in whole or in part until replacement provisions of the Revised 2022 USECP are implemented.

A third-party independent evaluation of NFG's universal service programs shall be due on April 1, 2026.

NFG's 2022 USECP shall be in effect until its next USECP is approved. NFG's next proposed USECP shall be due on or before April 1, 2027, and shall cover five years starting January 1, 2028.⁴¹

Having addressed NFG's Proposed 2022 USECP and the comments and reply comments in the record, we note that any issue, comment, or reply comment requesting a further deviation from the Proposed 2022 USECP, but which we may not have

⁴¹ By Order entered on October 3, 2019, in *Universal Service and Energy Conservation Plan Filing Schedule and Independent Evaluation Filing Schedule*, Docket No. M-2019-3012601, we established filing schedules for proposed USECPs and third-party independent evaluations of universal service programs through 2025. That October 2019 Order, *inter alia*, established that USECPs would be effective for at least five (5) years after they are approved; the October 2019 Order further provided that an order approving a USECP would specify the deadlines for the filing of the public utility's next proposed USECP and its next third-party independent evaluation of universal service programs. (October 2019 Order at O.P. 6).

specifically delineated herein, shall be deemed to have been duly considered and denied without further discussion. The Commission is not required to consider expressly or at length each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also, generally, U. of PA v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984); **THEREFORE,**

IT IS ORDERED:

1. That National Fuel Gas Distribution Corporation's Universal Service and Energy Conservation Plan for 2022-2026 is approved, subject to the conditions established in this Order, as consistent with Title 66 of the Pennsylvania Consolidated Statutes, Title 52 of the Pennsylvania Code, and Commission practice.

2. That National Fuel Gas Distribution Corporation shall file and serve its Revised 2022-2026 Universal Service and Energy Conservation Plan conforming to the conditions established in this Order within thirty (30) days of the entry date of this Order.

3. That National Fuel Gas Distribution Corporation's Revised 2022-2026 Universal Service and Energy Conservation Plan must be filed in both clean and redline copies and served on the parties at this docket.

4. That the Revised 2022-2026 Universal Service and Energy Conservation Plan must be provided electronically in Word[®]-compatible format to Norma Bowman, Bureau of Consumer Services, nobowman@pa.gov; Christina Chase-Pettis, Office of Communications, cchasepett@pa.gov; and Louise Fink Smith, Law Bureau, finksmith@pa.gov.

5. That National Fuel Gas Distribution Corporation shall incorporate the changes, as directed herein, to its Revised 2022-2026 Universal Service and Energy Conservation Plan, including:

- a) Amend the LIRA payment methodology to ensure a household's calculated discounted rate is always rounded up and provide an anticipated effective date for this change.
- b) Eliminate the 36-month time limit for PPA forgiveness and provide a projected effective date for this change.
- c) Provide a description of its LIRA final billing policy.
- d) Clarify the revised LIRA recertification timeframes.
- e) Identify income documentation accepted for determining LIRA eligibility and include a copy of LIRA Application as an attachment.
- f) Clarify that unearned income for minors is excluded when determining household income for LIRA eligibility and benefits.
- g) Include the current Consumer Education and Outreach Plan, noting that this plan may be modified and enhanced within the duration of the 2022-2026 Universal Service and Energy Conservation Plan.
- h) Include the clarifications on health and safety measures and allowance limits.
- i) Clarify the annual usage requirements for LIURP and LC-LIURP.
- j) Clarify the content covered at its annual contractor meeting and how this information will be shared with its Universal Service Advisory Committee.
- k) Clarify that all LIURP job types will be included in its process of randomly selecting 25% of jobs for post-installation inspection.
- l) Clarify the practice of obtaining landlord approval for LIURP and services provided to tenants when landlord approval is not received.
- m) Clarify actions taken to more fully spend the annual LIURP budget and to increase the number of annual LIURP jobs completed.

- n) Amend its NFN eligibility criteria to include all customers with incomes at or below 200% of the Federal Poverty Income Guidelines.
- o) Identify that customer bills paid by LIHEAP or other assistance programs within the past 12 months will count as “good faith” payments when determining NFN eligibility.
- p) Clarify that NFG will work with its USAC to enhance its NFN agency trainings.
- q) Provide its LIURP and ERRP enrollment projections for 2022 through 2026.
- r) Provide its NFN grant and cost projections for 2022 through 2026.
- s) Clarify the titles and job duties of universal service supplemental staff.

6. That National Fuel Gas Distribution Corporation shall consult with its Universal Service Advisory Committee on the following issues:

- a. Reviewing information on LIRA households who receive monthly bills exceeding their targeted energy burdens and the reasons for it.
- b. Tracking the number of LIRA customers who require more than 36 months to achieve full PPA forgiveness and the costs associated with this extended forgiveness period.
- c. Identifying ways to enhance the Consumer Education and Outreach Plan.
- d. Reviewing content covered at its annual contractor meeting.
- e. Identifying ways to educate landlord about LIURP and enhance the landlord approval form.
- f. Reviewing NFN spending and eligibility requirements.
- g. Identifying ways to enhance NFN agency training.

7. That, no later than six (6) months after entry of this Order, National Fuel Gas Distribution Corporation shall file and serve a letter at Docket No. M-2021-3024935 confirming that it has implemented the following changes:

- a. Amended the LIRA payment methodology to ensure a household's calculated discounted rate is always rounded up.
- b. Eliminated its 36-month limit on pre-program arrearage forgiveness.

8. That National Fuel Gas Distribution Corporation shall file and serve at Docket No. M-2021-3024935 an annual report on the number of LIRA households who receive monthly bills exceeding their targeted energy burdens and the reasons for it. This report shall be filed on June 1 each year, beginning in 2023, for the duration of its 2022-2026 Universal Service and Energy Conservation Plan.

9. That National Fuel Gas Distribution Corporation shall continue to file and serve at Docket No. M-2021-3024935 a monthly status report on its online CAP application and interface until the online application is fully implemented.

10. That National Fuel Gas Distribution Corporation shall file and serve at Docket No. M-2021-3024935 annual updates to its Consumer Education and Outreach Plan (CEOP), including outreach and education actions taken, by March 1 each year, beginning in 2023, for the duration of its 2022-2026 Universal Service and Energy Conservation Plan. The March 1, 2023 CEOP update shall include the following enhancements:

- a. More educational training webinars and workshops using a virtual or hybrid approach to keep community partners and interested stakeholders informed and updated about NFG's universal service programs.

- b. Additional outreach efforts for households with incomes at or below 50% of the FPIG.
- c. An additional education component to inform customers about the importance of understanding their energy burden to foster customer awareness of how much their household is spending on energy.

11. That National Fuel Gas Distribution Corporation shall file and serve at Docket No. M-2021-3024935 annual LC-LIURP Pilot status updates by April 30 each year through 2024.

12. That National Fuel Gas Distribution Corporation shall file and serve at Docket No. M-2021-3024935 semi-annual reports on its Neighbor for Neighbor program spending, by June 1 and December 1 each year, beginning in 2023, through the duration of its 2022-2026 Universal Service and Energy Conservation Plan.

13. That the Commission's Bureau of Consumer Services, with the assistance of the Commission's Law Bureau, will evaluate National Fuel Gas Distribution Corporation's Revised 2022-2026 Universal Service and Energy Conservation Plan as filed and served pursuant to this Order and prepare a Secretarial Letter confirming whether or not the changes in the filing comply with this Order.

14. That National Fuel Gas Distribution Corporation's 2017-2021 Universal Service and Energy Conservation Plan shall remain in operation in whole or in part until the corresponding replacement provisions of its 2022-2026 Universal Service and Energy Conservation Plan are implemented.

15. That National Fuel Gas Distribution Corporation shall file its next third-party independent evaluation of its universal service programs on April 1, 2026. This filing shall also be served on the parties to this docket.

16. That National Fuel Gas Distribution Corporation shall file its next Universal Service and Energy Conservation Plan covering the five-year period starting January 1, 2028, on or before April 1, 2027. This filing must also be served on the parties to this docket.

BY THE COMMISSION,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is fluid and cursive, with the first name being the most prominent.

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: April 14, 2022

ORDER ENTERED: May 3, 2022