

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

Public Meeting held January 12, 2023

Commissioners Present:

Gladys Brown Dutrieuille, Chairman
Stephen M. DeFrank, Vice Chairman
Ralph V. Yanora
Kathryn L. Zerfuss
John F. Coleman, Jr.

Philadelphia Gas Works Universal Service
and Energy Conservation Plan for 2023-2027
Submitted in Compliance with 52 Pa. Code
§ 62.4

Docket No. M-2021-3029323

ORDER

BY THE COMMISSION:

On October 29, 2021, Philadelphia Gas Works (PGW), a jurisdictional city natural gas distribution operation (CNGDO), filed its Proposed 2023-2027 Universal Service and Energy Conservation Plan (Proposed 2023 USECP). On June 16, 2022, the Pennsylvania Public Utility Commission (Commission) entered an Order (June 2022 Order), requesting additional information and stakeholder comments regarding the Proposed 2023 USECP. The June 2022 Order indicated issues that required further attention on the record, directed PGW to provide supplemental information, and set a timeline for stakeholder comments and reply comments on the Proposed 2023 USECP. PGW filed Supplemental Information in response to the June 2022 Order on July 21, 2022. The Low Income Advocates,¹ the Office of Consumer Advocate (OCA), and PGW individually filed

¹ The Low Income Advocates consist of the Tenant Union Representative Network (TURN), Action Alliance of Senior Citizens of Greater Philadelphia (Action Alliance), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA).

comments and/or reply comments. POWER Interfaith (POWER) filed comments highlighting specific issues that it supports; POWER also asserted agreement with the recommendations of the Low Income Advocates. We have considered the supplemental information, comments, and reply comments filed by the parties and direct PGW to submit a Revised 2023 USECP, consistent with this Order, for the reasons described herein. PGW's existing 2017-2020 USECP (2017 USECP) at Docket M--2016--2542415 will continue in operation in whole or in part until its 2023 USECP is fully implemented.

I. BACKGROUND

As a CNGDO serving approximately 488,817 residential customers,² PGW is required to maintain an approved USECP and to obtain an independent third-party review of its universal service programs periodically.³

Policy Statement on Customer Assistance Programs (CAPs), 52 Pa. Code §§ 69.261-69.267 (CAP Policy Statement (2020)), Docket No. M-2019-3012599

The Commission's CAP Policy Statement (2020) was amended effective March 21, 2020, pursuant to an order and annex entered on November 5, 2019, and published in the *Pennsylvania Bulletin* on March 21, 2020. *See 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code §§ 69.261-69.267, Final Policy Statement and Order, Docket No. M-2019-3012599 (November 2019 Order and November 2019 Annex). See also 50 Pa.B. 1652.*⁴ The November 2019 Order, *inter*

² *Report on 2021 Universal Service Programs & Collections Performance* at 6. https://www.puc.pa.gov/media/2145/2021_universal_service_report_final.pdf

³ As a CNGDO, PGW is subject to the universal service reporting regulations applicable to natural gas distribution companies (NGDCs), 52 Pa. Code §§ 62.1-62.8, and to the low-income usage reduction regulations, 52 Pa. Code §§ 58.1-58.18. CNGDOs and NGDCs are guided by the recommendations in the CAP Policy Statement (2020), 52 Pa. Code §§ 69.261-69.267.

⁴ Available at <https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol50/50-12/409.html>.

alia, strongly urged electric distribution companies (EDCs), NGDCs, and CNGDOs to incorporate the CAP policy amendments into their USECPs to allow stakeholders to have a basis for meaningful input in a *Universal Service Rulemaking*.⁵ November 2019 Order at 2.

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

On October 3, 2019, the Commission entered its order (October 2019 Order) in *Universal Service and Energy Conservation Plan (USECP) Filing Schedule and Independent Evaluation Filing Schedule*, Docket No. M-2019-3012601, to extend the duration of USECPs from the then-prescribed three years to at least five years. The filing schedule for third-party independent evaluations was adjusted to coincide with the revised USECP duration and filing schedule. The Commission extended PGW's 2017 USECP through 2022 and directed PGW to file its next five-year USECP (2023-2027) on November 1, 2021.

II. HISTORY

2017 USECP (Docket No. M-2016-2542415)

PGW's current USECP is its 2017 USECP, approved by the Commission at Docket No. M-2016-2542415, by order entered on October 5, 2017. The 2017 USECP, as has been subsequently revised, is still in operation.

On January 6, 2020, PGW filed a Cover Letter and 2020 Addendum (collectively, the January 2020 filing) at its 2017 USECP docket. The 2020 Addendum reflected the

⁵ On January 2, 2020, the Commission entered an order at Docket No. L-2019-3012600 directing its Bureau of Consumer Services (BCS) and Law Bureau to initiate a comprehensive universal service rulemaking. That proceeding is on-going.

extended duration through 2022 for its 2017 USECP and included, *inter alia*, updated enrollment and budget projections for 2021 and 2022. The Cover Letter outlined a proposal to implement a Pilot Program and other Customer Responsibility Program (CRP, PGW's CAP) changes consistent with the recent amendments to the CAP Policy Statement (2020).

The January 2020 filing was not initially docketed as a petition to amend the 2017 USECP. The January 2020 filing was, however, subsequently re-docketed as a petition⁶ to amend PGW's 2017 USECP when PGW filed and served a Petition on February 21, 2020 (February 2020 Petition) to expedite review of the January 2020 filing. The February 2020 Petition was subsequently assigned the additional Docket No. P-2020-3018867.

On March 26, 2020, the Commission entered an Order (March 2020 Order) at Docket Nos. M-2016-2542415 and P-2020-3018867 addressing PGW's January 2020 filing. The March 2020 Order approved changes to PGW's CRP relative to its 2017 USECP as a Pilot Program, including changes reflecting the energy burden recommendations in the CAP Policy Statement (2020). Specifically, the March 2020 Order approved:

- Charging CRP customers with incomes at or below 50% of the Federal Poverty Income Guidelines (FPIG) a maximum of 4% of income or their average bill, whichever is less, and CRP customers with incomes above 50% and below 150% of the FPIG a maximum of 6% of income or their average bill, whichever is less.

⁶ For ease of reference, we shall refer to the components of the January 2020 filing as the January 2020 Letter and the January 2020 Addendum.

- Continuing the consumption limit program as a pilot to run concurrently with the CRP Pilot Program. The consumption limit pilot program would place CRP customers whose annual usage exceeds 2,290 CCF on the average bill program for the remainder of the credit limit period.
- Discontinuing the Conservation Incentive Credit pilot program after credits are awarded in 2020 and provide notice of the discontinuance of the Conservation Incentive Credit program consistent with its prior notice of the program.
- Adopting PGW's Consumer Education and Outreach Plan (CEOP).

March 2020 Order at 22, OP #4.

The Office of Small Business Advocate (OSBA) and OCA subsequently filed appeals in Commonwealth Court. OSBA: *Evans, J., et al. v. PA PUC*, 421 C.D. 2020 (*Evans*); OCA: *McCloskey, T. v. PA PUC*, 422 C.D. 2020 (*McCloskey*). The appellants did not request a stay of implementation of the March 26 Order. By order entered on September 15, 2020, the Commonwealth Court granted the Commission's Application to Consolidate the appeals. (Consolidated opinion cited below as *Evans and McCloskey*.)

On September 29, 2021, the Commonwealth Court issued an unreported memorandum opinion vacating the March 2020 Order and directing the Commission "to provide evidentiary proceedings and issue a new decision" regarding the January 2020 filing. *Evans and McCloskey* at 30-31. The Commission subsequently assigned this matter to the Office of the Administrative Law Judge (OALJ) in accordance with the Commonwealth Court's directive.

On January 4, 2022, the OALJ issued an Interim Order (January 2022 Order) at Docket P-2020-3018867 granting, in part, the October 2021 Petition. The January 2022 Order, *inter alia*, granted PGW's request to maintain its CRP Pilot Program during the pendency of the proceeding until the Commission enters a Final Order "or the presiding officers or Commission otherwise direct." January 2022 Order at 4, OP #1.

On August 1, 2022, PGW filed a Joint Petition (August 2022 Joint Petition) on behalf of itself, OCA, TURN, and CAUSE-PA for approval of a settlement of the 2017 USECP proceeding. The August 2022 Joint Petitioners proposed that the Commission approve the settlement without modification. All petitioners provided statements in support of the August 2022 Joint Petition. PGW avers that the settlement provisions in the August 2022 Joint Petition are just and reasonable, in the public interest, and resolve all issues in the 2017 USECP proceeding. August 2022 Joint Petition at 7. On September 9, 2022, the ALJ issued a Recommended Decision recommending approval of the August 22 Joint Petition without modification. On October 27, 2022, the Commission entered an order adopting the Recommended Decision.

As articulated in the August 2022 Joint Petition, PGW, *inter alia*, will maintain the CRP pilot program energy burden levels approved in the March 2020 Order through the duration of its 2023 USECP and implement the following steps if its CRP costs exceed the projected annual budget by greater than 20%:

- Notify all parties to the August 2022 Joint Petition.
- Provide actual annual CRP cost information for the preceding year in March and schedule a meeting with all related parties within 30 days to discuss the costs and

receive input on cost controls. Parties may petition the Commission before or after those meetings to address cost control concerns.⁷

- Propose cost control measures or justify why no cost control measures are needed.

August 2022 Petition at 8.

Additionally, PGW will perform an evaluation of CRP minimum bill, average bill, and Percentage of Income Payment (PIP) customers within 18 months after Commission approval of the August 2022 Joint Petition, broken down by FPIG tier (*i.e.*, 0-50%, 51-100%, and 101-150%). PGW will meet with the parties to the August 2022 Joint Petition and discuss the results of its evaluation. August 2022 Petition at 9.

2020 Base Rate Case, Docket No. R-2020-3017206

On February 28, 2020, PGW filed for a general rate increase at Docket No. R-2020-3017206; the case was assigned to the OALJ. On August 26, 2020, a Joint Petition for Partial Settlement (2020 Rate Case Settlement)⁸ was filed in the OALJ proceeding, providing, *inter alia*, for changes impacting PGW's universal service programs. The October 5, 2020 Recommended Decision recommended approval of the 2020 Rate Case Settlement, with no modification to the universal service provisions. By Order entered on November 19, 2020, *inter alia*, the Commission approved the 2020 Rate Case Settlement. November 2020 Order at OP #6.

⁷ In the Docket P-2020-3018867 proceeding relating to PGW's 2017 USECP, the Joint Petitioners agreed to allow parties in said proceeding to retain the right to propose or oppose in any subsequent USECP proceeding or base rate proceeding going forward cost control measures that seek to protect non-participants. August 2022 Petition at 8.

⁸ The Joint Petitioners, active parties in the 2020 Base Rate Case, were: PGW, the Commission's Bureau of Investigation and Enforcement (BIE), OCA, OSBA, and the Philadelphia Industrial and Commercial Gas User Group (PICGUG).

As articulated in the 2020 Rate Case Settlement, PGW, *inter alia*, agreed that it would do the following:

- Provide an annual training to Community Based Organizations (CBOs) on how to use the CRP application tool and include information about promoting CRP enrollment. 2020 Rate Case Settlement at 13, ¶33(a).
- Create a video explaining how to apply for CRP online and post the video on its website and social media.⁹ Non-contact methods for CRP applications (call for application, mail-in, online) will also be publicized. 2020 Rate Case Settlement at 13, ¶33(b).
- Review and adjust CRP asked-to-pay amounts quarterly as part of its new Customer Information System (CIS) and increase/decrease the asked-to-pay amount if the average bill amount has changed. 2020 Rate Case Settlement at 13, ¶33(c).
- Roll over unspent 2019 and 2020 LIURP funds into the next program year through the end of the 2017 USECP (*i.e.*, 2023), until expended. 2020 Rate Case Settlement at 13, ¶33(d).
- Mail two letters seeking to obtain landlord approval to perform LIURP services for a tenant. If a telephone number is available, one of the letters will be replaced with a telephone call to the landlord. 2020 Rate Case Settlement at 13, ¶33(e).
- Expand translation services by (1) offering spoken language translation services

⁹ PGW posted the video on its website at <https://www.pgworks.com/customer-care/crp>. The video can be found directly at the following link, <https://youtu.be/RWYjiPPKp28>. Accessed on May 2, 2022.

for service center communications; (2) provide annual training and documentation to customer service representatives on how to use translation services; and (3) work with its universal services advisory committee (USAC) to identify 10 universal service, safety, and customer service documents that will be made available in up to five languages (other than English and Spanish) and make them available on the PGW website. 2020 Rate Case Settlement at 16, ¶38(a-c).

- Work with its USAC to refine its CEOP, specifically addressing outreach to low-income customers in the 0%-50% tier of the Federal Poverty Income Guidelines (FPIG). 2020 Rate Case Settlement at 16, ¶39.
- Review the reasons why customers were denied enrollment or recertification into CRP for inability to verify income, including whether a customer provided income and was rejected because it was unacceptable to determine whether PGW's list of acceptable verification documents should be expanded. 2020 Rate Case Settlement at 17, ¶42.

2023 USECP (M-2021-3029323)

In compliance with Commission regulations, PGW submitted its Proposed 2023 USECP on October 29, 2021, at Docket No. M-2021-3029323, and served OCA; OSBA; the Clean Air Council of Philadelphia; Community Legal Services; TURN; the Pennsylvania Utility Law Project, Counsel for CAUSE-PA; PICGUG; BIE; the Commission's Bureau of Consumer Services (BCS); and the Commission's Law Bureau.

The June 2022 Order identified issues in the Proposed 2023 USECP requiring further clarification, requested supplemental information from PGW, and set out a timeline for stakeholder comments and reply comments. On July 21, 2022, PGW filed Supplemental Information. The Low Income Advocates, POWER, and OCA

individually filed comments on August 30, 2022. PGW filed reply comments on September 23, 2022.

III. DISCUSSION

PGW's 2023 USECP, as proposed, contains four major components that help low-income customers maintain utility service. The four programs are as follows: (1) the Customer Responsibility Program (CRP), PGW's CAP, which may provide lower bills and arrearage forgiveness for low-income residential customers; (2) Home Comfort, PGW's Low Income Usage Reduction Program (LIURP), which provides weatherization and usage reduction services to help low-income customers reduce their utility bills; (3) Customer Assistance Referral Evaluation Services (CARES) program, which provides referral services for low-income, special needs customers; and (4) Hardship Funds, which provides grants to eligible customers that require assistance to meet basic energy needs. We shall discuss each program in greater detail below.

A. Summary of Proposed Modifications to the Universal Service Programs in the Proposed 2023 USECP as Compared to the 2017 USECP

1. Proposed CRP Modifications

- Expand acceptable CRP income documentation to include individual taxpayer identification numbers (ITIN) and "other" to allow for an open-ended option for documentation.
- Expand the CRP recertification timeframe from one year to every two years. Customers reporting no income will remain on a six-month recertification timeframe and Low-Income Home Energy Assistance Program (LIHEAP) recipients on a three-year recertification timeframe.

- Eliminate need to reapply for CRP for customers restoring service after termination for non-payment if they were on CRP when terminated in the past year.
- Refer CRP participants who reach consumption limits for potential Home Comfort treatment and provide outreach from CARES.
- Translate the paper CRP application into the following languages: Portuguese, Spanish, Mandarin, Russian, Arabic, Vietnamese, Ukrainian, Dari, Pashto, Swahili, French, Urdu, and Korean.
- Provide enhanced outreach specifically designed for customers with limited English proficiency. PGW proposes to provide details on the results of this outreach in its next USECP filing and discuss it with its USAC.

Proposed 2023 USECP at 3-4.

2. Proposed Home Comfort Modifications

- Continue the Low-Income Multi-family Efficiency (LIME) Pilot Program through 2027.
- Continue the Health and Safety Pilot Program through 2027.
- Implement a Repair and Renew Pilot Program that would provide heater and water heater repairs or replacements to the homes of confirmed

low-income customers who were issued hazard tags from PGW, as described in greater detail below.

Proposed 2023 USECP at 4, 18-19, 21

3. Proposed CARES Modifications

PGW proposes no major changes to its CARES program.

4. Proposed Hardship Fund Modifications

PGW proposed to implement a pilot Hardship Fund program that would serve eligible customers with incomes at or below 250% of the FPIG. Proposed 2023 USECP at 4, 27-28.

Resolution: With the exception of the proposed changes and the other issues that are specifically addressed in this Order, the Commission approves PGW's changes to its universal service programs for its 2023 USECP as listed above.

B. Program Descriptions as Proposed for 2023-2027

1. CRP

PGW's CRP will continue to offer discounts off residential tariff rates to residential heating customers if their household income is equal to or less than 150% of the FPIG and the program will result in the most affordable payment option. Customers enrolled in CRP will be required to pay a fixed monthly bill that is based on their household size and gross income or an average bill, whichever is lower. Currently, the minimum monthly CRP payment amount is \$25. Proposed 2023 USECP at 5.

The program is intended to improve payment behavior, prevent loss of service, assist participants in conserving energy, reduce collection costs, and minimize the financial burden on non-CRP ratepayers. CRP is primarily funded by PGW's residential ratepayers via a Universal Service Surcharge in PGW's tariff.¹⁰ Proposed 2023 USECP at 16.

The primary features of PGW's CRP program include:

- Reduced monthly payments based on a percentage of income.
- Complete pre-program arrearage (PPA) forgiveness over a period of 36 months.

Proposed 2023 USECP at 6.

Customers in the CRP program are required to:

- Make timely and in-full payments as billed;
- Report changes to income and household size;
- Apply for LIHEAP each year and assign the grant to PGW;
- Recertify income and household information every three years for households who receive a LIHEAP grant each year. Households who report no income must recertify every six months. All other households must recertify every two years;
- Accept Home Comfort program services if offered;

¹⁰ In 2021, the surcharge recovered 72.68% of CRP and LIURP costs from residential customers, 22.31% from commercial customers, 1.78% from industrial customers, 2.23% from municipal customers, and 1.06% from the Philadelphia Housing Authority. *2021 Report on Universal Service Programs & Collections Performance* at 90.
https://www.puc.pa.gov/media/2145/2021_universal_service_report_final.pdf

- Make an effort to conserve energy and manage usage within required consumption limits;
- Provide PGW access to the meter if requested;
- Authorize PGW to use external sources to verify household composition and income; and
- Agree to not commit any form of natural gas theft or fraud.

Proposed 2023 USECP at 7.

If an account meets any of the following criteria, the household is not eligible to participate in CRP:

- Commercial rate accounts;
- Accounts receiving the senior citizen discount;
- Accounts that supply service to more than one unit/apartment;
- Accounts currently enrolled with a natural gas supplier;
- Landlord tenant accounts where the service is in the landlord's name;
- Healthcare facilities;
- Accounts that are not the customer of record's primary residence;
- Accounts deemed by PGW to be excluded due to violation of one of the stay-out provisions; or

- Non-heat accounts.

Proposed 2023 USECP at 8.

The CRP payment amount is based on a percentage of the household’s size and gross income. Table 1 reflects PGW’s current PIP for each income level, which was established as part of its CRP pilot program. PGW is proposing to maintain these PIP levels permanently in its 2023 USECP.¹¹ Proposed 2023 USECP at 5.

Table 1
CRP PIPs

FPIG Tier	PIP
0 - 50%	4%
51 - 100%	6%
101 - 150%	6%

CRP customers can have their PPA balances completely forgiven within three years (*i.e.*, 36 months) of entering the program. For each month that the customer pays his or her monthly CRP bill in full and on time, regardless of any existing in-program arrears (IPA), PGW will forgive 1/36th of the customer’s PPA balance. Payments made in excess of the monthly CRP amount are first applied to any IPA and then as a credit toward the next month’s bill. Proposed 2023 USECP at 5.

Customers are unable to re-enroll in CRP for a specified period if they are removed from the program for the following reasons: voluntary removal while eligible (stay-out for one year), refusing access to the meter (stay-out until access is granted), committing two or more incidents of unauthorized usage (stay-out for one year),

¹¹ These PIP levels and other matters related to the March 2020 Order were litigated in the OALJ proceeding at Docket No. P-2020-3018867 and resolved by a settlement approved by the Commission.

submitting fraudulent information at application or recertification (stay-out for one year), or refusing Home Comfort services (stay-out until services are accepted).¹² Proposed 2023 USECP 6-7.

Based on our analysis of PGW's CRP in the Proposed 2023 USECP, we directed PGW in the June 2022 Order to provide clarification and/or supplemental information regarding identified issues. The following discussion reflects resolution of those issues:

a. Income Documentation for the Last 30 Days or 12 Months

PGW reports that it will accept the last 30 days of income for household members to determine household income. PGW will also accept federal, or state tax returns filed within the last 12 months as proof of self-employment income. Proposed 2023 USECP at 11-12.

PGW reports it uses gross year-to-date income to determine monthly household income if the customer has seasonal or "fluctuating" income. PGW maintains that "dividing the gross year-to-date income by 12" provides a more accurate picture of the customer's monthly income and can qualify a household for CRP that may have been ineligible based on the past 30 days of income. Proposed 2023 USECP at 11-12.

The Proposed 2023 USECP includes a list of professions where the seasonal or fluctuating income documentation policy (*i.e.*, using gross year-to-date income) may apply. Those professions include home health aides, catering workers, construction workers, and school district employees. Proposed 2023 USECP at 12.

¹² Customers will not be removed from CRP if they are unable to accept weatherization services due to health, safety, or structural issues in the home; serious illness of a household member; landlord refusal; or other severe circumstances outside the customer's control deemed valid by PGW. Proposed 2023 USECP at 6-7.

The Commission questioned whether the CRP income documentation policy in the Proposed 2023 USECP gives all customers the choice of providing 30 days or 12 months of income when applying for CRP, as recommended in CAP Policy Statement (2020). 52 Pa. Code §69.265(8)(ii)(B)(I). The Commission also questioned whether PGW's use of year-to-date income is applied only to careers involving seasonal or fluctuating work periods with 12 months of income. The Commission directed PGW to (1) explain its timeframes for accepting income for CRP; (2) clarify whether the seasonal or fluctuating income documentation policy applies only to customers with 12 months of income with certain types of employment; (3) explain what instructions are given to PGW staff on when to apply its seasonal or fluctuating income documentation policy; and (4) provide copies of its CAP applications, recertification letters, brochures, and any other written communications provided to customers describing CRP income eligibility requirements. June 2022 Order at 20-21.

Comments

PGW confirms that the CRP application requests proof of income for the last 30 days. PGW reports it asks for the last 12 months of income if a customer is unable to provide proof of income for the last 30 days and indicates that they are seasonally employed or have fluctuating income. If a customer is unable to provide 12 months of income, PGW uses year-to-date income information, a letter from an employer, or the most recent 30-day period for which the customer received income to determine the monthly income amount. Additionally, PGW clarifies that the seasonal or fluctuating income documentation policy (*i.e.*, calculating average monthly income from the year-to-date amount) can be applied using less than 12 months of income if the customer

has been with the same employer for the entire year. PGW Supplemental Information at 1.

PGW also states that it applies the seasonal or fluctuating income documentation policy to customers with intermittent income such as school district employees, Uber or Lyft drivers, farmworkers, landscapers, and home health aides. PGW clarifies that part-time employees are not impacted by this policy as they can provide income for the last 30 days. PGW specifies that its staff is advised to accept whatever proof of income a customer with fluctuating income can provide. PGW staff advise customers that the income provided must be for the most recent 30 days. Moreover, PGW states that if the customer provides a letter from their employer explaining the reason for the gap in paystubs, it will use the year-to-date formula to calculate the income for the customer. PGW Supplemental Information at 1-2.

PGW also submitted copies of its CRP Application, CRP Recertification Letter, CRP Final Reminder, 2022 CRP Flyer, and CRP Eligibility Flyer as part of its Supplemental Information.

OCA, the Low Income Advocates, and POWER note that PGW's income documentation policy is not consistent with the CAP Policy Statement (2020).¹³ OCA Comments at 7, Low Income Advocates Comments and POWER Comments at 4.

OCA notes that neither PGW's application nor its recertification letter provides the customer with any information about the option to provide 12 months' worth of income. OCA recognizes that in some situations, annualizing the gross income from a pay stub is reasonable but it is not always an accurate depiction of a household's yearly

¹³ 52 Pa Code § 69.265(8)(ii)(B)(I): The utility should accept income documentation of at least the last 30 days or 12 months, whichever is more beneficial to the household. CAP applications and recertification letters should identify acceptable income timeframes and explain how each may benefit the customer.

earnings and could capture a timeframe that inflates annual income. OCA states that it does not object to PGW using the lesser of the last 30 days' income annualized, the year-to-date gross income annualized, or the actual prior 12 months' worth of income as documented by the household to determine CRP eligibility. OCA contends that PGW needs to ensure that its documentation, application, and communication accurately reflect what is required from the CAP Policy Statement (2020) regarding verifying income. OCA Comments at 7-8.

Moreover, OCA notes that it does not object to PGW permitting customers to annualize their gross year-to-date income from their most recent pay statement as an additional means of certifying income eligibility if PGW's policies are to allow the household to choose and use whichever is most beneficial to the household for CRP-enrollment purposes. OCA Comments at 9.

PGW disagrees with the recommendation of aligning with the CAP Policy Statement (2020) and updating its CRP policy to accept income documentation of either 30-days or 12-months based off customer preference. PGW contends that a customer should provide accurate income information to the best of their ability and not be able to choose income time periods to maximize their CRP benefits. PGW Reply Comments at 4-5.

Resolution: In response to our initial questions about its seasonal or fluctuating income documentation policy, PGW has clarified that the year-to-date income information for the purpose of determining CRP eligibility is only used if the customer (1) is unable to provide proof of income for the last 30 days and indicates they are seasonally employed or have fluctuating income; (2) cannot provide proof of income for the past 12 months; and (3) has been with the same employer since the start of the calendar year. PGW has also clarified that year-to-date income information can be used to determine average monthly income even if the customer has worked less than 12 months.

The CAP Policy Statement (2020), 52 Pa. Code §69.265(8)(ii)(B)(I), does not, create requirements and conformance or non-conformance with the CAP Policy Statement (2020) is not the issue herein. Nevertheless, we note that we do not find the PGW provisions inconsistent with recommendations in the CAP Policy Statement (2020). PGW will provide customers applying for CRP the opportunity to provide proof of income for the last 30 days or 12 months before using year-to-date income to determine average monthly income. PGW's stated seasonal or fluctuating income documentation policy gives customers an opportunity to provide income documentation for these time periods. However, PGW should notify customers when year-to-date income is used to determine CRP eligibility and benefits and how they can dispute or update this income calculation (*i.e.*, by providing updated income information).

We share the concerns raised by OCA, the Low Income Advocates and POWER that households without seasonal or fluctuating income are only being asked to provide the last 30 days of income when applying for CRP. We find PGW's concerns, that some customers could game the system if they had the option of using 30 days or 12 months, insufficient justification to make the differentiation that PGW proposes. We conclude that PGW should extend the opportunity to provide the last 30 days or 12 months of income to all customers, not just those with seasonal or fluctuating income. Providing 12 months gives PGW both the last 30 days and the full 12 months. The Commission has recommended in the CAP Policy Statement (2020) that public utilities give all CAP applicants the option of selecting an income timeframe (*i.e.*, at least the last 30 days or 12 months) that is most representative of their true annual household income. *See* November 2019 Order at 41. PGW's Proposed 2023 USECP, CRP application, and written CRP communications should identify that customers may submit proof of their last 30 days or 12 months of income.

Accordingly, PGW is directed to include the following clarifications in its Revised 2023 USECP:

- That year-to-date income information is only used to determine CRP eligibility and benefits if the customer (1) is unable to provide proof of income for the last 30 days and indicates they are seasonally employed or have fluctuating income; (2) cannot provide proof of income for the past 12 months; and (3) has been with the same employer since the start of the calendar year.
- That PGW will notify customers when year-to-date income information is used to determine CRP eligibility and explain how they can dispute or update this income calculation.
- That customers applying for CRP can provide the last 30 days or 12 months of income.

PGW is also directed to work with its USAC to (1) review or develop a notice to customers informing them that year-to-date income information was used to determine CRP eligibility and what they can do to dispute or update this information; and (2) revise its CRP application (paper and online) to inform customers they may provide their last 30 days or 12 months of income, whichever is more representative of their annual household income. PGW is directed to file and serve its notice to customers reflecting the use of year-to-date income and its revised CRP application at this docket within 6 months from the date of this Order.

b. CRP Final Billing

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

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

In the CAP Final Billing Order, PGW reported that a CRP final bill is based on the residential tariff rate for the billing period and that CRP credits are not applied. CAP Final Billing Order at 7.

In the June 2022 Order, the Commission asked PGW to describe its CRP final billing practice and explain whether this practice has changed since the Commission's CAP Final Billing proceeding. PGW was also directed to address how its final CRP billing practices reflect compliance with the relevant statutes and regulations as discussed in the CAP Final Billing Order. June 2022 Order at 22.

Comments

PGW notes that the Commission has not issued a regulation on final bills for prior CAP customers. PGW affirms that its CRP final bill process has not changed since the CAP Final Billing Order. Customers are removed from CRP upon termination or discontinuance of service and are billed for actual usage at the full residential tariff rate for the final billing period. PGW explains that the total final bill includes all debt owed by the customer, including the final usage period at the full tariff rate, unpaid PPAs, and any unpaid CRP bills. PGW states that if the customer seeks reconnection of service and reinstatement into CAP, they must pay only the unpaid CRP bills. PGW Supplemental Information at 3.

OCA and the Low Income Advocates separately dispute PGW's interpretation of the customer's CRP status at the time the final bill is issued. OCA and the Low Income

Advocates note that a customer does not stop being a customer until 30 days after the final bill is issued; therefore, if they are enrolled in CRP at the time of termination, they remain a CRP customer until 30 days after the final bill is issued. OCA Comments at 10, Low Income Advocates Comments at 41.

OCA argues that PGW's issuance of a full tariff rate bill at the time of the final bill is contrary to the law and to the customer's status as a customer and CRP participant. OCA recommends the Commission direct PGW to provide the CRP discount and arrearage forgiveness due to a CRP participant through the issuance of a final bill, unless the tariff rate would result in a lower bill to the household. OCA Comments 11-12.

The Low Income Advocates recommend that PGW should be directed to compare the CRP price to the residential tariff rate bill for the final billing period and charge the customer the lesser of the two. Additionally, the Low Income Advocates recommend that the final bill identify separately the current usage charges, the unpaid CRP balance, and the remaining PPA amount. Furthermore, the Low Income Advocates assert that when the CRP final bill is paid, the customer should earn PPA forgiveness. Low Income Advocates Comments at 41-43.

PGW asserts that the amount of a customer's final bill shouldn't determine whether they are still a CAP participant. PGW opines that OCA's proposal regarding CAP final billing is excessively complex. PGW reports that it expects to implement its new CIS in the Fall of 2023 and requests that any changes to the final billing of CAP customers occur after that implementation. PGW Reply Comments at 5.

Resolution: Neither the CAP Policy Statement (1999) nor the CAP Policy Statement (2020) specifically recommend how EDCs and NGDCs calculate a CAP customer's final billing period bill. However, 66 Pa.C.S. § 1303 provides that public utilities are to

compute bills under the “rate” most beneficial to the customer. As described in the CAP Final Billing Order:

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

CAP Final Billing Order at 22 (emphasis added).

The Commission is not opposed to PGW’s practice of charging the residential rate for usage in a final bill in circumstances when the tariff rate is less than the prorated CAP billing. Low-income households enrolled in CAPs should receive the most affordable payment over the course of a program year, through reduced payment amounts, deferred arrears, and other benefits. As noted in the CAP Final Bill Order, the Commission considers a CAP customer to be enrolled in the program until either the effective date of the customer’s requested removal from CAP or until service is terminated or discontinued. CAP Final Billing Order at 20. However, we are not persuaded that customers enrolled in CAP up until the date of service termination or discontinuance should be charged more than their prorated CAP billing price for usage incurred during their final billing period (*i.e.*, while the customer was still enrolled in CAP). Therefore,

we do not support PGW’s practice of charging all customers the residential tariff rate during the final billing period when it exceeds the prorated CRP price.

Accordingly, the Commission directs PGW to charge CRP customers no more than their prorated CRP billing amount for usage incurred during their final billing period. If the CRP final bill includes remaining unforgiven PPA, that amount must be separately identified on the final bill. PGW shall implement this change no later than December 1, 2023, and shall include this provision in its Revised 2023 USECP. This directive applies regardless of whether the CAP customer’s final bill is based on disconnection or on termination of service.

c. Refunds of Security Deposits

Both the statute and Commission regulations prohibit requiring a cash deposit for utility service from customers who are confirmed to be eligible for a CAP. *See* 66 Pa.C.S. § 1404(a.1)¹⁴ and 52 Pa. Code § 56.32(e)¹⁵. Commission regulations also state that a public utility must “refund a deposit, along with any applicable interest, within 60 days upon determining that the customer or applicant from whom a deposit was collected is not subject to a deposit” *See* 52 Pa. Code § 56.53(f).

The Proposed 2023 USECP does not describe PGW’s practices regarding the waiving or the refunding of security deposits for CRP-eligible customers. The Commission directed PGW to provide this information. June 2022 Order at 23.

¹⁴ 66 Pa.C.S. § 1404(a.1) 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.”

¹⁵ 52 Pa. Code § 56.32(e) provides that “a public utility may not require a cash deposit from an applicant who is, based upon household income, confirmed to be eligible for a customer assistance program. An applicant is confirmed to be eligible for a customer assistance program by the public utility if the applicant provides income documents or other information attesting to his or her eligibility for state benefits based on household income eligibility requirements that are consistent with those of the public utility’s customer assistance programs.”

Comments

PGW explains that prior to entering a customer into CRP, PGW reviews the account to verify whether a deposit is due or if it is already paid. PGW notes that if a deposit is due, the deposit is canceled. PGW states that if the deposit is already paid, that the deposit plus any accrued interest is applied to the account before the customer is put into CRP. PGW asserts that safeguards are in place to ensure that deposits for CRP customers are waived or refunded if already paid. Moreover, PGW notes that its Account Management Department receives an exception report that identifies CRP accounts that owe or paid deposits that were not properly refunded. PGW states that if such cases are identified, the deposit is waived or refunded. PGW Supplemental Information at 4.

OCA notes PGW's current practice applies the security deposit against the customer's account balance to reduce the arrears that would otherwise be subject to forgiveness through CRP. OCA suggests that before PGW applies the security deposit balance to PPA, a customer should be given the choice to receive a refund of the security deposit or to apply it towards the back balance. Additionally, OCA maintains that the customer should be informed that with timely monthly payments, a portion of the PPA will be forgiven as a part of CRP. OCA recommends that the Commission direct PGW to provide customers with an affirmative choice of whether to receive a refund of the security deposit or to apply the amount to the customer's PPA balance that would otherwise be subject to forgiveness with monthly CRP payments. OCA Comments at 13.

The Low Income Advocates note that PGW applies the security deposit to arrears that are eligible to be frozen and forgiven through CRP. The Low Income Advocates submit that PGW doesn't appear to have a precise process for releasing security deposits held for low-income households that are not enrolled in CRP. The Low Income Advocates state that this lack of a clear process is inconsistent with Commission

regulations and relevant statutes prohibiting utilities from requiring a security deposit for applicants and customers who are income eligible for CRP. The Low Income Advocates submit that the Commission should direct PGW to change its policy so that any security deposits (plus any accrued interest) that are improperly collected from CRP income eligible applicants and customers be returned to consumers or applied to the “ask to pay” CRP amount. Low Income Advocates Comments at 37-38.

PGW disagrees with OCA’s notion and asserts that OCA is misapplying 52 Pa. Code § 56.32(e) by attempting to apply it to a situation it is not meant to cover. PGW affirms that it does not collect security deposits from customers who provide information verifying that they are low income. PGW notes that it uses the security deposits collected from customers who later become low income in the same way it uses the security deposits collected from customers who do not become low income, which is consistent with the requirements of 52 Pa. Code § 56.53(f). PGW Reply Comments at 6-7.

Resolution: Both the statute and Commission regulations prohibit requiring a cash deposit for public utility service from customers who are confirmed to be eligible for a CAP. See 66 Pa.C.S. § 1404(a.1)¹⁶ and 52 Pa. Code § 56.32(e).¹⁷ Commission regulations also state that a public utility must “refund a deposit, along with any applicable interest, within 60 days upon determining that the customer or applicant from whom a deposit was collected is not subject to a deposit....” See 52 Pa. Code § 56.53(f). The regulations do not permit the public utility to apply a deposit to a delinquent account balance if it is determined the customer was not responsible to pay the deposit prior to accruing the

¹⁶ 66 Pa.C.S. § 1404(a.1) 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.”

¹⁷ 52 Pa. Code § 56.32(e) provides that “a public utility may not require a cash deposit from an applicant who is, based upon household income, confirmed to be eligible for a customer assistance program. An applicant is confirmed to be eligible for a customer assistance program by the public utility if the applicant provides income documents or other information attesting to his or her eligibility for state benefits based on household income eligibility requirements that are consistent with those of the public utility’s customer assistance programs.”

balance. Accordingly, PGW is directed to refund security deposits, with applicable interest, collected from customers who are income-eligible for CRP. PGW may apply the security deposit to the account balance only with the customer's informed consent. As part of obtaining this informed consent, PGW must explain to the customer how applying the security deposit to the account balance would impact the customer's monthly bill. PGW is directed to include this provision in its Revised 2023 USECP.

d. LIHEAP

In its January 2020 Letter at Docket No. M-2016-2542415, PGW stated that it does not require CRP customers to apply for LIHEAP or to assign a LIHEAP grant to PGW to remain in the program. PGW asserted that maintaining the requirement that CAP customers must apply for LIHEAP “can serve as an encouragement to apply for LIHEAP monies with no penalty.” January 2020 Letter at 3. The Proposed 2023 USECP, however, states that a “program requirement” for CRP participation includes “apply[ing] for LIHEAP each year and assign[ing] the grant to PGW.” Proposed 2023 USECP at 7. The Commission directed PGW to clarify if this provision is an actual CRP requirement. June 2022 Order at 24.

Comments

PGW states that it does not penalize CRP customers for not applying for LIHEAP or for not assigning the grant to PGW. However, PGW proposes to keep the requirement that CRP customers must apply for LIHEAP. PGW opines that this requirement encourages its customers to apply for LIHEAP without a penalty. PGW Supplemental Information at 5.

OCA notes that while it supports PGW's goal of encouraging all CAP customers to apply for LIHEAP, it opposes including misleading and incorrect information in

PGW's USECP. OCA asserts a CRP participant should not be penalized for assigning their LIHEAP to pay their electric vendor. OCA Comments at 14. OCA submits that this program requirement may deter PGW customers from applying for CRP if they believe they are ineligible because they have assigned their LIHEAP grant to another utility. OCA recommends the Commission require PGW to amend its USECP to encourage customers to apply for LIHEAP but not require them to do so. OCA Comments at 15.

Resolution: As PGW has clarified that it is not currently enforcing the program requirement that CRP customers must apply for LIHEAP and assign the grant to PGW, we agree with OCA that this provision from PGW's Proposed 2023 USECP should be amended or removed. Accordingly, PGW is directed to remove this provision from its Revised 2023 USECP or revise the language to reflect that it is not a "program requirement" that CRP customers apply for LIHEAP each year and assign the grant to PGW.

e. CRP Recertification for *LIHEAP Recipients*

PGW proposes, on page 4 of the Proposed 2023 USECP, to recertify CRP customers receiving annual LIHEAP grants every three years. However, the Proposed USECP, at pages 7 & 14, states that LIHEAP recipients must recertify for CRP every two years. The Commission directed PGW to clarify the CRP recertification timeframe for CRP customers who receive LIHEAP grants. June 2022 Order at 25.

Comments

PGW clarifies that CRP customers are granted a two-year recertification waiver if they apply for LIHEAP and assign the grant to PGW. However, PGW notes that customers must recertify at least once every three years, even if they continue to receive a LIHEAP grant and assign it to PGW. PGW Supplemental Information at 6.

The Low Income Advocates submit that the Commission should require PGW to clarify its language in its Proposed 2023 USECP to make clear that receiving LIHEAP allows a CRP participant to recertify every three years. Low Income Advocate Comments at 32.

Resolution: We have received no objection to PGW’s recertification timeframes, and PGW has addressed the noted discrepancy in its Proposed 2023 USECP regarding recertification timeframe for LIHEAP recipients. We find PGW’s proposed recertification timeframes reasonable and consistent with the recommendations in the CAP Policy Statement (2020). 52 Pa. Code § 69.265(8)(viii)(A)(I-IV). Therefore, PGW’s proposed CRP recertification timeframes are approved. Accordingly, PGW is directed to clarify in its Revised 2023 USECP that CRP customers are granted a two-year recertification waiver (*i.e.*, they must recertify once every three years) if they apply for LIHEAP and assign the grant to PGW annually.

f. External sources used to verify CRP customers household composition and income

The Proposed 2023 USECP states that CRP participants must “[a]uthorize PGW to use external sources (*e.g.*, government records, credit reporting bureaus, and third-party income verification sources) to verify household composition and income.” Proposed 2023 USECP at 7.

In its 2017 USECP proceeding, PGW clarified that it does not use information provided by credit report agencies to verify household income and provides customers with Fair Credit Reporting Act (FCRA)¹⁸ rights in writing before removing a customer from CRP for fraud or evidence of death found from an inquiry. PGW 2017 USECP

¹⁸ 15 U.S.C § 1681 (2018), Fair Credit Reporting Act.

Supplemental Information, Docket No. M-2016-2542415 (filed on February 15, 2017), at 11-12.

In the June 2022 Order, the Commission directed PGW to explain how it uses external sources to verify income and CRP household information and whether this process has changed since its 2017 USECP proceeding. Furthermore, PGW was directed to answer if it is using credit reporting information as part of its periodic reviews of CRP accounts and, if so, how this process complies with the FCRA. June 2022 Order at 26.

Comments

PGW reports that its process has not changed and that it does not use unregulated data brokers or credit reports to verify household composition or income. PGW Supplemental Information at 7.

OCA notes that it shares the Commission's concerns regarding third-party sources to verify customer income or household composition. OCA states that from PGW's supplemental information, it is not clear what an "unregulated data broker" is or why PGW is using them. OCA reports that it opposes the use of non-governmental "external sources" of information to verify household income and composition information. OCA states it does not, however, oppose the use of governmental third-party external sources. OCA notes that inclusions of PGW's broad language gives the appearance that PGW is permitted to use any external sources to verify income. OCA notes that it does not support inclusion of such broad language. OCA also notes that PGW's USECP does not include information about providing customers with the FCRA Information rights in writing before removing a customer. OCA states that PGW should include in its USECP how it will communicate to customers the right to dispute the information provided by the third-party agency. OCA submits that the Commission should direct PGW to clarify its references to the use of external third-party sources to be limited to governmental

agencies. Additionally, OCA submits that PGW should be directed to stop using non-governmental sources of income and household composition data to verify income. Moreover, OCA notes the USECP should include information about how customers may dispute the information provided if the information reported to PGW is inaccurate. OCA Comments 16-17.

The Low Income Advocates suggests that the Commission direct PGW to remove language regarding external sources to verify household composition and income from its USECP since PGW is not using these sources. Low Income Advocate Comments at 26.

PGW reports that it does not use credit reporting agencies or unregulated data brokers to verify household composition or income. PGW explains that its USECP notes how PGW would use credit reporting agencies and how it provides related FCRA rights to its customers. PGW Reply Comments at 7, *citing* Proposed 2023 USECP at 14.

Resolution: PGW's response to the June 2022 Order appears to indicate that it does not use external sources to verify household composition and income. Accordingly, we direct PGW to remove the provision in its Proposed 2023 USECP that CRP participants must authorize PGW to use external sources to verify household composition and income. We are satisfied with the clarification provided regarding the use of credit reporting agencies and note that the Proposed 2023 USECP does state that customers will receive a description of the FCRA rights if a credit report indicates fraud or death and the customer is given 30 days to respond before being removed from CRP. Proposed 2023 USECP at 14. Accordingly, we direct no changes to this aspect of PGW's 2023 USECP.

g. Unearned Income of a Child

The Public Utility Code 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 (relating to definitions). In the November 2019 Order, the Commission adopted this definition for household income in the CAP Policy Statement (2020)¹⁹ and noted that the Section 1403 statutory definition is already used to establish Commission payment arrangement requests and recommended this definition be applied to determining CAP household income as well. November 2019 Order at 79.

The Proposed 2023 USECP does not specify whether PGW’s CRP eligibility and benefits are based on the combined gross income of all household members or only the earned and unearned income of adults in the household.

In the June 2022 Order, the Commission directed PGW to clarify, *inter alia*, how household income will be calculated, whether earned or unearned income of minors will be counted, and the intended effective date if it is proposing to change how it defines or calculates “household income.” June 2022 Order at 27.

Comments

PGW states that it does not count the earned income of minors in its CRP household income calculation but does count the unearned income of minors such as Social Security income. PGW notes that this policy is consistent with how the Department of Human Services determines household income for LIHEAP eligibility. PGW also reports that it does not have sufficient data to project how excluding unearned income of minors would increase CRP costs but maintains the increase could be significant. PGW Supplemental information at 8.

OCA asserts that no income from a minor, earned or unearned, should be included in household income when determining CRP eligibility. OCA notes that PGW’s practice

¹⁹ See 52 Pa. Code § 69.262 (relating to definitions).

ignores the Chapter 14 definition of income and the direction of the Commission in the CAP Policy Statement (2020). OCA contends that the Chapter 14 rules govern what is considered household income for CAPs and not LIHEAP. Both OCA and the Low Income Advocates recommend the Commission direct PGW to exclude all income from minors in its calculation of household income for CRP eligibility. OCA Comments at 18, Low Income Advocates Comments at 28-30.

PGW notes that its calculation for household income mirrors the same calculation utilized by other state and federal assistance programs such as LIHEAP, which also include the unearned income of minors. PGW asserts that unearned income for minors is intended to cover their living expenses, including utilities. PGW Reply Comments at 4.

Resolution: We find that PGW's definition of household income to include unearned income of minors in the household is not consistent with the definition of household income in Section 1403 of the Public Utility Code, 66 Pa.C.S. § 1403. Further, while the statutory language is controlling, Section 69.262 of the CAP Policy Statement (2020) provides additional guidance that the unearned income of minors should be excluded from the household income calculation, 52 Pa. Code § 69.262. Accordingly, PGW is directed to exclude unearned income for minors when determining household income for CRP eligibility and to include this clarification in its Revised 2023 USECP. PGW is directed to implement this change within six months from the date of this Order.

h. Verifying Zero-Income

In the Proposed 2023 USECP, PGW states that customers applying for CRP who report zero income with no other means of financial support are asked to complete an assessment, in addition to the CRP application, to describe how they meet basic expenses for food, housing, and public utilities. Proposed 2023 UCECP at 13.

In the June 2022 Order, the Commission directed PGW to provide a copy of its zero-income assessment and explain how on-going support from friends and family is counted and documented. June 2022 Order at 29.

Comments

PGW explains that its CRP application requests that customers provide an explanation for any adult age 18 and older who does not have an income. Specifically, the application asks customers to explain their current situation. PGW notes that its online application also provides applicants reporting zero income with space to provide an explanation of their current circumstance, including how they meet basic living expenses such as housing, food, and public utilities. PGW Supplemental Information at 9.

PGW clarifies that it does not consider households receiving on-going support from a friend or family member as zero-income. PGW considers on-going support from a friend or family member financial assistance and counts it as income when determining the customer's monthly CRP payment. PGW notes that a customer receiving this type of support must complete an "Additional Financial Assistance Affidavit" and that the person providing the assistance must sign the document to verify the support. PGW Supplemental Information at 9.²⁰

OCA disagrees with PGW's policy of counting support from a friend or family member as income. OCA opines that PGW's use of the term "on-going support" is not clearly defined in PGW's USECP or in the statute and could require a customer to provide income information for a longer period than other CRP applicants. OCA submits that PGW should only collect this information from customers that identified income for

²⁰ PGW's "Statement of No Income" and "Additional Financial Assistance Affidavit," forms were included with this response.

the past 30 days. OCA submits that if a household does not have a recurring source of income, they should be treated as having zero income. OCA recommends that the Commission direct PGW to exclude familial or friend assistance as income and request only information for the past 30 days, as it does to determine the eligibility for all other CRP customers. OCA Comments at 19-20.

The Low Income Advocates and OCA separately question whether payments from a third party directly to rent or other expenses would be considered financial assistance. Low Income Advocates Comments at 30, OCA Comments at 19.

The Low Income Advocates support the use of the Commission's approved Zero Income Form or a similar form and recommend that PGW include such a form with its application. The Low Income Advocates submit that PGW should not require submission of additional documentation to prove lack of income. Low Income Advocates Comments at 30-31.

PGW states that on-going support from a friend or family member is money that is regularly coming into the household and should be used to determine a customer's CRP payment amount. PGW avers that the minimum \$25 CRP bills, which are supplemented by non-CRP ratepayer dollars, should only be made available to customers with no income. PGW Reply Comments at 3-4.

Resolution: PGW has addressed our initial concerns by providing the "Additional Financial Assistance Affidavit" that customers who receive on-going financial support must complete to verify their income. We have no objection to PGW counting financial assistance provided by friends or family as household income and documenting this assistance if it is received on a regular (*e.g.*, monthly) basis.

Accordingly, PGW is directed to include this clarification in its Revised 2023 USECP and include the clarifications provided regarding how zero income and on-going support are identified and documented in the application process. PGW is also directed to include copies of its “Statement of No Income” and “Additional Financial Assistance Affidavit” forms as attachments to the USECP.

i. Exempt CAP Customers from Late Payment Charges

The CAP Policy Statement (2020) recommends that public utilities exempt CAP customers from late payment charges or fees. 52 Pa. Code § 69.265(6). PGW has reported that it currently complies with this recommendation. January 2020 Letter at 4. However, the Proposed 2023 USECP does not specify whether CAP customers are exempt from late payment charges or fees. The Commission directed PGW to clarify whether late payment charges or fees are waived for CRP customers. June 2022 Order at 29.

Comments

PGW affirms that late payment fees are waived for CRP customers. PGW also clarifies that if a customer is still enrolled in CRP before termination, then no late payment charges are assessed in the final bill. PGW explains that this includes, but is not limited to, when a CRP customer’s service is terminated due to non-payment. PGW Supplemental Information at 10, PGW Reply Comments at 5.

OCA supports exempting low-income customers from late payment charges and recommends the Commission require PGW to clearly state this policy in its USECP. OCA Comments at 21.

Resolution: PGW has addressed our initial questions by clarifying that it waives late payment fees for CRP customers, including in their final bill. We find PGW’s current practice of waiving late payment fees is reasonable as well as consistent with Section 69.265(6) of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(6). Accordingly, PGW is directed to clarify in its Revised 2023 USECP that CRP customers are exempt from late payment fees, including in the final bill received after termination or disconnection of service.

j. Transfer of Service

The CAP Policy Statement (2020) recommends that public utilities allow CAP households to retain CAP enrollment when they transfer service within the public utility’s (or an affiliate’s) service territory. 52 Pa. Code § 69.265(10).

The Proposed 2023 USECP does not specify that CAP households may retain CAP enrollment when they transfer service within PGW’s service territory. In the June 2022 Order, the Commission directed PGW to clarify whether CRP households retain program enrollment when they move to another residence and establish natural gas service within PGW’s service territory and, if so, to provide details about this process. June 2022 Order at 30.

Comments

PGW states that CRP households retain their program enrollment status when they move to another residence within Philadelphia. PGW explains that the same account number is used when an existing customer transfers service to a new address and that this allows the customer to remain enrolled in CRP. PGW Supplemental Information at 11.

Resolution: PGW has addressed our concerns by clarifying that it allows CRP participants to maintain their program enrollment status when transferring service to a new address within PGW's service territory. Accordingly, PGW is directed to include this clarification in its Revised 2023 USECP.

k. Evaluating Household CAP Bills

In the November 2019 Order, the Commission found that evaluating CAP payment calculations at least once per quarter, as opposed to longer intervals, is more likely to result in program recipients receiving the most appropriate discount amount and/or billing option. See November 2019 Order at 74-75, Section 69.265(8)(vii).

As described above, customers in CRP are charged the PIP amount or budget bill, whichever is lower. Proposed 2023 USECP at 6. The Proposed 2023 USECP states that PGW will continue its current practice of evaluating CRP monthly bill amounts once per year. Proposed 2023 USECP at 15. In its 2020 Rate Case Settlement, PGW agreed to review its CRP monthly bill amounts quarterly upon implementation of its new CIS. 2020 Rate Case Settlement at 13, ¶33(c). The Commission directed PGW to, *inter alia*, identify when its new CIS is scheduled to be implemented and to include a timeline for this process. June 2022 Order at 30-31.

Comments

PGW reports that its new CIS is scheduled to be implemented by the end of September 2023. PGW states that this is the tentative date and is subject to change. PGW confirms that the quarterly review of CRP bills will begin with its new CIS. PGW proposes to add this clarification to the Revised 2023 USECP. PGW Supplemental Information at 12.

The Low Income Advocates state that they are concerned that PGW is not charging customers appropriately by only reviewing CRP bill amounts once per year. The Low Income Advocates recommend the Commission require PGW to implement a manual process to review and adjust CAP bills on a quarterly basis or, alternatively, issue credits to CRP customers for any amount charged above the appropriate billing amount when it completes the annual review of each CRP participant's bill. Low Income Advocates Comments at 7-8.

Resolution: Although we acknowledge the concerns of the Low Income Advocates, we are not inclined to change the terms of the approved 2020 Rate Case Settlement by requiring PGW to establish a quarterly review of CRP bills before its new CIS is implemented. Accordingly, PGW is directed to clarify in its Revised 2023 USECP that it will conduct quarterly reviews of CRP bills to determine whether the household is charged the correct billing amount beginning with the implementation of its new CIS system by September 2023. If implementation of the quarterly review of CRP bills will require a delay beyond September 30, 2023, PGW shall file a letter at this docket with a revised implementation and the reason(s) for the extension as soon as need for the delay becomes apparent.

1. Identification Documentation

PGW states on page 12 of the Proposed 2023 USECP that it will accept some "other" form of identification if customers cannot or will not provide their social security number (SSN). PGW states a state-issued driver's license number or an Individual Tax Identification number would be accepted as alternative forms of verification. The Commission directed PGW to identify any other alternative identification it will accept, beyond those listed in the Proposed 2023 USECP. June 2022 Order at 31.

Comments

PGW confirmed that it accepts the following identification for adult household members: a Philadelphia city identification card, SSN, H1B Visa number, and a Passport number. For non-adult household members, PGW states it accepts a Philadelphia city identification card, SSN, Individual Tax Identification Number (ITTN), H1B Visa number, Passport number, and a Hospital Birth Certificate (newborn less than 6 months old). PGW Supplemental Information at 13.

The Low Income Advocates note that PGW's list of alternative identification does not appear exhaustive as it does not include state-issued identification cards. The Low Income Advocates also question why PGW asks customers to provide an SSN for each household member to enroll in CRP. The Low Income Advocates note that the CRP paper application does not indicate SSNs are not required and that household members can provide alternative identification. The Low Income Advocates argue that this application requirement exposes sensitive customer information and serves as a barrier for those without an SSN. Low Income Advocate Comments at 23-24.

The Low Income Advocates recommend the Commission direct PGW to explain on its paper and online CRP applications that SSNs for household members are optional and that alternative identification can be provided. Additionally, the Low Income Advocates recommend the Commission should require PGW to clarify and to make clear on public-facing materials what alternate documentation could be provided. Low Income Advocates Comments at 23-24.

The Low Income Advocates also oppose the provision in the Proposed 2023 USECP that households must provide SSN cards for each household member during periodic CRP reviews to prevent fraud. They recommend the Commission should require PGW to remove this provision or require it to explain what other documentation a

household could provide in lieu of providing SSN cards. Low Income Advocate Comments at 24, *citing* the Proposed 2023 USECP at 12.

Resolution: PGW has addressed our initial concerns by providing a list of the additional alternative identification forms it will accept for CRP enrollment. However, we agree with the Low Income Advocates that the CRP application does not explain that providing an SSN is optional nor does it identify alternative forms of identification that PGW will accept. Accordingly, PGW is directed to (1) identify the alternative forms of identification it will accept if the customer is unable or unwilling to provide an SSN; and (2) work with its USAC to update the language in its CRP applications (online and paper) and CRP educational material to reflect that providing SSNs is optional and what other types of identification PGW will accept if the household cannot or will not provide SSNs. PGW should file and serve these revised documents at this docket within six months from the date of this Order.

Regarding the issue raised by the Low Income Advocates about PGW requesting Social Security cards for household members during periodic CRP reviews to prevent fraud, the Commission notes that in PGW's 2014-2016 USECP (2014 USECP) proceeding, PGW clarified that it will accept some other form of identification (*e.g.*, a PA Driver's License or an Individual Tax Identification Number) if a household member does not have an SSN or refuses to provide one. PGW 2014 USECP Reply Comments, Docket No. M-2013-2366301, at 4. Accordingly, PGW is directed to clarify in its Revised 2023 USECP that CRP customers may provide alternative forms of identification when chosen for a periodic review to prevent fraud if household members do not have or refuse to provide a Social Security card.

m. Outreach and Education Plan

In the June 2022 Order, the Commission directed PGW to provide clarifications and information related to its proposed CEOP. June 2022 Order at 32.

Comments

The comments regarding PGW's proposed CEOP addressed several distinct elements requested in the June 2022 Order. We shall recap the comments and supplemental information as they related to each distinct element.

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

PGW states that each of the initiatives mentioned in its CEOP could technically be identified as an already existing practice. PGW clarifies, however, that it has made modifications and added new tools since 2019, and that it continues to modify existing practices. For example, PGW states that it has:

- Enhanced CRP communications by translating its existing CRP brochure into 13 additional languages in January 2022, which was previously available only in English and Spanish.
- Added virtual outreach meetings due to the pandemic beginning in 2020.
- Added a paid social media advertising campaign in 2021 to promote CRP, specifically targeting individuals who live in Philadelphia zip codes with incomes below the FPIG threshold.

PGW Supplemental Information at 14-15.

Explain how PGW educates customers on how to determine their own “household energy burden” to help encourage interest and participation in CRP and stimulate actions for energy conservation in the household.

PGW reports that it conducts over 100 weatherization workshops annually in Philadelphia. PGW states that these workshops help customers understand their own household energy burden and provides free home weatherization kits to attendees. Moreover, PGW states that it trains counselors at Philadelphia Neighborhood Energy Centers (NECs) on how to help teach customers about household energy burden and CRP. Additionally, PGW states that it also provides the NECs with materials that offer CRP information, energy saving tips and ways to better conserve energy. PGW Supplemental Information at 15.

Explain whether and how the components of its CEOP are provided to each community within its service territory.

PGW reports it targets consumer education outreach and mass advertising towards communities at or below the FPIG. Further, PGW states it utilizes publicly available demographic and income data to help identify its most vulnerable customers. PGW states that it examines income data by zip code biannually and demographic data in January and in August. PGW explains that it then researches each identified zip code by age, gender, national origin, and other factors to customize its messaging based on the targeted audience and community needs. PGW Supplemental Information at 15.

Provide copies of its CRP brochures and customer bill inserts that outline the program guidelines and customer responsibilities.

PGW provided copies of its CRP applications and brochures. PGW Supplemental Information at 15-16.

Provide an explanation of how it determined which languages to translate its CRP application into.

PGW reports that the CRP application is currently available in Arabic, Chinese (simplified and traditional), Dari, English, French, Karenic, Pasto, Portuguese, Russian, Spanish, Swahili, Ukrainian, Urdu, and Vietnamese. PGW explains that languages other than English and Spanish were selected based on input from its USAC. PGW Supplemental Information at 16.

Comments

The Low Income Advocates suggest that PGW consider offering additional program documents in different languages, including the CRP approval and denial letters. The Low Income Advocates also suggest that PGW use zip code data to target outreach to neighborhoods with low levels of CRP enrollment but high levels of arrears, shutoff notices, and/or terminations. Additionally, the Low Income Advocates suggest PGW should use data from CRP and Hardship Fund applications to inform and target outreach and solicit feedback from community groups and stakeholders on how to make applications more accessible. Low Income Advocates Comments at 44-45.

The Low Income Advocates also offer the following recommendations to improve PGW's application process and increase enrollment:

- Contract with neighborhood organizations to accept and process CRP applications;

- Develop ways for neighborhood-based organizations to submit applications more easily on behalf of clients; and
- Send mobile customer service staff to neighborhoods to help residents with the application process.

Low Income Advocates Comments at 46.

Resolution: While noting some concerns and areas for follow-up, the Commission accepts PGW's CEOP as a starting point. Accordingly, PGW's proposed CEOP is approved. PGW is directed to note in its Revised 2023 USECP that the CEOP is an evolving process and will be modified and enhanced as needed within the duration of the 2023 USECP. Also, beginning in 2024 and for the duration of its 2023 USECP, PGW shall file and serve, by March 1st at Docket No. M-2021-3029323, annual updates to its CEOP and include outreach and education actions taken.

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

- Include more educational training webinars and workshops using virtual or hybrid and in-person events to keep community partners and interested stakeholders informed and updated about PGW's universal service programs.
- Enhance its outreach efforts for households with incomes at or below 50% of the FPIG.

- Maintain its efforts to educate and inform customers about the importance of understanding their energy burden to foster customer awareness of how much their household is spending on energy.
- Continue to share its tools, outline approaches, and activities for the energy burden education components in future CEOP's and include the PUC educators as needed.

Additionally, PGW is encouraged to participate with the Commission, other state agencies, consumer advocates, and other stakeholders in the Commission's Be Utility Wise²¹ conferences and other private and public partnership outreach opportunities annually.

2. Home Comfort, PGW's LIURP

PGW's Home Comfort will continue to assist low-income customers in reducing their energy usage and bills through cost-effective weatherization services and energy conservation education. A secondary goal of Home Comfort is to reduce the overall long-term subsidy cost of CRP. PGW contracts with three independent conservation service providers (CSPs) to provide weatherization services. Each CSP undergoes a semi-annual evaluation. Proposed 2023 USECP at 18-19.

The primary weatherization measures provided by Home Comfort include, as necessary, air sealing, insulation, heating system improvements, repairs or replacements, hot water reduction measures, and energy conservation education. Proposed 2023 USECP at 20.

²¹ Be Utility Wise is a signature PUC Consumer Education program with the goal to educate those in the front line of Health and Human Services.

To receive Home Comfort services, a low-income household must meet all the following criteria:

- Known to be low income by having: (a) been on CRP over the prior 24 months; (b) received a LIHEAP, CRISIS or a Utility Emergency Service Fund (UESF) grant over the prior 24 months; or (c) been on a Level 1 payment arrangement over the prior 24 months;
- Have weather normalized usage within the top 50% of all eligible customers and at least 12 months of continuous service at their current property;
- Have not received Home Comfort services over the previous seven years; and
- Reside in a single-family home. If the customer rents the home, the landlord must provide permission for PGW to perform weatherization measures.

Proposed 2023 USECP at 19.

Based on our analysis of PGW's Home Comfort in the Proposed 2023 USECP, we directed PGW in the June 2022 Order to provide clarification and/or supplemental information regarding identified issues. The following discussion reflects resolution of those issues:

a. Low-Income Multi-Family Efficiency (LIME) Pilot Program

PGW proposes to continue its LIME Pilot Program through the duration of its 2023 USECP. Customers living in multi-family properties can qualify for Home Comfort services if 75% of the tenants in their building have incomes at or below 150% of the FPIG. PGW proposes to spend \$120,048 annually on the LIME Pilot Program, with discretion to spend up to \$140,000 in a year if the Home Comfort budget does not exceed \$7,988,818. The LIME Pilot Program will target buildings that have received Section 8 housing vouchers or Low-Income Housing Tax Credits. Proposed 2023 USECP at 18-19, 35.

The Commission directed PGW to provide additional details about its LIME Pilot Program, including forms or contracts provided to the property owners and occupants and identifying the types of measures installed. June 2022 Order at 35.

Comments

PGW provided a LIME fact sheet and Landlord Consent Form. PGW states that the LIME Pilot Program will install any Home Comfort energy efficiency measure as part of a cost-effective job. This includes the installation of furnaces, residential or commercial-sized boilers, heating system repairs, programmable or smart thermostats, duct sealing and insulation, replacement of hot water heaters, low flow faucet aerators and showerheads, air sealing, roof and wall insulation, and other customer measures. PGW Supplemental Information at 17.

The Low Income Advocates contend the Landlord Consent Form for the LIME Pilot Program is restrictive and imposes extreme requirements on participating landlords. They note that the form requires landlords to waive any and all losses, claims, costs, liabilities, and damages “arising out of or in any way associated with the property, Home

Comfort measures, and/or the weatherization materials provided to the property,” including those arising from the acts, omissions, negligence, or fault of PGW or PGW’s contractor. The Low Income Advocates also note that the form requires landlords to disclaim all warranties of Home Comfort services, which they assert is inconsistent with Commission regulation at 52 Pa. Code § 58.14.²² The Low Income Advocates argue that PGW should be required to revise its Landlord Consent Forms for the LIME Pilot Program. Low Income Advocates Comments at 63-64.

Subject to their specific recommendations above, the Low Income Advocates do, however, support the continuation of PGW’s LIME Pilot Program and propose that it should become a permanent component of PGW’s Home Comfort program. The Low Income Advocates recommend the Commission direct PGW to increase the budget for its LIME Pilot Program without reducing the funds available to serve single-family homes and to require PGW to modify its definition of “multi-family” to enable individually metered homes to receive standard Home Comfort. Low Income Advocates Comments at 48-49.

PGW proposes to increase the portion of the \$7,988,818 Home Comfort budget allocated for the LIME Pilot Program from \$120,048 to \$230,048 and to waive the existing cost-sharing requirement for property owners with non-low-income residents living at the property for installation of energy efficiency measures in common areas, property heating system upgrades, and water heating system upgrades. PGW explains that building owners are required to pay 66% of costs for common areas or work performed in non-low-income units. PGW asserts that over the years multiple LIME jobs were feasible but could not be completed because the building owner was not willing to pay a \$3,000 - \$5,000 cost share. PGW states that its proposal would allow building owners to pursue in-unit measures for non-low-income tenants and pay 66% cost share or

²² 52 Pa. Code § 58.14, requires a public utility to provide a warranty covering workmanship when it uses a contractor.

only install in-unit measures for confirmed low-income customers and not pay cost share. PGW estimates its proposal would facilitate an expected increase in participation in the LIME Pilot Program from 2-4 building per year to 6-8 buildings per year. PGW Reply Comments at 12.

Resolution: PGW has addressed our initial questions by providing additional details regarding the LIME Pilot Program, including the LIME fact sheet, types of measures installed, and the Landlord Consent Form that further explains the pilot program's guidelines.

We are not opposed to PGW's proposal to modify the existing cost-sharing requirement for property owners with non-low-income residents. We understand that PGW is proposing to increase the LIME Pilot Program budget to accommodate modifying this requirement for property owners. Although the increased LIME Pilot Program budget would decrease the amount of Home Comfort funds available to service single family households by \$110,000, we find it an appropriate use of funds to provide energy efficiency services to an underserved population living in multi-family units.

Although we support continuing LIME as a Home Comfort pilot program as part of the 2023 USECP, we question whether it should remain so. We recognize that the LIME Pilot Program provides beneficial energy efficiency and usage reduction services to multi-family households across PGW's service territory. LIME was implemented as a pilot program in accordance with the Demand Side Management (DSM) II Final Order,²³ beginning in 2017 through 2020. As such, PGW should have sufficient data to determine whether it wants to make this program a permanent part of Home Comfort or discontinue it entirely.

²³ See *DSM II Final Order*, Docket No. P-2014-2459362 (order entered on November 1, 2016), at 33-34.

Accordingly, we approve PGW's proposal to modify the cost-sharing requirements for property owners to participate in the LIME Pilot Program and its proposal to increase the pilot program's budget from \$120,048 to \$230,048. PGW is directed to amend the LIME Pilot Program budget and cost-sharing requirement for property owners, as proposed, in its Revised 2023 USECP. This includes updating the number of multi-family properties estimated to serve from 2-4 building per year to 6-8 buildings per year. PGW is also directed to detail the types of measures installed through the LIME Pilot Program in its Revised 2023 USECP and include the LIME Pilot Program fact sheet as an attachment. Additionally, by or before its next USECP filing, we direct PGW to either propose incorporating the LIME Pilot Program as a permanent part of its Home Comfort or propose to discontinue the pilot program with justifications for either proposal.

b. Health & Safety Pilot Program

PGW proposes to continue its Health and Safety Pilot Program that it started in 2018. This pilot program targets the highest usage homes and allows contractors to spend up to \$3,000 per-project for health and safety measures in a residence to address conditions that prohibit cost-effective weatherization. CSPs must project energy savings of at least 15% for a residence to qualify for this increased health and safety allowance. PGW will pre-screen all residences selected for this pilot, and the total amount spent on measures for this pilot shall not exceed \$100,000 per year.²⁴ Proposed 2023 USECP at 21-22. The Commission did not request any additional information on the Health and Safety Pilot Program. June 2022 Order at 35.

²⁴ As part of PGW's amendments to its 2017 USECP, which was approved through the March 2020 Order, the maximum amount per job for the Health and Safety pilot program was increased from \$2,000 to \$3,000. This aspect of the now vacated March 2020 Order was not disputed in the 2017 USECP OALJ proceeding.

Comments

The Low Income Advocates note their support of PGW's health and safety efforts. The Low Income Advocates recommend that the Commission approve PGW's Health and Safety Pilot Program and require PGW to track and report on the number of homes deferred for Home Comfort services due to health and safety issues. However, the Low Income Advocates recommend that the approval of the Health and Safety Pilot Program come with an increase in the overall Home Comfort budget to ensure that the pilot does not impact the level of Home Comfort services provided through the program. Additionally, the Low Income Advocates recommend that PGW be required to coordinate its Health and Safety Pilot Program with other home repair programs and providers to ensure appropriate leveraging to prevent deferrals and increase coordination. Low Income Advocates Comments at 52-55.

Resolution: We support PGW's proposal to continue its Health and Safety Pilot Program as part of the 2023 USECP. However, we question whether it should remain a pilot or become a permanent part of PGW's Home Comfort program. We recognize many homes may be disqualified from receiving weatherization due to health and safety issues. We also recognize that the objective of the Health and Safety Pilot Program is to remedy issues that would prevent a portion of those homes from being disqualified for Home Comfort. The Health and Safety Pilot Program was implemented beginning in 2017 and ran through 2020. As such, PGW should have sufficient data to determine whether it wants to make this program a permanent part of Home Comfort or discontinue it entirely.

Furthermore, we agree with the Low Income Advocates recommendation that the number of homes deferred for Home Comfort services due to health and safety issues should be tracked and reported. PGW has previously agreed to track this information as part of its 2017 USECP proceeding. Specifically, PGW agreed to evaluate the Health and Safety Pilot Program, in part, by tracking the number of deferred homes and homes

served through the pilot program which would have otherwise been disqualified (*i.e.*, deferred) from Home Comfort.²⁵

Accordingly, PGW is directed to report annually the number of homes deferred for Home Comfort services due to health and safety issues during the previous calendar year and the reasons for deferral. Beginning in 2023, PGW shall file and serve this information annually at this docket starting on April 1, 2023, and continuing for the duration of its 2023 USECP. PGW is also directed to consult with its USAC to identify opportunities for enhanced Health and Safety Pilot Program coordination. Additionally, by or before its next USECP filing, we direct PGW to either propose incorporating the Health and Safety Pilot Program as a permanent part of its Home Comfort or propose to discontinue the pilot program, with justifications for either proposal. We are not persuaded to require the allocation of additional funding, as the Low Income Advocates recommend, for this pilot.

c. Repair and Renew Pilot Program

PGW proposes to implement a two-year Repair and Renew Pilot Program to provide Home Comfort benefits to households that have received a hazard tag from a PGW service representative indicating a heating system component is not operating safely or at all.²⁶ Proposed 2023 USECP at 10, 22.

To be eligible for the Repair and Renew Pilot Program, a customer must:

²⁵ See *PGW 2017-2020 USECP Order*, Docket No. M-2016-2542415 (order entered on August 3, 2017), at 45-48.

²⁶ In its reply comments, PGW provided Home Comfort spending estimates that included funding the Repair and Renew Pilot through 2027 at \$250,000 annually. PGW Reply Comments at 9. PGW subsequently notified the Commission that projecting costs for the pilot program beyond two years was an error and that it is not proposing to extend the Repair and Renew program beyond two years. Funds projected for Repair and Renew for 2025 through 2027 (*i.e.*, after year two) will instead be used for regular Home Comfort services.

- Have been enrolled in CRP, received a LIHEAP grant, or been on a Level 1 (150% of FPIG and below), or Level 2 (151%-200% FPIG) payment arrangement in the current or prior “fiscal year,” and
- Have received a hazard tag from a PGW service representative indicating a heating system component is not operating safely or at all.

Proposed 2023 USECP at 22.

Consumers whose natural gas service is off would be eligible for the Repair and Renew Pilot Program, provided that the consumer first reinstates natural gas service in accordance with otherwise applicable requirements including but not limited to payment of arrears. To assist this group of consumers with reinstatement of service, PGW will consider more flexible reinstatement terms including but not limited to enrollment in CRP if appropriate. Proposed 2023 USECP at 22.

This pilot program will be available to both owners and tenants (with landlord consent), and the scope will include work needed to allow for proper operation of a heater and/or water heater, as applicable. PGW proposes to allocate \$250,000 of its Home Comfort budget for potential use in this program and related weatherization. Proposed 2023 USECP at 4.

Prioritization and evaluation of Repair and Renew Pilot Program services will be conducted in the following sequence:

- Eligible customers will be selected for this pilot monthly based on PGW hazard tags issued in the prior month, prioritized for treatment by highest usage and lowest arrearages, from October through April or until funds are exhausted.

- Eligible customers who are selected will be notified by letter and called on two separate occasions (one call during the day and one in the evening) to be invited to participate in the program.
- A CSP will evaluate the heating or hot water heating hazard. If the project can be treated cost-effectively, the CSP will complete the treatment and include all costs in the cost-effectiveness analysis.
- If the heating system repair or replacement is not cost effective, the measure costs can be excluded from the project cost effective analysis. If the measure is still not cost effective after applying the cost exclusions, the measure will not be installed.

Proposed 2023 USECP at 22-23.

The Commission directed PGW to (1) provide the dates covering its “fiscal year;” (2) explain the reasons why a PGW representative would issue a hazard tag; (3) clarify how it determines high usage for customers whose natural gas service is off or whose heating system is inoperable over a specified period; and (4) clarify how a Repair and Renew job would be determined to be cost-effective or not cost-effective. June 2022 Order at 38.

Comments

PGW reports that its fiscal year is September 1 to August 31. PGW provided common reasons why it may issue a heater hazard tag, including: combustible appliances installed in an unsafe location, unsafe installation or defective parts, venting issues, boiler and hot water heater leaks, fuel line issues, and high carbon monoxide readings. PGW Supplemental Information at 18.

PGW explains that it determines whether the customer has high usage based on the household's weather normalized usage over the past 12 months. PGW clarifies that it does not have a separate process for calculating usage for customers whose service is off or that have an inoperable system. PGW states that since the Repair and Renew Pilot Program responds to immediate heating hazard issues, specifically over the last month, usage will be assessed based on the past 11 months if the customer's heater is inoperable. Further, PGW notes that a heater that is operating improperly can sometimes consume more energy. PGW Supplemental Information at 18.

PGW explains the steps for calculating cost effectiveness of Repair and Renew Pilot Program jobs include determining the energy savings for each energy efficiency measure installed and calculating the cost of each measure installed, including the monetized value of avoided costs. If a job is not determined cost-effective, the contractor may still install some or all the measures if the cost does not exceed PGW's maximums for cost exclusions and has a benefit-to-cost ratio above 1.0, with health and safety costs excluded. PGW Supplemental Information at 18-19.

The Low Income Advocates support PGW's proposed Repair and Renew Pilot Program. However, the Low Income Advocates recommend that PGW expand funding to support this new pilot program, rather than use funds from its proposed Home Comfort budget. Low Income Advocates Comments at 55-58.

Resolution: PGW has addressed our questions regarding the dates covering its fiscal year, the common reasons for issuing a hazard tag, and its calculations to determine the cost-effectiveness of a Repair and Renew Pilot Program job. These are program details that should be included in the 2023 USECP. Accordingly, PGW is directed to clarify the fiscal year dates, the common reasons for issuing a hazard tag, and the calculation used to determine the cost-effectiveness in its Revised 2023 USECP. PGW is further directed to

report statistics on this program each calendar year, including the number of customers selected for this program monthly, the number of Repair and Renew Pilot Program jobs completed and total dollars spent during the previous calendar year. Beginning in 2023, PGW shall file and serve this information at this docket by or before April 1st each year through the reporting date in 2025.²⁷ We are not persuaded to require the allocation of additional funding, as the Low Income Advocates urge, for this pilot.

d. Quality Control and Contractor Requirements

The Proposed 2023 USECP states that PGW uses three independent CSPs to provide services. Home Comfort work is inspected and audited by an independent party for completeness and quality assurance. Each CSP is evaluated semi-annually based on total natural gas savings, cost-effectiveness, work quality and customer service metrics. The evaluations inform funding allocations for each CSP, which reward the best performers. Proposed 2023 USECP at 18.

The Commission directed PGW to provide details of its contractor training and certification requirements and Home Comfort quality control protocols. June 2022 Order at 38.

Comments

PGW reports that energy auditors are required to have a Building Performance Institute (BPI) Building Analyst certification and Occupational Safety and Health Administration (OSHA) 10 certification. Auditors are required to earn BPI Healthy Home Evaluator certification within six months of working in the Home Comfort

²⁷ If the report due April 1, 2023, does not reflect the Repair and Renew program is in operation, then it must reflect the starting projections even if the projections have not changed from the original or supplemental projections.

program. Crew leaders are required to have BPI Building Analyst, BPI Envelope Professional, and OSHA 10 certifications. Additionally, crew leaders are required to earn BPI Healthy Home Evaluator certification within six months of working in the Home Comfort program. PGW Supplemental Information at 20.

PGW clarifies that all auditors and crews working in the Home Comfort program are required to receive on-site shadowing by the program inspector. Additionally, PGW states that it holds an annual training with all field staff and energy auditors to review program requirements and cover two to three priority building science topics, based on current program needs. PGW inspectors also hold quarterly meetings with each CSP to review inspection findings and talk through work quality issues and recommendations for improvement. PGW Supplemental Information at 20.

PGW also reports that it performs inspections on 10% of full-home weatherization cases, as well as inspections on a smaller number of “limited weatherization cases.” PGW notes that cases for inspection are either chosen randomly or triggered based on certain criteria, such as addressing energy usage, air leakage, CSP issues, health and safety issues or customer complaints. PGW also performs inspections based on its audit shadowing of a CSP or an in-process job shadowing of a production team. PGW Supplemental Information at 20-21.

PGW states that CSPs are required to provide the inspector all relevant job documents. After the inspection is complete, the inspector will provide the CSP and PGW with a report with the findings. PGW states that CSPs are required to respond to corrective action items and to return to homes to fix “any significant” health and safety and work quality issues identified. PGW Supplemental Information at 21.

PGW notes that each CSP is also required to perform Self-Certification BPI-level “test-out” inspections of all subcontractor and staff member work. PGW explains that the

self-certification inspections address the comprehensiveness of the work scope initially recommended and identify any lost opportunities for “cost-effective efficiency”, as well as the quality of the installation, the accuracy of data tracking, and the adequacy of documentation. Deficiencies identified by the CSP and/or the customer during this test-out must be addressed by the CSP at no additional cost to either the customer or PGW. PGW Supplemental Information at 21.

The Low Income Advocates note that PGW does not explain the timeframe for performing post-installation inspections. They also question whether PGW’s sampling methodology provides an accurate picture of how well PGW’s Home Comfort services are achieving its goals. The Low Income Advocates recommend PGW separate inspection data based on whether the household received comprehensive weatherization treatment measures or partial/low-cost energy saving measures to ensure that the various project types are represented to provide an accurate depiction of program outcomes. Low Income Advocates Comments at 58-60.

PGW clarifies that its policy of performing an inspection on 10% of treated homes is a way to gain a large sample size to assess how well CSPs are performing. PGW clarifies that cases selected for inspection have usually been treated in the past two months, unless there are not enough cases available to inspect for a given month, in which case the time window is broadened. PGW reports that the need for such broadening is rare. PGW Reply Comments at 15.

Resolution: Based on the additional information that PGW provided, we find its contractor training and certification requirements satisfactory. We also find PGW’s Home Comfort quality control protocols in performing post-installation inspections consistent with 52 Pa. Code § 58.14(b), which requires public utilities to conduct a

post-installation inspection of LIURP jobs when a contractor is used.²⁸ Furthermore, we find merit in PGW’s requirement for CSP’s to perform a Self-Certification BPI-level inspection on all Home Comfort jobs completed by subcontractors and staff members, in addition to performing post-installation inspections. This process appears to provide an effective quality control process across all jobs.

Accordingly, PGW is directed to clarify its contractor training and certification requirements, and Home Comfort quality control protocols in its Revised 2023 USECP. Specifically, PGW shall clarify in the Revised 2023 USECP:

- The percentage of Home Comfort jobs inspected post-installation of measures and how these inspections are selected.
- Certification requirements for energy auditors, auditors, and crew leaders.
- Annual training with field staff and energy auditors. Quarterly meetings with the inspector and each CSP.
- The requirement for Home Comfort auditors and crews to receive on-site shadowing by the program inspector, including the requirement for CSPs to perform Self-Certification BPI-level “test out” inspections of subcontractors and staff member work.

e. Home Comfort Eligibility

The Proposed 2023 USECP does not make it clear if customers with incomes in the 151%-200% tier of the FPIG are eligible for Home Comfort. Further, the Proposed 2023 USECP does not describe PGW’s guidelines for using up to 20% of the Home Comfort budget for special needs customers or describe how PGW’s defines “special needs.” The Commission directed PGW to provide its guidelines, if any, for using up to

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

20% of the Home Comfort budget on special needs customers with incomes in the 151%-200% tier of the FPIG and to clarify its definition for the term “special needs”²⁹ in regard to LIURP eligibility. PGW was also directed to identify the current number of known and the number of projected special needs customers with income in the 151%-200% tier of the FPIG that would otherwise qualify for Home Comfort. June 2022 Order at 40.

Comments

PGW states that it does not treat customers in the 151%-200% of the FPIG tier and does not track the number of special needs customers within that income range. PGW Supplemental Information at 22.

The Low Income Advocates recommend that the Commission require PGW designate up to 20% of its Home Comfort budget to serve special needs households whose income falls within the 151%-200% FPIG tier, granted they meet the other program requirements. Low Income Advocate Comments at 61.

Resolution: LIURP regulations allow a public utility to use up to 20% of the LIURP budget for special needs customers with incomes in the 151%-200% tier of the FPIG. 52 Pa. Code § 58.10(c) (relating to program announcement). Based on its response, PGW does not appear to have criteria to identify the “special needs” customers or to provide Home Comfort services to “special needs” customers in the 151-200% FPIG tier. While this is not a requirement, we do, nevertheless, encourage public utilities to offer LIURP services to vulnerable customers within that income range. While we will not require PGW to establish criteria to identify “special needs” customers in its service territory who could be prioritized for Home Comfort service, we do encourage PGW to

²⁹ As defined in 52 Pa. Code § 58.2 (relating to definitions).

work with its USAC to develop a “special needs” criteria for potential Home Comfort prioritization.

f. Single-family & Multi-family Properties

The Proposed 2023 USECP states that Home Comfort provides in-home weatherization and energy conservation education to eligible single-family low-income customers and multi-family properties (pursuant to the LIME Pilot Program). Proposed 2023 USECP at 18. The Proposed 2023 USECP identifies the terms “single-family” and “multi-family” as the types of properties eligible for Home Comfort services. Proposed 2023 USECP at 34-35.

The Commission directed PGW to define the terms “single-family” properties and “multi-family” properties as it relates to Home Comfort. June 2022 Order at 40.

Comments

PGW reports it defines a “single-family” residence as any housing unit which is:

- Physically detached from any other housing unit (no building surfaces are common to any other housing unit or commercial space); OR
- Physically attached to another housing unit or commercial space but with boundary walls extending from the ground to the roof (no housing units, commercial spaces or common spaces above or below); AND
- Directly accessible from the outdoors without using a space shared by another housing unit or commercial space; AND
- Supplied with space and water heating with its own individual mechanical system(s).

PGW defines a “multi-family” property as any property with two or more residential units. PGW states that the residential portions of a mixed-use property can be treated within the LIME Pilot Program. PGW Supplemental Information at 23.

OCA notes that two-family homes, with separate indoor entrances, could not be considered a single-family home under PGW’s definition. OCA is concerned that this definition would exclude residential customers from receiving weatherization services from both Home Comfort and the LIME pilot program. OCA recommends that PGW revise its definition of multi-family home to be consistent with the United States Department of Housing and Urban Development (HUD), which defines multi-family as a structure with five or more units. OCA Comments 27-28, *citing* 24 C.F.R. § 290.3 (relating to the definition of a “Multifamily project”).

The Low Income Advocates recommend that the Commission require PGW to provide additional information and data to assist in analyzing the ability of the LIME Pilot Program to serve high usage multi-family properties under its definition of multi-family properties. The Low Income Advocates suggest that this data should include the number of residential accounts coded as multi-family, the number of those homes that are occupied by confirmed low-income residential consumers, and their monthly usage data. Low Income Advocates Comments at 62-63.

In response to OCA’s comments, PGW proposes to include its definition of duplexes to its single-family definition. PGW defines a duplex as:

- Physically attached to another housing unit or commercial space; AND
- In a building with two units or less AND;
- Supplied with space and water heating with its own individual mechanical system(s).

PGW Reply Comments at 11.

PGW explains that it would not install measures that require access to other units or provide significant benefit to the other unit. PGW states that if it finds that the other unit's customer is confirmed low-income and the household's usage is within the top 50% of low-income customers, they will treat both units. PGW notes that this change would expand Home Comfort to include treatment for two-unit buildings, which are a common form of multi-family building in Philadelphia. PGW Reply Comments at 11.

Resolution: PGW has addressed our initial questions by explaining how it defines the terms “single-family” and “multi-family” properties as it relates to Home Comfort. Furthermore, we support PGW's proposal to include duplexes in its definition of “single-family” properties, which appears to address concerns raised by OCA. Specifically, PGW's proposed definition of “single-family” would not exclude a two-family home with separate indoor entrances from receiving Home Comfort services. Accordingly, we approve PGW's proposal to include duplexes in its “single-family” definition. We direct PGW to include the proposed definitions for “single-family” and “multi-family” properties in its Revised 2023 USECP.

g. Landlord Approval Process

The Commission directed PGW to provide a copy of the letter used to verify landlord approval to perform Home Comfort services for a tenant. PGW was also directed to explain what the landlord is told when obtaining approval via a telephone call and how the landlord's consent is recorded. June 2022 Order at 41.

Comments

PGW provided a sample letter sent to landlords. PGW explains that it requires written consent from landlords and does not accept verbal consent for legal reasons. PGW reports that it mails a landlord consent form to both the landlord and tenant. PGW states that when the CSP speaks with the landlord, they explain the Home Comfort program, the energy assessment process, potential measures installed, and that there is no cost to the tenant or landlord. PGW Supplemental Information at 24.

The Low Income Advocates note that PGW's Landlord Authorization Form includes a waiver of any liability or warranty for the work performed and measures installed. The Low Income Advocates recommend that the Commission require PGW to revise these waivers and disclaimers consistent with Commission regulation at 52 Pa. Code § 58.14(b) which requires a contractor to provide a warranty covering workmanship. Low Income Advocates Comments at 62-64.

In response to the concerns raised by the Low Income Advocates, PGW proposes new language for its landlord authorization form for Home Comfort and the LIME pilot program. The proposed new language is as followed:

Any warranties for equipment and materials installed shall be assigned to the Owner. <CSP> will provide a one-year workmanship warranty on the work performed, and any defects in the work caused by improper installation shall be corrected by <CSP> for a period of one (1) year from the agreement date.

PGW Reply Comments at 13.

PGW reports it is not proposing to modify the language in the landlord agreement that relates to indemnification and limitation of warranty because it has no evidence that this language has had an adverse effect on program participation. If directed to remove

this language, PGW requests cost recovery for any related expense or liability. PGW Reply Comments at 13.

Resolution: PGW has addressed our initial questions by clarifying that written consent is required from landlords before performing Home Comfort services for a tenant. In its 2020 Rate Case Settlement, PGW agreed to mail two letters to landlords to obtain approval to perform Home Comfort services for a tenant and will call the landlord (in lieu of a letter) if a telephone number is available. 2020 Rate Case Settlement at 13, ¶33 (e).

Furthermore, we find PGW's proposed amended language for its Home Comfort and its LIME Pilot Program landlord authorization forms consistent with Chapter 58, which requires a public utility to provide a warranty covering workmanship when a contractor is used. 52 Pa. Code § 58.14(b). Accordingly, we direct PGW to include a description of its procedure to obtain landlord consent to perform Home Comfort services as stated in the 2020 Rate Case Settlement at 13, ¶33 (e), in its Revised 2023 USECP. PGW is also directed to amend the Home Comfort and the LIME pilot program landlord authorization forms as proposed and include a copy of this form as an attachment to its Revised 2023 USECP.

h. Usage Requirement: Coordinating LIURP Services

The Proposed 2023 USECP states that PGW coordinates with other agencies to identify eligible customers who have received health and safety services performed by coordinating nonprofit and public agencies that were not assigned to Home Comfort through the automatic assignment process. Proposed 2023 USECP at 20.

The Commission directed PGW to clarify if it waives the minimum usage requirement when coordinating Home Comfort services with the Department of

Community and Economic Development's (DCED's) Weatherization Assistance Program (WAP) or other public utility LIURPs. June 2022 Order at 42.

Comments

PGW reports that it provides its CSPs with a list of the top 25%-30% of low-income high users for Home Comfort services. However, PGW allows customers in the top 50% of low-income high users to be manually assigned in Home Comfort if there is an opportunity to partner with another agency and coordinate services. PGW Supplemental Information at 25.

The Low Income Advocates argue that PGW's stated procedure is significantly different from the Home Comfort eligibility criteria included in PGW's Proposed 2023 USECP, which allows all households with weather normalized usage in the top 50% of low-income customers to participate in Home Comfort regardless of if they're receiving other services. The Low Income Advocates object to the changed procedure and recommend PGW waive this high usage threshold to allow for coordination with other efficiency, weatherization, and home repair programs. Low Income Advocates Comments at 67-68.

PGW states that it provides a list of roughly 5,000 eligible customers to each CSP at the start of each year-long selection cycle. CSPs then contact the customers in order of usage amount. PGW asserts that no CSPs are currently able to fully exhaust their list by the end of the selection cycle. PGW opines that even if it included the full top 50% of uses in its lists to CSPs, there would be no chance of the lower usage customers receiving treatment. PGW clarifies that it assigns some of its customers within the 31-50% usage bracket for treatment in collaboration with the Philadelphia Energy Authority's Built to Last program to facilitate more comprehensive collaborative treatment. PGW further states that it screens any customer who is referred by a partner agency and will offer

Home Comfort services to those customers if they are within the top 50% of energy users. PGW Reply Comments at 13.

Resolution: PGW has addressed our initial question by clarifying that it maintains its usage threshold requirements when coordinating jobs with other programs. We have previously permitted other public utilities to waive minimum usage requirements for LIURP jobs coordinated with DCED's WAP or other public utility LIURP and weatherization programs.³⁰ We have found that waiving usage requirements for weatherization jobs that are coordinated with other program services can provide deeper, whole-house savings for low-income customers. However, given the reported limits to the number of jobs PGW's CSPs can complete in a program year, we will not require PGW to waive its usage thresholds for coordinated jobs at this time.

We share the concerns raised by the Low Income Advocates that the usage thresholds for Home Comfort eligibility and the usage threshold for receiving Home Comfort services are different. PGW has clarified that, although income-eligible customers in the top 50% of usage are eligible for Home Comfort, only customers with usage within the top 25%-30% are referred to CSPs for service. We encourage PGW to do more to help eligible customers reduce their household energy usage, even if they are not selected for full-weatherization services during a program year. Accordingly, we direct PGW to work with its USAC to identify minimum services, such as energy education, that should be provided to all customers determined eligible for Home Comfort.

³⁰ For example, see Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company's (collectively FirstEnergy's) 2019-2021 USECP, Docket Nos. M-2017-2636969, M-2017-2636973, M-2017-2636976, and M-2017-2636978 (filed on June 24, 2019), at 19. NGDCs are not subject to Act 129.

i. Routine Health & Safety measures and Incidental Repairs

The Proposed 2023 USECP states that Home Comfort services begins with an initial assessment where customers are educated on ways to reduce energy use, provided basic health and safety information, and low-cost energy saving measures. If health and safety issues like mold, asbestos, roof leaks, or pests exist and cannot be corrected cost-effectively by the CSP, the home is provided with only low-cost energy saving measures (*e.g.*, low-flow devices, programmable and WiFi-enabled thermostats, water heater tank turn-downs). Proposed 2023 USECP at 20.

However, the Proposed 2023 USECP does not clarify if CSPs are provided an allowance to address routine health and safety situations that can be corrected cost-effectively to allow the installation of full-cost heating measures. It is also unclear if CSPs are provided an allowance for performing incidental repairs (*i.e.*, repairs that would allow Home Comfort measures to function properly or more efficiently). The Commission directed PGW to explain its parameters and allowance thresholds for performing routine health and safety measures and incidental repairs. June 2022 Order at 40.

Comments

PGW states that its Health and Safety Pilot Program allocates \$100,000 annually to support health and safety measures that can be completed to allow for comprehensive weatherization. PGW states that CSPs are required to submit requests for cases in which they intend to use pilot funds; the requests must: project savings of at least 15%, cost no more than \$3,000, be separate from the full job work scope, and address a legitimate health and safety issue. PGW notes that CSPs are allowed to incorporate health and safety measures into work scopes beyond this, but they need to be cost-effective. PGW clarifies that funds from its Health and Safety Pilot Program are not intended to be used

for measures that can be completed cost-effectively without the cost exclusion. PGW Supplemental Information at 26.

The Low Income Advocates recommend that PGW be required to establish a per-job budget for its CSPs to install incidental health and safety measures outside of the limited Health and Safety Pilot Program. The Low Income Advocates recommend a per-job budget of at least \$600 to allow CSPs to automatically install routine health and safety measures. Low Income Advocates Comments at 68-71.

PGW reports that to ensure that Health and Safety funds are used cost-effectively, it uses the Total Resource Cost (TRC) test.³¹ PGW asserts that allocating a fixed allowance of \$600 per home towards health and safety repairs would be logical if the program were to switch to a simple payback method; however, under the TRC method with supplemental Health & Safety Pilot funding, this fixed allowance would be a substantial decrease from the \$3,000 per home that is currently available. PGW notes that Home Comfort CSPs are required to install basic health and safety devices in all customer homes, regardless of cost effectiveness, and are also required to repair and/or report any imminently dangerous conditions in customer homes. PGW Reply Comments at 16.

Resolution: Based on PGW's clarifications, we find PGW's policy for performing basic health and safety measures (*i.e.*, carbon monoxide detectors) satisfactory. While it is not a requirement, we have encouraged the development of an allowance for the installation of routine health and safety measures, such as smoke detectors and carbon monoxide alarms. We have also requested that public utilities identify their parameters for performing incidental repairs (*i.e.*, repairs that would allow LIURP measures to function

³¹ See 2021 Total Resource Cost (TRC) Test Order, Docket No. M-2019-3006868 (order entered on December 19, 2019).

properly or more efficiently).³² PGW should, at a minimum, identify its parameters for performing incidental repairs in its USECP. Accordingly, we direct PGW to include the clarifications provided regarding its practices for performing basic health and safety measures, outside the scope of the Health and Safety Pilot Program, in its Revised 2023 USECP. We further direct PGW to include in its Revised 2023 USECP the clarifications provided regarding its parameters for performing incidental repairs and examples of the type of minor repairs that may be performed.

j. Re-Weatherization Eligibility

The Proposed 2023 USECP states that Home Comfort is available to eligible customers who have not received Home Comfort services over the previous seven years. Proposed 2023 USECP at 19. The Commission directed PGW to clarify if it allows for any exceptions, if warranted, to its current seven-year limit between Home Comfort services on a premises. June 2022 Order at 44.

Comments

PGW states that, generally, it does not provide Home Comfort services to a residence if it has been comprehensively treated within the prior seven years. PGW notes that there are two exceptions: (1) when a residence does not receive either air sealing, insulation, or a heater replacement due to health and safety issues which are later addressed by the customer; and (2) when a residence is eligible for services from another agency and treatment could be coordinated. PGW Supplemental Information at 27.

³² For example, *see* Duquesne 2017-2019 USECP Order, Docket No. M-2016-2534323 (order entered on March 23, 2017), at 36-38. *See also* PECO 2016-2018 USECP Order, Docket No. M-2015-2507139 (order entered on August 11, 2016), at 48-50.

The Low Income Advocates state that they do not oppose PGW maintaining its seven-year re-weatherization standard if its exceptions are noted and consistently applied. The Low Income Advocates recommend that the Commission direct PGW to include its stated exceptions in its 2023 USECP. Low Income Advocates Comments at 71-72.

Resolution: PGW has addressed our questions by identifying exceptions to its seven-year limit between Home Comfort services on a premises. Accordingly, PGW is directed to include these exceptions in its Revised 2023 USECP.

k. Continuation of Regulatory Waivers

The Commission initially granted PGW waivers of the Commission's Regulations at 52 Pa. Code §§ 58.5 & 58.11(a) (relating to administrative costs; energy survey)³³ in PGW's 2016 DSM proceeding when the Home Comfort program was part of a portfolio of PGW's DSM programs.³⁴ Subsequently, the Commission found sufficient reason to grant PGW's request to continue waivers of 52 Pa. Code §§ 58.5 & 58.11(a) in the 2017 USECP proceeding consistent with the DSM proceeding.³⁵ PGW requests a continuation of waivers under the LIURP regulations of 52 Pa. Code §§ 58.5 and 58.11(a) through the end of the 2023 USECP. Proposed 2023 USECP at 21. The Commission directed PGW to explain why these waivers are still needed. June 2022 Order at 44.

³³ Section 58.5 applies to the amount of the LIURP budget that may be spent on administrative costs. 52 Pa. Code § 58.5. Section 58.11(a) relates to the LIURP energy survey and the installation of program measures if those measures, *inter alia*, meet a simple payback criterion of 7 or 12 years. 52 Pa. Code § 58.11(a). The Commission directed PGW to explain why these waivers are still needed.

³⁴ See *Petition of PGW for Approval of Demand-Side Management Plan for FY 2016-2020*, Docket No. P-2014-2459362 (order entered on November 1, 2016).

³⁵ See PGW 2017-2020 USECP Order, Docket No. M-2016-2542415 (order entered on August 3, 2017), at 50-51 and 79-81.

Comments

PGW reports that the Home Comfort program's administrative expenses exceed the 15% cap for administrative charges because PGW's program design is based on industry standard TRC cost-effectiveness targets. PGW contends that the higher administrative costs support comprehensive energy-saving projects through program implementation activities, such as BPI certification for CSP staff, energy audits, establishing computer and IT infrastructure, and costs related to communication and scheduling. PGW Supplemental Information at 28.

PGW states that a continued waiver of Section 58.11(a) is warranted because Home Comfort takes a "whole house" approach to weatherization under which it is more appropriate to evaluate the full job scope instead of the payback term of individual measures. PGW contends the TRC benefit-to-cost ratio test recognizes the long-term benefits of natural gas weatherization measures such as heating systems, air sealing, and insulation that have lifetimes greater than 20 years. PGW Supplemental Information at 29.

PGW asserts that if the waiver for Section 58.11(a) were discontinued, it would install fewer insulation, air sealing, and heating system measures and achieve far less in savings and home comfort. Additionally, PGW states that maintaining these two waivers will allow it to keep the program continuously evolving and current on weatherization industry trends. PGW Supplemental Information at 29.

OCA supports continuing to grant PGW these waivers from the LIURP regulations. OCA opines that the waivers have provided a benefit to Home Comfort customers by allowing additional homes to be treated with deeper measures that might not otherwise qualify under the existing regulations. OCA submits that the Commission has historically proposed revising its LIURP regulations, and to date, that rulemaking has

not yet been completed. OCA recommends that PGW should continue to be granted a waiver of these Commission's regulations for its 2023 USECP. OCA Comments 22-23.

The Low Income Advocates submit that PGW has not met the standards for regulatory waivers, and its regulatory waiver request should be denied. The Low Income Advocates assert that PGW has not completed the correct process for requesting a regulatory waiver, and if PGW still wants to pursue a continuation of prior regulatory waivers, it should be required to file a formal petition with the Commission. Low Income Advocates Comments 72-74.

Resolution: PGW has addressed our initial questions by explaining why it is requesting a continued waiver of the Sections 58.5 and Section 58.11(a). We approve waiving the administrative cost limitations under Section 58.5 for the duration of PGW's 2023 USECP. We will continue to monitor PGW's Home Comfort spending and production and may revisit this issue by or before PGW's next USECP proceeding.

We also approve waiving the provisions of Section 58.11(a) to allow PGW to continue to use its existing cost/benefit calculation to establish cost-effectiveness for Home Comfort jobs. We have encouraged public utilities in previous USECP proceedings, to be flexible when applying the seven or 12-year payback to individual LIURP measures, in favor of an approach which evaluates the cost-effectiveness of the entire job. This approach follows the national best practice trends for whole house treatment and minimizes the intrusions on the customer by efficiently treating as much of the home as possible in one time. This waiver of Section 58.11(a), relative to Home Comfort, does not excuse PGW from complying with the rest of its obligations under Section 58.11, 52 Pa. Code § 58.11.

The Low Income Advocates have challenged PGW's request for waiver, asserting that PGW has not used the correct process for requesting a regulatory waiver. They

assert that if PGW still wants to pursue a continuation of prior regulatory waivers, it should be required to file a formal petition with the Commission. Section 1.91(a) of Commission regulations, 52 Pa. Code § 1.91(a), provides in pertinent part that:

A request for waiver of, or exception to, any provision of . . . a regulation or requirement with which the document tendered is in conflict or does not conform may accompany a pleading, submittal or other document subject to rejection under § 1.4 (relating to filing generally). The request shall show the nature of the waiver or exception desired and set forth the reasons in support thereof. Unacceptable filings may be returned by the Commission with an indication of the deficiencies thereof and the reasons for nonacceptance and return.

While the originally filed Proposed 2023 USECP did not fully set forth the reasons in support of an extension of the existing waivers, the supplemental information does satisfy the requirements of Section 1.91(a), 52 Pa. Code § 1.91(a). PGW has made the request in the context of the evaluation of its Proposed 2023 USECP. The request for an extension of these waivers is part of a multi-faceted proceeding, not a stand-alone request. Had the request for extension been a single-issue, stand-alone request, a petition would have been the appropriate vehicle.

Accordingly, PGW is granted temporary waivers of Sections 58.5 and 58.11(a), 52 Pa. Code §§ 58.5, 58.11(a), for the duration of its 2023 USECP. These temporary waivers will extend for the duration of the 2023 USECP unless terminated by Commission order after notice and hearing. PGW is directed to update its Revised 2023 USECP to reflect the continuation of temporary waivers for Sections 58.5 and 58.11(a). If PGW asserts a need to continue the waivers, PGW will need to present the requisite justification for continuation.

3. CARES

PGW's CARES will continue to provide referrals to internal and external organizations or programs for assistance. CARES also includes outreach activities related to LIHEAP grants, since those grants target many of the same customers who are low-income and seek assistance with paying their utility bills. The CARES program consists of two components: "quick-fix" and case management. Quick-fix cases involve referral-only services to help customers resolve issues affecting their ability to pay their natural gas bill. The case management component goes further by providing follow-up services and ongoing monitoring of the customer's situation. CARES services are available to any customer with (1) income at or below 150% of the FPIG who are having trouble paying their bills, (2) a personal crisis that is likely to lead to a financial crisis, or (3) a valid protection from abuse (PFA) order. Proposed 2023 USECP at 23-25

Resolution: PGW's CARES program appears to provide the outreach and casework approach necessary to help customers secure energy assistance funds and other needed services as described in 52 Pa. Code § 62.2. Accordingly, we are not directing PGW to make any changes to this aspect of its Proposed 2023 USECP.

4. Hardship Fund

PGW administers its Hardship Fund program in partnership with UESF to provide financial assistance to eligible customers whose service is terminated or in termination status. PGW contributes up to \$750 to match a UESF grant via a bill credit to help resolve a heating emergency. The combination of the PGW matching credit and the UESF grant cannot exceed \$1,500 and must eliminate all debt, not including a CRP customer's PPA balance. Proposed 2023 USECP at 26-27.

To qualify for PGW's Hardship Fund, a customer's service must be off or be under threat of termination. Further, the customer must not have received a UESF grant within the past two years, must have applied for LIHEAP Cash and Crisis grants (if available), and must have a gross household income at or below 175% of the FPIG. PGW anticipates contributing \$620,846 annually to Hardship Fund grants for 2023-2027. Proposed 2023 USECP at 26-27.

a. Pilot Hardship Fund Program

PGW is proposing a Pilot Hardship Fund program to assist customers that would typically not be eligible for a hardship fund grant. The Pilot Hardship Fund would offer the same benefits of the traditional Hardship Fund but with reduced grant amounts, between \$200 and \$750, depending on the customer's account arrears. Customers that meet the following criteria will be eligible for an automatic grant from the Pilot Hardship Fund program:

- Have incomes at or below 250% of the FPIG; and
- Have been removed from CRP during the recertification process for exceeding the income eligibility limits; or
- Obtained a PFA or a court order indicating clear evidence of domestic violence against the applicant or customer.

Proposed 2023 USECP at 27-28.

Grants will be distributed on a first-come, first-served basis until funds are exhausted. Grants awarded under this pilot program will work as if they were a PGW

matching grant in the traditional hardship fund program. Customers can only receive one pilot grant per year. Proposed 2023 USECP at 28.

PGW estimates that up to 1,000 customers per year could be eligible for the Hardship Fund pilot program. The proposed budget for the pilot is \$100,000. PGW estimates this would provide enough funding to provide grants to approximately 133 to 500 customers. With the funding coming from the unused matching grants from the regular Hardship Fund, not to exceed \$100,000, PGW intends to run this Pilot program for two years. Proposed 2023 USECP at 27-28.

The Commission directed PGW to explain how customers will be informed and educated about the program and if it is requiring customers to request the grant. If the grant is issued without customer action, PGW was directed to explain how these customers will be selected and informed about the grant. PGW was also directed to clarify who will administer the Pilot Hardship Fund program (*i.e.*, UESF, PGW, or another organization). June 2022 Order at 48.

Comments

PGW states that there is no action required from customers to qualify for a pilot grant. PGW explains that at the start of the pilot, all customers removed from CRP due to exceeding the income guidelines with household income at or below 250% of the FPIG will receive a grant between \$200 and \$750 on a first-come, first-served basis. PGW states that customers who have a balance greater than \$200 at the time of removal from CRP will receive a grant matching the balance, up to \$750. If the balance is less than \$200, the customer will receive a \$200 grant. PGW Supplemental Comments at 30.

Additionally, PGW states that all customers with a protection from abuse order who contact PGW after the start of the pilot with income at or below 250% of the FPIG

will automatically receive a grant as detailed above. PGW reiterates that grants will be distributed on a first-come, first-served basis until funds are exhausted. PGW Supplemental Information at 30.

The Low Income Advocates recommend the Commission require PGW to clearly explain the Hardship Fund Pilot Program eligibility process and to advertise the program so that all customers know it is available. Low Income Advocates Comments at 83-86.

Resolution: We have received no objection to PGW's proposed Pilot Hardship Fund Program, and PGW has addressed our questions regarding how customers will be selected for the pilot program. However, PGW did not identify how customers will be made aware that they have received a pilot grant. Accordingly, although we approve this pilot program, PGW is directed to notify customers by mail about their enrollment in the pilot program within five days after eligibility is determined. The notice shall identify the amount of the grant and when the household will see the grant reflected in their bill. PGW is also directed to include in its Revised 2023 USECP the details provided about the pilot program customer selection and grant amount determination process and that customers will be notified of a grant issuance in writing.

b. Voluntary Customer Hardship Fund Contributions

This issue was not addressed in the June 2022 Order.

Comments

The Low Income Advocates expressed concern about PGW's failure in recent years to increase voluntary customer contributions for its Hardship Funds. The Low Income Advocates recommend the Commission direct PGW to develop additional methods for soliciting voluntary ratepayer contributions for its Hardship Fund. The Low

Income Advocates also recommend that PGW be required to work with its USAC to determine effective methods to improve voluntary ratepayer contributions for the Hardship Fund. Low Income Advocates Comments at 92.

Resolution: We find merit in the concerns raised by the Low Income Advocates regarding the low level of voluntary contributions to PGW’s Hardship Fund program. During the 2019-20 program year, for example, PGW collected only \$753 in voluntary contributions from ratepayers for its Hardship Fund, which is the lowest voluntary amount collected by any NGDC or EDC during that program year.³⁶ PGW should examine and consider adopting practices used by other public utilities to solicit ratepayer and public contributions for its Hardship Fund program. Accordingly, PGW is directed to work with its USAC to identify ways to improve voluntary ratepayer and other contributions for its Hardship Fund.

C. Projected Needs Assessments

In compliance with 52 Pa. Code § 62.4(b)(3), the Proposed 2023 USECP includes a needs assessment for PGW’s universal service programs, which is depicted in Table 2 below.

**Table 2
Needs Assessment**

1. Estimated number of low-income customers	See below
2. Confirmed number of low-income customers	67,986
3. Identified number of payment-troubled, low-income customers	38,342
4. Estimated number of currently eligible Home Comfort participants	44,168
5. Cost to serve customers needing Home Comfort	\$131,191,720

Source: Proposed 2023 USECP at 34.

³⁶ The contributions of other public utilities range from \$15,052 (PECO-Gas) to \$436,601 (Columbia Gas). See *2020 Report on Universal Service and Collections Performance* at 78. <https://www.puc.pa.gov/media/1709/2020-universal-service-report-final.pdf>

On page 34, PGW identifies 197,855 estimated low-incomed customers in its service territory based on the 2019 Report Universal Service and Energy Conservation Performance³⁷ and then 137, 806 “current” estimated low-income customers based on Census data. Page 10, however, includes a needs assessment with a different number of estimated low-income heat customers (121,496). The Commission directed PGW to identify the precise sources for the conflicting numbers of estimated low-income customers and identify which number reflects the more accurate count of estimated low-income customers in its service territory. June 2022 Order at 49.

Comments

PGW states that it used the Household Poverty census data provided by Pennsylvania State University annually, as instructed by the Commission, to determine the estimated percent of low-income households in its service territory (40.09%). PGW explains that it applied the 40.09% figure to the average monthly number of residential households in its customer database that have gas service. PGW reports that in 2020, PGW had an average of 486,934 residential customers per month, therefore, the estimated number of low-income residential households is 195,212 (486,934 x 40.09 %). PGW Supplemental Information at 31.

PGW clarifies that the 121,496 estimated low-income customers referenced on page 9 of its 2023 USECP was calculated using the 2015-2019 Census 5-year estimates for Philadelphia. PGW states that the Census identifies a total low-income household count of 137,806 households, with 121,496 of those being gas heating households and 16,310 being non-heating. Moreover, PGW asserts that the Census figure of 121,496 is more accurate. PGW explains that it then took the 121,496 figure for the estimated

³⁷ 2019 Report Universal Service and Energy Conservation Performance at 7.
https://www.puc.pa.gov/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2019.pdf

low-income population, and further calculated the number of potential LIURP households based on existing program data and parameters. PGW Supplemental Information at 31.

The Low Income Advocates seek clarification to assess the accuracy of whether the data used in PGW's needs assessment is an accurate representation of the subgroup included or excluded from the calculated needs assessment. The Low Income Advocates submit that formal discovery is needed to adequately assess each figure listed as the criterion PGW chose to determine the expected participation rate in Home Comfort. Low Income Advocates Comments at 78-79, *citing* the Proposed 2023 USECP at 9-10.

OCA submits that the Commission should not permit PGW to substitute its calculation of the number of low-income customers without sufficient explanation as to how PGW calculated its number and why PGW believes that its number is more accurate. OCA notes that in the absence of further clarification from PGW, the Commission should require PGW to amend its plan and use the Commission-provided calculation for determining its number of low-income customers. OCA Comments 23-24.

Resolution: PGW has addressed our initial questions by clarifying how it determined the differing numbers of estimated low-income residential households reported in the Proposed 2023 USECP. PGW has clarified that the correct estimate of low-income residential households – based on the percentage of low-income households in its service territory and the average monthly number of residential accounts – should be 195,212 and not 197,855. PGW has also clarified how the alternative numbers of estimated low-income residential households contained in the Proposed 2023 USECP were determined. Accordingly, PGW is directed to update the table on page 34 of the Revised 2023 USECP with the revised estimate of 195,212 for low-income customers in its service territory. Additionally, PGW is directed to cite the sources (internal and external) for the number

of estimated low-income customers provided in the Revised 2023 USECP needs assessment tables.

D. Projected Enrollment Levels

PGW’s projected enrollment levels from 2023 through 2027 are as shown in Table 3 below.

**Table 3
Projected Enrollment Levels**

Program	2023	2024	2025	2026	2027
CAP (CRP)	65,429	68,381	71,334	74,286	77,238
LIURP (Home Comfort)*	2,561	2,561	2,561	2,561	2,561
CARES**	2,020	2,020	2,020	2,020	2,020
Hardship Fund	1,184	1,184	1,184	1,184	1,184

Source: Proposed 2023 USECP at 17, 21, 25, 27, and 29.

* PGW projects that it will also serve 2 multi-family units per year in the LIME Pilot Program through 2027 and also complete 36 projects per year in the Repair and Renew, which will run through at least 2024.

** The estimated number of customers served through the CARES program includes ongoing case management and “quick fix” (referral only) cases.

Resolution: Consistent with the June 2022 Order, we are not requiring any changes to this aspect of the Proposed 2023 USECP.

E. Program Budgets

Table 4 below shows the proposed budget levels for 2023-2027.

Table 4
Projected Budgets and Spending

Universal Service Component	2023	2024	2025	2026	2027
CRP	\$69,139,959	\$72,187,032	\$75,234,632	\$78,282,210	\$81,329,284
Home Comfort*	\$7,988,818	\$7,988,818	\$7,988,818	\$7,988,818	\$7,988,818
CARES	\$947,550	\$947,550	\$947,550	\$947,550	\$947,550
Hardship Fund**	\$1,055,649	\$1,055,649	\$1,055,649	\$1,055,649	\$1,055,649
Total	\$79,131,976	\$82,179,049	\$85,226,649	\$88,274,227	\$91,321,301

Source: Proposed 2023 USECP at 17, 21, 25, 27, and 29.

* Includes programmatic/administrative costs (including labor) and costs for the LIME pilot program at \$120,048 per year. Proposed 2023 USECP at 21.

** Only the administrative cost of \$260,149 and utility contributions of \$795,500 are recovered in base rates and is counted in the Hardship Fund total. Voluntary donations by customers and the UESF funds are not recovered in base rates.

a. Projected Universal Service Costs Recovered from Ratepayers

All the universal service costs above are recovered from PGW ratepayers. However, only CRP and Home Comfort Costs are recovered through PGW’s Universal Service rider. In 2021, PGW recouped 72.6% of CRP and LIURP costs from residential ratepayers, 22.3% from commercial ratepayers, 1.8% from industrial ratepayers, 2.2% from municipal ratepayers, and 1.1% from the Philadelphia Housing Authority (PHA). 2021 Report on Universal Service Programs & Collections Performance at 90.

The Commission directed PGW to provide the average number of residential, commercial, industrial, municipal, and PHA accounts served in 2021 so that average CRP and Home Comfort costs recovered from each ratepayer class can be projected through 2027. June 2022 Order at 51.

Comments

Table 5 reflects the number of customers PGW reports it served by ratepayer class in 2021.

Table 5
Number of PGW Ratepayers by Class - 2021

Ratepayer Class	Customers
Residential	491,045
Commercial	24,104
Industrial	578
Municipal	859
PHA	1020

PGW Supplemental Information at 32.

Resolution: Based on the number of PGW ratepayer accounts in 2021, Table 6 below reflects projected CRP and Home Comfort costs recovered from all ratepayers based on the percentages and number of customers described above.

Table 6
Projected Monthly CRP and Home Comfort Costs Recovered from Each Ratepayer
Class 2023-2027

Universal Service Component	2023	2024	2025	2026	2027
CRP	\$69,139,959	\$72,187,032	\$75,234,632	\$78,282,210	\$81,329,284
Home Comfort	\$7,988,818	\$7,988,818	\$7,988,818	\$7,988,818	\$7,988,818
Total	\$77,128,777	\$80,175,850	\$83,223,450	\$86,271,028	\$89,318,102
Average Monthly Cost Recovered per Residential Ratepayer	\$9.50	\$9.88	\$10.25	\$10.63	\$11.00
Average Monthly Cost Recovered per Commercial Ratepayer	\$59.46	\$61.81	\$64.16	\$66.51	\$68.86
Average Monthly Cost Recovered per Industrial Ratepayer	\$200.16	\$208.07	\$215.98	\$223.89	\$231.89
Average Monthly Cost Recovered per Municipal Ratepayer	\$161.61	\$171.12	\$177.62	\$184.13	\$190.63
Average Monthly Cost Recovered per PHA Ratepayer	\$69.32	\$72.05	\$74.79	\$77.53	\$80.27

b. Home Comfort Budget

This issue was not addressed in the June 2022 Order.

Comments

The Low Income Advocates assert that PGW’s overall Home Comfort budget to perform standard work is too low and is not appropriately targeted to meet the need for comprehensive services across its service territory. The Low Income Advocates offer

two recommendations to improve the availability of Home Comfort services. First, they recommend that the Commission require PGW to continue rolling over any unspent Home Comfort funds and adding those funds to the budget for the next year. Second, they recommend that the funding for Home Comfort pilot programs (*i.e.*, LIME, Repair and Renew, Health and Safety) be in addition to and not carved from PGW's overall Home Comfort budget. Low Income Advocates Comments at 76-78.

OCA assert that the projected Home Comfort annual budgets established in the 2023 USECP do not address the rising costs of equipment, increases in costs of labor and construction, or increases in customer need. OCA contends PGW has not presented a connection between its Home Comfort budget, needs assessment, and the number of jobs completed annually. OCA notes that PGW proposes to maintain the same annual budget for Home Comfort that was established in its 2017 USECP proceeding without any modifications, additional explanations, or analyses. Moreover, OCA contends that the current Home Comfort budget is presented without the goal of addressing the current needs assessment. OCA Comments at 25-26.

OCA notes that in PGW's 2017 USECP proceeding, the Commission increased the annual Home Comfort budget to the current \$7.9 million based on the needs assessment. OCA Comments at 26, *citing* the *PGW 2017-2020 USECP Order*, Docket No. M-2016-2542415 (order entered on August 3, 2017), at 81. OCA opines that unless the Home Comfort budget increases over time, it will serve fewer customers each year. OCA Comments at 26. OCA recommends the Commission require PGW to determine an annual Home Comfort budget appropriate to meet the needs of its service territory using the guidelines at 52 Pa. Code §58.4(c),³⁸ and that the annual budgets should be revisited

³⁸ Section 58.4(c) *Guidelines for revising program funding*. A revision to a covered utility's program funding level is to be computed based upon factors listed in this section. These factors are the following:

by PGW throughout the duration of its USECP to account for increased needs and costs. Moreover, OCA submits that there should be a process developed for PGW (and all NGDC and EDCs) to provide information at least every two-years demonstrating that its Home Comfort budget is sufficient and accounts for changes. OCA recommends stakeholders be permitted to comment on and propose adjustments to the Home Comfort budget between USECP filings. OCA Comments 26-27.

PGW proposes to maintain the Home Comfort budget at its current annual funding level of \$7,988,818, which is 1.24% of its FY 2021 total operating revenues of \$646,747,000. PGW notes that its annual Home Comfort budget is the largest LIURP budget for any NGDC in Pennsylvania and the second largest LIURP budget of all Pennsylvania public utilities. PGW notes that increasing the annual budget would also increase costs recovered from its ratepayers, noting that its residential ratepayers pay more for universal service programs than any other public utility residential customers in Pennsylvania. PGW Reply Comments 9-10, *citing the 2020 Report on Universal Service and Collections Performance* at 89.

Resolution: The LIURP Regulations at Section 58.4(c), 52 Pa. Code § 58.4(c), address the factors to be considered when revising a LIURP budget. PGW's current annual Home Comfort budget was established in the 2017 USECP proceeding.³⁹ PGW proposed to keep the 2023 LIURP budget consistent with the 2017 LIURP. We have considered

(1) The number of eligible customers that could be provided cost-effective usage reduction services. The calculation shall take into consideration the number of customer dwellings that have already received, or are not otherwise in need of, usage reduction services.

(2) Expected customer participation rates for eligible customers. Expected participation rates shall be based on historical participation rates when customers have been solicited through approved personal contact methods.

(3) The total expense of providing usage reduction services, including costs of program measures, conservation education expenses and prorated expenses for program administration.

(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.

³⁹ See PGW 2017-2020 USECP Order, Docket No. M-2016-2542415 (order entered on August 3, 2017) at 77-81.

the concerns raised by the Low Income Advocates and OCA regarding the adequacy of maintaining the current Home Comfort funding level for the duration of the 2023 USECP in conjunction with the Section 58.4(c) factors in this proceeding, as well as other factors, and determined to not require a change at this time.

In addition to the factors in Section 58.4(c), there are other factors to consider when determining the adequacy of PGW's annual Home Comfort budget such as the availability of other programs and funding to help address energy efficiency needs in PGW's service territory. In particular, we note that DCED has received approximately \$186 million,⁴⁰ to spend over a five-year period, in additional funding through the Bipartisan Infrastructure Law (BIL)⁴¹ to provide weatherization services to eligible Pennsylvania households through WAP. Further, the Commonwealth of Pennsylvania has authorized the use of \$125 million in funds from the American Rescue Plan Act of 2021 (ARPA)⁴² to establish a Whole-Home Repairs Program⁴³ to allow county agencies to, *inter alia*, make households more energy efficient by spending up to \$50,000 per unit.⁴⁴ Philadelphia County has been allocated approximately \$21 million for this program.⁴⁵

Recognizing that PGW's Home Comfort currently maintains the largest LIURP budget of any NGDC in Pennsylvania, we also have concerns about increasing the

⁴⁰ DCED Draft 2022-2027 BIL DOE State Plan. [22-27 BILL DOE State Plan - Budget - DRAFT \(pa.gov\)](#) (last accessed November 30, 2022).

⁴¹ Infrastructure Investment and Jobs Act, U.S. Public Law 117-58, signed November 15, 2021. <https://www.congress.gov/117/plaws/publ58/PLAW-117publ58.pdf> (last accessed November 30, 2022).

⁴² American Rescue Act of 2021, U.S. Public Law 117-2, signed March 11, 2021. <https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf> (last accessed November 30, 2022).

⁴³ Whole-Home Repairs Program will provide funding for county-wide agencies to address habitability and safety concerns, provide measures to improve energy or water efficiency and make units accessible for individuals with disabilities. <https://dced.pa.gov/programs/covid-19-arpa-whole-home-repairs-program/> (last accessed November 30, 2022).

⁴⁴ Section 3002(1) of Act No. 1A of 2022

⁴⁵ <https://dced.pa.gov/download/whole-home-repair-allocations/?wpdmdl=117131> (last accessed on November 30, 2022).

amount of universal service costs recovered from ratepayers. For example, as seen in Table 6 above, residential ratepayers will pay \$11 per month by 2027 on CRP and Home Comfort expenditures based on current projected budgets. We cannot lose sight of the fact that PGW's universal service costs are recovered fully from its ratepayers.

With these factors in mind, we find it appropriate to allow PGW to maintain its Home Comfort budget at the current level. However, we agree with the Low Income Advocates that PGW should continue to roll over any unspent Home Comfort funds to the following year's budget, with the goal being that all of the Home Comfort budget is expended on weatherization services. Additionally, we find merit in OCA's recommendation that PGW provide updated needs assessment information within two years to determine whether the annual \$7.9 million Home Comfort budget will appropriately serve PGW's service territory for the duration of the 2023 USECP.

Accordingly, we direct PGW to file and serve an updated needs assessment on February 28, 2025. The updated needs assessment shall include the following information:

- The number of estimated low-income customers, including a reference to the census data source and a copy of the methodology document used.
- The number PGW customers who heat with natural gas.
- The number of Confirmed Low-Income (CLI) customers.
- The number of CLI customers with usage in highest 50%.
 - Number of these customers that:
 - Received Home Comfort in last 7 years;
 - Have been deferred due to health and safety issues;
 - Are renters.
- The number of CLI customers with usage in highest 30%.
 - Number of these customers that:

- Received Home Comfort in last 7 years;
 - Have been deferred due to health and safety issues;
 - Are renters.
- The percentage of renters projected to be ineligible due to landlord refusal to participate in Home Comfort.
 - The projected number of CLI customers with usage in the highest 50% eligible for Home Comfort.
 - The projected number of CLI customers with usage in the highest 30% eligible for Home Comfort.

PGW is also directed to continue to rollover unspent Home Comfort funds into the next program year for the duration of the 2023 USECP, until expended.

F. Use of Community-Based Organizations (CBOs)

The Natural Gas Choice and Competition Act directs the Commission to “encourage the use of [CBOs] that have the necessary technical and administrative experience to be the direct providers of services or programs which reduce energy consumption or otherwise assist low-income retail gas customers to afford natural gas service.” 66 Pa.C.S. § 2203(8). PGW utilizes community agencies throughout the utility’s service territory as referral agencies or contractors in the CRP, CARES, and Hardship Fund programs. PGW’s CARES program coordinates with Neighborhood Energy Centers and UESF intake sites⁴⁶ to help customers resolve payment issues. PGW uses other social service agencies as needed based on the customer’s situation. Proposed 2023 USECP at 30-31.

⁴⁶ A full listing of UESF intake sites and Neighborhood Energy Centers is provided in Appendices C and D of the Proposed 2023 USECP. Proposed 2023 USECP at 39-40.

Resolution: Consistent with the June 2022 Order, we are not requiring any changes to this aspect of the Proposed 2023 USECP.

G. Organizational Structure

The internal organizational structure for PGW's universal service programs includes one Vice President of Regulatory Compliance and Consumer Programs, one Director of Regulatory Compliance and one Manager of Customer Programs, one Manager of Universal Services and one Manager of Energy Efficiency and Emerging Customer Programs. One Supervisor of Universal Services, one Analyst of Energy Efficiency and Emerging Customer Programs, as well as Universal Service Representatives and Customer Service Representatives. Proposed 2023 USECP at 31.

Resolution: Consistent with the June 2022 Order, we are not requiring any changes to this aspect of the Proposed 2023 USECP.

IV. CONCLUSION

Consistent with the ordering paragraphs below, we shall direct PGW to file a Revised 2023 USECP reflecting the changes directed herein within 30 days of the date of entry of this Order. We invite PGW to submit its Revised 2019 USECP to BCS for a compliance review prior to filing. With these changes, PGW's 2023 USECP is approved. Changes approved or directed shall take effect, unless otherwise indicated, within six months from the entry date of this Order. The Commission's approval of the 2023 USECP does not limit the Commission's authority to order future changes to the 2023 USECP based on evaluation findings, universal service data, or ratemaking considerations.

PGW's existing 2017 USECP will continue in operation in whole or in part until replacement provisions of the Revised 2023 USECP are implemented. A third-party independent evaluation of PGW's universal service programs shall be due on November 1, 2027.

PGW's 2023 USECP shall be in effect until its next USECP is approved. PGW's next proposed USECP shall be due on or before November 1, 2028, and shall cover five years starting January 1, 2030.

Having addressed PGW's Proposed 2023 USECP and the comments and reply comments in the record, we note that any issue, comment, or reply comment requesting a further deviation from the Proposed 2023 USECP, but which we may not have specifically delineated herein, shall be deemed to have been duly considered and denied without further discussion. The Commission is not required to consider expressly or at length each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pa. Pub. Util. Comm'n*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also*, generally, *U. of PA v. Pa. Pub. Util. Comm'n*, 485 A.2d 1217 (Pa. Cmwlth. 1984); **THEREFORE**,

IT IS ORDERED:

1. That Philadelphia Gas Works' Universal Service and Energy Conservation Plan for 2023-2027 is approved, subject to the conditions established in this Order, as consistent with Title 66 of the Pennsylvania Consolidated Statutes, Title 52 of the Pennsylvania Code, and Commission practice.

2. That Philadelphia Gas Works shall file a Revised 2023-2027 Universal Service and Energy Conservation Plan conforming to the conditions established in this Order within thirty (30) days of the entry date of this Order.

3. That the Revised 2023-2027 Universal Service and Energy Conservation Plan shall be filed in both clean and redline copies and served on the parties to this docket.

4. That the Revised 2023-2027 Universal Service and Energy Conservation Plan shall be provided electronically in Word[®]-compatible format to Norma Bowman, Bureau of Consumer Services, nobowman@pa.gov; Christina Chase-Pettis, Office of Communications, cchasepett@pa.gov; and Louise Fink Smith, Law Bureau, finksmith@pa.gov.

5. That Philadelphia Gas Works shall incorporate the changes, as directed or identified herein, to its Revised 2023-2027 Universal Service and Energy Conservation Plan, including:

- a. Identify all universal service stipulations approved by the Commission in its November 19, 2020 Order at Docket No. R-2020-3017206.
- b. Identify all universal service stipulations approved by the Commission in its October 27, 2022 Order at Docket No. P-2020-3018867.
- c. Clarify the process used to verify eligibility for customers with seasonal or fluctuating income and how customers are notified when year-to-date income is used.
- d. Clarify that customers applying for CRP can provide the last 30 days or 12 months of income to verify eligibility.
- e. Amend its final billing policy to charge customers no more than their prorated CRP billing amount for usage incurred during their final billing period, beginning no later than December 1, 2023.
- f. Refund security deposits, with an applicable interest, collected from customers who are income-eligible for CRP. The refunded security deposit may be applied to the account only with the customer's informed consent.

- g. Remove the program requirement that CRP customers must apply for LIHEAP and assign the grant to PGW.
- h. Clarify the revised CRP recertification timeframes.
- i. Remove the provision that CRP participants must authorize PGW to use external sources to verify household composition and income.
- j. Exclude the unearned income for minors when determining household income for CRP eligibility and benefits.
- k. Clarify how zero income and on-going support are identified, counted, and documented in the application process.
- l. Attach the “Statement of No Income” and “Additional Financial Assistance Affidavit” forms.
- m. Clarify that CRP customers are exempt from late payment fees.
- n. Clarify that a CRP customer can maintain program enrollment when transferring service to a new address in PGW’s service territory.
- o. Clarify that it will review CRP bill quarterly beginning with the implementation of its new CIS system.
- p. Clarify that customers may provide alternative forms of identification when a social security number or card is requested, including during a periodic CRP review to prevent fraud.
- q. Identify the alternate forms of identification that PGW will accept if the customer is unable or unwilling to provide a social security number.
- r. Attach the current Consumer Education and Outreach Plan, noting that this plan may be modified and enhanced within the duration of the 2023-2027 Universal Service and Energy Conservation Plan.
- s. Amend the LIME Pilot Program budget, cost-sharing requirement, and the number of multi-family properties served.
- t. Clarify the types of measures installed through the LIME Pilot Program.
- u. Attach the LIME Pilot Program fact sheet.
- v. Provide the clarifications regarding the Repair and Renew Pilot Program.

- w. Clarify its contractor training and certification requirements.
- x. Clarify its Home Comfort quality control protocols for performing post-installation inspections.
- y. Clarify the definitions of “single-family” and “multi-family” properties.
- z. Include a description of the procedure to obtain landlord consent to perform Home Comfort services.
- aa. Attach the amended landlord authorization forms for Home Comfort and the LIME Pilot Program.
- bb. Clarify practices for performing basic health and safety measures, outside the scope of the Health and Safety Pilot Program.
- cc. Clarify parameters for performing incidental repairs and examples of the type of minor repairs that may be performed.
- dd. Clarify exceptions to the seven-year limit between Home Comfort services on a premises.
- ee. Acknowledge the continuation of temporary waivers for Sections 58.5 and 58.11(a), 52 Pa. Code §§ 58.5, 58.11(a).
- ff. Clarify Pilot Hardship Fund Program customer selection, grant amount determination, and customer notification procedures.
- gg. Correct the Needs Assessment table and clarify sources for all needs assessment numbers provided.
- hh. Rollover unspent Home Comfort funds into the next program year for the duration of the 2023 USECP, until expended.

6. That the Philadelphia Gas Works shall consult with its Universal Service Advisory Committee on the following issues:

- a. Identifying ways to inform customers about when year-to-date income is used to determine CRP eligibility and how it can be disputed.
- b. Reviewing and updating the CRP application.

- c. Identifying ways to enhance the Consumer Education and Outreach Plan.
- d. Identifying opportunities for enhanced Health and Safety Pilot Program coordination.
- e. Identifying minimum services that should be provided to all customers determined eligible for Home Comfort.
- f. Identifying ways to improve voluntary ratepayer and other contributions for its Hardship Fund.

7. That the Philadelphia Gas Works shall implement its CRP final billing changes on or before December 1, 2023.

8. That the Philadelphia Gas Works shall conduct quarterly reviews of CRP bills to determine whether the household is charged the correct billing amount beginning with the implementation of its new CIS system by September 2023. If implementation of the quarterly reviews of CRP bills is delayed beyond September 30, 2023, PGW shall file a letter at Docket No. M-2021-3029323 with a revised implementation timetable and the reason(s) for the extension as soon as the need for delay becomes apparent.

9. That the Philadelphia Gas Works shall file and serve its revised CRP application and educational materials at Docket No. M-2021-3029323, within six months from the date of this Order.

10. That Philadelphia Gas Works shall file and serve annual updates to its Consumer Education and Outreach Plan, including outreach and education actions taken, by March 1 each year at Docket No. M-2021-3029323, beginning in 2024, for the duration of its 2023-2027 Universal Service and Energy Conservation Plan. The March 1, 2024, CEOP update shall include the following enhancements:

- a. More educational training webinars and workshops using virtual or hybrid and in-person events to keep community partners and interested stakeholders informed and updated about PGW's universal service programs.
- b. Additional outreach efforts for households with incomes at or below 50% of the FPIG.
- c. Maintain its efforts to educate and inform customers about the importance of understanding their energy burden to foster customer awareness of how much their household is spending on energy.
- d. Continue to share its tools, outline approaches, and activities for the energy burden education components in future CEOP's and include the PUC educators as needed.

11. That Philadelphia Gas Works shall, by or before its next universal service and energy conservation plan filing, either propose incorporating the LIME and the Health and Safety pilot programs as a permanent part of its Home Comfort or propose to discontinue the pilot program(s) with justifications for either proposal.

12. That Philadelphia Gas Works shall file and serve at Docket No. M-2021-3029323, an annual report on the number of homes deferred for Home Comfort services due to health and safety issues during the previous calendar year. This report shall be filed on April 1 each year, beginning in 2023, for the duration of its 2023-2027 Universal Service and Energy Conservation Plan.

13. That Philadelphia Gas Works shall file and serve at Docket No. M-2021-3029323, an annual report on program statistics for the Repair and Renew Pilot Program, including the number of customers selected for this program monthly, the number of Repair and Renew Pilot Program jobs completed, and the total amount of dollars spent during the previous calendar year. This report shall be filed on April 1 each

year, beginning in 2023, for the duration of its 2023-2027 Universal Service and Energy Conservation Plan.

14. That the Philadelphia Gas Works shall file and serve an updated needs assessment on February 28, 2025 at Docket No. M-2021-3029323, consistent with this Order.

15. That the Philadelphia Gas Works shall notify customers enrolled in its Pilot Hardship Fund Program within five days after eligibility is determined. The notice shall identify the amount of the grant and when the household will see the grant reflected in their bill.

16. That exceptions to the Revised 2023-2027 Universal Service and Energy Conservation Plan may be filed within ten (10) days of the date of its filing and service. Reply exceptions may be filed within five (5) days of the due date for the filing of exceptions.

17. That exceptions and reply exceptions shall be served on the parties of record and provided electronically in Word[®]-compatible format to Norma Bowman, Bureau of Consumer Services, nobowman@pa.gov; Christina Chase-Pettis, Office of Communications, cchasepett@pa.gov; and Louise Fink Smith, Law Bureau, finksmith@pa.gov.

18. That the Commission's Bureau of Consumer Services, with the assistance of the Commission's Law Bureau, will evaluate Philadelphia Gas Works' Revised 2023-2027 Universal Service and Energy Conservation Plan as filed and served pursuant to this Order and prepare a Secretarial Letter confirming whether or not the changes in the filing comply with this Order.

19. That changes approved or directed in Philadelphia Gas Works' 2023-2027 Universal Service and Energy Conservation Plan shall take effect, unless otherwise indicated, within six months from the entry date of this Order.

20. That Philadelphia Gas Works shall file and serve status updates at Docket No. M-2021-3029323 when changes approved or directed in this Order are implemented.

21. That Philadelphia Gas Works' 2023-2027 Universal Service and Energy Conservation Plan shall remain in effect until a new Universal Service and Energy Conservation Plan is approved.

22. That Philadelphia Gas Works shall file its next third-party independent evaluation of its universal service programs on November 1, 2027. This filing shall also be served on the parties to Docket No. M 2021 3029323.

23. That Philadelphia Gas Works shall file its next Universal Service and Energy Conservation Plan on or before November 1, 2028, which shall cover the five-year period starting January 1, 2030. This filing must also be served on the parties to Docket No. M-2021-3029323.

24. That Philadelphia Gas Works 2017-2022 Universal Service and Energy Conservation Plan shall remain in operation in whole or in part until replacement

provisions of its 2023-2027 Universal Service and Energy Conservation Plan are approved and implemented.

BY THE COMMISSION,

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

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: January 12, 2023

ORDER ENTERED: January 12, 2023