

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

Public Meeting held November 9, 2023

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chairman
Ralph V. Yanora
Kathryn L. Zerfuss
John F. Coleman, Jr

Peoples Natural Gas Company LLC Universal Service and Energy Conservation Plan for 2019-2024 M-2018-3003177

Peoples Gas Company LLC Universal and Energy Conservation Plan for 2019-2024 M-2020-3021343

Petition of Peoples Natural Gas Company LLC to Amend 2019-2024 Universal Service and Energy Conservation Plan P-2023-3041929

ORDER

BY THE COMMISSION:

On May 12, 2022, the Commission entered an Order approving the 2019-2024 Universal Service and Energy Conservation Plan (2019 USECP) for Peoples Natural Gas Company LLC (PNGC),¹ a large jurisdictional natural gas distribution company (NGDC), and Peoples Gas Company LLC (PGC),² a small NGDC, (collectively, Peoples Companies).³ As a small NGDC serving less than 100,000 residential accounts,⁴ PGC is not required to file and serve a USECP subject to Commission approval. PGC

¹ PNGC comprises the former Peoples and Equitable Divisions.

² PGC was formerly Peoples TWP.

³ PNGC's utility code is 122250 and PGC's utility code is 122350.

⁴ PGC reported serving 58,000 residential customers in 2021. Report on 2021 Universal Service Programs & Collections Performance at 85.

voluntarily participates in the Peoples Companies 2019 USECP, albeit with a few variances. By Petition filed on July 27, 2023, at Docket No. P-2023-3041929 (July 2023 Petition), the Peoples Companies propose to amend their 2019 USECP at Docket Nos. M-2018-3003177 and M-2020-3021343 to clarify that their Emergency Furnace and Service Line Repair (EFSLR)⁵ program is a stand-alone universal service program separate from the Peoples Companies' Low Income Usage Reduction Program (LIURP).⁶ The Peoples Companies served the July 2023 Petition on August 30, 2023. On September 19, 2023, the Office of Consumer Advocate (OCA) filed its Answer to the July 2023 Petition. This Order grants the Peoples Companies' July 2023 Petition in part and denies the petition in part consistent with this Order.

BACKGROUND

This Background summarizes relevant portions of various dockets relating to the Peoples Companies' EFSLR programs discussed herein.

PNGC 2010 Rate Case (Docket No. R-2010-2201702, et al.)

In its Rate Case Settlement (2010 Settlement) filed on April 13, 2011, at Docket No. R-2010-2201702, *et al.*, PNGC proposed to, *inter alia*, establish an EFSLR and recover the costs of this program through its universal service rider (Rider F).⁷ 2010 Settlement at 14, ¶48. On May 9, 2011, the Office of Administrative Law Judge (ALJ) issued a Recommended Decision recommending approval of the Settlement without

⁵ Prior filings and orders have referred to these programs as “Emergency Furnace and Service Line Repair Assistance Programs” and as LIURP pilots.

⁶ A LIURP is one of the four (4) mandatory elements of an NGDC's USECP. 66 Pa.C.S. § 2203(7) & (8) (relating to standards for restructuring of natural gas utility industry).

⁷ Parties to the Settlement were the Commission's Office of Trial Staff, nka the Bureau of Investigation and Enforcement (I&E); OCA; the Office of Small Business Advocate (OSBA); Dominion Retail, Inc., and Interstate Gas Supply, Inc.; EQT Energy, LLC, d/b/a Equitable Energy; the Pennsylvania Independent Oil and Gas Association; and Direct Energy Services, LLC.

modification. On June 9, 2011, the Commission entered an Order approving the ALJ's Recommended Decision.

Peoples TWP 2013 Rate Case (Docket No. R-2013-2355886, et al.)

In its Rate Case Settlement (2013 Settlement) filed on October 7, 2013, at Docket No. R-2013-2355886, *et al.*, Peoples TWP proposed to, *inter alia*, establish an EFSLR and recover program costs through its Universal Service Program (Rider USP).⁸ 2013 Settlement at 10, ¶36. On October 30, 2013, the ALJ issued a Recommended Decision recommending approval of the Settlement without modification. On December 19, 2013, the Commission entered an Order approving the ALJ's Recommended Decision.

Merger of PNGC and Equitable Gas (Docket Nos. A-2013-2353647, et al.)

On December 18, 2013, the Commission approved a settlement allowing Equitable Gas to merge into PNGC, with PNGC as the surviving entity. Since Equitable operated under separate tariffs and accounting procedures compared to PNGC, the NGDCs operated as separate divisions of PNGC, Peoples and Equitable.⁹

PNGC 2015-2018 USECP (Docket No. M-2014-2432515)

On July 16, 2014, PNGC submitted its 2015-2018 USECP (2015 USECP) at Docket No. M-2014-2432515 which covered the Peoples and Equitable divisions. In an

⁸ Parties to the Settlement were the I&E, OCA, OSBA, and Peoples TWP LLC.

⁹ See *Joint Application of PNGC LLC, Peoples TWP LLC, and Equitable Gas Co., LLC, to Merge Equitable Gas Co., LLC, with PNGC LLC*, Docket Nos. A-2013-2353647, A-2013-2353649, and A-2013-2353651 (order entered on November 14, 2013). The affiliated Peoples Gas Company LLC (formerly Peoples TWP) continues to operate under its separate tariffs.

Order entered on December 15, 2015 (December 2015 Order)¹⁰, the Commission, *inter alia*, directed PNGC to incorporate the Peoples EFSLR into its LIURP as a pilot program for the duration of the 2015 USECP, subject to an annual evaluation and LIURP reporting requirements. The costs of Peoples EFSLR are recovered through the Peoples universal service rider (*i.e.*, Rider F). December 2015 Order at 42-44. There was no change in recovery relative to the EFSLR for the 2019 USECP.

The Commission also approved a similar, but less extensive EFSLR pilot for Equitable, funded pursuant to a third-party settlement in the December 2015 Order. The Commission advised PNGC that the directives and reporting requirements applicable to the Peoples EFSLR pilot would apply to Equitable if Equitable wished to align its existing EFSLR pilot with the Peoples EFSLR pilot during the term of the 2015 USECP. The conditions under which Peoples could maintain a program beyond the end of the 2015 USECP would also be applicable to Equitable. December 2015 Order at 39, 42, 44.

On January 12, 2016, PNGC filed its compliance 2015 USECP which contained the Peoples and Equitable divisions EFSLR pilot as part of the PNGC LIURP. As approved, the Peoples and Equitable EFSLR pilot programs assisted customers at or below 200% of the Federal Poverty Income Guidelines (FPIG) to make repairs to a furnace or service line. 2015 USECP at 31-33.

Petition of PNGC – Equitable Division to Amend 2015 USECP (Docket Nos. P-2016-2562220, M-2014-2432515)

On August 17, 2016, PNGC filed and served a Petition (August 2016 Petition) to amend its 2015 USECP to align the Equitable EFSLR pilot with the Peoples EFSLR pilot pursuant to the provisions of the December 2015 Order. OCA and the Pennsylvania

¹⁰ PNGC 2015-2018 USECP, Docket No. M-2014-2432515 (order entered on December 17, 2015) at 4-10.

Utility Law Project (PULP) separately filed Answers in support of the August 2016 Petition.¹¹ By order entered on December 8, 2016, the Commission approved this change.¹² PNGC filed its amended 2015 USECP on December 15, 2016. PNGC's compliance filing was approved by Secretarial Letter issued on January 9, 2017.

Petition of PNGC to Modify the EFSLR Budget for the Equitable Division (Docket Nos. M-2014-2432515, P-2019-3007044)

On January 9, 2019, PNGC filed a Petition (January 2019 Petition) seeking to increase its annual budget for the Equitable EFSLR pilot from \$275,000 to \$400,000 to align with the Peoples EFSLR pilot budget and to recover the increased program costs through Equitable's universal service rider. January 2019 Petition at 3-4. On May 9, 2019, the Commission entered an Order approving PNGC's January 2019 Petition.

Merger of Peoples and Equitable Divisions (Docket No. R-2018-3006818, et al.)

On October 3, 2019, at Docket No. R-2018-3006818, *et al.*, the Commission approved the merger of PNGC's separate Peoples and Equitable rate districts into a single rate district known as PNGC.

Peoples Companies 2019 USECP (Docket Nos. M-2018-3003177 & M-2020-3021343)

As stated above, the Peoples Companies' 2019 USECP¹³ was approved by the Commission in the May 2022 Order.¹⁴ In its May 2022 Order, the Commission, *inter*

¹¹ OCA filed its Answer on September 9, 2016, and PULP filed its Answer on September 20, 2016.

¹² PNGC 2015-2018 USECP, Docket No. M-2014-2432515 (order entered on December 8, 2016) at 9.

¹³ See https://www.puc.pa.gov/media/2021/peoples_usecp_2019-2024_revised.pdf. Note that the discussion of the EFSLR begins on page 25.

¹⁴ On October 3, 2019, the Commission entered an Order in *USECP Filing Schedule and Independent Evaluation Filing Schedule*, Docket No. M-2019-3012601, to extend the duration of USECPs from the

alia, approved maintaining EFSLR as a LIURP pilot and modifying the program as follows:

- Increasing the annual EFSLR budget for PNGC to \$400,000 and for PGC to \$60,000.
- Increase annual EFSLR budgets by 3% every year to cover rising labor and material costs.
- Permit up to 25% of the annual EFSLR budgets to serve renters.
- Include minor restoration costs to ensure gas line safety for replacements that include excavation for EFSLR.

The Commission also directed the Peoples Companies to either propose incorporating the EFSLR pilot as a permanent part of its LIURP or propose discontinuation of the program, with justifications for either proposal, by or before its next USECP filing.¹⁵ May 2022 Order at 65-66, OP #7.

JULY 2023 PETITION

In the July 2023 Petition, the Peoples Companies propose to amend the 2019 USECP to establish the EFSLR as a stand-alone, permanent universal service program separate and apart from its LIURP. July 2023 Petition Cover Letter at 1.

In the July 2023 Petition, the Peoples Companies aver the following:

- On July 16, 2014, PNGC filed a combined 2015 USECP that merged the prior USECPs for Peoples and former Equitable into one USECP. The

then-prescribed three years to at least five years. Peoples Companies Proposed 2019-2021 USECP, filed on July 2, 2018, at Docket No. M-2018-3003177, was extended through 2024.

¹⁵ The Peoples Companies next USECP, which will cover the years of 2029-2033, is scheduled to be filed on April 1, 2028.

2015 USECP included a description of EFSLR’s eligibility criteria, needs assessment, projected enrollment levels and program budget. July 2023 Petition at ¶1.

- During a meeting with the Bureau of Consumer Services (BCS) in June 2018, the Peoples Companies were advised that all programs must fall under the existing “umbrella” of universal service programs (*i.e.*, Customer Assistance Program (CAP), LIURP, CARES, or Hardship Funds) and that EFSLR should be under the LIURP section of its USECP using the subheading “Pilot LIURP.” The Peoples Companies state that it was of the understanding that identifying EFSLR as a pilot under the LIURP section of its USECP was a format request only. The Peoples Companies argue that it would not have otherwise proposed EFSLR as a pilot, given that it was originally established as a permanent program, not associated with LIURP eligibility or LIURP budgets. The Peoples Companies state that EFSLR was noted independently in the tariff under Rider F for cost recovery purposes and was also noted independently in its prior 2015 USECP. July 2023 Petition at ¶2.
- Peoples Companies assert that the intention is to list EFSLR separate from LIURP in its next USECP proceeding. July 2023 Petition at ¶3.
- On May 24, 2023, the Peoples Companies were contacted by BCS to update the 2022 LIURP Spending and Production Data Request to include EFSLR pilot data. Peoples Companies explained to BCS that EFSLR is a separate program and is only referred to as a LIURP pilot due to the formatting request of BCS in 2018. The Peoples Companies were advised by BCS to file a petition to amend their 2019 USECP to propose

establishing the EFSLR as a stand-alone universal service program. July 2023 Petition at ¶4.

The Peoples Companies included a red-lined copy of the Proposed Amended 2019 USECP with the July 2023 Petition. The Proposed Amended 2019 USECP reflects the Peoples Companies' proposal to remove language referencing EFSLR as "Pilot LIURP" and identifies EFSLR as a separate section not affiliated with LIURP. July 2023 Petition, Proposed Amended 2019 USECP at 11, 30.

OCA Answer

OCA supports the continuation of the Peoples Companies' EFSLR without the designation as a pilot program given that the EFSLR has been in existence for more than a decade but believes that EFSLR should remain part of Peoples Companies' LIURP. OCA Answer at 2.

OCA asserts that the July 2023 Petition does not provide any reasons why the Peoples Companies need to move EFSLR into a separate heading outside of the LIURP budget. OCA states that there are only four programs under universal service programs (*i.e.*, CAP, LIURP, CARES, and Hardship Fund) and that EFSLR is appropriately located under the umbrella of LIURP. OCA contends that other NGDCs with similar repair and replacement programs identify them as part of LIURP.¹⁶ OCA believes that EFSLR's annual spending data should be provided to BCS to track the levels of spending and numbers of repairs and replacements and to evaluate the program's operation and effectiveness. OCA Answer at 4.

¹⁶ OCA provides as examples, Columbia Gas' Inoperable Heating Systems Pilot, NFG's Emergency Repair Replacement Program (ERRP), and PGW's Repair and Renew Pilot. OCA Answer at 4. *See* Columbia Gas 2019-2021 USECP, Docket No. M-2018-2645401 (filed on November 15, 2019) at 19. NFG 2022-2026 USECP, Docket No. M-2019-3012601 (filed on October 12, 2022), at 5. PGW 2023-2027 USECP, Docket No. M-2021-3029323 (filed on July 11, 2023) at 20.

OCA states that EFSLR is an important component of the Peoples Companies' LIURP. OCA asserts that the purpose of the universal services program is to help ensure customers have access to safe and affordable public utility service and that the EFSLR serves this purpose by repairing or replacing inoperable heating systems. OCA Answer at 5.

DISCUSSION

It is the responsibility of the Commission to ensure that universal service and energy conservation programs (*i.e.*, CAP, LIURP, CARES, Hardship Funds, and other approved programs) are appropriately funded and available to low-income customers. 66 Pa. C.S. § 2203(8). The Commission is also required to determine if NGDCs are meeting the general goals of universal service and energy conservation programs. 52 Pa. Code § 62.3.¹⁷ The Natural Gas Choice and Competition Act, 66 Pa.C.S. §§ 2201—2212, defines universal service and energy conservation as “[p]olicies, practices and services that help residential low-income retail gas customers and other residential retail gas customers experiencing temporary emergencies, as defined by the commission, to maintain natural gas supply and distribution services.” 66 Pa. C.S. § 2202, relating to definitions.

¹⁷ 52 Pa. Code § 62.3 (relating to universal service and energy conservation program goals):

(a) The Commission will determine if the NGDC meets the goals of universal service and energy conservation programs.

(b) The general goals of universal service and energy conservation programs include the following:

(1) To protect consumers' health and safety by helping low-income customers maintain affordable natural gas service.

(2) To provide for affordable natural gas service by making available payment assistance to low-income customers.

(3) To help low-income customers conserve energy and reduce residential utility bills.

(4) To ensure universal service and energy conservation programs are operated in a cost-effective and efficient manner.

The Peoples Companies 2019 USECP contains, *inter alia*, two EFSLR pilot programs, one for PNGC and one for PGC. We find merit in the Peoples Companies proposal to make the EFSLR pilot a permanent part of its universal service program portfolio, as they have administered these programs for more than seven years. We also find that the Peoples Companies' EFSLR pilot meets the general goals of universal service and energy conservation programs as established at 52 Pa. Code § 62.3. However, we agree with OCA that EFSLR should remain a component of the Peoples Companies' LIURP. As noted by OCA, the Commission has previously approved other repair and replacement programs within public utility LIURPs. Although EFSLR and LIURP operate under separate budgets and prioritize and allocate services differently,¹⁸ the purpose of EFSLR is to provide LIURP measures to eligible customers experiencing heating emergencies. As with other LIURP measures,¹⁹ EFSLR provides heating system, hot water heater, and/or gas line repairs and/or replacements to customers with income at or below 200% of the FPIG. Additionally, both EFSLR and LIURP are funded by ratepayers through the Peoples Companies' (PNGC and PGC) universal service rider.²⁰

CONCLUSION

The Peoples Companies' EFSLR pilot meets the general goals of universal service and energy conservation programs as established at 52 Pa. Code § 62.3. As such, we find it appropriate to approve the Peoples Companies proposal to make this program a permanent part of its universal service portfolio. However, we are not persuaded that the

¹⁸ For example, LIURP prioritizes income-eligible customers based on their energy usage and the greatest opportunity for bill reduction consistent with 52 Pa. Code § 58.10, whereas EFSLR is designed to provide emergency services on a first-come, first-served basis to customers in immediate need. LIURP serves eligible homeowners and renters without preference consistent with 52 Pa. Code § 58.8, while the Peoples Companies may only use 25% of the EFSLR budget to serve renters.

¹⁹ 52 Pa. Code § 58.14 (relating to program measure installation).

²⁰ See PNGC Retail Tariff (Universal Service Rider), effective October 1, 2022, at 68:

https://www.peoples-gas.com/my-account/understand/gas-rates/PNG_Retail_Tariff_Supplement_No.30-July-2023_Quarterly_1307f.pdf. See also PGC Tariff (Universal Service Rider), effective July 1, 2023, at 95: https://www.peoples-gas.com/my-account/understand/gas-rates/PG_Full_Tariff_Supplement_No.95_-July_2023_Quarterly_1307f.pdf.

Peoples Companies EFSLR should be identified as separate universal service program from the Peoples Companies' LIURPs. While EFSLR and LIURP have differences, the purpose of EFSLR (*i.e.*, repairing and replacing low-income customers' heating systems and/or natural gas lines) is to provide LIURP measures to eligible customers in heating-emergency situations. Therefore, EFSLR shall remain a component within the Peoples Companies' LIURPs. PNGC and PGC's EFSLR programs shall retain their separate budgets and tracking for at least the duration of its 2019 USECP.

Accordingly, the Peoples Companies' July 2023 Petition is granted in-part and denied in-part. For the reasons articulated above, Peoples Companies' proposal to establish ESFLR as a permanent program is granted but their proposal to establish ESFLR as a program separate from LIURP is denied. Further, as EFSLR is no longer a pilot program, it is no longer exempt from limiting spending on program administration of no more than 15% of the EFSLR annual budget, consistent with LIURP Regulation at 52 Pa. Code § 58.5.

Beginning April 1, 2024, the Peoples Companies shall annually report PNGC and PGC EFSLR program data consistent with the universal service reporting requirements at 52 Pa. Code § 62.5(ii)(II) (relating to the actual number of completed jobs and spending data) and file and serve the EFSLR program data for PNGC and PGC²¹ annually at Docket Nos. M-2018-3003177 and M-2020-3021343. The EFSLR program data to be filed and served must include the following:

²¹ We recognize that 52 Pa. Code § 62.7 (relating to NGDCs with less than 100,000 customers) establishes, *inter alia*, three-year reporting requirements for NGDCs with less than 100,000 customers, such as PGC. However, as PGC has voluntarily adopted the programs, policies, and procedures of PNGC in its 2019 USECP, we find it appropriate to establish similar reporting requirements for the EFSLR programs. The Commission has established similar annual reporting requirements for PNGC and PGC relating to their E-CAPs and Consumer Education and Outreach Plans. *See* May 2022 Order at 92-93, OP# 8-9.

- Program spending for the recently completed program year, separated into amounts spent for EFSLR jobs and expended for administrative costs.
- Projected program spending for the current program year, separated into budgeted amounts for EFSLR jobs and administrative costs.
- Total number of EFSLR jobs completed for the recently completed program year.
- Total number of EFSLR jobs completed, broken out by job category (*i.e.*, heating system jobs, hot water heater jobs, natural gas service line jobs).
- Number of EFSLR jobs per job category projected to be completed for the current program year.
- Average cost per EFSLR job category for the recently completed program year.

Having addressed the Peoples Companies' July 2023 Petition and OCA's Answer, we note that any issue which we may not have specifically delineated herein shall be deemed to have been duly considered and denied without further discussion. The Commission is not required to consider expressly or at length each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pa. Public Utility Commission*, 625 A.2d 741 (Pa. Cmwlth. 1993); *also see, generally, U. of PA v. Pa. Public Utility Commission*, 485 A.2d 1217 (Pa. Cmwlth. 1984); **THEREFORE,**

IT IS ORDERED:

1. That the Petition to Amend the 2019-2024 Universal Service and Energy Conservation Plan, as filed by Peoples Natural Gas Company LLC and Peoples Gas Company LLC, is approved in part and denied in part, consistent with this Order.

2. That Peoples Natural Gas Company LLC and Peoples Gas Company LLC shall revise their 2019-2024 Universal Service and Energy Conservation Plan to identify the

Emergency Furnace and Service Line Repair program as a permanent component of LIURP, consistent with this Order.

3. That Peoples Natural Gas Company LLC and Peoples Gas Company LLC shall file and serve an amendment to their 2019-2024 Universal Service and Energy Conservation Plan, consistent with this Order, within ten (10) days of the entry date of this Order.

4. That Peoples Natural Gas Company LLC and Peoples Gas Company LLC shall annually report Emergency Furnace and Service Line Repair program data consistent with 52 Pa. Code § 62.5(ii)(II) (relating to the actual number of completed jobs and spending data) and file and serve Emergency Furnace and Service Line Repair program data annually at Docket Nos. M-2018-3003177 and M-2020-3021343, consistent with this Order.

5. That a copy of this Order be served on all parties to Docket Nos. M-2018-3003177, M-2020-3021343, and P-2023-3041929.

BY THE COMMISSION


Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: November 9, 2023

ORDER ENTERED: November 9, 2023