

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

Public Meeting held April 25, 2024

Commissioners Present:

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

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

Docket No. M-2021-3029323

ORDER

BY THE COMMISSION

Before us for disposition is the Petition of Philadelphia Gas Works (PGW), filed on December 28, 2023, at Docket No. M-2021-3029323 (December 2023 Petition). PGW seeks an extension of time to, *inter alia*, implement three revisions to its Customer Responsibility Program (CRP),¹ as directed by the Commission in its Orders entered on January 12, 2023 (January 2023 Order) and March 16, 2023 (March 2023 Order). This Order grants the December 2023 Petition, in part, and denies it, in part.

I. BACKGROUND

In the January 2023 Order, the Commission approved PGW's 2023-2027 Universal Service and Energy Conservation Plan (2023 USECP) with modifications. On

¹ CRP is PGW's Customer Assistance Program (CAP).

January 27, 2023, PGW filed a Petition for Reconsideration requesting reconsideration of certain changes directed in the January 2023 Order. On February 6, 2023, the Office of Consumer Advocate (OCA), the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA), and the Tenant Union Representative Network (TURN) separately filed comments in response to PGW's January 2023 Petition for Reconsideration. In its March 2023 Order, the Commission granted, in part, and denied, in part, the January 2023 Petition for Reconsideration. In the March 2023 Order, the Commission directed PGW to, *inter alia*, file and serve a timeline by December 31, 2023, to implement the following modifications within six months (*i.e.*, by June 30, 2024):

- Notify customers when PGW uses year-to-date income information to determine CRP eligibility and explain how they can dispute or update this income calculation.
- Allow customers to provide the last 30 days or 12 months of income.
- Expand the CRP recertification timeframe for customers who do not assign a Low Income Home Energy Assistance Program (LIHEAP) grant to PGW annually (*e.g.*, non-LIHEAP participants) from every one year to every two years.
- Review CRP bills quarterly to determine whether the household is charged the correct billing amount (*i.e.*, the lesser of the percent of income or average payment amount).
- Accept alternative forms of identification in lieu of a Social Security Card.
- Revise CRP application and educational materials.
- Notify customers about their enrollment in the Hardship Fund pilot program after eligibility is determined.
- Charge CRP customers no more than their prorated CRP billing amount for usage incurred during their final billing period.

March 2023 Order at 24-25, OP #2. The Commission also directed PGW to file and serve monthly updates at this docket regarding its progress on implementing the CRP changes, beginning in January 2024, until all changes are implemented. March 2023 Order at 25, OP #3.

On December 28, 2023, PGW separately filed its December 2023 Petition and an Implementation Timeline for the modifications listed above. In the December 2023 Petition, PGW requests an extension to implement three of the modifications to its CRP directed in the March 2023 Order until it implements its new Customer Information System (CIS), which it anticipates completing by Spring 2025. These changes include:

- Expanding the CRP recertification timeframe for non-LIHEAP participants from every one year to every two years.
- Reviewing CRP bills quarterly to determine whether the household is charged the correct billing amount.
- Charging CRP customers no more than their prorated CRP billing amount for usage incurred during their final billing period.

December 2023 Petition at 1. PGW's Implementation Timeframe indicated the other required modifications are either completed or on track to be completed by June 30, 2024.²

On January 18, 2024, TURN and CAUSE-PA (TURN/CAUSE-PA) filed a joint answer and OCA filed a separate answer in opposition to PGW's December 2023 Petition.

² On January 28, February 29, and March 28, 2024, PGW filed status updates regarding its Implementation Timeline at Docket No. M-2021-3029323 and reported no changes.

II. DISCUSSION

A. CRP Recertification Timeframe

1. PGW's Request

PGW is requesting an extension, until Spring of 2025, to modify the recertification timeframes for non-LIHEAP CRP customers from every one year to every two years. PGW has indicated that it cannot adopt this required USECP change, as this would require PGW staff to evaluate the status of all its CRP participants manually each month until it implements its new CIS. Alternatively, PGW proposes to halt all recertifications for CRP customers until the implementation of its new CIS. PGW cautions that restarting CRP recertifications in conjunction with its new CIS could cause customer confusion and additional work and CRP recertifications may not be addressed in a timely manner. PGW December 2023 Petition at 6-7.

2. Stakeholder Comments

TURN/CAUSE-PA and OCA separately recommend that the Commission deny PGW's request for an extension to implement a two-year recertification timeframe for non-LIHEAP CRP customers. However, if the Commission chooses to grant an extension, neither are opposed to adopting PGW's alternative proposal of stopping all recertifications until its new CIS is implemented. Once the new system is operational, TURN/CAUSE-PA and OCA separately recommend PGW resume recertifications on a staggered basis, so staff is not overwhelmed. TURN/CAUSE-PA Answer at 7-9, OCA Answer at 3-4, 7-8.

3. Resolution

Failure to recertify is the most common reason public utilities remove customers from CAPs. Many customers who are removed from CAP for this reason re-enroll within

six months.³ We are concerned that maintaining the one-year recertification timeframe for non-LIHEAP CRP customers until Spring 2025 will result in eligible customers being unnecessarily removed from this program. We find that the alternative of temporarily removing the recertification requirement for CRP customers until PGW's CIS is implemented to be reasonable and in the public interest.

Accordingly, we direct PGW to immediately suspend CRP recertifications until its new CIS is implemented. Consistent with the recommendations of TURN/CAUSE-PA and OCA, we also direct PGW to adopt a staggered schedule to restart CRP recertifications following its implementation of its new CIS. This approach will allow PGW to manage recertifications to meet operational needs. PGW is directed to file and serve its staggered recertification schedule at this docket within 30 days after implementation of the new CIS and provide quarterly updates to its universal service advisory committee (USAC).

B. CRP Bills Quarterly Review

1. PGW's Request

PGW is requesting an extension until Spring 2025 to implement the quarterly review of CRP bills to determine whether the customer is paying the appropriate amount (*i.e.*, PIPP or average bill). PGW submits that reviewing every CRP customer bill quarterly to ensure that the customers have been charged the correct amount would be time consuming and inefficient. PGW asserts that conducting this process manually would require restarting the customer's CRP plan at the new billing amount and converting any existing in-program arrears to pre-program arrears. PGW contends that automating this change now would require modifying its current system and that it does

³ For example, PPL Electric reported that approximately half of customers removed from OnTrack for failing to recertify re-enrolled within six months. *See PPL Electric 2023-2027 USECP Order*, Docket No. M-2022-3031727, (order entered on February 9, 2023), at 28.

not have the means to complete this. Further, PGW reports that its new CIS has been designed to automatically complete this review process. PGW December 2023 Petition at 7-8.

2. Stakeholder Comments

TURN/CAUSE-PA and OCA both separately note that PGW agreed to review and adjust CRP asked to pay amounts on a quarterly basis in its 2020 Base Rate Case Settlement.⁴ TURN/CAUSE-PA recommends that the Commission reject PGW's request for an extension and order PGW to immediately implement the quarterly review process. OCA does not support granting any further extensions for PGW to implement its quarterly reviews. TURN/CAUSE-PA Answer at 5, OCA Answer at 9.

TURN/CAUSE-PA submit that, if the Commission grants PGW an extension on quarterly reviews of CRP billing amounts, it should order PGW to conduct an audit of all CRP customer accounts after the new CIS is implemented to determine appropriate adjustments and credits for customers charged higher amounts than authorized by its USECP. Finally, TURN/CAUSE-PA recommend requiring PGW to file a report summarizing the audit and bill adjustments and cease termination of all CRP customers until the audit is completed. TURN/CAUSE-PA Answer at 5-6.

OCA notes that PGW is required to charge customers the most affordable rate available to the customer and that this does not happen without the quarterly review of CRP bills. OCA asserts that by 2025, customers will have been waiting nearly five years for a resolution to this matter. OCA submits that if the Commission grants PGW's extension, it should require PGW to stop termination of all CRP customers until this change is implemented. OCA Answer at 9-10.

⁴ See *2020 Base Rate Case Order*, Docket No. M-2020-3017206 (Order entered on November 19, 2020) at 32.

3. Resolution

PGW has indicated that it cannot meet the implementation timeline of the required USECP change specified above and that there is no means other than manually reviewing each CRP account monthly to meet this requirement. We share the concerns of the stakeholders that delaying this change, which PGW agreed to make as part of its 2020 Base Rate Case, impacts the affordability of the program. However, we are persuaded that requiring PGW to conduct a manual review of CRP accounts on a quarterly basis would be burdensome. Therefore, we approve PGW's request for an extension but will require PGW to address overpayments caused by this new delay once it implements the new CIS, as explained in greater detail below.

We are not persuaded to prohibit PGW from terminating any CRP customers from now through April 2025, as this directive may ultimately harm customers by making them ineligible for LIHEAP crisis grants during the 2024-2025 LIHEAP season⁵ and increasing the amount of in-program arrears accrued during the termination moratorium.⁶

Accordingly, PGW is directed to implement the quarterly review of CRP accounts by April 30, 2025, or when its CIS is implemented, whichever comes earlier. Consistent with the recommendation of TURN/CAUSE-PA, we direct PGW to conduct an audit of CRP accounts once the automated quarterly review of CRP bills is implemented to

⁵ To qualify for a LIHEAP crisis grant, a utility customer must provide a termination notice or proof of a scheduled termination. See the Department of Human Services' *Federal Fiscal Year 2024 LIHEAP State Plan* at B-25, §601.108.

https://www.dhs.pa.gov/Services/Assistance/Documents/Heating%20Assistance_LIHEAP/FY2024-LIHEAP-Final-State-Plan.pdf.

⁶ When the Commission amended the CAP Policy Statement to recommend that public utilities should initiate collection activity for CAP accounts before the customer has more than two in-program payments in arrears (52 Pa. Code § 69.265 (11) (2020)), it noted how important the collection process was to ensuring that a public utility work with its customers to address past-due balances: "When a utility fails to take timely collection action, it increases the likelihood that a low-income customer will accrue a balance it cannot pay back or satisfy through available energy assistance grants or donations." 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 (Order entered on November 5, 2019) at 73.

determine whether CRP customers have paid more than the appropriate amount (*i.e.*, PIPP or average bill) since June 2024. PGW shall make bill adjustments to those accounts, as necessary, and file a report summarizing the audit and bill adjustments at this docket within four months after the quarterly review of CRP bills has been implemented.

C. Charging CRP Customers their Prorated CRP Billing Amount

1. PGW's Request

PGW is requesting an extension until Spring of 2025 to implement the process of charging CRP customers no more than their prorated CRP billing amount for usage incurred during their final billing period. PGW reports that its current CIS cannot charge customers based on their prorated CRP billing amount for usage incurred during their final billing period. PGW submits that it has considered interim alternatives but notes that all resolutions involve significant manual processes that are prone to error and result in customer confusion. PGW states that under a manual process, it would have to first issue a final bill according to current procedures, then, manually evaluate each issued final bill and cancel it and issue a new bill if required. PGW asserts that the calculation is not simple. PGW estimates that in some months this could be hundreds (approaching a thousand or more) of customers of bills that will need reviewed. PGW notes that the issuing of two bills would also be costly. PGW December 2023 Petition at 9.

2. Stakeholder Comments

TURN/CAUSE-PA recommend that the Commission deny PGW's request for an extension to implement this change. TURN/CAUSE-PA submit that PGW's assertions are inconsistent and unverified, as they fail to consider the simplicity of the process. TURN/CAUSE-PA assert that the methodology for calculating the prorated bill is straightforward and that manually prorating final CRP bills is more beneficial to PGW's CRP customers, despite any potential for errors. TURN/CAUSE-PA Answer at 6-7.

OCA argues that PGW's Petition does not consider the impact that this delay would have on CRP participants. OCA asserts that PGW's current final billing policy is contrary to the law and that PGW is responsible to determine a solution to resolve the issue until it can automate the change in its new CIS. OCA asserts that the Commission should not permit PGW to continue to charge CRP customers the full residential tariff rate on their final bills and should therefore deny PGW's request for an extension. OCA submits that if the Commission grants PGW's request, PGW should be required to charge customers no more than the prorated CRP billing for usage during the final billing period for all customers or applicants who are seeking reconnection of service until PGW implements this change. OCA Answer at 11-12.

3. Resolution

We share the concerns raised by TURN/CAUSE-PA and OCA regarding the impact that this delay will have on CRP customers who will continue to pay a final bill based on the full-tariff rate – which may be higher than their prorated CRP bill – when their service is discontinued. We are not persuaded that ensuring those CRP customers pay no more than their prorated CRP bill amount is a process that is too complicated or burdensome to manually address until PGW implements its new CIS. Accordingly, PGW's request to delay changes to its CRP final billing calculation is denied. PGW is directed to charge its CRP customers no more than their prorated CRP billing amount for usage incurred during their final billing by or before June 30, 2024.

IV. CONCLUSION

Accordingly, PGW's December 2023 Petition is granted, in part, and denied, in part. PGW's request for an extension to implement the following changes is granted, subject to the conditions established in this Order: (1) modifying the CRP recertification timeframes for non-LIHEAP recipients; and (2) reviewing CRP bills quarterly to determine whether the household is charged the correct billing amount. We direct PGW

to suspend CRP recertifications until it implements its new CIS and to adopt a staggered schedule when restarting CRP recertifications. In addition, after implementation of its quarterly review of CRP bills, PGW shall conduct an audit of CRP accounts to determine whether CRP customers have paid more than the appropriate amount (*i.e.*, PIPP or average bill) since June 2024.

PGW's request to delay implementing changes to its CRP final billing calculation until Spring 2025 is denied. By June 30, 2024, PGW shall charge its CRP customers no more than their prorated CRP billing amount for usage incurred during their final billing period.

PGW shall continue to file monthly status updates at this docket regarding its progress on implementing these CRP changes until all changes are implemented;
THEREFORE,

IT IS ORDERED:

1. That the Petition filed by Philadelphia Gas Works on December 28, 2023, is granted, in part, and denied, in part, on the merits, consistent with this Order.
2. That Philadelphia Gas Works' request to delay implementing changes to its CRP recertification timeframes is approved, in part, consistent with this Order.
3. That Philadelphia Gas Works shall immediately suspend CRP recertifications until its new Customer Information System is implemented.
4. That Philadelphia Gas Works shall adopt a staggered schedule to restart CRP recertifications following its implementation of its new Customer Information System.

5. That Philadelphia Gas Works shall file and serve its staggered CRP recertification schedule at this docket within 30 days after implementation of the new Customer Information System and shall provide quarterly updates to its universal service advisory committee.

6. That Philadelphia Gas Works' request for an extension to implement the quarterly review of CRP bills is approved, in part, consistent with this Order.

7. That Philadelphia Gas Works shall implement the quarterly review of CRP accounts by April 30, 2025, or when its new Customer Information System is implemented, whichever comes earlier.

8. That Philadelphia Gas Works shall conduct an audit of CRP accounts once the automated quarterly review of CRP bills is implemented to determine whether CRP customers have paid more than the appropriate amount (*i.e.*, percent of income or average bill) since June 2024. Philadelphia Gas Works shall make bill adjustments to those accounts, as necessary, and shall file a report summarizing the audit and bill adjustments at this docket within four months after the quarterly review of CRP bills has been implemented.

9. That Philadelphia Gas Works' request to delay implementation of changes to its CRP final billing calculation is denied. By or before June 2024, Philadelphia Gas Works shall charge its CRP customers no more than their prorated CRP billing amount for usage incurred during their final billing period.

10. That Philadelphia Gas Works shall continue to file and serve monthly updates at this docket regarding its progress on implementing these changes until they are all implemented.

BY THE COMMISSION,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is written in a cursive, flowing style.

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: April 25, 2024

ORDER ENTERED: April 25, 2024