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June 7, 2023

VIA ELECTRONIC FILING
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: 2023 Review of All Jurisdictional Fixed Utilities' Universal Service Programs, Docket No. M-2023-3038944

Dear Secretary Chiavetta:

Enclosed for filing please find the comments of the Energy Association of Pennsylvania to the March 27, 2023 Secretarial Letter at the above-referenced docket.

Sincerely,

Nicole W. Luciano

Nicole W. Luciano
Manager, Policy & Research

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

2023 Review of All Jurisdictional Fixed Utilities' Universal Service Programs	:	Docket No. M-2023-3038944

COMMENTS OF THE
ENERGY ASSOCIATION OF PENNSYLVANIA
MARCH 27, 2023 SECRETARIAL LETTER

I. INTRODUCTION

The Energy Association of Pennsylvania ("EAP" or "Association") submits the following Comments on behalf of its electric distribution company ("EDC") and natural gas distribution company ("NGDC") members[1] to the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Secretarial Letter entered on March 27, 2023 regarding a new review of utility universal service programs.

The March 2023 Secretarial Letter notes that it is important to review universal service policies "from time to time." Therefore, the PUC is seeking comments from interested parties on the following: "1) increasing program coordination among all utilities, 2) streamlining the eligibility and enrollment process, and 3) reducing the number of otherwise eligible consumers from losing low-income benefits due to the verification or re-enrollment process." Secretarial

[1] Electric Utility Members: Citizens' Electric Company; Duquesne Light Company; Metropolitan Edison Company; PECO Energy Company; Pennsylvania Electric Company; Pennsylvania Power Company; Pike County Light & Power Company; PPL Electric Utilities; UGI Utilities, Inc.-Electric Division; Wellsboro Electric Company; and West Penn Power Company. Gas Utility Members: Columbia Gas of Pennsylvania, Inc.; Leatherstocking Gas Company, LLC; Pike County Light & Power Company; National Fuel Gas Distribution Corp.; PECO Energy Company; Peoples Natural Gas Company LLC; Philadelphia Gas Works; UGI Utilities Inc.- Gas Division; and, Valley Energy Inc.

Letter at 1. The Commission's goal of these considerations is to "make enrollment and retainment in universal service as efficient as possible for the consumer and the utility while maintaining proper diligence and verification for eligibility." Secretarial Letter at 2.

Comments to the Secretarial Letter are due 60 days following its publication in the *Pennsylvania Bulletin*, i.e., June 7, 2023. Individual EAP members may also express their views on these issues in separate company responses. EAP continues to offer its comments to reviews of universal service programs as a basis for discussion and not with the intention of providing a definitive answer to the issues raised at this docket, as many are beyond the scope and control of the Commission and/or individual utilities.

II. BACKGROUND

In May 2017, the Commission initiated separate proceedings to conduct a comprehensive review of the policies, practices, and procedures of Pennsylvania's universal service programs,[2] including the impact on energy affordability for low-income customers.[3] Based upon these proceedings as well the intervening utility-specific proceedings, the Commission identified several opportunities to improve the consistency, effectiveness, and accountability of universal service requirements in order to enhance the benefits of these programs.

One such change was more than a dozen amendments to the Customer Assistance Program ("CAP") Policy Statement[4], which was adopted in November 2019 and became effective March 21, 2020. Another such change allowed for a revised filing schedule for universal service and

[2] *Review of Universal Service and Energy Conservation Programs*, Docket No. M-2017-2596907.
[3] *Energy Affordability for Low Income Customers,* Docket No. M-2017-2587711; this docket led to the creation of another separate yet related docket, *Universal Service Report Requirements*, No. M-2019-3011814.
[4] *2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261–69.267,* Docket No. M-2019-3012599.

energy conservation plans ("USECPs") implemented pursuant to Docket No. M 2019-3012601 (order entered on October 3, 2019). While the impacted utilities have been submitting updated USECPs in response to these changes, not every utility has yet met its schedule for renewal. The effects of these changes on the programs (both costs and benefits) have not yet fully developed nor been evaluated by utilities, stakeholders, or the Commission. Furthermore, these required adjustments were made in an environment prior to the COVID-19 pandemic, which significantly impacted day-to-day life, including essential utility service.[5]

The Commission anticipates comments to this Secretarial Letter "may help inform the Commission's consideration of improvements to the existing programs, including improvements that may be considered in the context of a future rulemaking proceeding." Secretarial Letter at 1. EAP notes that an existing docket – one which encapsulates many of these and related issues, including associated reporting requirements, and involving extensive discussion via comments and working group meetings – remains open.[6] The last order at that docket directed the PUC's Bureau of Consumer Services and the Law Bureau to "prepare a comprehensive universal service rulemaking order no later than the first quarter of 2020."[7] The Order provided, in part, that "[p]romulgating universal service regulations addressing CAPs as part of utility USECPs will provide the Commission with a tool to enforce any necessary changes to utilities' CAPs, including energy burden levels, CAP credit limits, and customer education requirements."[8] The Order further provided that the rulemaking "may also encompass the pending LIURP rulemaking and

[5] *Public Utility Service Termination Moratorium,* Emergency Order, Docket No. M-2020-3019244. Utility filings required under this docket showed that, for EDCs and NGDCs, residential customer arrears grew from $423 million in 2019 to $743 million by the end of 2020. As of the end of 2021, arrears were still above 2019 levels, totaling $587 million, despite unprecedented federal support for programs such as LIHEAP and unemployment benefits via the Coronavirus Aid, Relief, and Economic Security (CARES) Act (2020) and the Coronavirus Response and Consolidated Appropriations Act (2021).
[6] *Universal Service Rulemaking*, Docket No. L-2019-3012600.
[7] *Universal Service Rulemaking*, Docket No. L-2019-3012600, Order entered January 2, 2020, p. 6.
[8] *Id.*, p. 5.

any other changes to the Commission's universal service regulations, policies and practices necessary to ensure that universal service programs are reasonably structured to efficiently and effectively assist low-income ratepayers without being overly burdensome on other ratepayers or stakeholders."[9] No such rulemaking order was ever released, either in the first quarter of 2020 or since.

III. ROLE OF UTILITIES IN ASSISTANCE PROGRAMS

EAP reiterates its points from its initial comments to the previous Opinion and Order[10] as well as in comments to the LIURP review docket[11] regarding the essential role of utilities. The core purpose of the utility remains unchanged: to provide "adequate, efficient, safe, and reasonable" service.[12] Pennsylvania's EDCs and NGDCs are committed to plan, develop, and operate utility infrastructure with reliability and safety as their primary focus. Additionally, and apart from these core functions, Pennsylvania utilities provide customer assistance programs under policy guidelines established by the Commission. The General Assembly sought to codify these programs in the respective Competition Acts,[13] which served as reinforcement of the utilities' role in assistance programs benefiting their low-income customers. These programs also inure to wider benefit as they can serve as a means by which utilities seek to lower the cost of collection activities,

[9] *Ibid.*
[10] EAP comments dated August 8, 2017 to the Commission's May 10, 2017 Opinion and Order regarding *Review of Universal Service and Energy Conservation Programs*, Docket No. M-2017-2596907.
[11] EAP comments dated January 30, 2017 to the Commission's *Initiative to Review and Revise the Existing LIURP Regulations at 52 Pa. Code §§ 58.1 – 58.18,* Docket No. L-2016-2557886.
[12] 66 Pa.C.S. § 1501.
[13] See the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801-2812; and the Natural Gas Choice and Competition Act, 66 Pa.C.S. §§ 2201-2212. Universal service programs as defined by these statutes include the policies, practices and services, such as CAP, usage reduction programs, service termination protections and consumer education that help low-income customers maintain utility service. *See* 66 Pa C.S. §§ 2202 and 2803.

uncollectable expenses, and write-offs that would otherwise be paid by the remainder of the residential rate base.

USECP program offerings are *targeted*, utility assistance and are just one piece of a societal puzzle aimed at helping low-income families afford the cost of living in the Commonwealth. Utility programs are not intended to be a "catch-all" solution for every Pennsylvanian who might struggle to pay their energy and other bills. EAP and its member utilities gladly work alongside other stakeholders to encourage the General Assembly to make low-income energy assistance a priority in Pennsylvania.

One issue not raised by the Secretarial Letter is that of the USECP filing and review process, which directly impacts utilities' ability to implement, administer, and evaluate these programs. The process also has impacts for any potential changes contemplated by the Commission as a result of this investigation. *See* discussion *infra* at Question 6.

Finally, the Secretarial Letter's hypotheticals make no mention of cost or the cost implications of changing, in some cases, the entire system by which utility assistance programs are administered. EAP encourages the Commission to review the comments at this docket not only with an eye toward ease of application for those customers who are program-eligible, but with a focus on balance between any projected benefit and the certain costs to all residential ratepayers, the majority of which do not or cannot benefit from these programs who ultimately pay for any change, particularly where the cost is not equally shared among ratepayers. Some utility ratepayers will pay significantly more than ratepayers in other service territories, and low-income customers who are eligible to benefit from these programs must also contribute toward them via rates.

IV. SPECIFIC ISSUES RAISED BY THE MARCH 27 SECRETARIAL LETTER

1. What regulatory barriers are in place that would prevent utilities from having one utility do intake and then having that information provided to other utilities that provide service to that consumer for the purpose of universal service and CAP enrollment?

EAP believes these issues are beyond straightforward regulatory considerations. Having one utility manage intake raises the immediate questions of capacity (employee time, training, expertise) as well as the associated costs thereto. If Utility A is incurring costs for processing intake for Utility B's USECP programs, which utility's ratepayers would be funding that service? Due to the unique nature of cost-based ratemaking and USECP program benefits being funded by utility ratepayers for that same utility's customer base, some economies of scale that might be possible in a state-run program are not achievable. These cost implications could necessitate legislative change. Further, the Commonwealth has recently seen some deleterious effects of having one provider deal with assistance for various benefits across the state.[14]

Even if such a paradigm were possible via regulatory change, additional barriers exist. Utilities would need to learn each other's programs' eligibility requirements, definitions / calculation of household income, and other details to transmit in order to complete enrollment. Secure transmittal software or other technology would need to be developed in order to protect private customer data and consent to share such information would need to be built in to such a system. In addition, the utility accepting the enrollment information would have no way of determining whether the appropriate fraud checks had been performed. This could be further complicated by the creation of a contractual or "agency" / vendor relation between utilities with liability implications.

[14] See, Spotlight PA article re: customer experience with the statewide Pennsylvania Homeowners Assistance Fund (PAHAF) program. "Waiting Game," Charlotte Keith, article dated January 23, 2023. https://www.spotlightpa.org/news/2023/01/pa-homeowner-mortgage-utility-assistance-fund/

EAP would instead encourage the Commission to wait for results of a pending "data sharing" agreement between utilities (in their position as approved LIHEAP[15] vendors) and the Pennsylvania Department of Human Services ("DHS"). EAP, member utilities, PUC staff, and other stakeholders who participate in DHS's LIHEAP Advisory Committee have been working diligently over the last several years to develop a system that would allow DHS to share LIHEAP applicant household composition and income information with vendor utilities, assuming the utility's CAP allows for such type of enrollments and that ratepayers can bear the costs. This process has included careful consideration of customer consent, what data is transmitted, how it is transmitted, and who is paying for the interface / IT upgrades. While not expected to 'go live' until fall of 2024, EAP believes this collaboration may help ease the burden on customers from having to provide similar information in multiple places in order to determine eligibility to receive USECP benefits. Further, the data is information already collected by DHS as a part of the LIHEAP application, the interface for secure transmittal already exists between DHS and vendor utilities as a product of the LIHEAP program, and upgrades and updates are being funded by LIHEAP (not utility ratepayers). EAP believes the forthcoming experience with this partnership could further inform the Commission's effort and inquiry at this docket.

2. What regulatory barriers or other obstacles exist if an outside provider does the intake on behalf of multiple utilities serving the consumer and what solutions exist to overcome any barriers?

As with Question #1 above, similar issues of customer consent, potential for undetected fraud, as well as costs and cost recovery would need to be addressed before an outside provider could perform intake services on behalf of utilities. Some utilities already utilize Community

[15] LIHEAP being the federally-funded Low Income Home Energy Assistance Program, which provides cash grants to low-income families to help them afford their heating bills. Grants typically range from $300 to $1,000 based on household size, income, and fuel type.

Based Organizations ("CBOs") to assist with enrollment; EAP refers to those individual company comments for their experience.

In general, EAP would note that there is more to USECP / CAP eligibility than a simple income calculation that could easily be outsourced. This complication is compounded if one utility or one entity is charged with collecting all the necessary information not just from the customer but from the utility in question in whose program the customer would be enrolled.

EAP reiterates cost concerns from its response to Question #1 above. There would be inherent costs to changing program administration: costs that arguably should be borne at the Commonwealth level, not by individual utility ratepayers, as this question does not necessarily contemplate removal of the utility itself from these functions or responsibility for enrollment should a customer contact them directly. This would create a duplicative system where another utility or third party must have the IT programming, staff and training available to enroll customers, but so must the originating utility. Utilities wish to maintain their relationships with their customers and their programs and the streamlining between customer and utility already exists.

Other issues would involve: who or how would this third party be selected; how would fraud be addressed and protected against; and how the cost allocation of this third-party provider would be handled.

3. How can consumer consent be built into the intake process that permits the utility doing the intake to provide the enrollment information to the other utilities serving the consumer?

As noted in response to Question #1 above, EAP does not necessarily believe that one utility should be administering intake for other utilities' programs. The experience of the LIHEAP data sharing partnership can inform the appropriate design of customer consent, should such a utility-to-utility data collection and sharing be feasible. EAP refers to individual member company comments as to their experiences with coordinated enrollment and how those utilities account for affirmative customer consent. EAP encourages the Commission to allow for utilities to work together as necessary (voluntarily) given shared service territories, feasibility, timeline, costs and IT implementation.

4. Is an automatic enrollment program feasible where any mechanism through which an electronic exchange of information between a utility and a state social service agency confirms the eligibility of public benefits whether or not the information is expressly authorized by the household? If express authorization is needed, rather than automatic enrollment, can that express authorization be provided one time in a uniform application rather than on a utility-by-utility basis using separate applications?

There are several issues with an automatic enrollment program that make it infeasible. First, utilities believe that customer consent and understanding of participation in CAP is an integral part of maintaining program integrity and, ultimately, success. As noted above, express authorization is paramount to appropriately capture not only consent to share data, but also to capture customer understanding of the benefits and responsibilities of participation in a CAP.[16] If a customer is automatically enrolled in CAP, this presents unique challenges for the utility to educate the customer as to the rights and responsibilities related to program participation. For example, should the customer be auto-enrolled and get behind in CAP to the point of termination, it could close the door on future payment arrangement opportunities for that customer. Additionally, not all utilities have CAP programs and such a paradigm would either be a drastic change for those companies or exclude their existing, impactful non-CAP assistance. EAP believes not all low-income customers are inherently payment troubled or will want energy assistance from their utility to come in the form of CAP participation.

[16] EAP member experience with proposals to pilot or otherwise implement some iteration of automatic enrollment has been met with resistance from PUC staff in the past with regard to concerns over customer consent.

Further, the costs for automatically enrolling each income-eligible customer would far outweigh the benefits. EAP's member utilities currently work with their portfolio of universal service programs to assist each customer's individual circumstances in the most efficient, least-cost manner; broadening CAP as a default position via auto-enrollment would drastically impact the ability of a utility to tailor benefits to a particular customer. EAP believes the costs of such changes borne by the rest of the residential rate base would ultimately disproportionately hurt those customers who are earning just above the income guidelines and potentially jeopardize their ability to afford their energy bills; for this group of customers, each additional cost is felt significantly without the "safety net" of eligibility for utility (or many government) assistance programs.

EAP is open to further discussion about the practicality and applicability of 'accelerated' (as opposed to 'automatic') enrollment for a segment of income-eligible customers into utility CAPs. An 'accelerated' enrollment could be utilized if designed to target those customers who are not just income-eligible, but also meet other appropriate enrollment criteria such as participating in default service or for whom the utility has already collected the necessary income and household information. EAP believes that this may work for some companies and service territories better than others and reiterates the need to approach such a paradigm with continued flexibility in mind.

5. **Should CAPs be administered statewide across all utility service territories rather than on a utility-by-utility basis? If so, what are the barriers to accomplishing this and what are the benefits and drawbacks to this approach? If not, what are the benefits and drawbacks of continuing to administer the programs on a utility-by-utility basis.**

EAP does not believe this an appropriate question for this proceeding, as it is not within the control of the Commission or individual utilities to change. EAP believes there are questions concerning the scope of the Commission's regulatory authority to create a single or statewide administration of CAP.

Regardless, there are costs to creating an entirely new structure whereby the state or other entity would absorb all the administrative capacity currently maintained by utilities for these programs. It would also necessitate the costs of dismantling the existing structures, i.e., utility stranded costs and questions regarding recovery of these costs.

Utilities have been designing, changing, implementing, promoting, and evaluating these programs for their specific service territories for decades. The design and costs of various universal service programs can be greatly influenced by the (1) average size of the residence, (2) whether residences heat primarily with electric, gas, or other sources, such as propane, fuel oil or coal, (3) the age and condition of area housing stock including whether or when a home was weatherized, (4) the payment history of various customer groups within the residential class, (5) the cost of living in the service territory, and (6) the usage level of various households. These differences in not only the population served but the population funding the programs necessitates a targeted, company-specific focus as opposed to one-size-fits-all.

EAP believes ratepayers receive great benefits by allowing for the continued customization and flexibility currently permitted in the existing process, which grants each utility the opportunity to customize its plan for the specific needs of its service territory and unique customer base. There is no uniformity among customer demographics, their credit or payment histories, or the percentage of people who need assistance paying their bills from one utility to another. In some service territories, people who might be income-eligible for CAP are able to regularly and routinely pay their bill, and are not payment troubled. In others, significant segments of income-eligible consumers are enrolled in CAP. Utilizing this least-cost method of meeting an individual customer's need helps mitigate costs that are borne by other ratepayers.

EAP does not believe there is a pressing regulatory reason for mandating that USECP programs be uniform; there has already been much synergy across programs due to the updates to energy burden levels from the recent changes to the CAP Policy Statement. EAP encourages the Commission to allow these changes to be made, implemented, and evaluated before further changes are contemplated.

6. What changes would be required to EDCs' and NGDCs' existing, Commission-approved universal service and energy conservation programs to incorporate improvements and could changes be addressed in a streamlined fashion?

It is unclear what kind of "improvements" are contemplated by this question. EAP does not agree that such wholesale changes to program design as imagined by this Secretarial Letter are necessary or appropriate. Further, EAP notes that utilities just made changes to their USECPs as result of the amendments to the CAP Policy Statement, which was finalized in January 2020. Since that time, the COVID-19 pandemic delayed much of 'normal' life and its economic effects are still being felt (e.g., increased arrears, high energy prices, economic inflation). EAP would discourage the Commission from mandating any changes at least until such time as all utilities have had a chance to reach one cycle of plan submittal, approval, and evaluation.[17]

One reason to continue to be cautious about mandating broad changes to all utility USECPs is the Commission's current processes for approval of a new plan or a plan amendment. Utilities continue to experience long delays in having plans approved despite the new staggered filing

[17] *Universal Service and Energy Conservation Plan (USECP) Filing Schedule and Independent Evaluation Filing Schedule*, order entered October 3, 2019, Docket No. M-2019-3012601.

schedule.[18] EAP would welcome the opportunity to discuss improving the process by which a utility can make a programmatic change (i.e., one without any monetary impact and has been vetted and approved by utility stakeholders such as its universal service group). The ability to make such changes quickly and easily could make a significant impact toward encouraging further innovations in USECP program offerings.[19]

In addition, administrative inefficiencies occur when USECP design elements are relitigated in rate cases and other proceedings before the Commission. Many utilities never get the opportunity to see how changes made in the discrete USECP proceedings might work, as they are constantly being modified in other Commission proceedings. EAP would encourage the Commission to consider how it reviews and approves these plans and programs in light of any changes it considers under this docket.

7. What additional consumer education and outreach could be undertaken to make more low-income consumers aware of the benefits that may be available to them?

EAP and member utilities are open to further discussion on this topic. Co-branded advertising, similar to the recent EAP LIURP marketing campaign (see Question #13 below), could be done with other programs. DHS, the PUC, and/or the General Assembly could partner with utilities and contribute to a new outreach campaign or work to include 'bill stuffer' type

[18] EAP offers the following examples of member company timelines for approval of USECPs. National Fuel filed a petition to modify an existing plan on June 15, 2022 and did not receive approval until December 22, 2022 (6 months), Docket No. M-2021-3024935; PECO filed its plan on November 1, 2018 and did not receive final Commission approval until June 16, 2022 (3 years, 7 months), Docket No. M-2018-3005795; Peoples Natural Gas filed its plan on July 2, 2018 and did not receive final Commission approval until May 12, 2022 (3 years, 10 months), Docket No. M-2018-3003177.

[19] The Commission's revision of the USECP filing schedule under Docket No. M-2019-3012601 noted that EDCs and NGDCs could propose "to implement changes to [their] universal service programs at more frequent intervals" and that such targeted amendments would "take significantly less time for the Commission to review and render a decision." October 3, 2019 Order at p. 10. EAP member company experience has not seen any shortened timeframes so far. See, for example, a petition filed by Peoples Gas Company on January 3, 2020 to amend its existing (2015) USECP to incorporate the recommended changes from the updated CAP Policy Statement, including the adoption of a Consumer Education and Outreach Plan (Docket No. P-2020-3017641). This petition was subsumed by Peoples' next USECP filing and was not fully adjudicated until May 2022.

materials or messaging about available utility customer assistance in their outgoing communications to Pennsylvania households. EAP believes utilizing economies of scale, e.g., partnerships across utilities and between utilities and the PUC, are most effective.

8. Can recertification periods in the existing CAP Policy Statement at Section 69.265(8)(viii) be extended so that otherwise eligible consumers do not lose benefits solely due to the fact that they timely failed to recertify their eligibility?

Utility companies have already expedited recertification for those enrolled in other assistance programs or who have certain types of income. Many companies were already doing so, but many others put these policies and timelines into their USECPs following the 2020 update to the CAP Policy Statement. EAP refers to individual member utility comments regarding their ongoing flexibility when it comes to accepting documentation for purposes of recertification, as well as their efforts to waive the typical recertification timelines during and immediately following the Commission's COVID-19 moratorium.

Recertification remains a necessary process for program integrity. In Pennsylvania, unlike in many other states, utility ratepayer-funded assistance can be open-ended (no limit on benefits) and is not financially supported (limited) by LIHEAP. This kind of generous assistance should be balanced with the relatively small step of providing income and household information. Furthermore, utilities believe customer responsibility is paramount to this agreement. The programs are not designed as "set it and forget it." Customers have an active responsibility to make regular, on-time payments to continue to receive benefits, which includes not only reduced bills but arrearage forgiveness as well.

Recertification is also a necessary part of the cost-controls for these programs. Recertification ensures that program participants still meet the income guidelines and are in fact still eligible for benefits. This routine check helps confirm that other residential ratepayers are not being asked to fund unneeded assistance.

9. Can the default provisions in the existing CAP Policy Statement at Section 69.265(9) be modified to reduce the chances that otherwise eligible consumers do not lose benefits solely due to the failure to comply with one of the articulated default provisions?

EAP believes program default provisions serve a similar purpose to the recertification requirements as noted in response to Question #8 above. These requirements go to the Commission's stated goal of maintaining "proper diligence and verification for eligibility." Secretarial Letter at 2.

The Commission, utilities, and other stakeholders just reviewed issues of CAP recertification and default in 2019 via the amendments to the CAP Policy Statement. Many USECP programs have not adjusted to these changes yet to appropriately inform additional change. Since the time that these changes were finalized in Commission policy, recent events (i.e., the pandemic, increasing energy prices) have greatly increased the level of need in the Commonwealth and therefore the size and costs of these programs. Despite its status as a Policy Statement, the utilities have endeavored to make the requested changes to their CAPs. To the extent further changes are necessary, the Commission should pursue its open rulemaking on these issues.[20] As addressed to questions above, the costs associated with continually making adjustments to these programs should be weighed against the potential benefit.

10. Should utilities be required to develop and use standardized CAP forms and CAP procedures? What are the barriers, if any, of establishing a common application?

EAP believes this topic could be discussed further via a working group in order to determine which application items are common across utility programs, and the systematic costs

[20] *Universal Service Rulemaking*, Docket No. L-2019-3012600.

of standardization. A similar process was recently utilized for the "CAP Zero Income Form."[21] While used as a guide and widely adopted and accepted, it is not required. Development and ultimate use of a 'standard' CAP application form should be treated the same.

Some initial barriers include: differences across programs in eligibility; the costs of changing established software applications; issue of customers who apply via phone; issue of impacts on third-party vendors or CBOs who help with CAP enrollment; and, ultimately, the costs associated with standardization as it would necessitate changes to existing programs and protocols.

11. What other additions or changes to the existing CAP Policy Statement should be made to increase eligibility, enrollment and maintenance of CAP benefits?

As noted above in response to Question #4, EAP does not believe that a primary goal should be to simply "increase" CAP enrollment. To the extent broad-based assistance is needed for low-income customers to be able to afford their energy bills, and to the extent that the financial burden on utility ratepayers continues to differ depending on where they live, the General Assembly is the governing body with the authority to create and direct administration of such a statewide benefit program. Utility *ratepayer*-funded assistance is not and cannot be designed to completely bridge the gap between every low-income household's expenses and their available income. Individual customers have agency when it comes to the decision to enroll in a CAP and it should remain that way. The intention of any streamlining effort(s) should be focused on those customers who are affirmatively seeking out this benefit.

From experience during the COVID-19 pandemic and related moratorium, many customers did not avail themselves of the utilities' customer assistance programs, as enrollments were down, new payment arrangements were not entered into, and applications for LIHEAP –

[21] *Review of Universal Service and Energy Conservation Programs*, Docket No. M-2017-2596907.

despite both growing arrears and increased availability of federal grant dollars – were lower than prior years. This shows that, given individual circumstances, not all customers want or need to be in CAP.

Increasing CAP enrollment for its own sake jeopardizes the balance between the customers who benefit from the program and the customers who pay for the program (including customers of limited means). Any analysis on the cost of potential increases in enrollment must also take into account the delta provided by LIHEAP funding to accurately assess the true costs of the programs. At some point, the rest of the residential rate base's bills will too become unaffordable if these assistance programs grow beyond what is sustainable in their service territory.

12. Should the CAP Policy Statement be amended to include jurisdictional water public utilities, and, if so, what barriers if any exist to doing so and how can those barriers be overcome?

EAP does not have comment on this question at this time.

13. If a coordinated enrollment process could be achieved with respect to CAP, could that same process be applied to identify eligibility for a utility's Low Income Usage Reduction Program (LIURP) or eligibility for receipt of hardship fund grants?

As with CAP specifically and USECP programs generally, not all utility hardship funds are completely funded by ratepayers, are offered at the same poverty level as a CAP, or have directly equivalent eligibility. Contributions for hardship funds vary by utility and most are not subject to the standard USECP cost recovery (i.e., funding does not come from residential ratepayers exclusively). Mandating any changes to hardship funds in order to facilitate cross-utility enrollment may involve the consent of funding third parties, which ultimately may jeopardize the funding stream altogether. As noted previously, the current system allows for flexibility with regard to both program design and cost recovery.

Similarly, LIURP eligibility does not exactly match up utility-to-utility. In addition, there is also typically a usage-level component to eligibility for this program. Any adjustments one way or the other will impact current and potential beneficiaries of this program and cost efficiency, and impact existing coordination with state-run weatherization programs. For example, should a higher usage threshold be required of all programs, some customers in some service territories with a lower threshold will now lose their benefit. Many programs are tied together to provide the greatest level of bill assistance to the customer, e.g., LIURP participation as a requirement for CAP benefit. Changes to require better LIURP coordination could also have negative impacts on CAP customers.

EAP refers to member utility comments with respect to continued coordination efforts between utilities and across utility and state-run programs. Many utilities already refer across service territories with respect to LIURP. EAP and member companies worked in 2022 to create additional customer awareness of the LIURP program via a statewide marketing campaign to encourage further customer participation. To the extent LIURP regulations are hindering further progress, EAP encourages the Commission to revisit its open docket on this program.[22]

14. What changes are required to the Commission's existing policies or regulations to incorporate improvements?

EAP does not have any further specific suggestions at this time. EAP suggests that before the Commission considers implementing any broad changes with respect to universal service program offerings, it should be guided by a data-based approach, after reviewing the voluminous amount of data that public utilities already provide to the Commission and the impact of its recently-enacted changes (e.g., the 2019 CAP Policy Statement Amendments).

[22] *Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1 – 58.18,* Docket No. L-2016-2557886. The LIURP docket has been reopened since the issuance of this Secretarial Letter, via Notice of Proposed Rulemaking Order entered on May 18, 2023.

We would welcome the opportunity to continue dialoging with stakeholders to make appropriate language change and/or customer education improvements with the Commission. EAP encourages the Commission to continue in its efforts to support the DHS-utility data sharing interface via its participation in DHS's LIHEAP Advisory Committee and elsewhere in order help ensure its availability for the 2024-2025 LIHEAP season.

V. CONCLUSION

EAP appreciates the continued dialogue offered by the Commission at this Secretarial Letter on the complex subject of universal service programs. EAP member utilities continue to strive alongside the Commission for balance between offering assistance those customers seeking help paying their utility bills and ensuring program efficiency and integrity for those customers asked to pay for these programs.

Any expansion of these already robust programs will inevitably increase the costs even further. The Office of Consumer Advocate ("OCA") noted in 2017 that, "it is clear that residential ratepayers do not have the capacity to provide sufficient funds to serve every low-income customer."[23] On average, customers paid between $53 and $62 (or $115 if they are a customer of both an EDC and NGDC that is required to offer universal service programs) last year for assistance programs[24,25]; this is in addition to the funding collected from customers for mandated Act 129 energy efficiency programs, DSIC and customer choice surcharges, as well as costs collected for state taxes, or to install / move utility meters as required by state law and PUC regulation – all of which is typically invisible to the average consumer as it is bundled into her electric or natural gas rates. Further, this is above the $40 to $53 range customers paid in 2019.[26] To a limited income customer, these are not small amounts to pay every year in addition to the rest

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[23] Office of Consumer Advocate comments dated August 8, 2017 to the Commission's *Review of Universal Service and Energy Conservation Programs,* Docket No. M-2017-2596907, pp. 8-9.

[24] PA PUC Bureau of Consumer Services 2021 Report on Universal Service Programs and Collections Performance, Appendix 7 – "Universal Service Programs Total Annual Spending Levels" section labeled "Estimated Annual Universal Service Spending per Ratepayer – 2019-2021" p.92. https://www.puc.pa.gov/media/2188/2021_universal_service_report_rev122722.pdf

[25] Philadelphia Gas Works customers paid an average of $164.60 in 2021.

[26] PA PUC Bureau of Consumer Services 2021 Report on Universal Service Programs and Collections Performance, Appendix 7 – "Universal Service Programs Total Annual Spending Levels" section labeled "Estimated Annual Universal Service Spending per Ratepayer – 2019-2021" p.92.

of their family's obligations. EAP asks the Commission to be mindful of this as it weighs options that may lead to the expansion of these programs.

EAP encourages the Commission to allow for approved (and soon to be approved) USECPs, particularly new and innovative programs and pilots, to be run through to completion with full opportunity for evaluation before further changes are made. These programs cost millions of dollars to design and implement and many more millions in benefits; it is expensive to continue to make changes every couple of years not only in the program itself, but in the time to prepare, submit and gain approval from the Commission for a new, compliant plan.

The goal of the comments contained herein is to encourage the Commission to continue to strive toward an optimum balance in the planning and scope of universal service programs: protecting vulnerable customers and helping them to maintain essential utility service while ensuring costs for the remainder of the residential rate base are not unnecessarily high. EAP respectfully requests that the Commission consider these comments as it determines next steps under this review docket.

Respectfully submitted,

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