

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

Public Meeting held March 16, 2023

Commissioners Present:

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

| | |
|--|----------------|
| Metropolitan Edison Company Universal Service and Energy Conservation Plan for 2024-2028 | M-2022-3036532 |
| West Penn Power Company Universal Service and Energy Conservation Plan for 2024-2028 | M-2022-3036533 |
| Pennsylvania Power Company Universal Service and Energy Conservation Plan for 2024-2028 | M-2022-3036534 |
| Pennsylvania Electric Company Universal Service and Energy Conservation Plan for 2024-2028 | M-2022-3036535 |

**ORDER DIRECTING SUPPLEMENTAL INFORMATION AND
ESTABLISHING COMMENT PERIOD**

BY THE COMMISSION

On November 1, 2022, Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power), and West Penn Power Company (WPP) (collectively, FirstEnergy) filed a joint proposed Universal Service and Energy Conservation Plan (USECP) for 2024-2028 (Proposed 2024 USECP) in compliance with 52 Pa. Code § 54.74. By this Order, we indicate issues that require

further attention on the record. Consistent with the schedule established herein, stakeholders may comment on any aspect of the Proposed 2024 USECP or issues related to FirstEnergy’s universal service policies or procedures. FirstEnergy’s current 2019-2023 USECP (2019 USECP) at Docket Nos. M-2017-2636969, M-2017-2636973, M-2017-2636976, and M-2017-2636978 remains in effect, in whole or in part, until replaced, in whole or in part.¹

I. BACKGROUND

As FirstEnergy consists of four electric distribution companies (EDCs), each serving more than 60,000 residential accounts, it must administer universal service programs and submit a proposed USECP periodically to the Commission for approval.² The following table reflects the average number of residential customers served by each of the FirstEnergy EDCs in 2021.

Table 1. Average Number of FirstEnergy Residential Ratepayers in 2021

| EDC | Residential Customers |
|-------------------|------------------------------|
| Met-Ed | 512,216 |
| Penelec | 501,816 |
| Penn Power | 148,138 |
| WPP | 632,415 |
| Totals | 1,794,585 |

Source: Report on 2021 Universal Service Programs & Collections Performance at 6 and 59.

FirstEnergy administers five universal service programs that help low-income customers maintain utility service. The five major components are as follows:

¹ FirstEnergy 2019 USECP, Docket Nos. M-2017-2636969, M-2017-2636973, M-2017-2636976, and M-2017-2636978 (filed on June 24, 2019). The link to the 2019 USECP is <http://www.puc.pa.gov/pcdocs/1625391.pdf>.

² EDCs are subject to the universal service reporting regulations at 52 Pa. Code §§ 54.71-54.78 and the low income usage reduction regulations at 52 Pa. Code §§ 58.1-58.18 and are guided by the recommendations in the CAP Policy Statement at 52 Pa. Code §§ 69.261-69.267.

(1) Pennsylvania Customer Assistance Program (PCAP), which is the EDCs' CAP that provides discounted bills and/or debt forgiveness for enrolled low-income residential customers; (2) WARM, which is the EDCs' Low Income Usage Reduction Program (LIURP) that provides weatherization and usage reduction services; (3) Customer Assistance and Referral Evaluation Services (CARES), which provides referral services for payment-troubled customers experiencing a temporary hardship; (4) a Hardship Fund, administered by Dollar Energy Fund (DEF), which provides grants to qualified customers with overdue balances and an inability to pay energy bills; and (5) Gatekeeper Program, which identifies customers who may be in various types of distress. FirstEnergy is obligated by statute to have universal service programs. 66 Pa.C.S. § 2804(8) & (9), relating to standards for restructuring of the electric industry.

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

The Commission amended its CAP Policy Statement effective March 21, 2020, pursuant to an order and annex entered on November 5, 2019, and published in the *Pennsylvania Bulletin* on March 21, 2020. See *2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code §§ 69.261-69.267*, Final Policy Statement and Order, Docket No. M-2019-3012599 (November 2019 Order and November 2019 Annex). See also *50 Pa.B.* 1652.³ In the November 2019 Order, the Commission, *inter alia*, strongly urged EDCs and natural gas distribution companies (NGDCs) to incorporate CAP policy amendments into their USECPs to allow stakeholders to have a basis for meaningful input in the *Universal Service Rulemaking*.⁴ November 2019 Order at 2.

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

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

The amendments to the CAP Policy Statement culminated from two proceedings initiated in 2017 – *Energy Affordability for Low-Income Customers* at Docket No. M-2017-2587711 and *Review of Universal Service and Energy Conservation Programs* at Docket No. M-2017-2596907 – that comprehensively reviewed the policies, practices, procedures, and impacts of universal service programs on low-income customers and other ratepayers. Based on utility data, projections, and stakeholder comments in these two proceedings and in other dockets, the Commission approved amendments to the CAP Policy Statement by the November 2019 Order and November 2019 Annex. The November 2019 Annex reflects the 17 specific amendments to the CAP Policy Statement.

Universal Service and Energy Conservation Plan Filing Schedule, Docket No. M-2019-3012601

By order entered on October 3, 2019, (October 2019 Order) in *Universal Service and Energy Conservation Plan Filing Schedule*, Docket No. M-2019-3012601, the Commission established a new USECP filing schedule and extended the duration of USECPs from 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. With that Order, the Commission extended FirstEnergy’s 2019 USECP through 2023, and set the date for FirstEnergy’s next five-year USECP (2024-2028) as November 1, 2022.

II. HISTORY

2019 USECP, Docket Nos. M-2017-2636969, M-2017-2636973, M-2017-2636976, and M-2017-2636978

FirstEnergy submitted its first proposed 2019 USECP on December 1, 2017, at Docket Nos. M-2017-2636969, M-2017-2636973, M-2017-2636976, and M-2017-2636978. The 2019 USECP was approved by the Commission in an Order entered on July 11, 2019.

Petition to Amend the 2019 USECP, Docket Nos. P-2020-3018883, P-2020-3018884, P-2020-3018873, and P-2020-3018885

On February 21, 2020, FirstEnergy filed a Joint Petition to amend its 2019 USECP (2020 Joint Petition), which was filed at Docket Nos. P-2020-3018883, P-2020-3018884, P-2020-3018873, P-2020-3018885, M-2017-2636969, M-2017-2636973, M-2017-2636976, and M-2017-2636978. A Cover Letter and Proposed Amended 2019 USECP was attached to the 2020 Joint Petition. The Cover Letter to the 2020 Joint Petition outlined a proposal to implement a PCAP Pilot Program consistent with the CAP Policy Statement (2020) amendments. Specifically, FirstEnergy proposed to implement the following PCAP changes as a pilot program through 2023:

- Adopt a Percent of Income Payment (PIP) CAP using the maximum energy burdens recommended in the CAP Policy Statement (2020).
- Eliminate the Equal Payment Plan (EPP)⁵ and associated true-ups.

⁵ The Equal Payment Plan, or EPP, is FirstEnergy's budget billing. Customers are currently required to agree to participate in the EPP to enroll in PCAP. The EPP is designed to make bills more affordable by providing consistent monthly payment amounts based on a household's historical usage. If the customer's actual usage exceeds the historical average, the amount of excess usage is then trued-up each year, and subsidy credits are applied to zero out the EPP balance. 2019 USECP at 10.

- Charge PIP CAP customers the maximum energy burden or actual usage amount, whichever is lower, each month.
- Reduce the monthly minimum payment for electric heating from \$45 to \$24.
- Eliminate the maximum annual PCAP subsidy credit (*i.e.*, CAP credit) limits.
- Reduce the time period for earning full pre-program arrearage (PPA) forgiveness from 36 months to 12 months.
- Accept income documentation of at least the last 30 days or 12 months at application or recertification.
- Adopt the Commission-approved standardized zero-income form.
- Extend PCAP recertification timelines consistent with the maximum recommendations in the CAP Policy Statement (2020).
- Incorporate a Consumer Education and Outreach Plan (CEOP).

February 2020 Cover Letter at 2; Proposed Amended 2019 USECP at 12, 14.

On March 12, 2020, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) filed an Answer to the 2020 Joint Petition. Also, on March 12, 2020, the Office of Consumer Advocate (OCA) filed a notice to intervene and an Answer to the 2020 Joint Petition.

On July 16, 2021, the Commission entered an Order (July 2021 Order) at the four 2019 USECP dockets and the four 2020 Joint Petition dockets, directing FirstEnergy to provide supplemental information and establishing a comment period. On August 25, 2021, FirstEnergy filed and served its Supplemental Information (August 2021 Supplemental Information). On October 4, 2021, OCA and CAUSE-PA individually filed Comments (October 2021 Comments). On October 19, 2021, FirstEnergy, CAUSE-PA, and OCA individually filed Reply Comments (October 2021 Reply Comments).

On April 14, 2022, the Commission entered an order (April 2022 Order), at the four 2019 USECP dockets and the four 2020 Joint Petition dockets, denying FirstEnergy's 2020 Joint Petition in its entirety without prejudice to FirstEnergy making the same or similar proposals in conjunction with its proposed 2024 USECP filing. The April 2022 Order marked all eight dockets closed.

2024-2028 USECP, Docket Nos. M-2022-3036532, M-2022-3036533, M-2022-3036534, and M-2022-3036535

In compliance with Commission regulations and orders, FirstEnergy filed its Proposed 2024 USECP on November 1, 2022; as noted above, it was docketed at M-2022-3036532, M-2022-3036533, M-2022-3036534, and M-2022-3036535. On December 6, 2022, Commission staff in the Bureau of Consumer Services (BCS) convened a telephonic meeting to allow FirstEnergy and other stakeholders an opportunity to provide informal comments and questions about the Proposed 2024 USECP prior to issuance of a Commission order. Representatives from FirstEnergy, CAUSE-PA, OCA, the Office of Small Business Advocate, and the Commission's Bureau of Investigation and Enforcement were invited to participate.

On February 14, 2023, the Pennsylvania Coalition of Local Energy Efficiency Contractors (PA-CLEEC) filed a Petition to Intervene in the Met-Ed 2024 USECP at Docket No. M-2022-3036532.⁶

⁶ PA-CLEEC is a trade association of energy efficiency contractors that provide services in the service territories of Met-Ed, Penn Power, Penelec, and WPP. PA-CLEEC Petition to Intervene at 1. Based on the assertions in PA-CLEEC's Petition to Intervene, the Commission has placed the Petition to Intervene at all four 2024 USECP dockets.

III. PROPOSED CHANGES TO FIRSTENERGY'S PROPOSED 2024 USECP

We shall discuss FirstEnergy's proposed modifications for its Proposed 2024 USECP and each program in greater detail following the summary below.

A. Summary of Modifications to the Universal Service Programs in the Proposed 2024 USECP

FirstEnergy proposes the following program modifications in its Proposed 2024 USECP:

1. Proposed PCAP Modifications

- Adopt a PIP CAP and adopt the maximum energy burdens in the CAP Policy Statement (2020).
- Eliminate the EPP and associated true-ups.
- Charge PIP CAP customers the maximum energy burden or actual usage amount, whichever is lower, each month.
- Eliminate maximum annual PCAP subsidy credit (*i.e.*, CAP credit) limits.
- Eliminate income documentation requirement for recipients for PCAP application or recertification if they have received LIHEAP within the last 12 months. For these customers, household income information will be obtained verbally to complete the application.

- Eliminate PCAP three-month suspension period⁷ due to the failure to recertify as part of the recertification process.
- Customers will not be removed/dismissed from PCAP if they no longer receive monthly credits or retroactive forgiveness.
- Reduce the time period for earning full PPA from 36 months to 12 months.
- Accept income documentation of at least the last 30 days or 12 months at application or recertification.
- Adopt the Commission-approved standardized zero-income form.
- Extend PCAP recertification timelines consistent with the maximum recommendations in the CAP Policy Statement (2020).
- Incorporate a Consumer Education and Outreach Plan.
- Provide retroactive credits to PCAP participants who were removed for not participating in WARM and are re-enrolled after receiving a WARM evaluation.

Proposed 2024 USECP at 3-4, 30.

2. Proposed WARM Modifications

- Require PCAP participants to receive an in-home energy evaluation and work with a trained energy educator to produce an energy-savings plan.

⁷ The 2019 USECP provides as follows, at 16:

If a [PCAP] participant does not recertify before the benefit end date, automatic suspension will occur for failure to recertify. At suspension, a reminder call is placed, and a letter will be mailed to the customer, if the customer does not successfully complete recertification within the following three-month period, the account will be removed from PCAP. Customers will continue to receive monthly subsidy and/or forgiveness credits during the suspension period. Once removed, the customer will receive a letter that explains the account has been removed from PCAP for failure to recertify and provides instructions on how to reapply. All balances prior to the PCAP removal are considered PCAP balances and will be treated as PCAP arrears.

- Increase efforts to reach customers who are eligible to receive program services by expanding the use of digital communications, outbound dialing campaigns, and social media to help identify and provide services to customers in need.

Proposed 2024 USECP at 30.

3. Proposed CARES Modifications

FirstEnergy proposes no major changes to its CARES programs in the Proposed 2024 USECP compared to its 2019 USECP.

4. Proposed Hardship Fund Modifications

FirstEnergy proposes no major changes to its Hardship Fund in the Proposed 2024 USECP compared to its 2019 USECP.

B. Program Descriptions as Proposed for 2024-2028

1. PCAP

PCAP helps enrolled residential low-income customers maintain electric service through arrearage forgiveness, a more affordable monthly payment, protection against loss of service, and referrals to other programs and services. All FirstEnergy PCAP customers can have their PPA completely forgiven after one year of timely, in-full payments. The PCAP program is open to customers with incomes up to 150% of the Federal Poverty Income Guidelines (FPIG) who demonstrate or express difficulty in paying their electric bill. Proposed 2024 USECP at 10, 30.

To qualify for PCAP, customers must meet the following requirements:

- Have gross household income at or below 150% of the FPIG. If the household has zero income, it is required to complete a zero-income form.
- Have an active residential account.
- Have a service address that is the customer's primary residence (except if the customer on record is on active military duty).
- Agree to participate in LIHEAP, when eligible.
- Agree to participate in WARM, when eligible.

Proposed 2024 USECP at 10.

When the household's annual energy burden is less than the PCAP threshold, that customer does not qualify for monthly PCAP credits. However, these households can still benefit from PCAP's arrearage forgiveness component if they have an outstanding PPA. Proposed 2024 USECP at 10.

PCAP customers will be dismissed from the program if they fail to meet certain requirements or refuse to follow guidelines. These reasons include:

- Refusal to participate in WARM.
- Failure to recertify.
- Theft of service.
- Deliberate and fraudulent actions or activities.
- Refusal to permit scheduled meter readings by EDC staff.
- Unreasonable or increased electric usage following the installation of WARM measures.
- Failure to make monthly PCAP payments.
- A pattern of returned checks.

Proposed 2024 USECP at 14-15.

If a PCAP customer receives a service termination notice, the customer must bring the household's PCAP bill current to avoid termination. After a PCAP customer's electric service is terminated, the customer must bring the household's PCAP bill current and pay the reconnection fee to restore service. Proposed 2024 USECP at 14.

Customers can reapply for PCAP once the reason for dismissal is resolved provided they still meet the eligibility criteria. It is not a requirement that customers make an account payment to re-enroll in PCAP. Any unpaid PPA will be re-deferred for forgiveness at re-enrollment. However, non-PPA balances would remain outstanding and subject to collection activity after reenrollment into PCAP. Proposed 2024 USECP at 13, 16.

Recertification timelines for PCAP depend on the customer's source of income and participation in LIHEAP:

- Customers reporting no income, regardless of whether they receive LIHEAP annually, must recertify every six months.
- Customers with a fixed income (*i.e.*, primary income is Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), or a pension or who receive LIHEAP annually must recertify once every three years.
- Customers receiving any other type of income must recertify once every two years.
- Customers must report changes in gross income, household size, or heat source to determine whether they remain eligible for PCAP.

Proposed 2024 USECP at 15-16.

PCAP customers are sent a recertification letter at least 60 days in advance of the PCAP recertification deadline. A reminder message is also printed on the electric bill 30 days in advance of the recertification date and reminder calls are placed at 45 and 15 days prior to the recertification deadline. Proposed 2024 USECP at 15.

If customers do not recertify by the deadline, their accounts are removed from PCAP. FirstEnergy will send the household a letter informing the customer of the PCAP removal for failure to recertify and explaining how to reapply. Proposed 2024 USECP at 15.

FirstEnergy proposes to change its PCAP from its current fixed income payment methodology to a PIP and adopt the recommended maximum energy burdens from the CAP Policy Statement (2020).

PCAP currently requires minimum monthly payments of \$12 for non-heating accounts and \$45 for heating accounts. PCAP participants will be asked to pay either the PIP or the actual charges each month, whichever is less. If the actual monthly charges are more than the PIP, the customer will be asked to pay the PIP amount, and a subsidy credit will apply to the difference. Proposed 2024 USECP at 12.

Customers may apply for PCAP by contacting DEF through telephone or online. FirstEnergy may request in-office appointments on an as-needed basis or direct the customer to community-based organizations (CBOs) to complete the application process. Customers can submit required documentation through fax, mail, email, or online to DEF. If the customer has received LIHEAP within the past 12 months, no income documentation is required. Once households are enrolled in PCAP, they are informed by letter. Proposed 2024 USECP at 11.

Based on our analysis of FirstEnergy’s PCAP, we identified areas of concern requiring clarification, as detailed below.

a. Implement a Percent of Income Payment Plan

Currently, FirstEnergy’s PCAP offers a fixed credit payment plan that provides fixed monthly credits to customer budget bills (*i.e.*, EPP) if the customer pays more than 3% of the household’s gross income for electric non-heating (ENH) or more than 9% of the household’s gross income for electric heating (EH), subject to the household’s EDC’s applicable credit limits. 2019 USECP at 10-13. Consistent with its 2020 Joint Petition, FirstEnergy proposes to change its PCAP to a PIP and adopt the maximum energy burden targets recommended in the CAP Policy Statement (2020).⁸ This change would result in an energy burden decrease for PCAP customers with incomes at or below 50% FPIG and an increase for customers with incomes between 51% and 150%. FirstEnergy also proposes to remove PCAP accounts from EPP, which would eliminate the need for annual budget billing true-ups. Proposed 2024 USECP at 3, 12-13.

Existing and proposed energy burden targets for the fixed credit and PIP PCAPs are listed in Table 2:

Table 2. FirstEnergy Current Fixed Credits vs. Proposed PCAP PIPs

| FPIG Level | Current Fixed Credit ENH | Proposed PIP ENH | Current Fixed Credit EH | Proposed PIP EH |
|------------------------|---------------------------------|-------------------------|--------------------------------|------------------------|
| 0% to 50% | 3% | 2% | 9% | 6% |
| 51% to 100% | 3% | 4% | 9% | 10% |
| 101% to 150% | 3% | 4% | 9% | 10% |
| Minimum Payment | \$12 | | \$45 | |

Source: Proposed 2024 USECP at 12.

⁸ 52 Pa. Code § 69.265(2)(i).

FirstEnergy proposes to maintain its current minimum monthly PCAP payments of \$12 for ENH accounts and \$45 for EH accounts. Proposed 2024 USECP at 12.

FirstEnergy proposes to charge the PCAP customers the PIP amount or their actual usage charge, whichever is less. If the actual usage charges are more than the PIP, the customer will be billed the PIP amount, and a subsidy credit will be applied to the difference. Proposed 2024 USECP at 12.

July 2021 Order

In the July 2021 Order, the Commission questioned the impact of a proposed increase in energy burden targets for PCAP customers with incomes above 50% and the increase to current PCAP bills for those customers. The Commission also questioned what specific impact the proposed change in energy burden targets would have on costs related to PCAP or EDC collection activity. July 2021 Order at 12.

The July 2021 Order directed FirstEnergy to provide information showing the impact of its proposed PIP energy burdens on average monthly PCAP bills, PCAP costs, annual collection costs, and unused LIHEAP grants returned to DHS. July 2021 Order at 12-13.

FirstEnergy Response to the July 2021 Order: Impact on Average Monthly Bills

FirstEnergy provided 2021-2023 projected average monthly PCAP bills based on its current Fixed Credit CAP model and the proposed PIP model, as reflected in Tables 3 and 4 below. The projections estimated the most significant decrease in average monthly bills would be for customers with incomes at or below 50% of the FPIG under the proposed PIP. August 2021 Supplemental Information at 3.

Table 3. 2021-2023 CAP Projected Average Monthly Utility Bills (Fixed Credit)

| | Met-Ed | | Penelec | | Penn Power | | WPP | |
|------------------|--------|------|---------|------|------------|------|-------|------|
| | EH | ENH | EH | ENH | EH | ENH | EH | ENH |
| 0%-50% | \$64 | \$50 | \$59 | \$43 | \$58 | \$43 | \$57 | \$48 |
| 51%-100% | \$93 | \$49 | \$81 | \$43 | \$89 | \$41 | \$86 | \$48 |
| 101%-150% | \$132 | \$62 | \$122 | \$58 | \$135 | \$54 | \$127 | \$61 |

Source: August 2021 Supplemental Information at 3.

Table 4. 2021-2023 CAP Projected Average Monthly Utility Bills (Proposed PIP)

| | Met-Ed | | Penelec | | Penn Power | | WPP | |
|------------------|--------|------|---------|------|------------|------|-------|------|
| | EH | ENH | EH | ENH | EH | ENH | EH | ENH |
| 0%-50% | \$35 | \$11 | \$34 | \$11 | \$34 | \$11 | \$33 | \$11 |
| 51%-100% | \$93 | \$45 | \$84 | \$42 | \$90 | \$41 | \$87 | \$41 |
| 101%-150% | \$128 | \$68 | \$120 | \$66 | \$134 | \$63 | \$124 | \$66 |

Source: August 2021 Supplemental Information at 3.

FirstEnergy Response to the July 2021 Order: Impact on PCAP Credit Costs

FirstEnergy provided projected cost impacts of the proposed PIP energy burdens for 2022 and 2023, as reflected in Table 5 below. Based on 2019 participant data, the FirstEnergy projections anticipated annual CAP credit expenditures would increase for all FirstEnergy EDCs, regardless of heating type and FPIG level. The highest CAP credit increases, across all FirstEnergy EDCs, would be for ENH customers.

Table 5. 2022 Projected Increase to Annual CAP Credits Based on Implementation of the Proposed PIP Energy Burdens

| Year | Met-Ed | | Penelec | | Penn Power | | WPP | |
|-------------|--------------------|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|
| | EH | ENH | EH | ENH | EH | ENH | EH | ENH |
| 2022 | \$3,255,071 | \$4,786,289 | \$2,777,887 | \$8,382,440 | \$853,597 | \$1,648,887 | \$3,318,885 | \$6,616,994 |
| 2023 | \$3,075,738 | \$4,522,596 | \$2,745,254 | \$8,283,968 | \$843,453 | \$1,629,293 | \$3,277,235 | \$6,533,954 |

Source: August 2021 Supplemental Information at 4.

FirstEnergy Response to the July 2021 Order: Impact on Annual Collection Costs

FirstEnergy provided projected annual collection costs from 2022 and 2023 based on the proposed PIP energy burdens. FirstEnergy indicated that these collections cost projections were based on the same criteria used for its annual universal service reporting (USR). August 2021 Supplemental Information at 5. Although FirstEnergy’s projected collection costs for 2022 and 2023 were significantly lower than Collection Operating Expenses reported in 2020, we note that the USR excludes collection costs related to CAP customers. Therefore, we cannot determine the potential impact of the proposed PIP energy burdens on collections costs for 2022 and 2023 based on the information provided by FirstEnergy.

FirstEnergy Response to the July 2021 Order: Impact on Refunded LIHEAP Grants

FirstEnergy provided data on actual and projected unused LIHEAP grants based on the proposed PIP energy burdens, as reflected in Table 6. Table 6 shows a wide range between the four EDCs on actual LIHEAP grants returned to DHS in 2019 and 2020. Overall, more PCAP customers with incomes between 0%-50% of FPIG had grants returned to DHS.

Table 6. 2019-2020 Actual LIHEAP Refunds

| | Met-Ed | | Penelec | | Penn Power | | WPP | |
|------------------|--------|------|---------|------|------------|------|------|------|
| FPIG | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| 0%-50% | 45 | 55 | 70 | 121 | 16 | 28 | 14 | 129 |
| 51%-100% | 46 | 16 | 49 | 33 | 8 | 6 | 17 | 35 |
| 101%-150% | 9 | 3 | 12 | 2 | 5 | 1 | 2 | 5 |
| Totals | 100 | 74 | 131 | 156 | 29 | 35 | 33 | 169 |

Source: August 2021 Supplemental Information at 6.

FirstEnergy’s estimates for 2022 and 2023 reflected much the same pattern as the actual LIHEAP refunds received in 2019-2020 in that the largest portion of returned

LIHEAP grants was expected to come from those PCAP customers in the 0%-50% of FPIG. FirstEnergy projected few refunds being submitted to DHS in the 51%-100% and 101%-150% of FPIG. August 2021 Supplemental Information at 7.

2020 Joint Petition Stakeholder Comments

CAUSE-PA supported FirstEnergy's proposed PIP and energy burdens. CAUSE-PA asserted that these changes would significantly improve affordability for the majority of PCAP customers and that the projected costs were just and reasonable. CAUSE-PA October 2021 Comments at 11, 15.

OCA opposed FirstEnergy's proposed PIP energy burdens. OCA expressed concern about the financial impact that the COVID-19 pandemic was having on FirstEnergy's residential ratepayers who would pay for the increased costs of the proposed changes. OCA asserted that having residential customers assume greater costs further strains affordability for residential customers who do not qualify or participate in PCAP. OCA October 2021 Comments at 8-10.

OCA recommended that, if the Commission approved the proposed PIP, FirstEnergy should be required to implement further program cost control measures, such as:

- Limiting the annual increases in CAP costs recovered through the universal service charge.
- Increasing the PCAP minimum payment.
- Extending the length of time to earn full PPA forgiveness.
- Capping the amount of PPA forgiveness charged to ratepayers.
- Decreasing overall administrative costs.

- Revisiting and adjusting maximum CAP credits.
- Allocating LIURP to reduce high user bills.
- Re-examining Department of Housing and Urban Development (HUD) recipient participation.

OCA October 2021 Comments at 10-19.

OCA also questioned FirstEnergy's estimated LIHEAP refunds for 2022-2023 as being too small a number given the actual amount of refunds issued during 2019-2020. OCA stated that it is not reasonable to expect a smaller amount of returned LIHEAP grants given the proposed decrease to electric heating customers' minimum payments. OCA further contended that the lowest income customers are most likely to both receive the highest LIHEAP benefit and pay the minimum CAP payment, making them more likely to not exhaust their LIHEAP grants after 24 months and to have funds returned to DHS. OCA October 2021 Comments at 21.

CAUSE-PA opposed all of OCA's suggested cost control measures except for LIURP prioritization for PCAP customers with high CAP credit expenditures. CAUSE-PA agreed that high usage PCAP customers should quickly receive complete LIURP services to assist with PCAP costs. CAUSE-PA recommended FirstEnergy work with its Universal Service Advisory Committee (USAC) to deliberate this cost-mitigation measure and examine approaches for targeting high usage customers. CAUSE-PA October 2021 Reply Comments at 8, 15.

OCA emphasized that an examination of the unused LIHEAP grants was imperative because if LIHEAP grant dollars are returned, that means that CAP customers did not need a combination of lowered energy burdens and LIHEAP grant dollars. OCA questioned why costs recovered from ratepayers should be increased due to PCAP

changes when LIHEAP dollars were being returned to DHS. OCA October 2021 Reply Comments at 12.

FirstEnergy explained that its proposed PCAP amendments were developed to meet the recommendations of the CAP Policy Statement (2020) and imposed minimal cost increases on ratepayers. FirstEnergy further stated that its proposed energy burdens were within the Commission's recommended levels. FirstEnergy October 2021 Reply Comments at 6-7.

Clarification Required: We have considered the supplemental information provided by FirstEnergy and the stakeholder comments in the 2020 Joint Petition proceeding as it relates to the proposal to transition PCAP to a PIP in the Proposed 2024 USECP. Although the 2020 Joint Petition proceeding was closed, the Commission is taking notice of the pleading therein because of the comparisons made throughout this Order. Although FirstEnergy has already provided initial estimates on the projected impact of the Proposed PIP on average monthly PCAP bills, PCAP costs, and refunded LIHEAP grants, we find a review of updated program information related to this proposal is warranted as new historical cost data is available, energy prices have increased since the 2020 Joint Petition proceeding, and FirstEnergy has modified its PIP proposal (*i.e.*, FirstEnergy is no longer proposing to reduce its minimum PCAP bill for EH accounts from \$45 to \$24). Accordingly, in its response to this Order, FirstEnergy is directed to provide the following information:

1. Projected average monthly PCAP bills from 2024 through 2028, broken down by income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%), energy type (*i.e.*, ENH and EH), and EDC, using both the existing and the proposed PCAP models (*i.e.*, 2019 USECP fixed credit and proposed 2014 USECP PIP).

2. Projected cost impact of the proposed PIP energy burdens. Each EDC should provide an estimate of how the energy burden change may impact subsidy credit expenditures from 2024 through 2028. This cost estimate should be based only on the proposed PIP energy burden change. The cost projections should be broken down by income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%), energy type (*i.e.*, ENH and EH), and EDC.

b. Elimination of Maximum CAP Credit Limits

Consistent with its 2020 Joint Petition, FirstEnergy proposes to eliminate maximum annual CAP credits for PCAP customers. FirstEnergy states this proposal will help ensure that PCAP customers receive affordable energy bills. Proposed 2024 USECP at 30.

July 2021 Order

In the July 2021 Order, the Commission questioned how FirstEnergy's proposal to eliminate its maximum PCAP credit limits would impact PCAP costs.

The Commission directed FirstEnergy to identify, *inter alia*, (1) how it proposed to control PCAP costs due to high usage if its maximum limits were eliminated; (2) the actual annual number of PCAP customers whose usage exceeded the maximum CAP credit limits in 2018 and 2019; and (3) the projected increase in annual PCAP costs based on the elimination of annual limits (*i.e.*, the amount exceeding current limits) for 2022 and 2023. July 2021 Order at 16-17.

FirstEnergy Response to the July 2021 Order

FirstEnergy reported that if its proposal to eliminate maximum credit limits was approved, it planned to control PCAP costs due to high usage by performing outreach to PCAP participants whose usage increased by at least 125% compared to the previous year at the same address. Customers which exceeded their annual PCAP credit maximums were referred to WARM for evaluation and services, if eligible. FirstEnergy confirmed that it will continue these practices under the proposed PIP. August 2021 Supplemental Information at 8.

FirstEnergy provided the information in Tables 7 and 8 below, which showed PCAP customers in 2018 and 2019 that exceeded their maximum CAP credit limits. In both years, ENH PCAP customers exceeded their maximums at greater numbers than EH PCAP customers.

Table 7. 2018 PCAP Customers that Exceeded Annual CAP Credit Limits

| | Met-Ed | | Penelec | | Penn Power | | WPP | |
|---|----------|----------|----------|----------|------------|---------|----------|----------|
| Heat Type | EH | ENH | EH | ENH | EH | ENH | EH | ENH |
| 0%-50% Count | 22 | 90 | 9 | 99 | 21 | 136 | 21 | 116 |
| Average Annual Amount Over Max | \$433.05 | \$163.84 | \$226.89 | \$123.33 | \$214.24 | \$66.32 | \$365.81 | \$145.11 |
| 51%-100% Count | 31 | 142 | 18 | 203 | 39 | 314 | 34 | 247 |
| Average Annual Amount Over Max | \$251.90 | \$165.24 | \$258.61 | \$112.99 | \$185.69 | \$64.77 | \$300.06 | \$112.05 |
| 101%-150% Count | 11 | 72 | 4 | 80 | 13 | 178 | 6 | 108 |
| Average Annual Amount Over Max | \$319.64 | \$143.26 | \$225.00 | \$150.48 | \$102.92 | \$77.06 | \$499.83 | \$120.29 |

Source: August 2021 Supplemental Information at 9.

Table 8. 2019 PCAP Customers that Exceeded Annual CAP Credit Limits

| | Met-Ed | | Penelec | | Penn Power | | WPP | |
|---------------------------------------|----------|----------|----------|----------|------------|----------|----------|---------|
| Heat Type | EH | ENH | EH | ENH | EH | ENH | EH | ENH |
| 0%-50% Count | 63 | 194 | 23 | 202 | 3 | 26 | 8 | 80 |
| Average Annual Amount Over Max | \$217.29 | \$147.34 | \$259.48 | \$116.95 | \$176.67 | \$280.08 | \$279.75 | \$88.24 |
| 51%-100% Count | 46 | 323 | 34 | 428 | 7 | 53 | 14 | 167 |
| Average Annual Amount Over Max | \$330.63 | \$137.36 | \$319.56 | \$122.08 | \$336.29 | \$188.87 | \$501.29 | \$94.78 |
| 101%-150% Count | 14 | 174 | 11 | 256 | 1 | 31 | 4 | 78 |
| Average Annual Amount Over Max | \$459.07 | \$116.50 | \$547.45 | \$115.11 | \$225.00 | \$114.90 | \$97.25 | \$81.06 |

Source: August 2021 Supplemental Information at 9.

FirstEnergy also provided the minimum, maximum, and average amounts exceeding the CAP Policy Statement for each EDC and energy type. In general, the minimum amount exceeding the EDC's CAP credit limits can be less than \$1 and the maximum amount can be more than \$3,000 (and more than \$4,000 for Met-Ed). EH accounts for each utility had the highest amounts exceeding the credit limits, with amounts in excess averaging from \$637 to \$847 for Met-Ed, \$729 to \$1,041 for Penelec, \$851 to \$873 for Penn Power, and \$461 to \$793 for West Penn Power. August 2021 Supplemental Information at 11-12.

FirstEnergy also provided information reported in Table 9 below that identified the projected change in CAP credit costs in 2022 and 2023 based on the adoption of the proposed PIP with no PCAP credit limits, as compared to its current Fixed Credit CAP and PCAP credit limits. The data suggested that only West Penn Power would see increases in its CAP credit expenditures of approximately \$2.7 million annually if the PIP was adopted with no annual credit limits. FirstEnergy projected annual PCAP credit

expenditure decreases of over \$1.3 million for Met-Ed, over \$1.8 million for Penelec, and over \$460,000 for Penn Power.

Table 9. 2022-2023 Projected Impact on PCAP Credit Expenditures based on Proposed PIP with No Annual Limits

| Utility | 2022 | 2023 |
|-------------------|--------------|--------------|
| Met-Ed | -\$1,384,415 | -\$1,308,143 |
| Penelec | -\$1,890,787 | -\$1,868,575 |
| Penn Power | -\$465,906 | -\$460,370 |
| WPP | \$2,778,101 | \$2,743,238 |

Source: August 2021 Supplemental Information at 13.

2020 Joint Petition Stakeholder Comments

OCA opposed the elimination of the maximum credit limit, noting that the CAP Policy Statement defines maximum limits on CAP credits as a program cost control feature.⁹ OCA recommended that (1) credit limits be tiered based on income so that customers at a lower FPIG level receive a greater maximum PCAP credit; and (2) PCAP customers be referred to LIURP if they reach the maximum credit limits and that FirstEnergy document the reduction in CAP credits that result. OCA October 2021 Comments at 19.

CAUSE-PA argued that FirstEnergy’s proposal to eliminate PCAP maximum CAP credit limits was reasonable and would balance PCAP cost concerns while ensuring low-income customers maintained affordable PCAP bill savings throughout the program year. CAUSE-PA October 2021 Comments at 23.

Clarification Required: We have considered the supplemental information provided by FirstEnergy and stakeholder comments in the 2020 Joint Petition proceeding as it relates to the proposal to eliminate annual credit limits. Although FirstEnergy has already

⁹ 52 Pa. Code § 69.265(3) and § 69.265(3)(v).

provided initial estimates on the projected cost impact of eliminating annual PCAP credit limits, we find a review of updated program information related to this proposal is warranted as new historical cost data is available and energy prices have increased since the 2020 Joint Petition proceeding. Further, as OCA points out, CAP credit limits may have a roll in cost containment. Thus, the updated information could impact the decision whether to eliminate CAP credit limits. Accordingly, in its response to this Order, FirstEnergy is directed to provide the following information:

- The annual number of PCAP customers whose usage exceeded the maximum subsidy credit limits from 2020 through 2022, broken down by income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%), energy type (*i.e.*, ENH and EH), and utility.
- The projected change in annual PCAP subsidy costs from 2024 through 2028 based on the elimination of annual limits, broken down by income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%) energy type (*i.e.*, ENH and EH), and EDC, based on both FirstEnergy's existing and proposed PCAP models (*i.e.*, fixed credit and PIP) and energy burden targets.
- What CAP credit limits FirstEnergy would propose for each energy type if the elimination of CAP credit limits is not approved.

c. Accepting 30 Days or 12 Months of Income

Consistent with its 2020 Joint Petition, FirstEnergy proposes to accept proof of PCAP household income for the last 30 days or 12 months, whichever is most beneficial. Proposed 2024 USECP at 10, 30, 32.

July 2021 Order

In the July 2021 Order, the Commission directed FirstEnergy to explain how each EDC will notify PCAP applicants and customers that they can provide proof of household income for the last 30 days or 12 months, whichever is most beneficial to determine program eligibility and benefits. FirstEnergy was also directed to include copies of its current PCAP application and recertification letters/forms and identify proposed edits to these documents based on the proposed policy change. July 2021 Order at 18.

FirstEnergy Response to the July 2021 Order

FirstEnergy reported that it implemented this requirement when its 2019 USECP was approved and collaborated with its USAC to add clarifying language to its recertification letter and forms. Additionally, FirstEnergy stated that its program administrator updated the online CAP application to include this verbiage and that scripting was added to the intake application used by the program administrator when customers applied by phone. FirstEnergy supplied a copy of its recertification form and letter. August 2021 Supplemental Information at 15, Attachment 2.

2020 Joint Petition Stakeholder Comments

OCA and CAUSE-PA separately supported FirstEnergy's proposal to accept 30 days or 12 months of income but expressed concern that the recertification letter was not clear and recommended that FirstEnergy allow its USAC to review and provide input and revisions to the recertification letter. OCA October 2021 Comments at 26-27; CAUSE-PA October 2021 Comments at 26-27. CAUSE-PA also recommended that FirstEnergy be required to integrate this information into its PCAP application. CAUSE-PA October 2021 Comments at 26-27. OCA suggested that FirstEnergy provide

additional information in its USECP regarding its efforts to address issues which may cause customers to fail to recertify. OCA October 2021 Comments at 27.

Clarification Required: The Commission has recommended that public utilities give CAP applicants the option of selecting an income timeframe (*i.e.*, 30 days or 12 months) that is most representative of their true annual household income. *See* November 2019 Order at 41. Initially, we are not opposed to FirstEnergy’s proposal to accept household income for the last 30 days or 12 months, whichever is more beneficial and representative of the household’s true household income. Based on our review of the information provided by FirstEnergy in the 2020 Joint Petition proceeding, we are not seeking additional clarifications or proposing any changes to this aspect of the Proposed 2024 USECP.

d. 12-month PPA Forgiveness

Consistent with its 2020 Joint Petition, FirstEnergy proposes to reduce the time period for PCAP customers to earn full forgiveness of their PPA balances from 36 months to 12 months. This proposal would allow all PCAP customers to have their PPA balances forgiven after paying PCAP bills in-full over a one-year period. FirstEnergy reports that it will continue to apply arrearage forgiveness for each timely and full monthly payment, regardless of PCAP arrears (*i.e.*, in-program arrears), as well as retroactive PPA forgiveness if a customer makes up a missed PCAP payment. Proposed 2024 USECP at 14, 30.

As shown in Table 10, FirstEnergy projects the total annual cost of 12-month PPA forgiveness costs across all EDCs will initially exceed \$31 million in 2024, then decrease to approximately \$20 million in 2025, and eventually decrease to approximately \$14 million in 2028.

Table 10. 2024-2028 FirstEnergy EDCs Projected 12-Month PPA Forgiveness Costs

| EDC | 2024 | 2025 | 2026 | 2027 | 2028 |
|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Met-Ed | \$9,138,423 | \$5,771,593 | \$4,660,539 | \$4,293,892 | \$4,172,898 |
| Penelec | \$9,350,602 | \$5,927,124 | \$4,797,376 | \$4,424,559 | \$4,301,530 |
| Penn Power | \$2,242,645 | \$1,319,900 | \$1,015,395 | \$915,908 | \$881,747 |
| WPP | \$10,301,429 | \$6,633,234 | \$5,422,730 | \$5,023,263 | \$4,891,439 |
| Total | \$31,033,099 | \$19,651,851 | \$15,896,040 | \$14,657,622 | \$14,247,614 |

Source: Proposed 2024 USECP at 38-40.

The higher PPA costs in 2024 may reflect FirstEnergy’s proposal to allow all customers enrolled in the PCAP PIP at the time of the transition under the 2024 USECP to have any pre-program debt¹⁰ added to the PPA balance for forgiveness. FirstEnergy’s estimate that annual costs related to PPA forgiveness would decrease to approximately \$14-\$15 million from 2026 through 2028 are still almost \$10 million more than annual PPA costs incurred in 2019 through 2020 and over \$6 million more than PPA costs in 2021,¹¹ as shown in Table 11.

Table 11. 2019-2021 FirstEnergy EDCs Actual 36-Month PPA Forgiveness Costs

| EDC | 2019 | 2020 | 2021 |
|-------------------|--------------------|--------------------|--------------------|
| Met-Ed | \$1,414,537 | \$1,564,295 | \$2,467,132 |
| Penelec | \$1,459,446 | \$1,559,447 | \$2,461,977 |
| Penn Power | \$338,527 | \$366,390 | \$605,637 |
| WPP | \$2,145,692 | \$2,054,539 | \$3,022,512 |
| Total | \$5,358,202 | \$5,544,671 | \$8,557,258 |

Source: 2021 Report on Universal Service and Collections Performance at 71.

¹⁰ Pre-program debt includes debt that accrues after a customer leaves PCAP and seeks to re-enroll.

¹¹ All EDCs and NGDCs reported an increase in PPA forgiveness costs in 2021. 2021 Report on Universal Service and Collections Performance at 71-72. https://www.puc.pa.gov/media/2188/2021_universal_service_report_rev122722.pdf. This increase may reflect the impact of additional assistance monies made available to help customers pay their utility bills through direct stimulus payments and new funding for existing and temporary programs (e.g., LIHEAP and the Emergency Rental Assistance Program) via the American Rescue Plan Act of 2021.

July 2021 Order

In the July 2021 Order, the Commission requested further information on FirstEnergy’s PPA cost projections and how it estimated the annual projected costs of its 12-month PPA forgiveness model. July 2021 Order at 20.

FirstEnergy Response to the July 2021 Order

FirstEnergy stated that a shorter PPA forgiveness period will increase the number of participants receiving full PPA forgiveness, in part due to the extension of recertification periods. August 2021 Supplemental Information at 15-18. FirstEnergy also projected the cost increase associated with the implementation of the 12-month PPA forgiveness period compared to 24-month and 36-month PPA forgiveness. Table 12 below shows the costs associated with each time period (by energy type) and the increase in PPA costs compared to FirstEnergy’s current 36-month PPA time period.

Table 12. 2022-2023 Projected PPA Forgiveness Costs

| 2022 | | | | | | |
|---------------------|-----------------|-------------|-----------------|--------------|-----------------|--------------|
| | 36-Month | | 24-Month | | 12-Month | |
| | EH | ENH | EH | ENH | EH | ENH |
| Projected \$ | \$2,817,048 | \$7,599,319 | \$4,225,574 | \$11,398,978 | \$8,451,147 | \$22,797,955 |
| \$ Increase | - | - | \$1,408,526 | \$3,799,659 | \$5,634,099 | \$15,198,636 |
| % Increase | - | - | 50% | 50% | 200% | 200% |
| 2023 | | | | | | |
| | 36-Month | | 24-Month | | 12-Month | |
| | EH | ENH | EH | ENH | EH | ENH |
| Projected \$ | \$3,135,358 | \$8,446,843 | \$4,173,008 | \$11,321,386 | \$5,405,861 | \$14,549,496 |
| \$ Increase | - | - | \$1,037,650 | \$2,874,543 | \$2,270,503 | \$6,102,653 |
| % Increase | - | - | 33.1% | 34.0% | 72.4% | 72.2% |

Source: August 2021 Supplemental Information at 26, Attachment 3.

2020 Joint Petition Stakeholder Comments

CAUSE-PA supported the 12-month PPA forgiveness timeframe and suggested that the cost to ratepayers due to the decreased PPA forgiveness period is small and would decrease after the first year as PPAs would be more timely addressed under a 12-month period. CAUSE-PA claimed that the benefits of a proposed 12-month forgiveness period outweighed the increase in annual PPA costs. CAUSE-PA October 2021 Comments at 31.

OCA noted that PPA forgiveness timelines are an imperative cost control measure for CAPs and were concerned how this proposed change would increase annual PCAP costs. OCA suggested that FirstEnergy could limit the amount of PPA forgiveness PCAP customers could earn as an alternative cost control measure. OCA October 2021 Reply Comments at 21.

Clarification Required: We have considered the supplemental information provided by FirstEnergy and the stakeholder comments in the 2020 Joint Petition proceeding as they relate to FirstEnergy's proposal to establish a 12-month PPA forgiveness timeframe. Although FirstEnergy has already provided initial estimates on the projected cost impact of this proposed change, we find a review of updated cost projections related to this proposal is warranted as energy prices have increased since the 2020 Joint Petition proceeding.

Accordingly, in its response to this Order, FirstEnergy is directed to provide updated cost projections, including the cost of providing PPA forgiveness over 36 months, 24 months, and 12 months from 2024 through 2028, broken down by income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%), energy type (*i.e.*, ENH and EH), and EDC. If FirstEnergy is projecting to offer additional PPA forgiveness in 2024, it is directed to identify that additional cost separately. Finally, FirstEnergy is directed to

include the projected impact on costs recovered from monthly ratepayer bills for each PPA time period, based on the average number of ratepayers in 2022.

e. Standardized Zero-Income Form

Consistent with its 2020 Joint Petition, FirstEnergy is proposing to require households reporting zero income to complete the Commission-approved standardized zero-income form. FirstEnergy reports it has revised the form for phone completion. Proposed 2024 USECP at 10, 32.

July 2021 Order

In the July 2021 Order, the Commission directed FirstEnergy to clarify if the zero-income form, besides being available by phone, was also accessible to customers by paper application and online application. July 2021 Order at 21.

FirstEnergy Response to the July 2021 Order

FirstEnergy reported that its zero-income form is accessible to customers by online application and that when a customer is mailed the recertification letter, the form includes a section where a customer can explain how food, shelter, and living expenses were met over the last 30 days. FirstEnergy noted that the zero-income form is not available as a separate paper application but is part of its online application. FirstEnergy stated that as the customer answers the online application questions, they are asked to identify the number of people that live in the household and their total gross monthly income. If the total household income is \$0, the online application will require customers to complete the zero-income form. However, if customers report receiving income, they do not see the form. August 2021 Supplemental Information at 19.

Clarification Required: We are not currently requiring any clarifications or proposing any changes to this aspect of the Proposed 2024 USECP.

f. PCAP Recertification Timeframes

Consistent with its 2020 Joint Petition, FirstEnergy is proposing to adopt the maximum timeframes for recertification recommended in the CAP Policy Statement (2020).¹² FirstEnergy proposes to require households reporting no income to recertify every six months, regardless of whether they received a LIHEAP grant. PCAP customers on a fixed income (*i.e.*, pension, Social Security, and/or disability) or who receive LIHEAP annually must recertify once every three years. All other PCAP participants receiving any other type of income must recertify once every two years. PCAP customers must also recertify when they report changes in gross income, household size, or heat source. Proposed 2024 USECP at 15-16.

July 2021 Order

In the July 2021 Order, the Commission asked FirstEnergy to explain how it planned to make customers aware of its changed recertification timelines. July 2021 Order at 23.

FirstEnergy Response to the July 2021 Order

FirstEnergy explained that it makes PCAP customers aware of recertification timelines through the inclusion of a message on the customer's monthly bill. It stated that the message specifies the recertification date. FirstEnergy reported that it makes several attempts by mail and phone to encourage PCAP customers to recertify. August 2021 Supplemental Information at 19.

¹² 52 Pa. Code § 69.265(8)(viii).

Clarification Required: We are not currently requiring any clarifications or proposing any changes to this aspect of the Proposed 2024 USECP.

g. Intake Process – Moving PCAP Accounts Between Operating Companies

The Proposed 2024 USECP states that if a PCAP customer discontinues service at one address and establishes service within 12 months at another within the same operating EDC's service territory, the customer will be enrolled in PCAP at the new address automatically. However, if a customer moves to a residence from one FirstEnergy operating EDC to another within 12 months, PCAP eligibility does not follow to the new account. Proposed 2024 USECP at 11.

Clarification Required: It is not clear why FirstEnergy cannot allow customers to maintain PCAP eligibility when they move between operating EDC service territories. As long as the customer confirms that the household size and income have not changed, it seems reasonable that one operating EDC could verify the customer's eligibility to the other. The CAP Policy Statement recommends that public utilities allow CAP customers to retain program enrollment status when transferring service within the public utility's, or an affiliate's, service territory. 52 Pa Code § 69.265(10).

In its response to this Order, FirstEnergy is directed to explain why current PCAP customers are not given the opportunity to transfer their PCAP accounts when they move among FirstEnergy service territories. Furthermore, FirstEnergy is also directed to clarify if these customers are informed that they can apply for PCAP at their new address.

h. PCAP Application Mediums

The Proposed 2024 USECP states that customers may apply for PCAP by contacting DEF through telephone or online and lists DEF's contact number and online application link. It is also noted that PCAP customers can submit documentation through the mail for both their PCAP applications and recertifications. Proposed 2024 USECP at 11, 15.

Clarification Required: There is no mention of whether customers can apply for PCAP by paper application or if a paper application for PCAP exists. The Commission is concerned that not offering paper applications inconveniences those customers that do not have Internet access or cannot easily obtain access as well as those customers that face the same difficulties with telephone access. We have concerns about the lack of a paper PCAP application which would prohibit customers from applying by mail or fax. Customers with hearing or speaking disabilities, for example, may prefer to apply for the program through such methods. Customers that do not have or cannot easily obtain Internet access could face difficulties as well. We would like more details about FirstEnergy's PCAP enrollment and recertification process, including what mediums are and are not available for low-income households to apply. The CAP Policy Statement recommends that public utilities should accept CAP applications through mail, telephone, electronically, or in-person. 52 Pa Code 69.265(8)(ii).

In its response to this Order, FirstEnergy is directed to explain whether PCAP customers can submit paper PCAP applications to apply for the program. If a paper application is offered, FirstEnergy is directed to provide a copy in its response. If paper PCAP applications are not available, FirstEnergy is directed to address whether prohibiting customers from applying via mail or fax limits access to the program.

i. Text-to-Recertify Process

As described above, FirstEnergy identifies several ways customers can enroll or recertify for PCAP. Customers can apply by telephone, online, or through in-office appointments. The Proposed 2024 USECP further states that DEF may contact PCAP customers to begin a text-to-recertify process, noting that cellular data rates may apply. Proposed 2024 USECP at 11.

Clarification Required: The Proposed 2024 USECP does not explain how DEF determines which customers will be enrolled in a text-to-recertify process or how this process will work. In its response to this Order, FirstEnergy is directed to provide an explanation of how DEF decides which customers are selected for its text-to-recertify process and a step-by-step description of how this process works, including how DEF informs customers about the potential costs related to data rates.

j. Consumption Limit Exemptions

The Proposed 2024 USECP states that, on an annual basis, FirstEnergy EDCs identify PCAP participants that exceeded 125% of their prior year usage at the same residence. Each EDC will review these accounts to see if an exemption from the consumption limit applies, as well as complete quarterly outreach to provide energy conservation messages to non-exempt customers. FirstEnergy proposes to adopt the exemptions to consumption limits recommended in the CAP Policy Statement, which consist of situations where:

- The household composition increased.
- A household member has a serious illness.
- Energy consumption beyond the household's ability to control.

- Residence has been condemned or has housing code violations that negatively impact energy consumption.
- Energy consumption estimates were based on consumption of a previous occupant.

Proposed 2024 USECP at 13.

Clarification Required: The Proposed 2024 USECP does not explain how the FirstEnergy EDCs notify customers of these exemptions and verifies whether one or more of these exemptions applies to the household. In its response to this Order, FirstEnergy is directed to clarify the process for identifying and verifying exemptions for customers who exceed 125% of prior annual usage.

k. One-Time PPA Debt Forgiveness Expansion

As described above, FirstEnergy customers enrolling in PCAP for the first time will have any PPA debt deferred for forgiveness. The Proposed 2024 USECP states that customers who re-enroll in PCAP cannot have any new debt deferred for forgiveness unless the original PPA balance was \$300 or less. However, FirstEnergy is proposing to allow all customers enrolled in PCAP under the 2024 USECP to have all pre-program debt deferred and added to their existing PPA balance for forgiveness upon transition to the PIP. Proposed 2024 USECP at 13.

Clarification Required: In its response to this Order, FirstEnergy is directed to confirm that only existing pre-program debt, and not debt incurred within PCAP (*i.e.*, in-program arrears), will be deferred for all PCAP customers under the 2024 USECP. FirstEnergy is also directed to provide estimates of how much pre-program debt will be added to the PPA balance due to this one-time expansion and how this will increase annual PPA

forgiveness costs. The estimates should be broken down for each EDC by energy type and the number of customers impacted.

l. Refund of Security Deposits

The Proposed 2024 USECP states that FirstEnergy does not assess security deposits on PCAP accounts. Proposed 2024 USECP at 17.

Clarification Required: It is not clear how FirstEnergy addresses the refunding of security deposits when it is later determined the customer was PCAP-eligible when the deposit was collected. Both Title 66 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)¹³ and 52 Pa. Code § 56.32(e).¹⁴ 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). Accordingly, in its response to this Order, FirstEnergy is directed to describe its practices and procedures regarding the refunding of security deposits.

m. PCAP Final Billing

FirstEnergy does not describe or list its final PCAP billing practice in its Proposed 2024 USECP. In the CAP Final Billing proceeding, FirstEnergy reported that PCAP

¹³ 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.”

¹⁴ 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.

customers are provided with a final bill that includes all residential tariff rate charges minus their full (non-prorated) monthly CAP credit. CAP Final Billing Order at 7.

Clarification Required: The Commission entered its Staff Review of Customer Assistance Program Final Billing Methods Order (CAP Final Billing Order) on March 12, 2020, at Docket No. M-2019-3010190. The CAP Final Billing Order detailed, *inter alia*, how EDCs and NGDCs were calculating final CAP bills at that time and calls attention to existing statutory and regulatory provisions relating to billing. The CAP Final Billing Order did not recommend a standard CAP final billing policy but indicated public utility practices must comply with PUC statutes and regulations:

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), [requires] that a public utility render bills every billing period. [Public 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. We shall address how the energy utilities describe their final billing practices for CAP customers in utility-specific proceedings.

CAP Final Billing Order at 22 (emphasis added).

Accordingly, in its response to this Order, FirstEnergy is directed to describe its current PCAP final billing practices and explain whether the practices have changed since the Commission’s CAP Final Billing proceeding. FirstEnergy is also directed to address how its final PCAP billing practices reflect compliance with the relevant statutes and regulations as discussed in the CAP Final Billing Order.

n. Annual FPIG Updates

As previously noted, FirstEnergy’s PCAP is available to customers with incomes up to 150% of FPIG who demonstrate or express difficulty in paying their electric bill. Proposed 2024 USECP at 10, 30.

The Proposed 2024 USECP does not explain how or when FirstEnergy updates its systems to reflect annual updates to the FPIG.¹⁵

Clarification Required: FirstEnergy is directed to provide information on how and when it adopts annual updates to the FPIG for universal service program eligibility and benefit determinations.

o. Consumer Education and Outreach Plan (CEOP)

The Proposed 2024 USECP includes information on “Consumer Education, Outreach and Referral” that describes, *inter alia*, FirstEnergy’s planned communications, outreach, and promotion of energy assistance program enrollment to its PCAP applicants. FirstEnergy outlined its Spanish-speaking offerings, which include the PCAP agreement,

¹⁵ See <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>. The FPIG are published in the *Federal Register* and are updated annually. The most recent update was effective January 19, 2023.

program letters, PCAP brochures, LIHEAP bill inserts, and Spanish-speaking representatives at DEF. Proposed 2024 USECP at 18-19.

Clarification Required: Section 69.265(8)(i) of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(8)(i), recommends that a public utility develop and incorporate a CEOP as part of its USECP. The November 2019 Order recommended the CEOPs identify, *inter alia*, (1) efforts to educate and enroll eligible and interested customers with incomes at or below 50% of the FPIG and (2) resources, services, and translated materials available to those customers who are of Limited English Proficiency (LEP). November 2019 Order at 77.

FirstEnergy's proposed CEOP does not address what specific educational and outreach events it intends to participate in, including Be Utility Wise. Be Utility Wise¹⁶ is a signature Commission Consumer Education program with the goal to educate those in the front line of providing health and human services. Public utilities are strongly encouraged to participate in the Commission's Be Utility Wise Conferences.

In its response to this Order, FirstEnergy is directed to provide the following clarifications and information related to its proposed outreach and education initiatives:

- Identify the number of virtual, in person, and Be Utility Wise events that FirstEnergy EDCs will participate in for their respective service territories annually.
- Identify whether FirstEnergy offers – or plans to offer – universal service program training to community agencies within its EDC service territories.
- Identify the ways in which the proposed CEOP differs from what the FirstEnergy EDCs are presently doing.

¹⁶ <https://www.puc.pa.gov/about-the-puc/consumer-education/be-utility-wise-events/>

- Provide examples of consumer education letters, postcards, bill inserts, educational brochures, fact sheets, advertisements (*e.g.*, physical and digital media), and outbound call messaging scripts.
- Provide more details about educational strategies for training webinars, workshops, and education events offered by FirstEnergy via in-person, virtual, or hybrid.
- Identify how FirstEnergy educates customers about household energy burdens to help customers identify how much of their household income is spent on energy.

2. WARM

FirstEnergy’s WARM assists low-income customers to conserve energy and reduce energy bills by installing weatherization measures and providing energy education. WARM focuses on high-usage customers who participate in PCAP or LIHEAP but is available to all low-income customers. WARM’s primary objectives are to (1) reduce overall energy use, energy bills, and arrearages of eligible low-income customers; (2) improve health, safety, and comfort of residences; and (3) make referrals to other assistance programs. Proposed 2024 USECP at 20.

To be eligible for WARM, FirstEnergy requires a household meet all of the following requirements:

- Have income at or below 150% of the FPIG (or between 151%-200% of the FPIG for special needs customers¹⁷).
- Have electric usage of 6,500 kWh or more annually.

¹⁷ FirstEnergy’s definition of “special needs” includes customers that have an overdue account balance, medical problems, personal crisis situations, or loss of income. Proposed 2024 USECP at 20.

- Agree to share the household electric use information with FirstEnergy agencies and contractors, receive an in-home energy evaluation, and work with a trained energy educator to create an energy-savings plan.
- Have not received WARM services over the previous five years.
- Have been a resident at the premise for at least six months of consecutive service.
- If the customer is a renter, the landlord must provide permission for FirstEnergy to perform certain WARM measures.

Proposed 2024 USECP at 20-21.

The energy-saving measures undertaken are contingent on a customer's heat type, electric use, testing of appliances, and diagnostic audit results. The energy conservation measures provided by WARM may include, but are not limited to, the following services: blower door testing, caulking, foam insulation, and weatherstripping, insulation installation, heat pump repair/replacement, window/central air condition installation, refrigerator/freezer replacement, and attic ventilation, furnaces, water heater repair/replacement, lighting measures, and energy education. Proposed 2024 USECP at 22-23.

FirstEnergy contracts with a network of agencies and contractors to deliver WARM services. Agencies and contractors are encouraged to use cost-effective custom measures and endeavor to meet relevant payback periods. Agencies and contractors provide one-year warranties on most measures and manufacturers may offer additional warranties. Proposed 2024 USECP at 22, 24.

FirstEnergy will continue to direct agencies and contractors to coordinate delivery of WARM benefits with other weatherization programs such as the Department of

Community and Economic Development’s Weatherization Assistance Program and NGDC LIURPs. Proposed 2024 USECP at 25.

a. PCAP Removal: Post-Installation of WARM Measures

The Proposed 2024 USECP states that participants may be removed from PCAP for unreasonable and/or increased consumption post-installation of WARM measures. Proposed 2024 USECP at 14. It does not specify how FirstEnergy determines whether post-installation consumption is “unreasonable” and how much household consumption must increase to warrant removal from PCAP.

Clarification Required: In its response to this Order, FirstEnergy is directed to clarify what is considered to be unreasonable consumption and identify what consumption threshold would warrant removal from PCAP post-installation of WARM measures.

b. PCAP Requirements: WARM

In its Proposed 2024 USECP, FirstEnergy states that PCAP customers with annual electric usage of 6,500 kWh or more are required to receive an in-home energy evaluation and work with a trained energy educator to create an energy-savings plan. The Proposed 2024 USECP also states that all PCAP customers are required to receive an in-home energy evaluation and work with a trained energy educator to create an energy-savings plan. Failure to do so may result in the customer being removed from PCAP. Proposed 2024 USECP at 20 and 30.

Clarification Required: There is a contradiction between these provisions on pages 20 and 30. In its response to this Order, FirstEnergy is directed to clarify whether all PCAP customers are required to receive an in-home energy evaluation and work with a trained energy educator or only those who have annual electric usage of 6,500 kWh or more.

c. PCAP: Right to Refuse WRAP Measures

As mentioned above, PCAP customers (whether all or only those using 6,500 kWh or more annually) are required to receive an in-home energy evaluation and develop an energy-savings plan with a trained energy educator. Refusal to participate in this process may result in removal from PCAP. FirstEnergy allows PCAP customers who participate in the energy evaluation to decline the installation of any recommended WARM measures without risk of program removal. Proposed 2024 USECP at 20.

Clarification Required: We question this provision. The Commission has supported public utilities requiring high-usage CAP customers to participate in LIURPs, including the installation of program measures.¹⁸ Installing recommended LIURP measures helps CAP customers lower their energy usage and reduces the amount of credits needed to subsidize their monthly bills, the costs of which are recovered from other residential ratepayers. In its response to this Order, FirstEnergy is directed to identify how many PCAP customers have declined WRAP measures after a mandatory energy evaluation in 2021 and 2022, including the projected average energy savings from those measures. Further, FirstEnergy is directed to provide justification for keeping this opt-out provision.

d. Landlord and Customer Consent

The Proposed 2024 USECP states that both homeowners and renters qualify for WARM, however, renters must obtain landlord approval for certain WARM measures to

¹⁸ For example, *see* Columbia Gas 2019-2021 USECP, Docket No. M-2018-2645401 (filed on November 25, 2019), at 25; PECO 2019-2024 USECP, Docket No. M-2018-3005795 (filed on November 10, 2022), at 14; and UGI 2020-2025 USECP, Docket No. M-2019-3014966 (filed on December 28, 2022), at 21.

be installed, such as air sealing and insulation. It further states that WARM participants are required to do all of the following:

- Agree to share their electric use information with FirstEnergy's agencies/contractors.
- Agree to allow contractors access to the home to perform appropriate program measures and quality assurance inspections.
- Develop, with the program agency/contractor, energy savings strategies designed specifically to address the highest energy use areas of the home and its occupants.
- Sign a partnership and savings strategy agreement with the energy auditor.

Proposed 2024 USECP at 21, 23.

Clarification Required: The Proposed 2024 USECP does not specify how FirstEnergy obtains and documents landlord approval/refusal and customer consent to share electric information with agencies/contractors. LIURP regulations require written landlord permission for the installation of the program measures. The landlord must also agree, in writing, that rents will not be raised unless the increase is related to matters other than the installation of program measures and the tenant will not be evicted for at least 12 months after the installation of the program measures if the tenant complies with ongoing obligations and responsibilities. *See* 52 Pa. Code § 58.8(a).

In its response to this Order, FirstEnergy is directed to clarify the method by which it obtains and documents landlord approval to perform WARM measures and customer consent to share electric information with agencies/contractors. FirstEnergy is directed to provide a copy of the landlord consent form and the tenant consent form if consents are obtained in writing. If consents are not obtained in writing, FirstEnergy is directed to describe how consents are obtained and documented. FirstEnergy is also directed to provide a copy of the auditor-customer partnership and savings strategy agreement form.

e. Re-Weatherization Eligibility

The Proposed 2024 USECP states that homes previously served by the WARM program may receive WARM services again after five years if the home continues to have “significant” electric use or at FirstEnergy’s discretion. Proposed 2024 USECP at 21, 32.

Clarification Required: The Proposed 2024 USECP does not explain what FirstEnergy considers to be a “significant” increase in electric usage that would qualify a residence for re-weatherization after five years and what circumstances, if any, would allow a premises to receive WARM services before five years.

The Commission has supported public utilities in allowing exceptions to time limits, if warranted, to re-weatherize a home.¹⁹ Often, the LIURP re-weatherization time-limits are tied to payback periods for program measures (*i.e.*, the energy savings from LIURP work should exceed the cost of the installed measures over a certain timeframe). These calculations can make high-usage households ineligible for LIURP even if they have received only low-cost or limited program measures within a certain number of years.

In its response to this Order, FirstEnergy is directed to clarify what increase in electric usage or other circumstances would qualify a residence for re-weatherization after five years. FirstEnergy is also directed to explain if it allows for any exceptions to its current five-year limit between WARM services on a premises.

¹⁹ See PGW 2023-2027 USECP Order, Docket No. M-2021-3029323 (order entered on January 12, 2023), at 72-73.

f. Seasonal Allowances

The Proposed 2024 USECP states that contractors and agencies use a cost-effective budget calculation, called seasonal allowance, that assists in the selection of WARM measures designed to reduce electric heating and cooling for each residence based on past electric consumption with consideration given to the regulatory seven-to-twelve-year payback requirement. If the weatherization needs of the residence are identified as greater than the calculated budget during the audit, the contractor or agency will confer with the FirstEnergy program manager on work that may be performed beyond the budget. The Proposed 2024 USECP further states that contractors may spend up to 50% of the seasonal allowance budget to install health and safety measures; this allowance for health and safety measures is in addition to the seasonal allowance budget for weatherization measures. Contractors may reach out to the program manager when additional health and safety funds are needed to fully address barriers to the installation of energy reduction measures. Proposed 2024 USECP at 22, 26.

Clarification Required: The Proposed 2024 USECP does not identify if FirstEnergy tracks the number of homes disqualified/deferred for WARM services due to health and safety issues. Further, it is unclear if contractors are provided an allowance for performing incidental repairs (*i.e.*, repairs needed to allow WARM measures to function properly or more efficiently).²⁰ The Commission has encouraged public utilities to establish an allowance for the installation of routine health and safety measures and has

²⁰ 52 Pa. Code § 58.12 (relating to incidental repairs) provides that expenditures “on program measures may include incidental repairs to the dwelling necessary to permit proper installation of the program measures or repairs to existing weatherization measures which are needed to make those measures operate effectively.”

also requested that public utilities identify their recommended parameters and allowance for performing incidental repairs.²¹

Based on the description of how the seasonal allowance applies to the health and safety budget, we would assume that a household with a seasonal allowance budget of \$3,000 for weatherization measures would allow a contractor to spend up to 50% more (\$1,500) to install health and safety measures, which would bring the maximum potential WARM spending for that household to \$4,500. In its response to this Order, FirstEnergy is directed to identify whether the WARM budget scenario described above is accurate or to provide corrections. FirstEnergy is also directed to explain if it has a process for disqualifying/deferring homes for WARM services. If so, FirstEnergy is directed to identify for each EDC (1) how customers are notified of the reasons for disqualification; (2) the number of deferrals per year for the last three years, including the reasons for disqualification; (3) what agency/program the customers were deferred to, if appropriate; and (4) how long it maintains the list of deferrals. Additionally, FirstEnergy is directed to explain its parameters and allowance threshold for performing incidental repairs.

g. Coordination with Act 129 Multifamily Projects

FirstEnergy proposes to remove the description of how WARM coordinates with Act 129²² multifamily projects in its Proposed 2024 USECP. FirstEnergy's current USECP indicates that WARM coordinates with Act 129 multifamily projects by accepting WARM applications from building residents with incomes between 151%-200% of the FPIG to ensure they are not excluded from receiving weatherization

²¹ For example: *See PECO 2016-2018 USECP*, Docket No. M-2015-2507139 (Tentative Order entered on February 25, 2016), at 21-22; *Duquesne Light 2017-2019 USECP*, Docket No. M-2016-2534323 (Tentative Order entered on August 11, 2016), at 16-17; and *PGW 2023-2027 USECP*, Docket No. M-2021-3029323 (Order entered on January 12, 2023), at 70-72.

²² *See* 66 Pa. C.S. § 2806.1. Act 129, effective November 14, 2008, expands the Commission's oversight responsibilities and imposes new requirements on EDCs with the overall goal of reducing energy consumption and demand.

measures while their building is being served through Act 129. 2019 USECP at 25. The Proposed 2024 USECP no longer includes this provision.

Clarification Required: In its response to this Order, FirstEnergy is directed to explain the basis for and anticipated impact of this change and to clarify if it is still accepting WARM applications from customers with incomes between 151% and 200% of the FPIG who live in buildings served by Act 129 multifamily projects.

h. Continuation of Regulatory Waiver

The Commission previously granted FirstEnergy a partial waiver of the Commission's LIURP regulations at 52 Pa. Code § 58.11(a) (relating to energy survey), in FirstEnergy's 2015 USECP proceeding.²³ The partial waiver of Section 58.11(a)²⁴ allowed FirstEnergy flexibility to install WARM measures that do not conform to the regulatory payback period of seven or twelve years. The waiver only applied to heating jobs that receive comprehensive measures.²⁵ Subsequently, the Commission approved FirstEnergy's request to maintain this partial waiver of the LIURP regulations in its 2019 USECP. 2019 USECP at 21.

²³ See *FirstEnergy 2015-2018 USECP*, Docket Nos. M-2014-2407728, M-2014-2407729, M-2014-2407730, and M-2014-2407731 (order entered on May 19, 2015), at 45-49.

²⁴ Section 58.11 provides that:

(a) If an applicant is eligible to receive program services, an onsite energy survey shall be performed to determine if the installation of program measures would be appropriate. The installation of a program measure is considered appropriate if it is not already present and performing effectively and when the energy savings derived from the installation will result in a simple payback of 7 years or less. A 12-year simple payback criterion shall be utilized for the installation of side wall insulation, attic insulation, space heating system replacement, water heater replacements and refrigerator replacement when the expected lifetime of the measure exceeds the payback period.

²⁵ See *FirstEnergy 2015-2018 USECP*, Docket Nos. M-2014-2407728, M-2014-2407729, M-2014-2407730, and M-2014-2407731 (Order entered May 19, 2015), at 46.

Clarification Required: The Proposed 2024 USECP does not request a continuation of the partial waiver of Section 58.11(a) for WARM measures. In its response to this Order, FirstEnergy is directed to clarify if it is still operating under the partial waiver of Section 58.11(a) and, if so, whether it proposes to seek a further continuation of this partial waiver. Further, if FirstEnergy intends to seek a further continuation of the waiver, it is directed to provide justification for continuing the waiver. If FirstEnergy has ceased operating under the waiver, it is directed to indicate when it ceased operations under the waiver.

3. CARES

The CARES program helps payment-troubled residential customers experiencing a recent hardship to obtain necessary social service support and assistance. CARES representatives refer eligible customers to social service agencies and other FirstEnergy or external programs. Recent hardships that may qualify a customer for CARES services include serious illness or injury to a household member, loss of income, or need for special assistance for a household member. Proposed 2024 USECP at 5.

Clarification Required: FirstEnergy'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 § 54.72. Accordingly, we are not currently requiring any clarifications or proposing any changes to this aspect of the Proposed 2024 USECP.

4. Hardship Fund

FirstEnergy's Hardship Fund program provides residential customers with temporary financial help in paying their electric bills. An eligible customer may receive one Hardship Fund grant up to a maximum of \$500 per program year. FirstEnergy

shareholders, employees, and customers are the primary contributors to the fund. DEF is the administrator of FirstEnergy's Hardship Fund program. Proposed 2024 USECP at 6.

Grants are only available to eligible customers with electric service terminated or pending termination from October 1 through February 28 each year. All non-PCAP eligible customers and PCAP customers with a termination notice can apply for a Hardship Fund grant from March 1 through September 30. PCAP customers who are not in termination status are not eligible for Hardship Fund grants. Proposed 2024 USECP at 6.

To be eligible, a customer must meet all of the following criteria:

- Have a residential heating account and reside at the premises.
- Total gross household income must be at or below 250% of the FPIG. Exceptions will be made based on circumstances.
- Must have paid a minimum of \$150 on electric account within the past 90 days (minimum of \$100 if age 62 and over).
- Must have an account balance of \$100 or more (account balance of \$0 if age 62 and over, but not a credit balance).
- Must provide income verification.
- Must have first applied for a LIHEAP grant, if available, and participate in PCAP, if eligible.
- The grant amount must be sufficient to end termination or restore service. The grant may be combined with other funding sources.

Proposed 2024 USECP at 6-7.

Exceptions to Hardship Fund Eligibility Guidelines

FirstEnergy states that exceptions to the hardship fund eligibility guidelines will be made on a case-by-case basis, including exceptions to the income limits for the program. Proposed 2024 USECP at 6-7.

Clarification Required: FirstEnergy provided no further information about how exceptions to the eligibility guidelines are determined. In its response to this Order, FirstEnergy is directed to outline the circumstances under which a customer could qualify for exceptions to its Hardship Fund eligibility guidelines.

5. Gatekeeper Program

The Gatekeeper Program is a separate universal service program offered by FirstEnergy. The program is described as a service where FirstEnergy field personnel identify and report customers who may be in various types of distress. These situations include the following:

- Confusion or disorientation in communicating.
- Expressing difficulty paying bills.
- Living alone or socially isolated.
- Severe physical limitations.
- Home condition reflects neglect or need for repairs.

Proposed 2024 USECP at 9.

Costs from the Gatekeeper program are recovered from residential ratepayers through FirstEnergy’s universal service riders.²⁶ Table 13 reflects the proposed annual budgets for the Gatekeeper program through 2028.

Table 13. 2024-2028 Projected Gatekeeper Annual Budgets

| | |
|-------------------|---------|
| Met-Ed | \$2,000 |
| Penelec | \$2,000 |
| Penn Power | \$1,000 |
| WPP | \$2,000 |

Source: Proposed 2024 USECP at 38-39.

Clarification Required: FirstEnergy does not explain in its Proposed 2024 USECP what action is taken when a customer is identified as in “distress.” Presumably, these customers receive support through referrals to public utility or external programs to help them address their situations, similar to CARES. It is also unclear how many participants the program has served in the past and how many participants FirstEnergy estimates serving over the term of the Proposed 2024 USECP.

In its response to this Order, FirstEnergy is directed to explain what services are provided to customers identified in distress by the Gatekeeper program. FirstEnergy is also directed to identify customers served by this program annually from 2019 through 2022 and the estimated number of customers who may be served annually from 2024 through 2028.

²⁶ For example, see Met-Ed Tariff Supplement No. 127 at Revised Page 110. <https://www.firstenergycorp.com/content/dam/customer/Customer%20Choice/Files/PA/tariffs/Met-Ed-Tariff-52-Supp-127.pdf>

C. Projected Needs Assessment

In compliance with Section 54.74(b)(3), 52 Pa. Code § 54.74(b)(3), the Proposed 2024 USECP includes a needs assessment for FirstEnergy’s universal service programs based on 2021 data, which is depicted in Table 14 below.

Table 14. Universal Service Needs Assessment

| | Met-Ed | Penelec | Penn Power | WPP |
|---|---------------|----------------|-------------------|------------|
| Total Residential Customers | 513,743 | 501,640 | 143,672 | 632,933 |
| Estimated Number of Customers at or below 150% FPIG | 109,200 | 146,334 | 34,284 | 150,565 |
| Percent of Residential Customers below 150% FPIG | 21.30% | 29.20% | 23.10% | 23.80% |
| Number of Customers at or below 150% FPIG with arrears | 23,475 | 28,569 | 6,788 | 26,406 |
| Number of Customers at 151%-200% FPIG with arrears | 4,159 | 4,379 | 1,107 | 4,530 |
| Number of Customers at 201%-250% FPIG with arrears | 2,409 | 2,474 | 594 | 2,621 |
| Estimated Number of Potential LIURP WARM Participants | 35,405 | 36,205 | 7,068 | 66,895 |

Source: Proposed 2024 USECP at 8, 27, 34-37.

Clarification Required: We compared the WARM needs assessment figures in the Proposed 2024 USECP with that of the 2019 USECP. The 2019 USECP identified the estimated cost for providing WARM services to all potentially eligible households,²⁷ however, the Proposed 2024 USECP does not include this information. Further, while the Proposed 2024 USECP identified the estimated number of customers potentially eligible for WARM, this number is provided in totality and is not broken down by each eligibility factor.

In its response to this Order, FirstEnergy is directed to provide the estimated cost of serving all customers potentially eligible for WARM. FirstEnergy is also directed to

²⁷ See 2019 USECP at 27.

provide data for each EDC that further distinguishes the total number of customers potentially eligible for WARM based upon the following eligibility criteria:²⁸

- The number of customers with incomes at or below 150% of the FPIG and annual usage at and above 6,000 kWh.
 - Number of these customers that:
 - Received WARM in last five years;
 - Less than six months of usage history;
 - Have been deferred due to health and safety issues;
 - Are renters.
- The number of customers with incomes between 151%-200% of the FPIG with special needs and annual usage at and above 6,000 kWh.
 - Number of these customers that:
 - Received WARM in last five years;
 - Less than six months of usage history;
 - Have been deferred due to health and safety issues;
 - Are renters.
- The percentage/number of renters projected to be ineligible due to landlord refusal to participate in WARM.
- The percentage/number of customers projected to drop-out (unwilling to participate), including the factors used to determine the drop-out rate.
- The percentage/number of customers projected to receive energy conservation services through Act 129.

²⁸ LIURP regulations at Section 58.4(c)(1)-(4) provide how the steps/factors should be considered. 52 Pa. Code § 58.4(c)(1)-(4).

D. Projected Enrollment Levels

FirstEnergy’s projected enrollment levels from 2024 through 2028 for its universal service programs are shown in Table 15 below.

Table 15. Projected Enrollment Levels

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Met-Ed | | | | | |
| PCAP | 20,520 | 22,052 | 23,698 | 24,053 | 24,413 |
| WARM | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| CARES | 50 | 50 | 50 | 50 | 50 |
| Hardship Fund | 818 | 818 | 818 | 818 | 818 |
| Penelec | | | | | |
| PCAP | 25,170 | 26,277 | 27,432 | 27,843 | 28,260 |
| WARM | 1,735 | 1,735 | 1,735 | 1,735 | 1,735 |
| CARES | 50 | 50 | 50 | 50 | 50 |
| Hardship Fund | 550 | 550 | 550 | 550 | 550 |
| Penn Power | | | | | |
| PCAP | 6,319 | 6,622 | 6,939 | 7,043 | 7,148 |
| WARM | 600 | 600 | 600 | 600 | 600 |
| CARES | 50 | 50 | 50 | 50 | 50 |
| Hardship Fund | 257 | 257 | 257 | 257 | 257 |
| WPP | | | | | |
| PCAP | 21,521 | 21,736 | 21,954 | 22,173 | 22,395 |
| WARM | 970 | 970 | 970 | 970 | 970 |
| CARES | 50 | 50 | 50 | 50 | 50 |
| Hardship Fund | 810 | 810 | 810 | 810 | 810 |

Source: Proposed 2024 USECP at 38-39.

As reflected in Table 15, FirstEnergy is not proposing any annual increases to the number of customers served by WARM through 2024. FirstEnergy reports that it is holding WARM enrollment levels static to allow spending per home to gradually increase for the duration of the 2024 USECP. FirstEnergy also cites difficulties in finding enough

eligible customers willing to participate in WARM in certain areas of its service territories, particularly for Penn Power. Proposed 2024 USECP at 29.

Clarification Required: In its response to this Order, FirstEnergy is directed to explain what steps it is taking to increase customer participation in WARM, specifically in Penn Power's service territory.

E. Program Budgets

Table 16 below shows the proposed budget levels for FirstEnergy's universal service components and the calculated average monthly spending per non-CAP customer for 2024-2028.

Table 16. Projected Universal Service Budgets 2024-2028

| Universal Service Component | 2024 | 2025 | 2026 | 2027 | 2028 |
|--|--------------|--------------|--------------|--------------|--------------|
| Met-Ed | | | | | |
| PCAP | \$34,985,207 | \$33,547,755 | \$34,510,803 | \$34,591,681 | \$34,923,601 |
| WARM | \$6,916,000 | \$7,250,660 | \$7,601,473 | \$7,753,503 | \$7,908,573 |
| CARES | \$5,500 | \$5,500 | \$5,500 | \$5,500 | \$5,500 |
| Hardship Fund Administration* | \$75,000 | \$75,000 | \$75,000 | \$75,000 | \$75,000 |
| Total | \$41,981,707 | \$40,878,915 | \$42,192,776 | \$42,425,684 | \$42,912,674 |
| Average Monthly Cost per Non-PCAP Residential Customer^ | \$7.11 | \$6.93 | \$7.15 | \$7.19 | \$7.27 |
| Penelec | | | | | |
| PCAP | \$35,211,068 | \$32,925,276 | \$32,982,005 | \$33,031,283 | \$33,336,972 |
| WARM | \$7,490,000 | \$7,639,860 | \$7,792,897 | \$7,948,775 | \$8,107,730 |
| CARES | \$3,500 | \$3,500 | \$3,500 | \$3,500 | \$3,500 |
| Hardship Fund Administration* | \$75,000 | \$75,000 | \$75,000 | \$75,000 | \$75,000 |
| Total | \$42,779,568 | \$40,643,636 | \$40,853,402 | \$41,058,558 | \$41,523,202 |
| Average Monthly Cost per Non-PCAP Residential Customer^ | \$7.51 | \$7.13 | \$7.17 | \$7.21 | \$7.29 |
| Penn Power | | | | | |
| PCAP | \$9,443,360 | \$8,865,703 | \$8,923,483 | \$8,941,575 | \$9,027,417 |
| WARM | \$3,466,000 | \$3,535,760 | \$3,606,635 | \$3,678,768 | \$3,752,343 |
| CARES | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| Hardship Fund Administration* | \$35,000 | \$35,000 | \$35,000 | \$35,000 | \$35,000 |
| Total | \$12,945,360 | \$12,437,463 | \$12,566,118 | \$12,656,343 | \$12,815,760 |
| Average Monthly Cost per Non-PCAP Residential Customer^ | \$7.59 | \$7.29 | \$7.36 | \$7.42 | \$7.51 |
| WPP | | | | | |
| PCAP | \$33,095,783 | \$29,665,334 | \$28,686,443 | \$28,518,123 | \$28,621,974 |
| WARM | \$7,327,000 | \$7,473,560 | \$7,624,251 | \$7,776,736 | \$7,932,271 |
| CARES | \$3,500 | \$3,500 | \$3,500 | \$3,500 | \$3,500 |
| Hardship Fund Administration* | \$46,500 | \$46,500 | \$46,500 | \$46,500 | \$46,500 |
| Total | \$40,472,783 | \$37,188,894 | \$36,360,694 | \$36,344,859 | \$36,604,245 |
| Average Monthly Cost per Non-PCAP Residential Customer^ | \$5.54 | \$5.09 | \$4.98 | \$4.98 | \$5.01 |

Source: PCAP, WARM, CARES, and Hardship Fund projected budget numbers are from the Proposed 2024 USECP at 38-39.

*Hardship Fund donations and contributions are not recovered in base rates; therefore, only the Hardship Fund Administration costs are included in the Universal Service total costs for the spending per residential customer.

^Based on 491,775 non-CAP residential customers for Met-Ed, 474,747 non-CAP residential customers for Penelec, 142,188 non-CAP residential customers for Penn Power, and 608,562 non-CAP residential customers for West Penn Power as reported by FirstEnergy as of December 31, 2021. *2021 Report on Universal Service Programs & Collections Performance* at 6 and 60.

Clarification Required: Questions related to how the projected PCAP spending for each EDC decreases from 2024 to 2025 are addressed in our discussion of FirstEnergy's proposal for a 12-month PPA forgiveness cycle. We have no other questions about the proposed universal service budgets at this time.

F. Use of Community-Based Organizations (CBOs)

The Electricity Generation Customer Choice and Competition Act directs the Commission to encourage public utilities to use CBOs to assist in the operation of universal service programs. *See* 66 Pa. C.S. § 2804(9). In accordance with these provisions, the FirstEnergy EDCs use CBOs in their service territories for PCAP administration (*i.e.*, applications and recertifications), WARM services, and Hardship Fund application processing. FirstEnergy reports the following CBOs currently work with its universal service programs:

- ACTION-Housing Inc.
- Bill Busters Inc.
- Blair County Community Action
- CMC Energy Services
- CLEARresult
- Community Action Committee of the Lehigh Valley
- Community Action Partnership of Mercer County
- Center for Community Action
- Central PA Community Action, Inc.
- C. Driscoll Positive Energy Consulting

- Dollar Energy Fund
- Erie County Housing Authority
- Harron’s Home Center
- Healthy Homes
- Hranec Insulation Corporation
- Mincin Insulation
- MT Weatherization
- Northern Tier Community Action Corporation
- Northwest PA Weatherization
- SEDA-Council of Governments
- Solaire Energy, Inc.
- South Central Community Action Programs
- Tableland Services, Inc.
- TEAZ, Inc.
- True Management, LLC
- Warren Forest Counties Economic Opportunity Council
- Weatherization, Inc.
- York Home Performance

Proposed 2024 USECP at 17, 24, 42.

Clarification Required: We are not currently requiring any clarifications or proposing any changes to this aspect of the Proposed 2024 USECP.

G. Organizational Structure

The Proposed 2024 USECP provides organizational structure information for each individual program. As we interpret this information based on clarifications provided in FirstEnergy’s 2019 USECP proceeding,²⁹ it appears that the organizational structure for the FirstEnergy universal service programs is structured as follows:

²⁹ See FirstEnergy 2019 USECP Supplemental Information, Docket Nos. M-2017-2636969, *et al.*, at 18-19.

Table 17. Universal Service Organizational Structure

| | |
|---|---|
| Manager – Revenue Operations Strategy | |
| Administrative Assistant | |
| Supervisor – Human Services – Universal Service | Supervisor – Human Services – Energy Conservation |
| 8 Business Analysts | 9 Business Analysts |
| 2 Customer Accounting Associates | 1 Customer Accounting Associates |

Source: Proposed 2024 USECP at 5, 7, 9, 19, and 24.

Clarification Required: In its response to this Order, FirstEnergy is directed to confirm whether the summary of its universal service organizational structure reflected in Table 17 is accurate or to provide any needed corrections and clarifications.

IV. FILINGS and PARTY OF RECORD STATUS

FirstEnergy is directed to serve its responses to this Order and any comments or reply comments on all parties who received service of this Order. Stakeholders wishing to participate in this proceeding are reminded of the need to file petitions to intervene at the respective dockets if they desire to have party of record status for the respective dockets. The Petition to Intervene filed by PA-CLEEC is granted for all four 2024 USECP dockets.

V. CONCLUSION

This Order sets forth aspects that FirstEnergy will need to address to complete our review of its Proposed 2024 USECP. This Order also calls for additional information from FirstEnergy and allows for comments and reply comments from stakeholders.

FirstEnergy is directed to file and serve its responses and supplemental information within twenty days of the entry date of this Order, consistent with the discussion and directions herein. To the extent that FirstEnergy has responsive proposals

for additional relief or universal service provisions, those proposals, along with revised timelines, enrollments, and cost estimates, must be described in the response to afford other parties the opportunity to comment and reply. If the clarifications provided in response to issues raised in this Order would result in revised language to the 2024 USECP, FirstEnergy is directed to include such draft language in its supplemental information for review. If FirstEnergy cannot implement changes proposed upon receipt of Commission approval of the 2024 USECP, it must include proposed implementation timeframes for each change as part of its supplemental information.

Comments are due twenty days after FirstEnergy's response and supplemental information filing deadline, and reply comments are due fifteen days thereafter.

If the comments and reply comments raise relevant material factual issues, we may refer this matter, in whole or in part, to the Office of Administrative Law Judge (OALJ) for hearing and decision. This Order does not limit the Commission's authority to order future changes to FirstEnergy's USECP based on the evaluation findings, universal service data, rate-making considerations, or other relevant factors;

THEREFORE,

IT IS ORDERED:

1. That approval of the proposed Universal Service and Energy Conservation Plan for 2024-2028 as filed by Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company, on November 1, 2022, is withheld pending review of requested information and stakeholder comments, as set forth in this Order.

2. That a copy of this Order be served on all parties to Docket Numbers M-2022-3036532, M-2022-3036533, M-2022-3036534, M-2022-3036535, P-2020-3018883, P-2020-3018884, P-2020-3018873, and P-2020-3018885.

3. That Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company shall file and serve the supplemental information requested herein within twenty days of the entry date of this order. All pages of the filed supplemental information, with the exception of a cover letter, must be numbered.

4. That comments to this Order shall be filed within twenty days after the filing deadline for the supplemental information. Reply comments shall be filed within fifteen days thereafter. All pages of filed comments and reply comments, with the exception of a cover letter, must be numbered.

5. That comments and reply comments shall be filed electronically through the Commission's e-filing system,³⁰ provided that the comments are less than 250 pages. Alternatively, one original signed copy of comments and reply comments may be filed with the Commission's Secretary at: Pennsylvania Public Utility Commission, Commonwealth Keystone Building 2nd Floor, 400 North Street, Harrisburg, PA 17120.

6. That an electronic copy, in WORD® or WORD®-compatible format, of all filed submissions, comments, and reply comments at this docket be provided to Jennifer Johnson, Bureau of Consumer Services, jennifjohn@pa.gov; Regina Carter, Bureau of Consumer Services, regincarte@pa.gov; Christina Chase-Pettis, Office of Communications, cchasepett@pa.gov; and Louise Fink Smith, Law Bureau, finksmith@pa.gov.

³⁰ <https://www.puc.pa.gov/efiling/default.aspx>

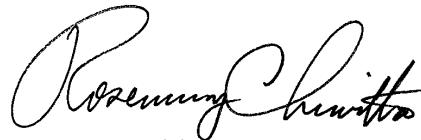
7. That Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company are directed to serve their responses to this Order and any comments or reply comments on all parties who received service of this Order.

8. That the Petition to Intervene filed by the Pennsylvania Coalition of Local Energy Efficiency Contractors is granted for the four captioned 2024-2028 Universal Service and Energy Conservation dockets.

9. That stakeholders wishing to participate in this proceeding are reminded of the need to file petitions to intervene at the respective dockets if they desire to have party of record status for the respective dockets.

10. That the contact person for this Order is Jennifer Johnson, Bureau of Consumer Services, 717-783-9970, jennifjohn@pa.gov.

BY THE COMMISSION,



Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: March 16, 2023

ORDER ENTERED: March 16, 2023