



September 22, 2022

**VIA E-FILE**

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105

**Re: PPL Electric Utilities Corporation's Proposed Universal Service and Energy Conservation Plan for 2023-2027; Docket No. M-2022-3031727**

Dear Secretary Chiavetta:

Attached for filing, please find the **Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)**.

As indicated by the attached Certificate of Service, service on the parties was by email only.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "L. Berman".

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**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PPL Electric Utilities Corporation’s Proposed : Docket No. M-2022-3031727  
Universal Service and Energy Conservation Plan for :  
2023-2027 :

**CERTIFICATE OF SERVICE**

I hereby certify that I have, on this day, served copies of the **Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania** in the above captioned matter upon the following persons and in accordance with the requirements of 52 Pa. Code § 1.54.

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Date: September 22, 2022

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PPL Electric Utilities Corporation Universal Service : Docket No. M-2022-3031727  
and Energy Conservation Plan for 2023-2027 :  
Submitted in Compliance with 52 Pa. Code 54.74 :

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

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September 22, 2022

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## **I. INTRODUCTION**

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA),<sup>1</sup> through its counsel at the Pennsylvania Utility Law Project, submits these Comments pursuant to the July 14, 2022 Order Directing Supplemental Information and Establishing Comment Period (July 14 Order or Order), which invited interested parties to submit comments and reply comments to PPL Electric Utilities Corporation's (PPL or the Company) proposed Universal Service and Energy Conservation Plan for 2023-2027 (herein, Proposed 2023 USECP).

## **II. BACKGROUND**

On April 1, 2022, PPL filed its Proposed 2023 USECP, which was docketed at M-2022-3031727. On April 22, 2022, a Notice of Appearance was filed by legal counsel for the Pennsylvania Coalition of Local Energy Efficiency Contractors, Inc. (PA-CLEEC). On April 29, 2022, a Notice of Appearance was filed by a non-attorney representative of Solaire Energy, Inc.

On May 18, 2022, Commission staff in the Bureau of Consumer Services (BCS) convened a telephonic meeting to allow PPL and other stakeholders an opportunity to provide their informal comments and questions about PPL's Proposed 2023 USECP prior to the issuance of a Commission order. Representatives from PPL, CAUSE-PA, the Office of Consumer Advocate (OCA), the Office

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<sup>1</sup> CAUSE-PA is a statewide unincorporated association of low-income individuals which advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating, and telecommunication services. CAUSE-PA membership is open to moderate and low-income individuals residing in the Commonwealth of Pennsylvania who are committed to the goal of helping low-income families maintain affordable access to utility services and achieve economic independence and family well-being. CAUSE-PA is therefore deeply interested and invested in the creation, development, and implementation of effective universal service and energy efficiency programs which promote long term affordability of electricity, natural gas, water, wastewater, and communication services and, in turn, protect the health, safety, and welfare of economically vulnerable households across the state. CAUSE-PA has for many years been an active participant in PPL's USECP proceedings, as well as other related proceedings that affect the ability of PPL's low income customers to access and maintain safe and affordable electric services to their home.

of Small Business Advocate (OSBA), the Commission's Bureau of Investigation and Enforcement (BIE), and PA-CLEEC were invited to participate.

On May 19, 2022, a Notice of Intervention was filed by legal counsel from the OCA, and on May 23, 2022, a Notice of Appearance was filed by legal counsel for the Commission on Economic Opportunity (CEO).

On May 26, 2022, PA-CLEEC filed its initial questions and comments regarding the Proposed 2023 USECP at the captioned docket. On June 14, 2022, PPL filed a response (June 2022 Letter) declining to address PA-CLEEC's May 26 filing until after the Commission has issued an order to request supplemental information and to establish comment and reply comment periods for all stakeholders. (June 2022 Letter at 1).

On June 30, 2022, CAUSE-PA filed a formal Petition to Intervene as an active party in this proceeding.

On July 14, 2022, the Commission issued its July 14 Order, which requested further information and clarification by the Company and invited comments to the Order. On August 8, 2022, PPL filed supplemental information in response to the Order.

PPL has demonstrated, through its initial filing and response to the PUC's request for supplemental information, that many of the core aspects of its Proposed 2023 USECP will advance the core universal service program goals and objectives, are consistent with applicable laws and policies, are in the public interest, and should be approved. Nevertheless, as we discuss in detail throughout, various aspects of PPL's proposed USECP require further consideration and revision to fulfill important policy goals and ensure low income Pennsylvanians across PPL's service territory can connect and maintain service to their home. These issues warrant further clarification and/or amendment by PPL as discussed in detail below.

### III. COMMENTS

CAUSE-PA submits the following Comments to Section III of the Commission’s July 14 Order for consideration regarding the various program amendments provided in the PPL USECP. For ease of review, CAUSE-PA’s Comments generally follow the structure of the Commission’s Order, Section III.B, and responds in turn to the issues and analysis included therein.

#### 1. Proposed OnTrack Modifications (CAP)

- a. **Proposed OnTrack Payment Changes: CAUSE-PA supports swift approval and implementation of PPL’s proposal to revise its applicable energy burden standards, and its related proposal to transition the structure of OnTrack from a percentage of bill to a percentage of income program design.**

In its Proposed 2023 USECP, PPL advances two critical changes impacting its calculation of OnTrack payments. First, PPL proposes to transition from a Percentage of Bill (POB) discount structure to a Percentage of Income Plan (PIP), which would calculate a participants’ monthly bill by multiplying the household’s monthly income by the applicable energy burden standard for that household’s income tier. Second, PPL proposes to adopt the following energy burden standards for electric non-heat (ENH) and electric heat (EH) customers who enroll in OnTrack:

**TABLE 1: PPL Proposed PIP Energy Burden Standards**

	ENH	EH
0-50% FPL	2%	5%
51-101% FPL	3.5%	6%
101-150% FPL	4%	7%

In its Order, the Commission directed PPL to explain how it determined the proposed PIP energy burdens for each account type and FPL tier, as those proposed energy burdens differ from the

recommended maximum energy burdens in the CAP Policy Statement (2020) at 52 Pa. Code § 69.265(2)(i) for ENH and EH accounts. (Order at 18-19).

**TABLE 2: Maximum Energy Burden Standards, CAP Policy Statement**

	ENH	EH
0-50% FPL	2%	4%
51-101% FPL	4%	10%
101-150% FPL	4%	10%

Specifically, PPL proposes a 0.5% lower energy burden standard for ENH customers at 51-101% FPL; a 1% higher energy burden standard for EH customers at 0-50% FPL; a 4% lower energy burden standard for EH customers at 51-100% FPL; and a 3% lower energy burden standard for EH customers at 101-150% FPL.

In response, PPL explained that it determined its proposed energy burdens with its customers' success in mind and that it completed an analysis to determine the best fit for customers to afford their PIP OnTrack installments - while not exceeding the maximum guidelines defined in the CAP policy statement. (PPL Response to PA PUC 1-1). To help demonstrate how PPL's proposed energy burden standards attempt to "right size" the program to achieve customer success, PPL provided a detailed bill impact analysis showing the average increase or decrease in monthly OnTrack bills pursuant to its proposed energy burden standards, as compared to adoption of the Commission's maximum energy burden standards. PPL's bill impact analysis illustrates how PPL's proposed energy burden standards help to limit the increase in OnTrack bills that could result for some income tiers. For example, the average EH customer with income between 101-150% FPL would experience an average increase of \$32.54 under the Commission's maximum energy burden standard. (PPL Response to PA PUC 1-1, at 2). Under PPL's proposed energy burden standard, EH customers at this income level would experience an average increase of \$22.45 (PPL Response to PA PUC 1-1 at 3) –

substantially reducing the resulting increase in OnTrack rates for this customer subset and helping to infuse principles of gradualism into PPL’s proposed PIP transition.

As the Commission concluded in adopting its amended CAP Policy Statement, the prior energy burden standards currently utilized to determine rates for PPL’s OnTrack “do not reflect reasonable or affordable payments for many low income customers” – especially for those at the lowest end of the poverty scale.<sup>2</sup> With limited exception (discussed below)<sup>3</sup>, CAUSE-PA supports PPL’s proposal to implement a PIP that utilizes the energy burden standards set forth in its Proposed 2023 USECP. We submit that a PIP design more equitably distributes assistance to participants, as it targets a more precise level of assistance based on individualized household needs. While PPL’s PIP proposal will not necessarily result in a decreased monthly bill for every OnTrack participant, it will help to dramatically improve affordability for OnTrack participants with the lowest incomes - while ensuring a gradual transition for those at the higher end of the income scale who may experience higher bills as a result of the structural program reforms. In short, CAUSE-PA submits that PPL’s PIP and energy burden proposals are just, reasonable, consistent with clear Commission policy, and squarely in the public interest.

CAUSE-PA previously set forth detailed discussion of the critical need for improved affordability within CAP through the Commission’s statewide evaluation of universal service programing and its study of energy affordability for low income customers in Pennsylvania, which it

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<sup>2</sup> 2019 Amendments to CAP Policy Statement, Final Policy Statement and Order, Docket No. M-2019-3012599 (order entered Nov. 5, 2019), p. 27 (hereinafter Final CAP Policy Statement and Order).

<sup>3</sup> CAUSE-PA asserts that PPL should reduce its proposed energy burden to 4% for EH customers with income at or below 50% FPL so that the energy burden for these households does not exceed the *maximum* energy burden threshold established by the Commission in its formal CAP Policy Statement.

incorporates by reference herein.<sup>4</sup> As discussed in further detail in those lengthy Comments, income levels for low income families have largely remained stagnant, while the costs of basic living expenses – including for energy and other utilities – have increased substantially year after year.<sup>5</sup> These disparities fall hardest on the lowest income households, who face the greatest energy burden levels.<sup>6</sup> Low income households face the daily reality of having inadequate income to cover the costs of basic life necessities, and each month must decide which basic necessity (medicine, rent, food, water, childcare, etc.) they will forego in order to make ends meet.<sup>7</sup> Continuing to charge CAP customers categorically unaffordable rates further compounds these unjust choices, in contradiction to the statutory charge of the Commission to ensure low income customers can maintain safe and affordable service to their home.<sup>8</sup>

While the Commission takes note that some of the energy burden standards proposed by PPL are lower than the thresholds in the Commission’s CAP Policy Statement, it is critical to recognize that the Commission’s energy burdens standards represent the *maximum* affordable burden levels recommended by the Commission. In other words, the Commission’s CAP Policy Statement

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<sup>4</sup> Review of Universal Service and Energy Conservation Programs, Joint Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, Tenant Union Representative Network, and Action Alliance of Senior Citizens of Greater Philadelphia, Docket No. M-2017-2596907 (Joint Comments filed August 8, 2017);

Energy Affordability for Low-Income Customers in Pennsylvania, Comments of the Tenant Union Representative Networks, Action Alliance of Senior Citizens of Greater Philadelphia and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, Docket No. M-2017-2587711 (Joint Comments filed May 8, 2019).

<sup>5</sup> Review of Universal Service and Energy Conservation Programs, Joint Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, Tenant Union Representative Network, and Action Alliance of Senior Citizens of Greater Philadelphia, Docket No. M-2017-2596907, at 11-12 (Joint Comments filed August 8, 2017).

<sup>6</sup> Roger Colton, Fisher, Sheehan & Colton, The Home Energy Affordability Gap 2021: Pennsylvania (April 2021), [http://www.homeenergyaffordabilitygap.com/03a\\_affordabilityData.html](http://www.homeenergyaffordabilitygap.com/03a_affordabilityData.html).

<sup>7</sup> See id; see also Hernández D., Understanding 'energy insecurity' and why it matters to health, Social science & medicine (2016), 167, 1–10, <https://doi.org/10.1016/j.socscimed.2016.08.029>

<sup>8</sup> Final CAP Policy Statement and Order at 27; 66 Pa. C.S. § 2802 (9)-(10), 2803 (definition of “universal service and energy conservation, “policies, protections and services that help low-income customers to maintain electric service”), 2804 (9).

establishes a ceiling – not a floor – for appropriate CAP energy burden thresholds. As PPL explained in its supplemental information, rather than wholesale adopting these maximum burden levels, PPL analyzed affordability issues amongst its low income customer base and formulated proposed burden levels that would best achieve consistent levels of affordability within its service territory.

CAUSE-PA appreciates PPL’s approach to setting appropriately targeted energy burden standards and commends PPL for its focus on the success of its OnTrack customers as the benchmark for measuring program success as it transitions to a PIP design. While we believe strongly that a PIP design is more equitable and will ultimately deliver more targeted levels of assistance to participants, we recognize that OnTrack bills will increase for some households with income between 101-150%. PPL’s energy burden proposal infuses a critical gradualism element for households at this income level – helping ease the transition from its current POB design to a PIP structure.

Notwithstanding our strong support for PPL’s proposed PIP and energy burden standards, we are nevertheless concerned that PPL’s proposed energy burden for EH customers with income between 0-50% FPL *exceeds* the 4% maximum energy burden standard established in the Commission’s CAP Policy Statement for EH customers at this income level. While utilities should have the discretion to propose energy burden standards that are lower than the maximum threshold – and therefore fall within the Commission’s standards, utilities should not be permitted to exceed the maximum standards without advancing substantial justification for such a deviation. As such, we urge the Commission to require limited amendment of PPL’s proposed energy burden standards to ensure all approved energy burden standards are within the maximum standards established in the Commission’s formal CAP Policy Statement. This would require PPL to reduce the applicable energy burden standard from 5% to 4% for EH customers with income between 0-50% FPL. Households at

this income level face the most profoundly challenging economic circumstances and should not face energy burdens which exceed the Commission’s maximum affordability thresholds.

In addition to supporting PPL’s proposal to implement reduced energy burden standards (with slight amendment for EH customers with income at or below 50% FPL), CAUSE-PA also supports PPL’s proposal to transition from a POB to a PIP CAP structure. Unlike PPL’s current POB OnTrack structure, which calculates a participant’s monthly OnTrack bill based on a percentage of the household’s full tariff bill amount, a PIP calculates a participant’s monthly bill based on a percentage of the household’s actual monthly income. This direct link to household income helps to better target assistance based on relative household need, while eliminating disparities in usage driven primarily by housing inefficiencies, medical usage, and other external factors which lower income households are unable to reasonably control.<sup>9</sup> It also helps to simplify the calculation of OnTrack bills, helping to improve the ability for consumers to understand how their OnTrack bill is determined. For these reasons, CAUSE-PA submits that a PIP offers a superior program design compared to PPL’s current POB, as it is better able to produce consistent levels of affordability targeted to the household’s monthly income and, in turn, their ability to pay.

The need to remediate longstanding unaffordability within CAP has become more pronounced as a result of recent pressures on low income households. In recent years, the financial hardship faced by low income families has been greatly exacerbated as the broader economy remains uniquely. Throughout the COVID-19 pandemic, low income households experienced disproportionate health and economic harm – which greater job and wage losses, increased food insecurity, and accrual of

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<sup>9</sup> Drehobl, A., Ross, L., and Ayala, R., “How High Are Household Energy Burdens? An Assessment of National and Metropolitan Energy Burden Across the United States,” Table 1, page 4 “Key drivers of household energy burdens,” ACEEE, published September 2020, available at <https://www.aceee.org/sites/default/files/pdfs/u2006.pdf>

unprecedented levels of debt for life’s basic necessities.<sup>10</sup> Low income households have also been disproportionately impacted by recent surges in inflation, which in June 2022 reached a new 40-year high.<sup>11</sup> Even before these surging costs, low income households paid high proportions of their monthly income towards basic necessities such as housing costs and food.<sup>12</sup> Prompt remediation of identified unaffordability within CAP is therefore of critical and of heightened importance.

The Commission has previously recognized that providing customers with an affordable bill improves payment frequency and bill coverage rates and reduces payment-related terminations.<sup>13</sup> In response to the Commission’s July 14 Order, PPL was unable to project the impact that its proposed OnTrack reforms would have on collections costs. (PPL Response to PA PUC 1-6). CAUSE-PA nevertheless asserts that PPL’s proposed reduction in energy burden standards and adoption of a PIP structure is likely to result in substantial improvements to payment coverage and frequency rates. As discussed, PPL’s proposals will help to provide more precise levels of affordability to OnTrack participants – making it more likely participants will be able to afford and, thus, will be more likely to pay their monthly OnTrack bill. This “right sizing” of assistance through the program will help decrease uncollectible expenses and other collections-related costs while ensuring that low income households across PPL’s service territory are better able to maintain service to their home.<sup>14</sup> Such outcomes are squarely in line with statutory universal service program directives, which require the Commission to ensure electric distribution companies maintain accessible, cost-effective universal

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<sup>10</sup> See Dan Treglia, PhD, Mina Addo, MPA, Meagan Cusack, MSW, and Dennis Culhane, PhD, Understanding Racial and Ethnic Disparities In Health Outcomes And Utility Insecurity Resulting From COVID-19 (March 2021), available at: [https://clsphila.org/wp-content/uploads/2021/03/CLS\\_UtilityReport\\_20200324.pdf](https://clsphila.org/wp-content/uploads/2021/03/CLS_UtilityReport_20200324.pdf); see also Center on Budget and Policy Priorities, Tracking the COVID-19 Economy’s Effects on Food, Housing, and Employment Hardships (Feb. 2022).

<sup>11</sup> Jonathan Ponciano, Inflation Spiked 9.1% In June—Hitting New 40-Year High As Price Surge Fuels Recession Fears, Forbes (Jul 13, 2022), available at: <https://www.forbes.com/sites/jonathanponciano/2022/07/13/inflation-spiked-91-in-june-hitting-new-40-year-high-as-price-surge-fuels-recession-fears/?sh=74a2aebd6cbc>

<sup>12</sup> Id.

<sup>13</sup> Final CAP Policy Statement and Order at 75.

<sup>14</sup> See id.

service programs capable of ensuring low income households can maintain electric service to their homes.<sup>15</sup> We note that approval of PPL’s proposal to reduce its energy burden standards and adopt a PIP design would allow PPL to collect and analyze the impact of the reforms on collections costs – helping to further hone programmatic policy determinations in the future.

For these reasons, CAUSE-PA strongly recommends that the Commission adopt PPL’s proposed energy burden standards – with limited exception for EH customers with income between 0-50% FPL, which should be reduced to 4% consistent with the Commission’s maximum energy burden standard. In turn, CAUSE-PA urges the Commission to approve PPL’s proposal to transition its CAP design from a POB to a PIP structure.

**b. CAP Plus Amount: CAUSE-PA strongly opposes *and urges the Commission to reject* PPL’s CAP Plus fee proposal.**

CAP Plus is a rate mechanism that emerged following a policy clarification from the Department of Human Services requiring public utilities to apply LIHEAP grants only to a consumer’s “asked to pay” amount. This policy effectively prohibited utilities from using a LIHEAP grant to reduce the cost of CAP to other ratepayers (the CAP shortfall), rather than reducing the customer’s bill.<sup>16</sup> CAP Plus rate mechanisms work around this policy, and are typically calculated using the utility’s total LIHEAP grants received in the prior year, divided by the number of CAP customers. (See PPL Response to PA PUC 1-12). The resulting fee is then applied to all CAP customer accounts to help pay for CAP. CAUSE-PA submits that as a general premise, the CAP Plus rate mechanism inequitably leverages LIHEAP assistance to reduce the cost of CAP – while at the same time undermining affordability achieved through the program.

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<sup>15</sup> See 66 Pa. C.S. §§ 2802 (9), (10), (17); 2803 (definition of universal service and energy conservation); 2804 (8)-(9).

<sup>16</sup> See 2022 LIHEAP State Plan §601.45 Application of Benefits; see also Final CAP Policy Statement and Order at 47.

In its Proposed 2023 USECP, PPL seeks to reform its CAP Plus rate mechanism. Rather than applying a CAP Plus fee on all CAP customer bills, PPL proposes that it will not assess a CAP Plus charge on a customer's bill if that customer has an existing credit from a LIHEAP grant. PPL reports that in those instances when a customer has an existing LIHEAP credit, the amount of the monthly PIP bill (or Total Energy Burden Payment Amount (TEBPA)) will not change; only that the CAP Plus charge will not be identified on the customer's bill. (Proposed 2023 USECP at 5).

In its Order, the Commission requested that PPL provide more detail regarding its calculation and application of the CAP Plus amounts to OnTrack bills. The Commission was specifically concerned whether an OnTrack enrollee's bill might exceed the PIP amount once a CAP Plus amount was added. Further, the Commission requested clarification regarding whether the CAP Plus amount would be added to all bills but would not appear as a line item on an OnTrack enrollee's bill as required by 52 Pa. Code § 56.15(12) (requiring that public utility bills clearly state an explanation of the various charges). The Commission notes that this practice would also violate section 601.45 of the 2022 LIHEAP State Plan, which prohibits utilities from applying a LIHEAP Cash grant to a CAP customer's unbilled usage amounts. (Order at 21-22).

PPL clarified in its response that a CAP Plus amount added to a bill will not cause an OnTrack customer's bill to exceed the established PIP or TEBPA. (PPL Response to PA PUC 1-8). PPL intends to calculate the TEBPA first, then, for OnTrack customers with no available LIHEAP credits, subtract the CAP Plus amount from the OnTrack payment amount. OnTrack customers with a LIHEAP credit on their account will not pay a CAP Plus amount and the OnTrack payment amount will equal the TEBPA amount. (PPL Response to PA PUC 1-8).

CAUSE-PA recognizes that PPL's proposal appears to be motivated to help ensure that resulting energy burdens for CAP customers remain at or below the Commission's maximum energy

burden thresholds. We appreciate this end goal, but the concept, premise, and implementation of CAP Plus remains deeply flawed and legally circumspect.

PPL argues that elimination of the CAP Plus charge would cause program costs to “increase by the total amount of LIHEAP dollars the Company receives for its OnTrack customers.” (PPL Response to PA PUC 1-12). However, as a practical matter, it does not appear as though PPL’s proposed CAP Plus mechanism will reduce the CAP shortfall – nor would it raise CAP participants’ ultimate “asked to pay” amount or TEBPA.

Consider a household with a total usage-based bill of \$100, a CAP PIP bill of \$50, and an applicable CAP Plus charge of \$10. Regardless of the “OnTrack Installment Amount” or “CAP Plus” charge, the shortfall recovered from other ratepayers would still be \$50. In other words, the CAP shortfall would not be reduced by the CAP Plus fee. The CAP household’s \$50 CAP PIP amount would also remain unchanged. Under PPL’s proposal, if the household has a LIHEAP credit on their account, their OnTrack Installment Amount and TEBPA would be \$50. If they do not have a LIHEAP credit on their account, their OnTrack Installment Amount would be \$40, and their CAP Plus Charge would be \$10. But either way, at the end of the day, the household must pay \$50. In short, it appears that PPL’s proposed CAP Plus mechanism is illusory and will not reduce the cost of CAP to other ratepayers – nor will it impact the CAP customers’ bill.

PPL indicates that it would be willing to change its proposed CAP Plus methodology to make the OnTrack Installment Amount equal to the TEBPA, minus the CAP Plus amount. In this instance, PPL would impose a CAP Plus fee as a separate line item on OnTrack bills for customers with no LIHEAP credit on their account. (PPL Response to PA PUC 1-11). As CAUSE-PA understands it, this proposal would cause households with a LIHEAP credit on their account to pay an amount that is different from households without a LIHEAP credit on their account

CAUSE-PA opposes PPL's alternative proposal, as it would treat CAP customers differently based on their receipt of a LIHEAP grant. Such a result would constitute a direct violation of the federal LIHEAP statute and the Department of Human Services' LIHEAP vendor agreement, which provides that utilities "[shall not] discriminate against any eligible household in regard to terms and conditions of sale, credit, service or price, nor treat adversely any household receiving LIHEAP because of such assistance."<sup>17</sup> LIHEAP grant amounts are determined by DHS based on available funding and need of Pennsylvania's low-income consumers to assist individual households to maintain heating service to their homes. CAUSE-PA submits that it is inappropriate to utilize LIHEAP benefits intended for the direct benefit of individual LIHEAP recipients to cover the costs of operating a utility-run CAP. Not only does this diminish the LIHEAP benefits intended to assist low income households maintain service during heating months, but it penalizes both LIHEAP recipients for seeking assistance and non-LIHEAP recipients by passing PPL's costs down to them. Importantly, the issues inherent in CAP Plus will be particularly pronounced this year, as the LIHEAP grant amounts were more than twice what they are in a typical year. In turn, the CAP Plus charges will also be higher, exaggerating the disparate treatment between those customers with a LIHEAP credit and those without.

For these reasons, CAUSE-PA strongly opposes the imposition of CAP Plus payments in any form, and requests that the Commission require PPL to eliminate this payment requirement from its Proposed 2023 USECP.

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<sup>17</sup> See 2021 LIHEAP Vendor Agreement, attached hereto as Appendix A; see also 42 U.S.C. § 8624(b)(7)(C).

**c. Alert Process for PIP Bills Exceeding Average Bill: CAUSE-PA does not support PPL’s proposed CAP rate review process, as it does not ensure that CAP customers will receive the lowest available CAP rate.**

In its Order, the Commission requested clarification from PPL regarding its review system for OnTrack billing amounts that may exceed the customer’s applicable average bill rate. (Order at 23). PPL responded that it has implemented a monthly report to identify any active OnTrack participant with an OnTrack installment amount greater than their applicable average bill. The report is reviewed monthly by a Regulatory Program Specialist, who will review the accounts on the report and determine whether to switch the customer’s PIP or ASP rate to their applicable average bill rate. (PPL Response to PA PUC 1-13). PPL notes that in determining whether to adjust the CAP rate to the average bill, the “primary factor reviewed is usage history.” (Id.) PPL explains that it will switch a PIP or ASP rate OnTrack participant to the average bill rate if there is adequate usage history for the customer and the average bill has declined since the household’s initial enrollment. (Id.) However, PPL will not adjust the PIP CAP rate if the customer has inadequate usage history. (Id.)

Periodic CAP rate review and adjustment is critical to ensure that OnTrack customers are consistently receiving the most affordable rate available, consistent with section 1303 of the Public Utility Code and section 69.265(8)(vii) of the Commission’s formal CAP Policy Statement.<sup>18</sup> CAUSE-PA supports a monthly review process for all CAP rates to ensure CAP customers are never charged rates higher than their average bill rate. Participation in a CAP should always provide a net-positive to consumers and should never result in rates higher than the household would otherwise pay based on their actual average usage.

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<sup>18</sup> Final CAP Policy Statement and Order at 75.

CAUSE-PA believes a monthly CAP rate review is necessary to ensure that customers are receiving the most affordable bill in any given billing cycle. However, we have several concerns with PPL's proposed process and scope of CAP rate review.

First, CAUSE-PA is concerned that PPL is not proposing a process to review CAP rates for those receiving an average bill rate to determine whether the applicable PIP rate may be more advantageous in a given month. As described, PPL's monthly reporting process only monitors accounts with the PIP or ASP rate – *not those enrolled at the average bill rates*. In other words, once a CAP customer is enrolled in the average bill CAP rate, there does not appear to be any process to determine whether the PIP rate is more advantageous in any given month.

CAUSE-PA is also concerned about PPL's proposal to limit the circumstances in which it adjusts the applicable CAP rate for PIP and ASP rate participants. PPL notes that usage history is the "primary factor" for determining whether to adjust a CAP rate, but it does not disclose any of the other factors PPL intends to consider in determining whether to adjust an OnTrack rate. The Commission should not permit PPL to exercise discretion over when to adjust CAP rates. To the contrary, CAP rates should always be adjusted to reflect the most advantageous CAP rate available to a CAP participant.

CAUSE-PA strongly recommends that the Commission require PPL to implement a monthly CAP rate review process for all CAP participants. On review, PPL should be required to adjust all CAP rates to the average or PIP rate, or an applicable ASP rate, *whichever is more advantageous to the CAP participant*.

**d. Implementation of 12-month PPA Forgiveness Cycle: CAUSE-PA supports swift implementation of PPL's Proposed 12-month PPA forgiveness cycle**

In its Order, the Commission requested that PPL explain the implementation timeframe for its proposed 12-month program cycle and to clarify how new and existing OnTrack customers would be transitioned into the cycle. (Order at 23). PPL explained that existing OnTrack customers will be placed into two specific categories regarding the transition, those who have been in the OnTrack program for less than 11 months and those that have been in the program for between 11 and 18 months. (PPL Response to PA PUC 1-14). PPL further explained that this proposal may be subject to modification depending on IT capacity, though it does not propose a process for the Commission to review and approve changes to this proposal.

For the OnTrack customers who have been in the program for less than 11 months, it appears that those customers would be notified via letter that their forgiveness timeframe has been adjusted to 12 months. PPL does not explain how the monthly forgiveness amounts will be recalculated, if at all. For Ontrack customers who have been in the program for between 11 and 18 months, PPL will require the household to enter a new agreement with the revised 12-month program parameters. (PPL Response to PA PUC 1-14).

CAUSE-PA strongly supports PPL's proposal to transition from an 18-month forgiveness cycle to a 12-month forgiveness cycle. Transitioning to shorter forgiveness period will allow customers to retire pre-program arrears in a reasonable period of time and will help to ensure that low income customers are able to maintain affordable bills and stay connected to services. However, CAUSE-PA is concerned that the details around the method of transition and the resulting impacts on existing OnTrack customers are still unclear.

First, it is unclear whether customers who have been in the program less than 11 months will ultimately earn full arrearage forgiveness within 12-months of their initial OnTrack enrollment. It is

imperative that these customers are permitted to earn full arrearage forgiveness within 12 months of their initial OnTrack enrollment, rather than resetting the number of months required to earn full forgiveness.

For OnTrack customers who have been in the program for between 11 and 18 months, the outcome is even less clear. PPL states that it would require a new agreement be created within the newly approved guidelines. It is unclear whether participants would receive credit for payment already made, or whether a new 12-month cycle would start when the new agreement is signed - essentially extending the forgiveness timeframe an additional 12 months. Again, CAUSE-PA opposes PPL's proposal to the extent that it would extend the timeframe for current OnTrack customers to earn full forgiveness through the program. At the time of transition, all existing CAP customers should be credited for payments previously made toward arrearage forgiveness under the 18-month timeframe. If an existing OnTrack customer has made the requisite 12 payments to qualify for full forgiveness under the new 12-month forgiveness timeframe, that customer's debt should be eligible for full forgiveness under the new program rules.

Ultimately, CAUSE-PA believes that regardless of how long an OnTrack customer has been enrolled in the program, all OnTrack customers who have made the requisite payments should have their full pre-program arrearage balances forgiven within 12 months of OnTrack enrollment. This 'clean slate' approach will ensure that no OnTrack customers have their forgiveness delayed beyond the newly approved timeframe. CAUSE-PA therefore recommends that the Commission (1) approve PPL's proposed 12-month PPA forgiveness timeframe; and (2) require PPL to clarify that customers enrolled in OnTrack at the time these changes are implemented are eligible for full arrearage forgiveness within 12 months of enrollment in OnTrack, if they have met other payment and enrollment requirements.

**e. Collection Activity for Zero-Income Customers with Pending OnTrack Applications: CAUSE-PA supports PPL's extension of its collections hold from 15 to 30 days for zero-income customers with pending OnTrack Applications.**

In its Order, the Commission directed PPL to provide the number of customers claiming zero income from 2019 through 2021 whose accounts were placed into collection or termination status or whose service was terminated within 30 days of submitting a paper OnTrack application. In response, PPL provided the following information: between 2019 and 2021, out of 3,510 zero-income customers, 726 (20.1%) received 10-day notices, 372 (10.5%) received 3-day notices and 142 (4%) had their service terminated. (PPL response to PA PUC 1-15). This is evidence of a serious problem.

As an initial matter, CAUSE-PA urges the Commission to require PPL to begin tracking and reporting on similar data for all pending CAP applicants to determine the extent to which economically vulnerable low income households are terminated while their application is pending review. This information has not been requested, to date. However, we are concerned that CAP processing delays may not be isolated to applicants with no reportable income.

In Comments and Reply Comments to PPL's February 2018 USECP proceeding, CAUSE-PA expressed concerns about PPL's policy of mailing a zero-income form to an applicant only after the Company received a completed OnTrack application.<sup>19</sup> CAUSE-PA was concerned that this policy would extend the application process causing zero-income customers to lose service while their application was pending. While the Commission saw no evidence at the time to support those concerns, it ordered PPL to track information about processing times for zero income CAP applicants. (Order at 24-25).

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<sup>19</sup> PPL Electric 2017-2019 Universal Service and Energy Conservation Plan, Docket No. M-2016-2554787, Comments of CAUSE-PA at 33-34, Commission Final Order at 41, CAUSE-PA Reply Cmts at 2.

The data provided by PPL shows that a significant percentage of zero income customers received termination notices or had their service terminated *after* submitting an OnTrack application. Notably, the data provided spanned the emergency moratorium on utility terminations through the COVID-19 pandemic, masking the true extent of the issue. Nevertheless, the level of CAP applicants facing termination while their CAP application was pending review is unacceptable. In addition to the severe consequences of an involuntary termination to the health, financial stability, and safety of a low income household, the receipt of a termination notice can cause substantial stress and anxiety for the recipient. Households who are actively seeking assistance through CAP should not face further collections activities and most certainly should not be terminated while their applications are being processed. Such a result compounds hardship for families – exacerbating food and housing insecurity and precipitating negative health outcomes.

CAUSE-PA supports PPL’s proposal to extend its collection hold from 15 to 30 days for zero-income OnTrack applicants, as this will likely help to stop some terminations from going through. However, without further information regarding the 4% of applicants whose service was terminated, we cannot determine whether 30 days would be sufficient to prevent the involuntary termination of service while a CAP application is pending. It is also difficult to know how those who received a termination notice while their application was pending ultimately stopped the termination from going through. When faced with an imminent termination, many turn to high-cost payday lenders or otherwise forego food, rent/mortgage, medicine, or medical care. CAP applicants should not face such dire consequences while their application for assistance is pending review.

CAUSE-PA recommends that the Commission require PPL to disclose further data before deciding this issue. Specifically, CAUSE-PA recommends that PPL be required to identify how many of the 142 involuntary terminations would have been prevented if PPL had implemented 30-

day collections hold. Moreover, in addition to continued tracking of the existing data points, PPL should be required to track and report on the number of zero income OnTrack applicants that were ultimately enrolled into the program and whether any of those applicants were denied enrollment into OnTrack because they did not have active service. Finally, as explained above, PPL should be required to separately begin tracking and reporting on the length of time for processing all CAP applications, and the number of pending CAP applicants who have received notice of termination and/or were terminated while their CAP application was pending. Interested parties should be provided with an opportunity to further comment on the issue after this additional data is disclosed.

**f. Income Documentation: CAUSE-PA supports PPL’s decision to accept income documentation for either the past 30-days or past 12-months (whichever is more beneficial for the applicant) for all OnTrack applicants.**

In its Order, the Commission expressed concern that PPL will only accept 12-month income documentation for ‘seasonal workers,’ a term that is not clearly defined in the Proposed 2023 USECP. (Order at 25). The Commission directed PPL to clarify whether all customers are given the option of providing 30 days or 12 months of income information through the OnTrack application process. The Commission also requested clarification regarding the Company’s definition of seasonal workers. (Order at 26). In response, PPL stated that the proposed USECP includes the option for all customers to provide income for 30 days or 12 months, whichever is most beneficial to the customer. (PPL Response to PA PUC 1-16). PPL explained that it will update its application and recertification letters to clarify that applicants have this option.

CAUSE-PA supports PPL’s proposed policy of accepting 30 days or 12 months of documentation (whichever is most beneficial to the applicant) for all OnTrack applicants, and further supports PPL’s proposal to update its application and recertification letters to make it clear that all customers are permitted to provide 30 days or 12 months of income documentation. We are also

appreciative of PPL’s offer to share copies of its application and recertification letters. CAUSE-PA recommends that the Commission direct PPL to update its USECP with the above clarifications – along with any associated policies, procedures, or training manuals. We further recommend that PPL not only share copies of the final revised application and recertification letters, but that it work with its Universal Service Advisory Committee (USAC) to review and offer feedback on draft revisions.

**g. Counting Unearned Income for Minors: CAUSE-PA is opposed to PPL’s inclusion of unearned income of minors in its OnTrack eligibility calculations.**

PPL’s Proposed 2023 USECP maintains its existing policy to include unearned child income (such as SSI or SSDI) as household income, in opposition to Section 69.262 of the Commission’s CAP Policy Statement. (Order at 26-27). In its Order, the Commission requested that PPL explain the impact that excluding unearned income for minors would have on OnTrack eligibility and costs. (Id. at 27). PPL responded that it does not separately track and is unable to extract income reported for individual household members. (PPL Response to PA PUC 1-17).

CAUSE-PA strongly opposes PPL’s proposal to continue its policy of including unearned child income as household income, in opposition to the Public Utility Code and as further defined in the Commission’s formal CAP Policy Statement. Section 69.262 of the CAP Policy Statement clearly states household income is defined as the “combined gross income of all adults in a residential household who benefit from the public utility service, as defined in 66 Pa. C.S. § 1403 (relating to definitions).”<sup>20</sup> Including unearned income of a child for the purposes of CAP eligibility determinations artificially inflates household income, making it more difficult for families with children who receive disability benefits to qualify for needed assistance.

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<sup>20</sup> 52 Pa. Code § 69.262; 66 Pa. C.S. § 1403. Section 1403 defines household income as “the combined gross income of all adults in a residential household who benefit from the public utility service.” 66 Pa. C.S. § 1403.

To receive these benefits, a child must be blind or suffer from a medically determinable physical or mental impairment that causes “marked and severe functional limitations” and which will last for at least 12 months or result in death.<sup>21</sup> Households with disabled children face unique challenges – economic and otherwise – and policy should assist families facing these hardships to enroll in assistance programs, rather than making it more difficult to qualify for needed assistance. Further, it is important to note that unearned child income is not necessarily available to help assist the parent who applies for CAP assistance to make ends meet. In cases where child custody is shared, even where parents equally share custody of the children, a child’s SSI/SSDI benefits will only go to one parent.<sup>22</sup>

PPL does not explicitly address earned child income in its existing USECP or the Proposed 2023 USECP, however, whether income of a child is earned or unearned, its inclusion in calculating OnTrack eligibility plainly contradicts the definition in Chapter 14 and the Commission’s CAP Policy Statement and undermines critical public policy goals – such as ensuring access to stable electricity service for families with children. CAUSE-PA recommends that the Commission direct PPL to revise its Proposed 2023 USECP to exclude all earned and unearned child income from eligibility requirements, in accordance with the definition of household income included in Chapter 14 and with the Commission’s revised CAP Policy.

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<sup>21</sup> Social Security Administration: Understanding Supplemental Security Income SSI for Children, <https://www.ssa.gov/ssi/text-child-ussi.htm>.

<sup>22</sup> In cases of shared child custody, the same is true for other types of unearned child income, such as child support - which very often goes unpaid. US Census Bureau, Custodial Mothers and Fathers and their Child Support: 2017 (May 2020), <https://www.census.gov/content/dam/Census/library/publications/2020/demo/p60-269.pdf>. In 2017, only one-half of all custodial parents had a parent with a child support agreement, and less than one half of those parents received full support payments. Id. Importantly, 30.1% of single parent households live in poverty, about three times the poverty rate of two parent households. Id.

**h. Calculating Loss of Income: CAUSE-PA takes no position on this issue at this time.**

In its Proposed USECP, PPL states that “[a] loss from one source of income cannot be used to offset another source of income.” (Proposed USECP at 9). In its Order, the Commission directed PPL to clarify this policy, as it is unclear what situation or source of income PPL is referring to or how one source of income could offset another. (TO at 27-28). PPL explained that this provision was intended to prevent operating losses from self-employment or losses associated with rental properties being used to offset other forms of income. (PPL Response to PA PUC 1-19). PPL further clarified by updating its Proposed 2023 USECP with more specific language (Id. at Attachment p. 9).

CAUSE-PA appreciates this clarification and has no position on this provision. Nevertheless, we reserve the right to respond to Comments of other parties on this matter.

**i. Maximum Allowable OnTrack Credits: CAUSE-PA opposes PPL’s methodology for calculating its maximum CAP credits.**

In its Proposed 2023 USECP, PPL provides the maximum OnTrack credits that it intends to apply once it implements a 12-month program cycle. In its Order, the Commission noted that the average monthly credit has increased for all categories (EH and ENH) and among all income tiers (0-50% FPL, 51%-100% FPL, and 101%-150% FPL) - with the exception of a slight decrease for Electric Heating customers at the 101%-150% FPL income tier. The Commission directed PPL to provide information regarding how the proposed 12-month maximum OnTrack credit limits were determined. (Order at 28). PPL responded that it used a linear regression based on the previous 6 years of data to find the maximum allowable OnTrack credits that 95% of previously unsuccessful accounts would not have surpassed. (PPL Response to PA PUC 1-20).

Without knowing how many OnTrack customers previously were ‘unsuccessful,’ it is impossible to determine how many OnTrack customers are expected to be ‘unsuccessful’ under these

new OnTrack maximum credits. Regardless, it is CAUSE-PA's position that any planned failure rate is unacceptable. This expected failure rate essentially redlines the most vulnerable households and sets them up for failure. Low income households with extremely high usage tend to be those with mandatory medical usage that cannot be reduced, or those living in poor housing stock, where whether as renters or owners, they do not have the means or ability to control their usage. As discussed in more detail below, CAUSE-PA is also very concerned with PPL's lack of customer education and outreach regarding the maximum CAP credit exceptions that customers may request from the Company.

CAUSE-PA understands accounting and budget management purposes justify the creation of a stated and expected maximum CAP credit amount; however, the consequences of exceeding that maximum credit amount need not be punitive. Several other utility companies have maximum CAP credit policies that are not designed with the expectation that a pre-determined percentage of participants will fail – but are instead utilized to target assistance and education. The Commission has previously approved CAP cost control measures that utilize a CAP credit or usage thresholds as an opportunity to conduct targeted outreach to high usage households - triggering LIURP referral, energy education, and/or household usage review.<sup>23</sup> With the exception of CAP households which exceed 18,000 kWh, triggering auto-enrollment in WRAP, PPL's outreach and education to households at risk of exceeding their maximum CAP credits consists of a letter to the household that contains no information about possible exemptions to its maximum CAP credit.

While further recommendations regarding treatment of OnTrack customers who exceed their maximum CAP credits are below, CAUSE-PA recommends here that PPL continue to track data around any OnTrack households who do ultimately exceed their credit maximums and why they were

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<sup>23</sup> See Peoples Companies 2019-2024 USECP Final Order Docket Nos. M-2018-3003177, M-2020-3021343, P-2020-3017641, M-2014-243251 at 42 (Order entered June 7, 2022).

unable to reduce usage or be given a credit exemption. CAUSE-PA also strongly recommends that the Commission direct PPL to (1) clarify in its Proposed 2023 USECP that it will follow the CAP Policy Statement guidelines for exceptions to the maximum OnTrack Credits, and (2) conduct significant targeted outreach providing information regarding these exemptions to all OnTrack customers who have reached 50% and 80% of their maximum OnTrack credit limits. Not only allowing, but affirmatively seeking to apply appropriate exemptions to the maximum OnTrack credit limits will ensure that PPL's most vulnerable customers – including those with unique medical needs, serious illness, or who are unable to control their usage due to inefficient housing – will continue to receive an affordable OnTrack bill. Ensuring that customers are aware of these exemptions and how to request them is paramount for ensuring all Pennsylvanians can reasonably afford to maintain service to their home.

**j. OnTrack Budget Billing (OTBB): CAUSE-PA opposes PPL's continued use of OTBB for those customers who have reached their OnTrack credit maximums.**

PPL introduced OTBB in response to the Commission's directive that it allow OnTrack participants to remain in the program with budget billing after they exceed their CAP credit limits.<sup>24</sup> In its Order, the Commission requested information regarding the consequences to OnTrack customers of being enrolled in OTBB after reaching their OnTrack maximum credit threshold. The Commission expressed concern that of the 197 OnTrack related informal complaints filed with the Commission and reviewed by Commission staff between July 25, 2019, and November 15, 2021, over 28% were regarding OTBB (Order at 30).

PPL's responses show the Commission was correct to be concerned. From 2019 to 2021, once an OnTrack customer was placed on OTBB, their bill increased an average of 358.2%. Nearly

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<sup>24</sup> See PPL 2014-2016 USECP Final Order, Docket No. M-2013-2367021 at 19-23 (Order entered Sept. 11, 2014).

5,000 OTBB customers (26.5%) received shut-off notices and over 1,000 (5.5%) had their service terminated. As noted elsewhere, this time span includes the pandemic-related shut-off moratoria, potentially under-representing the extent of the problem. During this time, OTBB participants accrued “in-program arrears” amounting to roughly \$4.8 million. (PPL Response to PA PUC 1-21).

Notably, CAUSE-PA is concerned that PPL refers to OTBB arrears as “in-program” arrears, despite the fact that OTBB participants are charged their applicable budget billing amount based on the full tariff rate. It is unclear whether these households have access to payment arrangements to catch up on OTBB debts – compounding economic hardship for OnTrack participants who, again, are faced with an average monthly rate increase of over 350%.<sup>25</sup>

The documented outcomes for OTBB customers are unacceptable, and undermine the explicit intent and purpose of the program, which is to provide an alternative path to collections for economically vulnerable consumers who cannot afford to pay.<sup>26</sup> Rather than penalize low income households with high usage by imposing rates that they are categorically unable to afford, PPL should develop an outreach and education strategy to improve its support to households who are nearing or reaching the maximum CAP credit threshold.

Regarding PPL’s current outreach and education strategy for high usage CAP customers, as referenced above, in response to PA PUC 1-22, PPL confirmed that it continues to send letters to OnTrack customers once they reach 50% and 80% of their maximum credits, it also provided examples of these letters. (PPL Response to PA PUC 1-22, attachments). Nowhere in these

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<sup>25</sup> See 66 Pa. C.S. § 1405(c) Customer Assistance Programs – Customer Assistance Program rates shall be timely paid and shall not be the subject of payment arrangements negotiated or approved by the Commission.

<sup>26</sup> 52 Pa. Code § 69.261 (“CAPs are designed as alternatives to traditional collections methods for low-income customers.”); 66 Pa. C.S. § 2803 (defining ‘universal service and energy conservation’ as the “policies, protections and services that help low-income customers to maintain electric service. The term includes customer assistance programs, termination of service protection and policies and services that help low-income customers to reduce or manage energy consumption in a cost-effective manner...”); compare 66 Pa. C.S. § 1402 & 52 Pa. Code § 56.1 (explaining that Chapter 14 and 56, which establishes standards for residential billing, collections, and terminations, is intended to improve timely payment by residential customers who are “*capable of paying*”).

communications does PPL provide any information regarding applicable exemptions to maximum CAP credits, or how a consumer could request an exemption. In further response, PPL explains that it does grant exemptions, *when warranted*, but does not indicate any outreach or customer education regarding what the exemptions are and how to request them. (PPL Response to PA PUC 1-22, emphasis added). Troublingly, PPL states that it wants to limit the use of maximum credit exemptions because it believes that the maximum OnTrack credits are at the appropriate levels for its program participants. (Id.)

For OnTrack customers who face special hardships like a serious illness or reliance on medical usage, or who are unable to control their usage due to structural issues with their home or the lack of adequate heat or insulation, these exemptions allow OnTrack customers to continue to receive an affordable bill. However, PPL does not appear to be making any effort to identify high users who fall within these categories to exempt vulnerable households from the harsh and unduly punitive transition to OTBB. Further, because no information is provided to OnTrack customers to inform them of potential exemptions or how to exercise those exemptions, it is unreasonable for PPL to expect that CAP customers who reach the maximum credit limit will know to reach out to the Company, file a dispute with the Commission, or seek assistance from a community partner to waive the maximum credit limit. (PPL Response to PA PUC 1-22).

CAUSE-PA strongly recommends that the Commission direct PPL to strike the OTBB program as designed from its Proposed 2023 USECP. Instead, CAUSE-PA recommends that PPL move to a process similar to the process used by other utilities, and discussed briefly in the previous section, to perform affirmative targeted outreach to households who reach 80 / 100% of usage thresholds to determine the reason for and to actively remediate the high usage. If PPL determines through this outreach that an exemption applies, they would simply exempt that household and/or

provide them with targeted WRAP services. CAUSE-PA further recommends that PPL be required to provide data regarding mean and median usage of this segment of customers, as well as any attempts to provide WRAP services, and, if WRAP services are not successfully implemented, to explain why. If a CAP participant does not fit within the maximum CAP credit exemptions, and actively refuses to participate in usage reduction services, then and only then should PPL move that customer to OTBB until the end of their applicable 12-month program period.

**k. Minimum Payment Amounts: CAUSE-PA opposes PPL’s proposal to dramatically increase the minimum bill – a policy that will fall hardest on the most economically vulnerable households.**

In its Proposed 2023 USECP, PPL proposes increasing the OnTrack minimum payment amounts from \$12 to \$20 for ENH customers and from \$30 to \$40 for EH customers. (Proposed USECP at 13). In its Order, the Commission requested clarification regarding how the proposed OnTrack minimum payment amounts were determined and how many OnTrack customers will see an increase to their monthly bills. (Order at 31). In its response, PPL stated that they considered the CAP Policy Statement, the fact that PPL’s minimum payment amounts have not been increased for many years, proposed program benefits to offset the increase, and the costs borne by the Company’s ratepayers. They further estimate that approximately 5,459 customers could see in an increase in their monthly payment amounts as a result of its proposal to increase the minimum bill. (Response to PA PUC 1-23).

In its Final Order revising the formal CAP Policy Statement, the Commission explained:

The CAP Policy Statement recommends establishing minimum monthly payment requirements of at least \$18-\$25 for gas heating accounts, \$12-\$15 for electric non-heating, and \$30-\$40 for electric heating accounts.

...

Utilities are encouraged to consider alternatives to establishing an arbitrary minimum payment amount for each account type such as a tiered minimum payment structure based on

the household's FPIG level. Utilities should work with their USACs to develop CAP minimum payment proposals designed for the needs of their low-income customers.<sup>27</sup>

The proposed minimum billing amounts would constitute a 30% bill increase for heating customers and a 66% bill increase for non-heating customers. For ENH participants, the charge is between \$5-\$8 higher than the acceptable range identified in the Commission's CAP Policy Statement and is at the outer range of the Commission's recommendations for ENH CAP participants.

PPL argues that its proposal is justified based on the potential to drive programmatic savings and to offset the cost to other ratepayers. According to PPL's projections, the cost savings associated with imposing a higher minimum bill amounts to approximately \$1 million. (Response to PA PUC 1-4). But these cost savings do not account for the resulting increase in collections costs and uncollectible expenses that will likely result from PPL's proposal to substantially increase the minimum bill rate. On balance, CAUSE-PA submits that the cost savings to the program do not justify the substantial financial impact of PPL's proposal on more than 5,000 of PPL's most economically vulnerable consumers, who stand to face a substantial increase in rates and added strain on their ability to maintain safe electric service to their home.

PPL further justifies its proposed minimum bill increase, in part, on the fact that it has not raised the minimum bill amount in many years. This is an arbitrary basis to increase rates and should be roundly rejected by the Commission.

CAUSE-PA urges the Commission to reject PPL's proposal to increase its minimum bill amount, as this proposal is unsupported and may result in unjust and unreasonable rates for PPL's lowest income households. That said, if the Commission is nevertheless inclined to approve PPL to increase the minimum bill in this proceeding, CAUSE-PA recommends that the Commission limit

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<sup>27</sup> Final CAP Policy Statement and Order at 32, 37.

any approved increase to 25% for both EH and ENH minimum bill customers to reduce rate shock for those with household income at the lowest end of the poverty level who have become reliant on the current minimum bill standards.

**I. PPA Forgiveness: PPL should be required to provide PPA forgiveness for each in-full OnTrack payment.**

In its Order, the Commission requested that PPL clarify whether it allows OnTrack customers to receive PPA forgiveness for each on-time and in-full monthly payment regardless of OnTrack arrears, as well as retroactive PPA forgiveness for any months missed once the OnTrack balance is paid in full. (Order at 32). In response, PPL stated: “Yes, the customer will receive PPA forgiveness for each on-time and in-full monthly payment.” (PPL Response to PA PUC 1-24).

PPL’s response only answered the first part of the Commission’s question, confirming that it provides forgiveness when payments are both in-full and timely. It remains unclear whether PPL also provides retroactive PPA forgiveness if a CAP customer makes “catch-up” CAP payments after the original due date.

CAUSE-PA asserts that CAP customers should earn forgiveness for all in-full CAP payments – regardless of timeliness. Allowing CAP customers to earn retroactive forgiveness for “catch-up” payments provides a critical incentive for economically vulnerable households to prioritize payment on their CAP bill – while at the same time recognizing and accounting for the realities facing low income families, whose income and payment frequency is more likely to fluctuate from month to month.

**m. 12-month PA Forgiveness: CAUSE-PA supports PPL’s proposal to institute a 12-month arrearage forgiveness timeframe.**

In its Proposed 2023 USECP, PPL proposes to amend the timeframe for CAP customers to earn full arrearage forgiveness through OnTrack from 18 months to 12 months. (Proposed USECP at 3). In its Order, the Commission directed PPL to identify the projected annual cost of providing PPA forgiveness over various time periods (36, 24, 18, and 12 months) as well as to explain why the 12-month program cycle was chosen. PPL provided the requested data and explained that it selected a 12-month program cycle based on analysis of overall participant success. PPL also noted that the 12-month program cycle was a recommendation it received in its six-year USECP evaluation (Response at PA PUC 1-25).

CAUSE-PA has no comment on the cost analysis provided at this time. As explained above, CAUSE-PA supports PPL’s proposal to decrease the timeframe for arrearage forgiveness to 12 months. CAUSE-PA reserves the right to file reply comments to the analysis or recommendations of other parties on this issue.

**n. Late Payment Charges: CAUSE-PA supports PPL’s exemption of OnTrack participants from late payment charges.**

In its Order, the Commission requested that PPL clarify whether OnTrack customers are exempt from late fees, as its Proposed 2023 USECP does include any acknowledgment of such a policy. (Order at 33). In response, PPL indicates that late payment charges are waived for OnTrack customers. (PPL Response to PA PUC 1-26).

CAUSE-PA supports PPL’s proposal to exempt OnTrack customers from late fees. We agree with the Commission that adopting this proposed change is consistent with Section 69.265(6) of the amended CAP Policy Statement. As the Commission noted, the Proposed 2023 USECP fails to indicate whether OnTrack customers are exempt from late payment charges or fees. As such, we

request that the Commission direct PPL to amend its USECP to clearly indicate that OnTrack customers are exempt from late payment charges and/or fees. With this change clearly delineated in the Plan, we urge the Commission to approve this proposal.

**o. Refund of Security Deposits: CAUSE-PA has concerns relating to PPL’s method of refunding security deposits to OnTrack-eligible customers.**

In its Order, the Commission noted that PPL’s Proposed 2023 USECP does not describe its policy or practices regarding its application of and adherence to the statutory prohibition on assessment of a security deposit for OnTrack-eligible customers. The Commission directed PPL to describe its policy and procedures regarding security deposits for OnTrack-eligible customers. (Order at 34). PPL explained in response:

When a customer is made eligible for OnTrack and they have an active security deposit on the account, PPL Electric’s system will do one of the following:

- If the deposit has been quoted, but not billed, the security deposit will be waived automatically,
- If the deposit has been billed but not paid, the security deposit will be credited back to the account automatically.
- If the deposit has been paid, either partially or in full, the security deposit will be refunded back to the account along with interest.

(PPL Response to PA PUC 1-27). PPL did not provide any further clarification regarding its policy or procedure for waiving security deposits for OnTrack-eligible customers who do not seek to enroll in the program.

Section 1404(a.1) of the Public Utility Code provides that “no public utility may require a customer or applicant that is confirmed to be eligible for a customer assistance program to provide a cash deposit.”<sup>28</sup> The Commission’s regulations further clarify this statutory prohibition, explaining:

A customer is confirmed to be eligible for a customer assistance program by the public utility when the customer provides income documents or other information that he or she is eligible

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<sup>28</sup> 66 Pa. C.S. 1404(a.1).

for state benefits based upon household income eligibility requirements that are consistent with those of the public utility’s customer assistance program.<sup>29</sup>

To be clear, these statutory and regulatory provisions establish a prohibition – not a waiver – on the assessment of security deposits for low income households.

PPL’s response suggests that it may be assessing security deposits on low income households who do not actively seek to enroll in OnTrack, but are otherwise known to PPL to be low income through participation in another program or receipt of an income-based payment arrangement. Such a practice is contrary to the explicit prohibition in Chapters 14 and 56, which clearly provide that a low income consumer is not required to apply for or enroll in OnTrack for the security deposit prohibition to apply.

CAUSE-PA recommends that the Commission require PPL to revise its security deposit policies to ensure security deposits are not collected from any confirmed low income households – and are timely released once PPL receives information indicating the household is low income.

Regarding the timely release of previously assessed security deposits, the Commission’s regulations provide that a public utility “shall refund a deposit, along with any applicable interest, within 60 days upon determining that the customer or applicant from whom a security deposit was collected is not subject to a deposit under § 56.32(e) (relating to security and cash deposits) or § 56.41(4) (relating to general rule).”<sup>30</sup>

As explained throughout these comments, low income consumers struggle profoundly to afford life’s most basic necessities – and regularly face disproportionately high energy burdens, even when enrolled in OnTrack. Return of an inappropriately assessed utility security deposit can make a tremendous difference for a low income family – the difference between purchase of medicine or

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<sup>29</sup> 52 Pa. Code § 56.41(4) (Cash deposit prohibition).

<sup>30</sup> 52 Pa. Code § 56.53(e).

medical care, food, water, or rent. The General Assembly recognized this profound struggle and *prohibited* utilities from collecting a security deposit from households that are determined to be income eligible for assistance through CAPs.

Once it has been determined that a customer has income at or below 150% FPL, any previously collected security deposit should be returned to the customer – and should only be applied to the customer’s account if requested. It is critical that low income households timely receive security deposit refunds if one has been assessed and also retain the ability to direct how a previously paid security deposit is refunded. CAUSE-PA therefore urges the Commission to direct PPL to amend its Proposed 2023 USECP to automatically release and refund security deposits to low income customers or - at a minimum - to provide the customer with the choice on how to apply the amount to their bill.

**p. Voluntary Removal from OnTrack**

In its Proposed 2023 USECP, PPL proposes that customers requesting to be removed from OnTrack before the end of the program cycle not be permitted to reenroll until the end of the original program cycle. PPL further proposes that OnTrack customer accounts that are terminated for nonpayment may resume participation through the end of the program cycle upon reconnection. (Proposed USECP at 14-15). In its Order, The Commission notes that PPL proposed a similar policy in its 2017 USECP claiming that the stay-out provision was necessary because it would dissuade customers from leaving the program when the OnTrack bill is higher than actual usage. (Order at 34). The Commission was unpersuaded by PPL’s argument at the time, explaining that PPL had provided no data to support its concern. (October 2017 Order at 26-27). The Commission directed PPL to explain its reasoning for re-proposing this stay-out provision, if its reasoning is similar to its reasoning in 2017, PPL was directed to provide supporting data. (Order at 35).

In response, PPL clarified that it will only impose a stay-out until the end of that customer's initial 12-month program period if they are (1) in OTBB status, or (2) OnTrack Collections. For the latter group, PPL explains that participants removed from OnTrack while in collections may return to OnTrack once they pay their missed OnTrack installments. (PPL Response to PA PUC 1-28). While not explicitly stated in PPL's response, it appears that PPL does not intend to impose a stay-out period for CAP participants that voluntarily remove themselves from CAP and later seek to reenroll.

As explained in detail above, CAUSE-PA does not support PPL's OTBB policy. As such, we do not support PPL's proposal to impose a stay-out on OTBB participants. We note that it appears PPL is treating OTBB participants both as OnTrack and non-OnTrack customers – imposing a stay-out on program re-entry while classifying arrears accrued through OTBB as “in-program arrears”, potentially disqualifying the household from seeking a payment arrangement. CAPs are designed to provide an alternative collections path – ensuring participants are provided with a consistent level of affordability that enables the consumer to maintain service to their home.<sup>31</sup> PPL's OTBB undermines these explicit goals, exacerbating payment trouble for high-usage low income households who are often least able to control their usage.<sup>32</sup>

Similar to its October 2017 Order, CAUSE-PA recommends that the Commission require PPL to clarify its Proposed 2023 USECP to allow any prior OnTrack customer to be re-instated into

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<sup>31</sup> 52 Pa. Code § 69.261 (“CAPs are designed as alternatives to traditional collections methods for low-income customers.”); 66 Pa. C.S. § 2803 (defining ‘universal service and energy conservation’ as the “policies, protections and services that help low-income customers to maintain electric service. The term includes customer assistance programs, termination of service protection and policies and services that help low-income customers to reduce or manage energy consumption in a cost-effective manner...”); compare 66 Pa. C.S. § 1402 & 52 Pa. Code § 56.1 (explaining that Chapter 14 and 56, which establishes standards for residential billing, collections, and terminations, is intended to improve timely payment by residential customers who are “*capable of paying*”).

<sup>32</sup> Drehobl, A., Ross, L., and Ayala, R., “How High Are Household Energy Burdens? An Assessment of National and Metropolitan Energy Burden Across the United States,” Table 1, page 4 “Key drivers of household energy burdens,” ACEEE, published September 2020, available at <https://www.aceee.org/sites/default/files/pdfs/u2006.pdf>

OnTrack if they pay the OnTrack catch-up amount at any time during the program period. (October 2017 Order at 27-28).

**q. OnTrack Final Billing: CAUSE-PA opposes PPL’s method for calculating its OnTrack Final Billing amount.**

PPL did not describe its OnTrack final billing procedures in its Proposed 2023 USECP. In its July 14 Order, the Commission directed PPL to describe its current OnTrack final billing policy and explain whether it has changed its policy since the Commission’s CAP Final Billing proceeding. PPL was also directed to address how its final OnTrack billing policy reflects compliance with relevant statutes and regulations. (Order at 36). The Commission further explains that it is not opposed to PPL’s practice of charging the residential tariff rate for usage in a final bill *where the tariff rate is less than the prorated OnTrack billing price*, however they are concerned that OnTrack customers may be charged more than their prorated OnTrack billing price for usage incurred during their final billing period. (Order at 36, emphasis added).

In response, PPL explains that it treats a request to discontinue service as a customer voluntarily leaving OnTrack. As such, PPL argues that “the only ‘rate applicable to service rendered to’ that ‘patron’ under Section 1303 of the Public Utility Code is the full residential rate.” (PPL Response to PA PUC 1-29 (citing 66 Pa.C.S. § 1303)).

CAUSE-PA finds this to either be a significant misreading or a complete disregard of the CAP Final Billing Order. The Commission has already provided substantial guidance indicating that a CAP customer should be treated as such when service is disconnected or terminated, and should not be prematurely removed from the program before a final bill is issued. Requiring low income customers to pay the full tariff rate bill, *along with any unforgiven arrears*, is punitive. Given low income households tend to relocate more frequently than higher income households, this punitive impact can be cumulative – adding substantially to the heavy financial toll of poverty.

In Joint Comments to the Commission’s Staff Review of CAP Final Billing Methods, the Low Income Advocates set forth a series of overarching principles, which we believe should guide decisions regarding CAP final bill policies:

1. Affordability must be the primary goal of any CAP final bill policy solution.
2. Charges on a final CAP bill should not exceed actual usage.
3. CAP customers should remain in CAP after service is terminated or discontinued.
4. CAP final bills should not include a budget bill true-up amount.
5. CAP final bills should clearly indicate the amount needed to restore service.<sup>33</sup>

In those Joint Comments, we noted that a household *remains a customer of a public utility for 30 days after service is terminated or discontinued*, and that *customers* who are enrolled in CAP at the time service is disconnected or terminated should remain in CAP and should receive the full benefits of CAP on their final bill.<sup>34</sup> It is through this policy lens that we recommend changes and/or clarification of PPL’s OnTrack final bill policy.

In addition to the financial burden that PPL’s policies and procedures for OnTrack Final Billing places on the low income customer, there are many details not addressed in PPL’s response. For example, if an OnTrack customer is moving between residences in the PPL service area, it is unclear whether they will be required to reenroll in OnTrack – or if their OnTrack enrollment will transfer to the new address. If the latter, it is unclear whether the OnTrack customer would nevertheless be final-billed at their prior residence for the full residential tariff rate.

Relocation can be a particularly stressful time for individuals and families and causes households to incur substantial additional costs associated with a move. This is especially true for

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<sup>33</sup> Staff Review of Customer Assistance Program (CAP) Final Billing Methods, Order, Docket No. M-2019-3010190, (order entered March 12, 2020).

<sup>34</sup> Id.

low income families, who may relocate more frequently than higher income households – either voluntarily or by force.<sup>35</sup> Due to the high cost of relocation, as well as the well-documented shortage of affordable housing options,<sup>36</sup> low income households often experience a gap in time between residences – often spending more than 30 days in a temporary shelter, hotel, or transitional housing program while they apply for housing assistance, find an affordable rental option, and/or gather the resources to pay a down-payment. To put additional financial burdens on these households is unacceptable to CAUSE-PA.

If an OnTrack customer voluntarily requests to discontinue service or is subject to an involuntary termination and is later final billed for the partial billing period, PPL should be directed to charge the OnTrack rate for the days the customer was enrolled in OnTrack or the actual billed amount – whichever is more advantageous for the consumer.

Upon final billing, OnTrack customers are not charged the rates that are applicable on the day the services were used, they are being charged a potentially significantly higher rate. This is neither fair nor equitable treatment, and contrary to the requirements of the Public Utility Code.<sup>37</sup> CAUSE-PA therefore strongly opposes PPL’s stated policy of charging OnTrack customers a pro-rated bill at the full residential rate. CAUSE-PA recommends that PPL apply the following steps in calculating a final bill:

1. Determine the prorated PIP or ASP rate for the final billing month.
2. Determine the bill based on actual usage for the final billing month.
3. For minimum bill customers, determine the prorated daily minimum bill rate for the final billing month.

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<sup>35</sup> Phinney, R., Exploring Residential Mobility among Low-Income Families, Social Service Review, 87(4) (2013), 780-815. doi:10.1086/673963.

<sup>36</sup> National Low Income Housing Coalition, “Pennsylvania - The Gap,” accessed September 21, 2022, available at <https://nlihc.org/gap/state/pa>

<sup>37</sup> 66 Pa. C.S. § 1303; Staff Review of Customer Assistance Program (CAP) Final Billing Methods, Final Order, Docket No. M-2019-3010190, at page 22 (filed March 12, 2020).

4. Charge the lesser of the actual bill, the daily prorated OnTrack bill, or (if applicable) the daily prorated minimum bill for the number of days service was connected during the final billing cycle
- r. **Adopt Amended CAP Recertification Timeframes: CAUSE-PA opposes PPL's proposal to shorten the timeframe for OnTrack recertification.**

In its Proposed 2023 USECP, PPL proposes to adjust its recertification timeframes for OnTrack enrollees. For OnTrack enrollees who do not receive LIHEAP or SSI, the recertification timeframe will decrease from 18 months to 12 months, for OnTrack enrollees who do receive LIHEAP and/or SSI, their recertification timeframe will decrease from 36 months to 24 months, and for those enrolled in OnTrack Lifestyle, the recertification timeframe will decrease from 9 months to 6 months. (Proposed 2023 USECP at 12, 2017 USECP at 13, 16). In its Order, the Commission expressed concern about PPL's proposal to shorten the recertification timeframes for OnTrack (with the exception of OnTrack Lifestyle enrollees), and correctly indicated that more frequent recertification may result in more income-eligible customers unnecessarily being removed from OnTrack. (Order at 37). Accordingly, the Commission directed PPL to provide the following information:

- The annual number of customers removed from OnTrack in 2018 and 2019 for failure to recertify, and how many enrolled within six months of removal
- The annual number and percentage of OnTrack recertifications in 2018 and 2019 resulting in a customer being removed for being income-ineligible.
- The projected impact of the proposed OnTrack recertification timeframes on annual program removals from 2023-2027. (Order at 37).

In its response, PPL reports that between 2018 and 2019, 15,276 OnTrack customers were removed from OnTrack for failure to recertify and just 6,936 were re-enrolled within 6 months. PPL does not track the reasons for removal from OnTrack, and presumes that as in 2018 and 2019,

approximately 45% of customers who initially fail to recertify ultimately will re-enroll in the program. (PPL Response to PA-PUC 1-30).

PPL offers no justification in its USECP for shortening the recertification timeframes below those recommended in the CAP Policy Statement. As the Commission notes in its Order:

The most common reason customers are removed from CAPs is due to failure to recertify<sup>38</sup>. The more frequent the recertification, the more likely it is that households will be removed from the program for failing to send in required documentation.

(Order at 38 (quoting November 2019 Order at 68)).

CAUSE-PA urges the Commission to require PPL to establish OnTrack recertification timeframes which are consistent with the 2019 CAP Policy Statement. Twenty-four months for customers who do not receive LIHEAP nor have a fixed income source, 36 months for customers who receive LIHEAP and/or are on a fixed income, and 6 months for those on OnTrack Lifestyle. In addition, only customers who truly have zero income should be required to recertify every 6 months. Customers who have provided letters of financial support, or other documentation that shows they do have some form of earned or unearned income should be moved to the standard recertification timeframes.

**s. OnTrack Lifestyle (OTLS) Recertification: CAUSE-PA opposes PPL's lack of acceptance of an attestation to recertify in OTLS after 12 months.**

In PPL's Proposed 2023 USECP, PPL discusses the purpose of its OnTrack Lifestyle program stating,

[T]here are special household situations where the Company will enroll a customer in OnTrack but require the customer to update their income information every six months instead of every 12 months. The Company refers to this special situation as OnTrack Lifestyle("OTLS"). The purpose of OTLS is to address situations where customers' incomes are less than or equal to their mortgage payments or rent or they report zero income. In effect,

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<sup>38</sup> For example, see FirstEnergy 2017 APPRISE Universal Service Impact Evaluation at 22. [http://www.puc.pa.gov/general/pdf/USP\\_Evaluation-FirstEnergy.pdf](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.

the customers reported that they did not have enough income but somehow managed to pay their mortgage/rent and OnTrack payments. This gave rise to concerns that customers might not be reporting all sources of household income or other resources.”

(PPL Proposed 2023 USECP at 12).

CAUSE-PA finds this program to be unnecessary and punitive for low income households. Customers reporting zero income have a specific process they need to follow that is part of OnTrack but also more stringent in terms of recertification. Verifying income every 6 months for households reporting zero income is reasonable, and reverifying can ensure that if there is income, the utility payment determined is affordable. With the zero income verification process in place, CAUSE-PA questions the need to have an additional layer of process to check on low income households that are reporting some limited income and making their OnTrack payments. If customers are falling behind, it would be understandable for PPL to check in. That process should be reserved only for those who are falling behind. The Commission states in its Final CAP Policy Statement that “while the most common reason customers are removed from a CAP is due to failure to recertify, we acknowledge that frequency of recertification is a significant but not sole determinant of this suboptimal outcome. Another barrier is the process itself.”<sup>39</sup> The Commission additionally states that utilities should find more effective ways to communicate their recertification policies and processes and should develop more efficient means of collecting appropriate information from customers to minimize disruption in CAP participation.<sup>40</sup>

In its Proposed 2023 USECP, PPL proposes to require additional evidence of eligibility to recertify in OTLS after 12 months, such as bank receipts, back statements, and/or support letters to

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<sup>39</sup> Final CAP Policy Statement and Order at 69.

<sup>40</sup> Final CAP Policy Statement and Order at 69-70.

explain how the customer is meeting their expenses. PPL also proposes to disallow continued recertifications by submitting a self-declaration statement. (Proposed 2023 USECP at 13).

In its Order, the Commission stated that it is reasonable to request additional information to verify how living expenses are being met or addressed. However, it directed PPL to explain what documentation or information would be considered sufficient to allow a customer to recertify in OTLS beyond 12 months. (Order at 39). PPL responded that it would accept documentation including “bank statements, current lease, and/or support letters from other sources of income.” (PPL Response to PA PUC 1-31). PPL further explained that it is not looking to remove the customers from the program, but rather confirm eligibility. (Id.)

While PPL lists the kinds of documentation it is looking for, it does not explain how that information will be reviewed or when it might be considered “sufficient” to allow ongoing participation in PPL’s OTLS. Indeed, this is because PPL is attempting to require proof of a negative – proof that the household does not have adequate income to cover expenses. Short of a full audit of the household’s finances, it is unclear how an OnTrack participant will be able to demonstrate the extreme financial hardship they face.

Again, lack of recertification is the most common reason that households are removed from CAPs. For those at the lowest income levels, the burden of gathering paperwork and third-party attestations, are likely even more pronounced than those living at 50% - 150% FPL. PPL should be working to streamline enrollment and reduce barriers for its most economically vulnerable customers – not impose additional paperwork requirements on those already struggling profoundly to make ends meet.

CAUSE-PA believes the OTLS program is flawed and unnecessary, and we recommend the Commission direct PPL to remove the program from its USECP. Nevertheless, if the Commission

allows for the OTLS program to continue, CAUSE-PA submits that - at a minimum - PPL should continue to allow OTLS customers to provide updated information and recertify through submission of a self-certification that their financial situation has not changed.

**t. OnTrack Lifestyle Enrollments**

In its Order, the Commission directed PPL to provide the total number and percentage of OnTrack customers enrolled in OTLS annually from 2018 through 2021, and also requested that PPL identify how many of those customers were later enrolled in OnTrack, remained in OTLS past 9 months, had service terminated, or were subsequently determined income-ineligible. PPL provided the requested information at PA PUC 1-32.

CAUSE-PA notes that, while the Commission did not ask PPL to provide the costs to administer the OTLS program, reviewing the number of enrolled customers requiring recertification every 6 months, that cost may be significant - diverting financial resources that could be used to support other USECP programming. As noted in the prior section, the OTLS program appears to be onerous, redundant, and unnecessary. As such, we submit the added administration and implementation costs are likewise unnecessary.

**u. Credit Checks and Fraud Investigations – CAUSE-PA does not support PPL’s proposed Credit Checks and Fraud Investigation procedure.**

In its Order, the Commission notes that PPL’s Proposed 2023 USECP sets forth a proposal to utilize external data – such as a credit check – to investigate potential fraud. (Proposed 2023 USECP at 15). The Commission explains that PPL identifies how it will notify consumers of an adverse credit action in accordance with the Fair Credit Reporting Act, but does not describe whether a customer is given the opportunity to address or refute potential evidence of fraud prior to PPL taking the proposed adverse actions. Accordingly, the Commission directed PPL to provide additional information regarding the fraud investigation process, including whether there is a timeline provided

for the customer to dispute the report findings; when PPL will take adverse action if the customer fails to respond or responds insufficiently; if or how the customer may appeal a finding of fraud; and the number of fraud investigations and instances of fraud discovered annually from 2018 through 2021. (Order at 40-41).

PPL responded that a customer has 20 days to refute findings of fraud, and presumably, PPL will take adverse action after those 20 days – though its response is unclear on that point. PPL intends to direct customers to appeal a finding of fraud through its post-termination communications and contends that it is acting in compliance with Section 56.98(b) of the Commission's regulations to “make a good faith attempt to provide a post-termination notice...” PPL also explains that because it does not have a current approved fraud procedure, it has not tracked any instances of fraud.

It is unclear whether PPL has never had any cause to conduct a fraud investigation, or whether it has previously conducted such an investigation and simply has not found any evidence of fraud. In either case, considerably more information would be required before CAUSE-PA could present a position on PPL's proposed fraud investigation procedure.

At this point, CAUSE-PA recommends that the Commission reject PPL's proposed fraud investigation procedure, given the lack of documented need for the program and lack of clarity regarding how adverse actions will be taken against any low income customer accused of fraud. Before approving a fraud procedure, the Commission should require that PPL produce actual evidence supporting the need for such a program; project and justify the estimated administrative cost of its proposed program; and allow the Commission and stakeholders to review PPL's proposed communications with an accused customer, including notice that they have been flagged for a potential fraud investigation, notice of findings, notice of how to appeal *before* an adverse action is taken, and notice regarding remedies after the fact.

## **v. Outreach and Education**

In its Order, the Commission directed PPL to provide a proposed Consumer Education and Outreach Plan. (Order at 41). In response, PPL provided its “Outreach and Education Plan,” an overview of the Company’s past, current, and future outreach plans. (PPL Response to PA PUC 1-34). PPL explained that it provides selected documents in Spanish, but does not indicate whether it provides universal service program documents translated into any other language.

Consumer education and outreach is of critical importance. CAUSE-PA is encouraged to see PPL set forth a targeted outreach and education plan that includes telephonic, online, and social media outreach efforts to engage with low income customers. That said, PPL’s CEOP consists of just a few pages of text, and includes sweeping categories of information and generalities about its outreach and education efforts. In short, PPL’s CEOP lacks critical detail to assess *how* PPL will target its messaging and outreach to specific customer groups and across the low income communities it serves. Given the number of issues in this present proceeding, and the time constraints inherent in the Commission’s plan review process, CAUSE-PA recommends that the Commission direct PPL to continue to work with parties and stakeholders through its Universal Service Stakeholder Committee (USAC) to develop a fully articulated CEOP that provides further details and clearly articulates PPL’s Plan to both identify target communities and perform robust outreach and education across communities it serves. These discussions should specifically include development of a refined language access plan, which advances the accessibility of universal service programs to consumers with limited English proficiency.

## 2. Low Income Usage Reduction Program (LIURP / WRAP)

In its Proposed 2023 USECP, PPL advances several proposals to amend its LIURP, commonly known as WRAP. CAUSE-PA's comments in response to PPL's WRAP proposals are as follows. For ease, we have organized our comments to align with the issues identified in the Commission's Order.

- a. **WRAP Eligibility: CAUSE-PA supports PPL's proposal to spend up to 20% of its LIURP annual program budget on special needs customers that are between 151% - 200% FPL.**

In its Order, the Commission summarized PPL's proposed eligibility criteria to access WRAP services as follows:

The Proposed 2023 USECP states that for a customer to qualify for WRAP, *inter alia*, household income must be at or below 150% of the FPIG and using at least 6,000 kWh annually. In addition, the Proposed 2023 USECP further states that PPL "will serve up to 20% of customers that are between 150% and 200% of the FPIG through its LIURP budget." Proposed 2023 USECP at 25. This includes "special needs" customers as defined by the Commission, multi-unit projects that could best benefit from "whole building" treatments, and customers referred through inter-utility coordination. Proposed 2023 USECP at 25.

(Order at 43).

The Commission then notes that the Proposed 2023 USECP is not consistent with LIURP regulations at 52 Pa. Code § 58.10(c), as it does not make a distinction between customers with income at 150% FPL and special needs customers with income at between 151% and 200% FPL, who can be served utilizing up to 20% of PPL's LIURP budget. (Order at 44). The Commission directed PPL to clarify the inconsistency, and to identify if eligible customers with household incomes at 150% FPL are required to be "special needs" and whether funding for services for these customers are included in the 20% of the LIURP budget spent on customers within the 151% and 200% FPIG tier. (Order at 44).

PPL responded that it will spend *up to* 20% of its LIURP annual program budget on special needs customers that are between 151% - 200% FPL, including customers living in multi-unit projects who could best benefit from “whole building” treatments as well as customers referred through inter-utility coordination. PPL also clarified that it defines special needs as any customer who has an arrearage with PPL and whose household income is at or below 200% FPL pursuant to 52 Pa. Code § 58.2. PPL nevertheless clarifies that it will only spend *up to* 20% of its LIURP annual program budget on special needs customers with household income between 151% and 200% FPL. Customers with a household income at 150% FPL would receive LIURP under the remainder of the LIURP annual program budget, which remains available to all households with income at or below 150% FPL. (PPL Response to PA PUC 1-35).

CAUSE-PA supports PPL’s proposal to continue setting aside up to 20% of its budget to serve households that fall within the 151-200% FPL tier to help reduce energy consumption and resulting bill costs. Access to LIURP services is crucial for high-usage households between 151-200% FPL, as households within this income bracket are often ineligible for bill-payment assistance – though they may struggle with high energy burdens due to housing inefficiencies, and lack resources necessary to invest in upgrades to reduce home energy costs.<sup>41</sup> Ongoing flexibility to serve households at this income level also helps to promote coordination and leveraging the federal Weatherization Assistance Program (WAP), which is available to households with income up to 200% FPL.

CAUSE-PA appreciates PPL’s clarifications and is satisfied that the proposed update will bring PPL’s LIURP eligibility criteria in line with PUC regulations.

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<sup>41</sup> See Pathways PA, Ctr. for Women’s Welfare, Univ. Wash., Self Sufficiency Standard: Pennsylvania, available at: [www.selfsufficiencystandard.org/pennsylvania](http://www.selfsufficiencystandard.org/pennsylvania)

**b. Post-Installation Inspections: CAUSE-PA requests further clarification on PPL's post installation inspection policies.**

In its Proposed 2023 USECP, PPL proposes to target a minimum of 30% of all full-cost jobs for a site inspection, and will conduct phone inspections for a minimum of 25% of baseload and low-cost jobs. (Proposed 2023 USECP at 23-24). In its Order, the Commission directed PPL to explain the methodology it uses to select the 30% and 25% percent of jobs for inspection. The Commission further directed PPL to explain what a phone inspection entails and whether recipients of full cost jobs will receive phone inspections if they are not chosen to receive a site inspection. Finally, the Commission directed PPL to provide its usage threshold for additional education and services if a customer's usage increases within 12 months after installation of WRAP measures. (Order at 45).

PPL's response does not fully provide the requested information. Regarding methodology, PPL merely states that it assigns the majority of full cost jobs for field inspections, and those that are not assigned for field inspections are assigned for phone inspection. PPL does not, however, explain how it decides which jobs will be assigned. There is no mention of how PPL prioritizes which jobs are targeted and selected for inspection, and it is still unclear what methodology PPL uses when assigning either full cost or low-cost jobs for inspection. PPL maintains that all baseload jobs are assigned for phone inspection monthly and are contacted until 25% of the total assigned are completed, and inspection may be waived for all job types if minimal measures are provided. (PPL Response to PA PUC 1-36). PPL further responds that the objectives for phone inspections include 1) to confirm that measures invoiced were installed, 2) to assess customer satisfaction, 3) to capture demographic data needed for its annual LIURP report, 4) to assess if the customer needs follow up

regarding their bill, and 5) to offer Full Cost recipients follow-up energy education. (PPL Response to PA PUC 1-36).

Finally, PPL clarifies that it runs a monthly report of program participants 11-months from final installation date to identify usage changes. Customers with a usage increase or decrease of 10% or greater receive a letter either recognizing the saving or alerting to the increase. This list of customers is also provided to the contractors to review for possible additional measures or remedial energy education. (PPL Response to PA PUC 1-36).

CAUSE-PA recommends that the Commission direct PPL to provide further clarification on the methodology used to select post installation inspections. We also recommend that PPL issue a follow-up letter to all LIURP participants at 6 and 12-months post-installation to inform them of their total savings from the WRAP services provided and additional education and information about other available conservation measures. While only a portion of LIURP jobs may be subject to inspection, all LIURP participants should be re-engaged following the provision of services to reinforce conservation behaviors and drive longer-term savings potential.

**c. Usage Requirements for Inter-Utility Coordinated Jobs: CAUSE-PA supports PPL's proposal to waive the minimum usage requirement when coordinating WRAP services with other weatherization programs.**

In its Order, the Commission directs PPL to clarify whether it intends to waive the minimum usage requirement when coordinating WRAP services with DCED's WAP, gas utility LIURP/weatherization programs, or county weatherization programs. (Order at 46). PPL confirms that, as the Commission previously approved, it waives the minimum usage requirements when coordinating work with other weatherization programs. (PPL Response to PA PUC 1-37).

CAUSE-PA strongly supports policies that advance effective coordination, such as PPL's waiver of its high usage threshold to allow for coordination of WRAP services with DCED's WAP,

gas utility LIURP/weatherization programs, and county weatherization programs in accordance with the budget and resources of these other programs. Further, the Commission’s own LIURP regulations require coordination of services across local, state, and federal efficiency, conservation, and weatherization programs. Section 58.7 provides: “A covered utility *shall* coordinate program services with existing resources in the community.”<sup>42</sup>

We recommend that the Commission direct PPL to amend its Proposed 2023 USECP to explicitly state that it will waive high usage requirements when coordinating WRAP services with other weatherization programs. In turn, to further advance coordination efforts across its service territory, PPL should be required to further define and explain *how* it intends to coordinate LIURP services with WAP and other efficiency programs within its Proposed 2023 USECP. Coordinated service delivery can take many forms, from cost-sharing to common applications. For example, PPL may allow contractors to install certain LIURP measures while performing work for a low income PPL customer through WAP. CAUSE-PA strongly supports efforts to coordinate service delivery and leverage resources to provide the most comprehensive services in each home. However, the Commission – and the public – should better understand how PPL is coordinating services and how costs and savings from coordinated jobs are tracked and reported.

As noted below, we have concerns about PPL’s reduction in the number of WRAP contractors from twenty-four to seven, and the impact that reduction will have on the ability to effectively coordinate the delivery of comprehensive, leveraged efficiency programming to low income households. (See Proposed 2023 USECP at 30, 45). Given this additional barrier to coordination, PPL must work even harder to advance explicit coordination policies and procedures and to build strategic relationships and partnerships to enhance coordination in energy efficiency program services and

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<sup>42</sup> 52 Pa. Code § 58.7(a).

delivery. As discussed further below, we strongly recommend that PPL reinstitute contractual relationships with local, community-based weatherization providers to ensure services are well coordinated between WRAP and WAP or other local weatherization programs.

**d. Quality Control and Contractor Requirements: PPL should be required to ensure that its WRAP certification requirements are consistent with the certification requirements for Weatherization Assistance Program providers.**

In its Order, the Commission notes that the Proposed 2023 USECP removes the previously approved provision regarding contractor certification requirements and does not include any further detail regarding contractor certifications. Accordingly, the Commission directed PPL to provide details of its certification requirements for contractors and PPL or other staff conducting field observations. (Order at 46).

In response, PPL provided a list of qualifications that it requires its WRAP contractors to meet. First, contractors must assure that all workers that conduct field observations have the appropriate Building Performance Institute (“BPI”) Certifications or Pennsylvania State equivalent certification. Further, some WRAP jobs may require at least one installer that is certified in Lead Renovation, and PPL may require additional certification during the contract period based on industry standards and requirements. Last, PPL staff conducting field observations must adhere to procedures, customer interactions, OnTrack education, and soft skills. (PPL Response to PA PUC 1-38).

It is unclear whether PPL’s proposal to require contractors to meet BPI certification requirements is in line with the training and certification requirements for WAP contractors. Alignment of contractor training requirements is another important aspect of effective coordination, and would help ensure that PPL’s WRAP contractors meet the same quality and standards required by contractors who perform weatherization services through WAP.

**e. Customer Consent: CAUSE-PA has several concerns regarding PPL's customer consent policies and requests further information.**

PPL states in its Proposed 2023 USECP that customers must consent prior to the start of any WRAP work and must agree to participate in the energy audit and energy education sessions but does not provide any further detail regarding how PPL obtains and documents consent from the customer. (Proposed 2023 USECP at 26). Accordingly, the Commission directed PPL to clarify how customer consent for WRAP services is obtained, and if it is by writing, to provide a copy of its consent form. (Order at 47). PPL clarified that customers applying for WRAP services online give their consent when the application is submitted and, similarly, those who submit a paper application provide their consent on the application. Those applying over the phone sign the consent form at the time of the audit, when contractors can obtain the signature on paper or electronically in LEAP. PPL attached the application and consent form as requested. (PPL Response to PA PUC 1-39).

CAUSE-PA is concerned that certain provisions in PPL's consent form are unduly harsh, resulting in inequitable services to low-income renters.

First, PPL's form includes the following language:

In Consideration for PPL agreeing to pay for the costs related to the above, you, on behalf of yourself, all residents in your home, minor children, intending to be legally bound, do hereby release PPL Electric Utilities Corporation, its parent, affiliates, and employees of and from all suits, claims, demands, actions, damages or contributions, for whatever reasons, including alleged negligence, arising out of, resulting from, or in any manner caused by or in connection with the above including the performance of such authorized WRAP contractors or any equipment or materials they furnish or install. By signing this document, you will not be releasing the authorized WRAP contractor from liability for its work.

(PPL Response to PA PUC 1-39 Attachment at 2).

Through this provision, PPL is requiring applicants to waive any and all claims for damages to property or any person in their household – even if the harm was caused by negligence – for work

done in their home. This is a very broad waiver and may serve to deter homeowners and renters alike from participating in the program.

The form goes further, requiring participants to affirm that they may “be penalized for making false or incomplete statements,” with penalties that may include removal from WRAP and repayment of all costs for services and weatherization measures provided by WRAP. CAUSE-PA does not oppose denial of WRAP if fraudulent information is submitted by the customer; however, we have concerns about the scope of this affirmation, as it penalizes “incomplete statements” without any inquiry into requisite intent. This policy could result in a uniquely unfair outcome for tenants, who have no control over statements made by the building owner – yet would be liable to pay for the measures installed. The Commission should require PPL to revise the penalty clause, as it is unfair for PPL to ask tenant customers to agree to these repayment terms to participate in PPL’s WRAP program, which would unjustly enrich the landlord if enforced.

Second, we are concerned that the process for how consent for WRAP services is obtained is not in line with the LIURP regulations regarding eligible customers who are tenants, which provides that tenants are entitled to “an equal opportunity to secure program services if the landlord has granted written permission to the tenant for the installation of program measures,” among other guidance on what the landlord must agree to.<sup>43</sup> PPL states in its Proposed 2023 USECP that for rental properties, PPL Electric requires that the landlord sign a consent form before a tenant receives most measures. (Proposed 2023 USECP at 26). However, the application and consent form that PPL provided is not adequate for obtaining written consent from landlords. In order to be in line with the LIURP regulations on tenant eligibility pursuant to 52 Pa. Code § 58.8, the landlord must agree that rents

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<sup>43</sup> 52 Pa. Code § 58.8.

will not be raised, and the tenant will not be evicted for at least 12 months after the installation of the program measures, as long as the tenant complies with ongoing obligations and responsibilities owed the landlord.

CAUSE-PA urges the Commission to direct PPL to provide more information on how landlords are contacted and to provide a copy of the forms that the Company uses to verify landlord approval and ensure landlord consent is obtained in writing for tenant customers, and that the required tenant eligibility provisions are included. CAUSE-PA further recommends that PPL provide tenants with a final copy of the signed landlord consent form, as it provides important protections against raising rents and eviction that they should be notified of when consenting to WRAP services.

**f. Re-weatherization Eligibility: CAUSE-PA does not oppose PPL extending its re-weatherization time from three years to five years, but requests further clarification.**

In its Proposed 2023 USECP, PPL proposes to increase the timeframe for allowing eligible customers to receive WRAP services from within the last three years to within the last five years. If the customer has received WRAP or ACT 129 services within the past five years, PPL staff will review applicants on a case-by-case basis. (Proposed 2023 USECP at 25, 33). The Commission directed PPL to explain what would initiate a case-by-case review of applicants who have received WRAP services within the five-year timeframe and what circumstances would qualify them for additional WRAP services, and required PPL to further clarify its reason for proposing to expand WRAP's re-weatherization timeframe from three years to five years. (Order at 48).

PPL responded that staff will review requests from applicants and make exceptions to the eligibility timeframe if its prior services were limited due to the absence of landlord consent and there is opportunity for more measures; the customer was unable to fully participate in WRAP and is now able to do so; the customer was not eligible for a measure when served but may now be eligible; or other exceptions requests based on extenuating circumstances - to be decided on a case-by-case basis.

PPL also explained that the reason they proposed to change the re-weatherization timeframe from three to five years is to align with the Act 129 timeframe, help the Company coordinate both programs, and avoid customer confusion. (PPL Response to PA PUC 1-40).

CAUSE-PA does not oppose PPL amending its re-weatherization standard, as long as the exceptions described above are applied consistently to ensure that comprehensive measures are available to low income customers –including those who received only limited measures in the past five years. However, CAUSE-PA recommends that the Commission direct PPL to continue to monitor the effect of the increased eligibility timeframe on low income customers to determine if there is a need to revert to the three year timeframe.

**g. Automated WRAP Applications for OnTrack Customers: CAUSE-PA supports the continued automated application process for OnTrack customers with high usage in WRAP, but more information is needed.**

In its Proposed 2023 USECP, PPL proposed to allow income-eligible customers to qualify for WRAP services if their annual usage meets or exceeds 6,000 kWh, and in its 2017 USECP, implemented an automated process to create a WRAP application for every approved OnTrack customer with an annual kWh use of 18,000 or greater, regardless of heating source. (Proposed 2023 USECP at 27). The Commission questioned if the usage threshold for PPL’s automated application process should be lower and directed PPL to explain whether there are issues or concerns with automatically enrolling OnTrack customers into WRAP if they have annual usage of 6,000 kWh or higher. (Order at 48).

PPL responded that it is concerned with automatically enrolling OnTrack customers into WRAP if they have annual usage of 6,000 kWh or higher because it would create “an unmanageable backlog”. PPL notes that over 40,000 customers were enrolled into OnTrack in 2021 but does not identify the number of those enrollees whose usage was over 6,000 kWh per year. PPL explains that it conducts targeted outreach throughout the year to encourage all new OnTrack customers to enroll

in WRAP. However, it notes the goal of the automated process for those with an annual kWh use of 18,000 or greater (three times the eligible usage threshold) is to provide WRAP services to those more likely to exhaust their OnTrack benefits and help manage their electric usage. (PPL Response to PA PUC 1-41).

CAUSE-PA supports the continued automated WRAP application process for high usage OnTrack customers, as it will provide critical usage reduction services before they face excessive energy burdens or exceed maximum CAP credit limits. The benefits of early WRAP treatment accrue to all ratepayers, as it reduces the levels of subsidies that are required to reach an affordable bill, and helps ensure that the customer is successful in making regular, on-time bill payments over the long term. We have already discussed the severe consequences to households who prematurely expend their maximum CAP credit limit – resulting exponentially higher bills and, frequently, involuntary termination of service. CAP participants with extremely high usage, and thus at risk of expending their maximum CAP credits, should continue to be prioritized for WRAP services through PPL’s auto-enrollment process.

That said, we question whether 18,000 kWh – which is three times greater than the high usage threshold for WRAP – is the appropriate threshold for automated WRAP enrollment. There is simply inadequate information to assess the reasonableness of PPL’s 18,000 kWh usage threshold for automated WRAP enrollment. CAUSE-PA recommends that the Commission, at minimum, require PPL to monitor collections and termination rates among OnTrack customers with annual usage greater than 6,000 kWh but less than 18,000 kWh to determine if there is a need to lower the usage threshold for PPL’s automated WRAP application process.

As discussed at greater length below, PPL’s WRAP is not funded at levels adequate to serve identified need. This fact is underscored by PPL’s concern that expansion of its auto-enrollment

process for WRAP to serve all eligible OnTrack participants would result in an “unmanageable backlog.”

**h. WRAP Contractor Selection: CAUSE-PA opposes PPL’s proposed modifications to its WRAP contractor selection process.**

PPL proposes to modify how the Company selects contracts with weatherization agencies and local private contractors, and reports a substantial reduction in the number of WRAP contractors from twenty-four to seven – only one of which is a Community Based Organization (CBO). (Proposed 2023 USECP at 30, 45). The Commission noted that the Competition Act encourages electric utilities to use CBOs to assist in the operation of universal service programs.<sup>44</sup> PPL was directed by the Commission to clarify how it will ensure that communities receive the same level of WRAP services for the next five years with fewer WRAP contractors and CBOs, and to provide the total WRAP jobs completed annually from 2018 through 2021 for each county that PPL serves and the total annual WRAP jobs it projects to complete for the same counties from 2023 through 2027. (Order at 49).

In response, PPL stated that the Company selects contractors that can provide delivery of program services across the 29-county service area. PPL also provided tables with the data for 2018-2021 job completions by job type and county and projections for 2023-2027 job completions by job type and by county. (PPL Response to PA PUC 1-42 at 2-3).

In 2021, PPL provided 4,377 total WRAP jobs across the state –with 2,272 full-cost, 828 low-cost, and 1,227 baseload jobs. Throughout 2023-2027, PPL projects completing 3,500 total WRAP jobs annually across the state –with an estimated 1,750 full-cost, 750 low-cost, and 1000 baseload jobs. (PPL Response to PA PUC 1-42 at 2). PPL does not explain why it is projecting to complete far fewer full-, low-, and baseload jobs in 2023-2027, as compared to the jobs completed in 2021. Considering that these forward-looking projections are based on historical data by county when PPL

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<sup>44</sup> 66 Pa. C.S. § 2804(9).

had over triple the number of contractors, PPL should be required to provide further assurances that the current low number of contractor partners can handle the WRAP jobs that PPL anticipates assigning to them across the twenty-nine-county service area for the next five years – without any decrease in the level of services provided.

CAUSE-PA has substantial concerns that PPL’s reliance on fewer contractors – only one of which is a CBO – will negatively impact its delivery of WRAP services in several ways.

First, we are concerned that PPL’s abrupt consolidation of programs could result in the inequitable distribution of services across PPL’s far-reaching service territory. In its Proposed 2023 USECP, PPL provided the list of seven WRAP contractors and their contact information. (Proposed 2023 USECP at 45). The WRAP contractors are based out of Luzerne, Monroe, Lehigh, Dauphin, Cumberland, and Northampton counties – leaving many counties across its service territory without a local service provider.<sup>45</sup> While PPL provided historical county-based service data, this was not indicative of future service delivery under PPL’s consolidated contractor model. At minimum, PPL should be required to closely track jobs by county to ensure its contractors are equitably serving all counties across its service territory based on each county’s percentage of LIURP-eligible households.

Second, PPL’s use of just one CBO to provide LIURP services is of significant concern, as it will detract from efforts to streamline and coordinate energy assistance and other needs-based programming. As the Commission identifies, the Public Utility Code requires the Commission to “encourage the use of community-based organizations.”<sup>46</sup> Additionally, Commission regulation mandates that “[a] covered utility *shall coordinate program service with existing resources in the*

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<sup>45</sup> Berks, Bucks, Carbon, Chester, Clinton, Columbia, Juniata, Lackawanna, Lancaster, Lebanon, Montgomery, Montour, Northumberland, Perry, Pike, Schuylkill, Snyder, Susquehanna, Union, Wayne, Wyoming, and York counties will all be without a local WRAP provider – leaving open the potential for substantial gaps in services and added barriers to enrollment.

<sup>46</sup> 66 Pa. C.S. § 2804(9).

*community.*”<sup>47</sup> This regulation further provides that LIURPs “shall be designed to operate in conjunction with ... public or private programs so that customers experiencing ability-to-pay problems are made aware of the covered utility’s usage reduction program and hardship funds.”<sup>48</sup> Finally, the regulation requires utilities to provide direct assistance to LIURP participants in applying for LIHEAP.<sup>49</sup>

With only one CBO – and just seven total contractors – CAUSE-PA is concerned that the holistic approach to the delivery of LIURP services enshrined in statute and regulation will be lost. CBOs provide a host of other wrap-around services to low income families - connecting Pennsylvanians to housing, healthcare, food, childcare, and energy assistance in a coordinated and integrated fashion. Notably, several CBOs that were formerly contracted to administer PPL’s LIURP also administer PPL’s OnTrack program. Elimination of those CBOs from the WRAP contractor pool detracts from the ability of those programs to effectively coordinate across programs.

We note that CBOs are embedded in the community and are often better able to reach those in need because they are known across their communities. With the proliferation of energy-related scams, it is not surprising that many low income households are leery of WRAP’s promise to deliver free comprehensive usage reduction services. As a trusted entity in a local community, CBOs are a critical component of an effective LIURP.

It is unclear what criteria PPL used to select its seven contractors, or whether it included any prioritization factors for contractors that administer other bill-payment assistance programs, as mandated in the Commission’s regulations, or if there was any special consideration otherwise provided to CBOs. We note that further investigation of PPL’s contractor selection process may be

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<sup>47</sup> 52 Pa. Code § 58.7(a).

<sup>48</sup> 52 Pa. Code § 58.7(b).

<sup>49</sup> 52 Pa. Code § 58.7(b).

warranted to determine the extent to which PPL considered the coordination provisions of the Public Utility Code and Commission regulation.

CAUSE-PA urges the Commission to direct that PPL amend its contractor selection process to appropriately prioritize the use of local, community-based organizations in the delivery of WRAP services, PPL should be required, at minimum, to closely monitor service delivery across its service territory to ensure the proportional distribution of WRAP services across the counties it serves. PPL should increase contractors as necessary to equitably deliver the services across its service territory, and to ensure providers are able to appropriately coordinate and leverage efficiency and weatherization assistance with other available programs.

**i. New WRAP Measures: Ductless Heat Pump: CAUSE-PA supports PPL's proposal to add Ductless Heat Pumps as a standard WRAP measure.**

PPL proposes to add the ductless heat pump (DHP) or mini-split system as a standard WRAP measure. (Proposed 2023 USECP at 33). As a component of PPL's 2017 USECP, the DHP Pilot was approved to install up to 25 DHP systems at a total maximum cost of \$250,000. The Commission directed PPL to provide an impact analysis of the DHP pilot since its inception, including its impact on residential usage and heating. (Order at 50). PPL responded with its DHP Final Report as submitted to the PUC in April 2020 with the LIURP Annual Narrative Report. PPL's impact analysis reports that twelve LIURP contractor organizations installed twenty-five DHP systems, at the average cost of \$9,606 per system installation job. (PPL Response to PA PUC 1-43, Attachment at 1-6). As a result, eighteen households (72%) reduced their overall consumption by more than 15%, and gross usage decreased by over 5,000 kWhs in sixteen households (64%). (PPL Response to PA PUC 1-43).

These savings outcomes for DHPs are quite promising and indicate potential to substantially reduce energy usage through installation of a DHP or mini-split system. CAUSE-PA supports PPL's proposal to add the DHP and mini-splits as standard WRAP measures. That said, approval of the

DHP and mini-splits as standard WRAP measures must come with an increase in overall LIURP budget to accommodate these more costly measures, consistent with our comments regarding PPL's LIURP budget, below.

**j. Installation of Measures - Municipal Requirements: CAUSE-PA supports the continued requirement for contractor permits.**

PPL removed provisions which required contractors to acquire a permit as part of the WRAP job and include a copy of the permit as part of the invoicing process when a municipality requires a permit for the installation of WRAP measures. The Commission directed PPL to explain the basis for this omission and clarify if it is still following the process specified in its 2017 USECP for WRAP work performed in a municipality or if there will be changes to this process. (Order at 50). PPL clarified that contractors must still meet the permitting requirements, and that the Company moved this to the contract terms rather than including it as part of its USECP. (PPL Response to PA PUC 1-44).

CAUSE-PA appreciates PPL's clarifications and does not take a position on this issue at this time. However, we nevertheless recommend that the Commission require PPL to provide a copy of its contract terms with WRAP contractors to ensure that the provisions regarding the contractor's completion and invoicing for permits required by municipalities for the installation of WRAP measures are satisfactory.

**k. WRAP Needs Assessment and WRAP Budget: CAUSE-PA urges PPL to increase the WRAP budget to account for rising costs and overwhelming need.**

PPL's WRAP is a critical universal service program designed to help customers reduce their energy usage and electric bills, increase the ability to pay, decrease arrearages, improve comfort for income eligible customers, promote safer living conditions, maintain partnerships with local

contractors and organizations, and make referrals to PPL's CAP and other assistance programs. (Proposed 2023 USECP at 20). PPL's LIURP can help reduce arrearages and termination rates over the long term, and work in tandem with CAP to help reduce uncontrollably high usage attributable to home energy inefficiencies that low income households cannot afford to address on their own. But the program is not funded in a manner to meet the true need for energy efficiency and weatherization services.

PPL's WRAP needs assessment identified 85,825 customers who may benefit from WRAP services. The Company projects a total cost of \$236,735,254 to serve these customers based on the 2021 average-cost-per-job for direct costs, multiplied by 1.12 (12%) for administrative and field support costs. (Proposed 2023 USECP at 29-30). The Commission notes that while PPL's needs assessment identified the number of customers potentially eligible for WRAP, it does not identify the factors used to determine this number, relative to screening the pool of low-income customers using the steps/factors that are to be considered pursuant to the LIURP regulations at Section 58.4(c)(1)-(4). The Commission directed PPL to provide the factors and numbers it used to calculate that 85,825 customers are potentially eligible to receive WRAP services, which may include the following:

- The number of customers who are income eligible.
- The number of those customers who meet the usage criteria for WRAP.
- The number of those customers with 9 months of usage history.
- The number of those customers who have not received WRAP services within the past five years.

PPL was also directed to explain how it determines the projected number of WRAP treatments (e.g., electric heat, water heating, or baseload) provided to potentially eligible customers. (Order at 51).

In its response, PPL provided the following table:

Confirmed Low-Income over 6,000 kWh	
Total Customers at or below 150%	191,203
Previous WRAP services – last 5 years	57,920
- Sub total	133,283
Estimated Served by Act 129	31,540
- Sub-total	101,743
Drop out-rate (17%)	15,918
- Final total	85,825

(PPL Response to PA PUC 1-45).

PPL also provided clarification that “Previous WRAP services” includes completed Act 129 Low Income WRAP cases. The number of estimated customers to be served through Act 129 for the plan period 2023-2027 includes customers with less than 9 months of usage history. PPL projects the number of future WRAP treatments by using prior year average cost per job, by job type, to calculate current year estimates. CAUSE-PA notes that persistently high rates of inflation for the cost of household goods and services is currently impacting the level of efficiency measures and services provided to participants. Inflation, which reached a new 40-year high in June 2022,<sup>50</sup> is driving increased overall job costs to perform the same level of services and, in turn, is undermining the ability of LIURP measures to meet requisite cost effectiveness standards. High inflation may also result in fewer measures being installed in order to keep overall job costs low. Either way, high and

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<sup>50</sup> Jonathan Ponciano, [Inflation Spiked 9.1% In June—Hitting New 40-Year High As Price Surge Fuels Recession Fears](https://www.forbes.com/sites/jonathanponciano/2022/07/13/inflation-spiked-91-in-june-hitting-new-40-year-high-as-price-surge-fuels-recession-fears/?sh=74a2aebd6cbc), Forbes (Jul 13, 2022), available at: <https://www.forbes.com/sites/jonathanponciano/2022/07/13/inflation-spiked-91-in-june-hitting-new-40-year-high-as-price-surge-fuels-recession-fears/?sh=74a2aebd6cbc>

prolonged inflation in pricing for energy efficiency and weatherization measures is negatively impacting the level of assistance provided to low income households through LIURP.

Throughout the pandemic, low income households already experienced disproportionate health and economic harm – with greater job and wage losses, increased food insecurity, and accrual of unprecedented levels of debt for life’s basic necessities.<sup>51</sup> Low income households have also been disproportionately impacted by recent surges in the rate of inflation. Even before these surging costs, low income households paid high proportions of their monthly income towards basic necessities such as housing costs and food.<sup>52</sup> Low income households pay a larger proportion of their incomes to the costs of basic necessities, and do not have surplus funds to absorb the impacts of increases caused by recent surges in inflation. The disproportionate toll borne by low income customers underscores the vital need to ensure that PPL’s low income customers can access energy efficiency and weatherization measures to reduce unnecessarily high usage, resulting in the ability to reasonably afford their bills and prevent loss of life-sustaining utility services.

CAUSE-PA is concerned with the appropriateness of the factors that PPL is using in its needs assessment. First, PPL is using a 17% drop out rate as a factor for determining how many customers are potentially eligible to receive WRAP services without further explanation. (PPL Response to PA PUC 1-45). A drop out rate is not one of the factors the Commission directed PPL to use to calculate the total customers that are potentially eligible customers to receive WRAP, and it is unclear how

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<sup>51</sup> See Dan Treglia, PhD, Mina Addo, MPA, Meagan Cusack, MSW, and Dennis Culhane, PhD, Understanding Racial and Ethnic Disparities In Health Outcomes And Utility Insecurity Resulting From COVID-19 (March 2021), available at: [https://clsphila.org/wp-content/uploads/2021/03/CLS\\_UTILITYREPORT\\_20200324.pdf](https://clsphila.org/wp-content/uploads/2021/03/CLS_UTILITYREPORT_20200324.pdf); see also Center on Budget and Policy Priorities, Tracking the COVID-19 Economy’s Effects on Food, Housing, and Employment Hardships (Feb. 2022).

<sup>52</sup> Rachel Siegel and Andrew Van Dam, ‘Survival mode’: Inflation falls hardest on low-income Americans (Feb. 13, 2022), available at: <https://www.washingtonpost.com/business/2022/02/13/low-income-high-inflation-inequality/>.

PPL might define this term. For example, PPL may consider anyone who does not respond to a phone call to be a “drop-out”, when alternative forms of communication or flexible service delivery hours may better engage that consumer. The Commission should more closely assess whether the drop-out rate data used is appropriately excluded from the calculated needs assessment, as PPL proposes.

Second, PPL is not computing its funding level based upon all factors listed in LIURP regulations at Section 58.4(c)(1)-(4). CAUSE-PA urges the Commission to direct PPL to follow these regulatory guidelines for revising its WRAP funding levels, using the steps/factors that are to be considered, including (1) number of eligible customers that could be provided WRAP; (2) expected customer participation rates for eligible customers; (3) the total expense of providing usage reduction services, including costs of program measures, conservation education expenses and prorated expenses for program administration; and (4) a plan for providing program services within a reasonable period of time, with consideration given to the contractor capacity necessary for provision of services and the impact on utility rates.<sup>53</sup>

Inherent in this discussion regarding PPL’s needs assessment is the related issue of whether PPL’s WRAP is appropriately funded to serve identified need. For 2023-2027, PPL proposed that the annual WRAP budget remain at \$10,000,000 and estimates a stagnant yearly enrollment level of 3,500. PPL also provided clarification that in addition to the estimated yearly enrollment level, the Company may provide energy-saving kits and/or energy education for income eligible customers not eligible for WRAP measures in conjunction with the LIURP budget. (USECP at 29). PPL is silent, however, as to whether it will continue to roll over and add any remaining program dollars to its LIURP budget for the following year.

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<sup>53</sup> 52 Pa. Code § 58.4(c)(1)-(4).

With the proposed \$10,000,000 annual budget, it would take PPL at least 27 years to reach the \$236,735,254 needed to serve the 85,825 customers who were identified that may benefit from WRAP services based on PPL's needs assessment. And this is without factoring in record inflation in consumer pricing, which is driving up the cost of WRAP measures and undermining the ability of the program to provide significant savings. CAUSE-PA is concerned that PPL's proposed WRAP budget has not adequately considered the inflated costs of providing WRAP services nor the contractor capacity necessary for provision of services within a reasonable period of time pursuant to LIURP regulations. We submit that PPL's budget should be established to serve all eligible households within the next ten years. CAUSE-PA submits that PPL must increase funding for WRAP services to better serve the vast unmet need for comprehensive, direct-installation efficiency programs.<sup>54</sup>

### **3. CARES**

CAUSE-PA has no comment on PPL's proposed CARES programming, though we reserve the right to submit reply comments in response to other parties.

### **4. Operation HELP**

#### **a. Grant Amount: CAUSE-PA supports PPL's continued flexibility in determining its Operation HELP grant amounts.**

In its Order, the Commission directed PPL to explain how it determines individual grant amounts, and to indicate whether there is a minimum or maximum grant amount, as this was not explained in the Proposed 2023 USECP. (Order at 54). PPL explained that the program is designed so that the grant can be unique to the customer and is intended to help resolve their immediate need. PPL further clarified that there is no minimum or maximum threshold for assistance. (PPL Response to PA PUC 1-46). CAUSE-PA supports the flexibility of the Operation HELP grant amounts. PPL's

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<sup>54</sup> 52 Pa. Code § 58.4(c)(1)-(4).

policy recognizes that each customer has unique circumstances and needs and helps to meet consumers where they are by providing a grant amount to resolve that household's crisis.

**b. Collection and Payment Requirements: CAUSE-PA supports PPL limiting its Operation HELP grant eligibility requirements regarding collections status to the account being past due.**

In its Proposed 2023 USECP, PPL states that it will consider, among other things, the customer's collection status as well as their payment history, including the overdue balance and payment efforts on their PPL Electric account. (Proposed 2023 USECP at 36). In its Order, the Commission notes that this description is vague and directs PPL to explain how specifically collection status and payment history factors into an eligibility determination for Operation HELP. (Order at 54-55). In its response, PPL clarified that the only requirement regarding collection status is that the account is past due. PPL further clarified that partner organizations will prioritize applicants with accounts in termination status or who have already been terminated. (PPL Response to PA PUC 1-47).

CAUSE-PA appreciates PPL's clarifications and supports its intention to assist customers with a short-term need regardless of recent payment history. Thus, CAUSE-PA recommends that the Commission direct PPL to amend its plan to make it clear that the only requirement regarding collection status is that the account is past due. Once amended, CAUSE-PA supports approval of this provision.

**c. Use of Grants for PPL service: CAUSE-PA strongly opposes PPL limiting the use of Operation HELP grants to PPL electric bills, only.**

In a change from its prior USECPs, PPL is proposing to uproot long-standing program eligibility guidelines for its hardship fund program to 1) limit the use of Operation HELP grants to PPL electric bills only, and 2) raise the income eligibility from 200% to 250% FPL. (Proposed 2023

USECP at 34-35, 38). In its Order, the Commission directed PPL to explain why it is proposing to adjust the availability of grant relief in these ways. (Order at 55).

In response, PPL explained that limiting Operation HELP grants will bring them in line with other regulated utilities' hardship funds and that customers have other programs available to cover heating costs, such as LIHEAP, ERAP, PAHAF, and local agencies. (PPL Response to PA PUC 1-48(a)).

*1. CAUSE-PA does not support limiting Operation HELP funds to PPL Electric customers.*

CAUSE-PA does not find PPL's reasoning for this change compelling.

PPL's policy to provide assistance with deliverable fuel costs is not only sound public policy, but popular with PPL's customers and partners. Counsel for CAUSE-PA serve as an active member of PPL's Universal Service Advisory Committee and were part of discussions amongst the group when PPL suggested this proposal. We note that there was near unanimous and vocal opposition to this change from social service providers across PPL's service territory. Many providers indicated that PPL's Operation HELP funds are often the only way many Pennsylvania households can maintain deliverable fuel heat to their home. At this same meeting, when questioned regarding when funds for Operation HELP may run out, PPL responded that the account has not run out of funds during the time it has been providing this service. CAUSE-PA therefore can find no reason for this change.

Regarding additional available assistance, both the ERAP and PAHAF programs are COVID-era programs that will run until they run out of funding. ERAP in particular is already out of funding in many counties, others are restricting applications to those who have active evictions. These programs are not a long-term reliable source of assistance for the time frame this USECP

contemplates and will be spent through long before PPL's 2023-2027 USECP concludes. LIHEAP itself is decreasing its cash and crisis limits from the 2021-2022 season in the absence of the additional federal funding previously received through the American Rescue Plan. With fuel oil prices as high as they are, and with no indication of them decreasing in the near future, LIHEAP itself may not be adequate assistance for these low income households.

Further, electric service is often complementary to fuel or oil delivery. For example, a low income customer who cannot afford fuel oil for heat, will often turn to space heaters to keep their household safe from dangerously low temperatures. Space heaters are notoriously expensive to run, increasing PPL's customer's bills and either getting the customer further behind, or in the case of an OnTrack customer, reaching their maximum CAP credits more quickly. And as discussed above, the outcomes for those OnTrack customers exceeding their OnTrack max credits and landing in OTBB are not good.

CAUSE-PA urges the Commission to require that PPL continue to issue hardship fund grants to non-electric heating customers who need assistance to afford deliverable fuel. Such a policy helps to reduce dangerous de facto heating, improving the health and safety of the consumer, their family, and the community.

*2. CAUSE-PA supports raising the eligibility threshold for Operation HELP grants to 250% FPL, but, if approved, recommends additional measures.*

CAUSE-PA supports raising the Operation HELP eligibility threshold to 250% FPL. We are well aware that the Federal Poverty Guidelines are simply one metric used to measure poverty, and do not accurately measure the cost of living for Pennsylvania's families. However, we are aware that households at the lowest end of the poverty scale often face the most profound challenges to accessing available assistance and programming. CAUSE-PA strongly recommends increased outreach to those

households at the lower ends of the poverty guidelines to encourage them to enroll in available assistance programs and apply for available grant assistance. We recommend that PPL be required to work with parties and stakeholders through its USAC to develop internal policies and procedures to provide information to low income customers about the availability of assistance through Operation HELP. In particular, we recommend that PPL develop processes to screen low income customers who are having trouble paying their bills, or who have past due arrears, for Operation HELP and OnTrack. PPL's processes and procedures should ensure that low income customers are informed about, and assisted to apply for all low income assistance programs, including Operation HELP. Information and/or outreach materials provided to customers about Operation HELP and PPL's other low income programs should be made available in, at minimum, English and Spanish.

To ensure that adequate Operation HELP funds are available once the eligibility threshold is raised to 250% FPL, CAUSE-PA also recommends that PPL be required to work with stakeholders through its USAC to develop a plan for fundraising for Operation HELP. This plan should include, but not be limited to, an option for customers who make automated, online payments to "add a buck" to their bills or "round up" their bills in order to contribute to Operation Help. We also recommend that PPL be required to evaluate the need to increase funding for Operation HELP in the context of its next base rate proceeding to ensure that adequate funds are available to meet the need for hardship grant assistance.

#### **IV. CONCLUSION**

CAUSE-PA thanks the Commission for its thoughtful consideration of the issues raised above and for the opportunity to submit comments concerning the July 14, 2022 Order regarding PPL's Proposed 2023 USECP. We urge the Commission to act in accordance with these Comments to

ensure that all customers – regardless of income – are able to access safe and affordable services within PPL’s service territory.

Respectfully Submitted,

*Counsel for CAUSE-PA*



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September 22, 2022

## Appendix A: LIHEAP Vendor Agreement



Pennsylvania Department of Human Services  
Comments, Appendix A  
**LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM**  
**2021 VENDOR AGREEMENT - LIQUID OR SOLID FUEL**

Vendor Name and Address

Vendor Number

This agreement is entered for the purpose of facilitating the provision of Low-Income Home Energy Assistance Program (LIHEAP) benefits to low-income households through the delivery or providing fuel for pickup of solid or liquid fuel products for heating purposes, from a participating LIHEAP vendor. The Commonwealth of Pennsylvania defines a LIHEAP vendor as a company or agent of the company that supplies home heating energy or service in exchange for payment. The term does not include landlords, housing authorities, hotel managers or proprietors, rental agents, and other parties who are not direct suppliers of home heating, energy, or service.

A new LIHEAP Vendor Agreement is required every two years unless changes require this time frame to be shortened. **This agreement will terminate June 30, 2023, unless superseded by a new agreement, or terminated for convenience upon 30-day written notice by either DHS or by the vendor. Failure to comply with any of these conditions may result in removal from the approved vendor file and suspension of further payments to the vendor for client services.**

LIHEAP consists of two components. Eligible LIHEAP households receive one Cash grant based on the size, region, income, and fuel type of their household. LIHEAP Crisis grants are available to LIHEAP recipients who encounter a heating emergency. Data entry is required to receive payment for a Crisis grant. Subject to the availability of funds, the Department of Human Services (DHS) may opt to provide eligible LIHEAP households with additional LIHEAP grants.

By signing this agreement, the vendor agrees to communicate with DHS by phone and email and be responsive to DHS requests so that a customer's LIHEAP application or request for Crisis can be processed timely. The vendor also agrees to accept all LIHEAP grants and apply them to customer accounts according to the conditions of this vendor agreement and DHS instructions.

Participating LIHEAP vendors are paid through the Pennsylvania Treasury by check or direct deposit. A list of corresponding payments is posted to the LIHEAP Crisis Claim data entry system, identifying customer names, addresses, and the amount of LIHEAP Cash and Crisis payments each customer will receive, associated with a specific Treasury pay date.

The business or company written above, herein referred to as the "vendor," cannot enter into any subcontracts under this agreement with other subcontractors who are currently suspended or debarred by the commonwealth or other state or federal government. If any vendor enters into any subcontracts under this agreement with any subcontractors who become suspended or debarred by the commonwealth or other state or federal government during the term of this agreement or any extensions or renewals thereof, the commonwealth shall have the right to require the vendor to terminate such subcontracts to remain a LIHEAP vendor.

Vendors will adhere to LIHEAP policy and procedures as defined in the LIHEAP State Plan, will report any discovery of fraud, and address any questions regarding participation in LIHEAP to the LIHEAP Vendor Unit. A copy of the current LIHEAP State Plan can be obtained on the LIHEAP Vendor website at [www.dhs.pa.gov/providers/Providers/Pages/LIHEAP-Vendors.aspx](http://www.dhs.pa.gov/providers/Providers/Pages/LIHEAP-Vendors.aspx).

Vendors will adhere to the guidance provided by the Department of Agriculture's Division of Weights and Measures as it relates to the sale of energy products to protect consumers from unfair business practices and assure equity in the marketplace. See [www.agriculture.pa.gov/consumer\\_protection/weights\\_measures/Pages/default.aspx](http://www.agriculture.pa.gov/consumer_protection/weights_measures/Pages/default.aspx). The Weights and Measures Division is responsible for regulating an array of products and services, including those that pertain to coal, firewood, home heating oil, and liquid propane gas, as defined in Section 23.106 and 23.107 of Title 70 of the Pennsylvania Weights, Measures and Standards, and the Consolidated Weights and Measures Act of December 18, 1996, P.L. 1028, No. 155 (3 Pa.C.S.A. §§ 4101-4194).

**By fully completing and submitting the signature page of the 2021 LIHEAP Vendor Agreement**, the vendor agrees to comply with the following conditions to remain a LIHEAP vendor in good standing and receive LIHEAP payments through the commonwealth.

1. LIHEAP Cash grants received on behalf of a LIHEAP customer require no data entry by the vendor. LIHEAP Cash grants:
  - a) May only be used for purchases made on or after October 1st of the heating season for which they were authorized; and

- b) Are available as a credit to the customer to cover the cost of fuel for the season in which they are authorized through the end of the following heating season. See also, Condition 7: Vendor Refunds.
2. Apply LIHEAP grants to customer accounts in the following manner only:
- Apply the full amount of each LIHEAP benefit to the respective account of each designated LIHEAP customer.
  - Late payment charges must be frozen at the amount they are at the time notification of eligibility for LIHEAP is received by the vendor and may not be increased for the remainder of the LIHEAP program year, defined as the date that applications for LIHEAP benefits are no longer accepted.
  - LIHEAP Cash and Crisis grants may be used for tank setting, connection and reconnection fees, minimal costs (\$100 or less) to restart a furnace or leak-test propane tanks when deemed necessary.
  - LIHEAP Cash and Crisis grants will not be used for security deposits, service maintenance contracts, tank leases, rental payments, or other finance charges.
  - Any LIHEAP credits, **including the LIHEAP Cash grant that was authorized and not yet received**, is considered to be available and will be used first to resolve a customer's request for Crisis.
  - LIHEAP credits must be entered in the Crisis Claim data entry system when submitting a claim.
3. Pricing considerations for deliveries or pickups paid with LIHEAP Cash and/or Crisis grants:
- If the vendor offers a "cash price" or other discounted pricing associated with paying for fuel in a shortened time frame, this "lowest price" discount must apply to all fuel paid with LIHEAP funds, since the payment time frame is beyond the customer's control.
  - Pricing based on quantity and fees associated with a delivery made with LIHEAP funds must not be greater than those charged for an identical delivery to a non-LIHEAP household.
  - A Crisis delivery that includes credits from the LIHEAP Cash grant must be on the same delivery ticket to ensure the customer receives quantity pricing based on the total amount delivered.
4. LIHEAP Crisis grants and Cash grants that are used to resolve a Crisis may be used in the following manner:
- To provide solid or liquid fuel to a household that is out of fuel or who reports they are within 15 days of being without fuel with consideration of the following time frames:
    - Before the customer is without heat;
    - Within 48 hours if the customer is already without heat; or
    - Within 18 hours if a medical emergency or life-threatening situation exists.

**If the vendor's supply is insufficient or other circumstances prevent the vendor from resolving the heating emergency in these designated time frames, the vendor must tell the DHS representative immediately, so DHS can evaluate other ways to remediate the customer's heating emergency.**
  - Deliveries made to resolve a Crisis to customers may include connection/reconnect fees, or off-hour or off-route delivery charges.
  - Are authorized by DHS or its representatives who provide the vendor with a maximum "up to" dollar amount that is available to the household to resolve the heating emergency with consideration of previous Crisis authorizations and the LIHEAP season's maximum Crisis amount.
  - Resolving the heating emergency is defined as providing:
    - The amount of solid or liquid fuel needed to fill the tank; or
    - The amount of solid or liquid fuel that the customer can haul (pick up) in one trip.
  - Every request for Crisis **must be made by the LIHEAP household to its designated DHS office**, who evaluates eligibility and determines the amount the household has available to resolve the Crisis. A DHS representative will contact the vendor to convey eligibility.
    - LIHEAP Crisis grants are only guaranteed for authorizations approved by DHS or its representatives.
    - Customers who call the vendor to request delivery paid with LIHEAP funds should be told to contact DHS.
    - Vendors who make a delivery without prior DHS authorization understand that LIHEAP may not pay for the delivery.**
5. An active work list of Crisis authorizations awaiting vendor action is available on the Crisis Claim data entry system.
6. To receive payment for a delivery or pickup paid in full or in part with **LIHEAP Crisis funds**, Crisis claim data must be entered into a web-based program and documentation of the transaction must be submitted by mail, fax, or electronic upload. Payment may be rejected if appropriate documentation is not provided.

- a) Claims must be processed **within 30 calendar days** of the date a Crisis delivery or pickup is authorized by DHS, as prompt data entry allows DHS to process a subsequent Crisis Authorization if requested by the household. Exceptions to the 30-day rule may be granted for claims entered on or after the 31st day and up to 30 days after the close of the LIHEAP season if funds are available.
- b) Data entry in the Crisis Claim data entry system must:
- Include the total amount of the delivery or pickup of solid or liquid fuel;
  - Include any LIHEAP credits. These credits will be subtracted from the delivery or pickup;
  - Be recorded in exact amounts and never rounded;
  - Never be entered for the season maximum amount to keep the excess as a credit on the customer's account;
  - Not include processing fees or late payment as a result of a vendor's failure to comply with conditions of this agreement.
- c) Acceptable Crisis documentation for solid or liquid fuels is based on fuel type and whether the fuel was delivered or picked up from the vendor. In compliance with the Department of Agriculture's Division of Weights and Measures, documentation must include:
- The vendor's name and address;
  - Date and time of delivery or transaction;
  - The purchaser's name and address;
  - Product identification; and
  - The price per unit or weight/volume such as gallon, ton, pound, cord.

In addition to the items above, **oil, propane, kerosene, and blended fuel** deliveries must be recorded on a metered delivery ticket that includes:

- The driver's signature or employee number;
  - The delivery vehicle's permanently assigned company truck number; and
  - The volume to the nearest one-tenth of a gallon or other quantity if not measured in gallons.
7. Refund LIHEAP credits to DHS as required, by check or expedited recoupment, within 30 days from the date of discovery. A LIHEAP Refund Form (HSEA 37) must accompany payment. **It is also important to indicate the individual number of the customer that was provided on the LIHEAP Provider Payment List when payment was received** and a description of the reason the funds are being returned. A user-friendly form is located on the LIHEAP Vendor website. The commonwealth cannot return vendor funds or any portion thereof to the vendor. **For this reason, LIHEAP vendors should accurately evaluate their records and ensure the accuracy of LIHEAP refunds before submitting them to the commonwealth.** Vendors may contact the Vendor Unit at 1-877-537-9517 to verify dates and amounts of LIHEAP grants received by the households before sending a refund check.

**NOTE: Vendors will never give or refund LIHEAP funds to a customer.**

LIHEAP refunds will be sent by check payable to the **COMMONWEALTH OF PENNSYLVANIA, directed to:**

**DHS-LIHEAP Vendor Refunds  
P.O. Box 2675 (WOB Room 224)  
Harrisburg, PA 17105-2675**

- a) **Examples of when the vendor will return LIHEAP credits include, but are not limited to:**
- A customer's whereabouts are unknown;
  - A customer changes vendors;
  - A customer dies, departs the area serviced by the vendor, or the customer no longer has a heating responsibility;
  - The vendor receives a duplicate payment;
  - The vendor is deactivated and is no longer a participating LIHEAP vendor;
  - A LIHEAP Cash grant is received in error;
  - An overpayment is caused by vendor error. Vendor error includes but is not limited to: the vendor failing to provide appropriate or accurate customer account information, non-equitable pricing, LIHEAP funds were erroneously applied toward a security deposit, a billing error or other application of LIHEAP funding is detected, failure to provide service or using a communal account for LIHEAP funds. If this occurs, the vendor is responsible for reimbursement from the vendor's funds, not by removing LIHEAP credits from the customer's account;

- The end of each LIHEAP program year. LIHEAP funds are available for two heating seasons, which includes the heating season of receipt and heating season immediately following. LIHEAP funds not expended must be returned to DHS by July 31 of that year. **DHS will send an email to remind vendors to review/identify accounts and return LIHEAP funds.**

- b) DHS is authorized to recoup past-due LIHEAP balances by debiting any current or future LIHEAP payment for an amount equal to the outstanding un-refunded balance that is due to DHS from the vendor. A record of the balance of funds owed is established by DHS, who contacts the vendor to request a refund and confirm the amount. DHS will send the vendor up to three dunning letters requesting payment of the funds. If the vendor fails to respond after the third notice, the amount of the balance of funds owed to DHS will be deducted from the vendor's next payment(s) until the funds are repaid. The vendor acknowledges that DHS will reduce vendor payments by the amount of the balance of funds owed to allow for the expeditious collection of these debts. If funds are unable to be recouped, outstanding balances will be referred to the Attorney General's Office for collection proceedings and all other legal remedies.

NOTE: Vendors have the option to set up expedited recoupment to return LIHEAP funds.

8. Provide all requested information established in DHS policies and procedures. This could include information on the annual heating usage and cost incurred by LIHEAP households necessary for compliance with federal reporting requirements if this information is gathered by customer name or account number and the customer has been served by the vendor at the same address for the entire annual period.
9. Vendors are holding, on DHS' behalf, federal money for the benefit of recipient customers. Vendors are prohibited from using LIHEAP funds for purposes other than home heating. This requirement does not supersede the provisions of the Federal Bankruptcy Act, 11 U.S.C., Section 366.
10. To promptly notify the LIHEAP Vendor Unit whenever discrepancies in approved fuel applications are found. Examples include a vacant residence, a request to deliver to an address other than what was indicated on the Remittance Advice, a request to provide a fuel type other than what was authorized or other situations when the vendor is aware of potentially fraudulent activity.
11. To not discriminate against any eligible household regarding terms and conditions of sale, credit, delivery, or price, nor treat adversely any household receiving LIHEAP because of such assistance.
12. To ensure the retention of LIHEAP customer confidentiality in the use of social media.
13. To notify DHS at least 120 days before filing for bankruptcy and return all funds not expended on LIHEAP clients at least 91 days before filing for bankruptcy.
14. To resolve any crisis payment disputes with DHS' Bureau of Hearings and Appeals if disputes cannot be resolved informally with DHS staff.
15. To present for review or reproduction records maintained by the vendor concerning overall pricing, conditions of sale, credit, and delivery, upon request by DHS for audit or investigation purposes, as provided in this agreement.
16. If DHS receives a notice of levy, DHS will turn over rights to property such as money, credit and deposits in accordance to the notice.
17. Vendors will retain all books, records and documents pertaining to LIHEAP payments **for four years from the receipt of payment** or until all questioned costs or activities have been resolved to the satisfaction of the commonwealth, or as required by applicable federal laws and regulations. All records must be maintained in a legible, readable condition. If records are maintained in a computer, the vendor must cooperate in providing printed versions of such records. Recipient-specific records should clearly identify both Cash and Crisis payments from LIHEAP, charges to the account, and documentation supporting these entries by individual household.

The commonwealth reserves the right for state and federal agencies or their authorized representatives to perform financial and compliance audits if deemed necessary by commonwealth or federal agencies. If an audit of this agreement will be performed, the vendor will be given 60 days advance notice.

**LIHEAP VENDOR HELPLINE**  
**Toll Free Number 1-877-537-9517**  
**Fax 717-231-5516**  
**Email Address: RA-LIHEAPVendors@pa.gov**

**LIHEAP VENDOR WEBSITE**  
**[www.dhs.pa.gov/providers/Providers/Pages/LIHEAP-Vendors.aspx](http://www.dhs.pa.gov/providers/Providers/Pages/LIHEAP-Vendors.aspx)**