

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

Public Meeting held April 24, 2025

Commissioners Present:

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

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|---|----------------|
| 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 2019-2023 Universal Service and Energy Conservation Plan | P-2024-3052324 |

ORDER

BY THE COMMISSION:

The 2019-2023 Universal Service and Energy Conservation Plan (2019 USECP) for Peoples Natural Gas Company LLC (Peoples)¹ was approved by the Pennsylvania Public Utility Commission (Commission) in an Order entered on May 12, 2022 (May 2022 Order) at Docket No. M-2018-3003177.² Peoples’ 2019 USECP was last amended

¹ The 2019 USECP was filed on behalf of two natural gas distribution companies (NGDC): Peoples Natural Gas Company LLC (PNGC) and Peoples Gas Company LLC. The two NGDCs have merged and are now the NGDC Peoples.

² The May 2022 Order was posted to the Commission’s website on June 7, 2022. It was entered at three additional dockets: M-2020-3021342, P-2020-3017641, and M-2015-2432515. A Secretarial Letter regarding Peoples’ June 2022 Compliance Filing identified timeline inconsistencies and directed Peoples to file a petition if the approved timeline cannot be met. Peoples filed the requisite petition which was approved by Order entered on August 25, 2022.

on November 26, 2024³ and remains in effect until replaced. On December 11, 2024, Peoples filed a Petition (Peoples Petition) at Docket Nos. M-2018-3003177, M-2020-3021343, and P-2024-3052324 with an attached clean and red-lined versions of a proposed amended 2019 USECP (Proposed Amended 2019 USECP).⁴ The Peoples Petition proposes to automatically enroll customers into its Customer Assistance Program (CAP) if they have an account balance exceeding \$300 and Peoples received a Low Income Home Energy Assistance Program⁵ (LIHEAP) grant for them within the past two years. This Order denies the Peoples Petition.

BACKGROUND

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

Under its 2019 USECP, Peoples administers a percent-of-income payment plan (PIP) CAP. Customers enrolled in Peoples' CAP pay no more than a set percentage of their household's gross monthly income based on their federal poverty income guideline (FPIG) level, as shown in Table 1 below:

³ The 2019 USECP amendments were approved by Commission Secretarial Letter issued on December 13, 2024, at Docket Nos. M-2018-3003177, M-2020-3021343, and R-2023-3044549. All references to Peoples' 2019 USECP refer to the version filed on November 26, 2024.

⁴ All references to the Proposed Amended 2019 USECP refer to the red-lined version.

⁵ LIHEAP is a Federal program that helps low-income households pay for home energy costs. 42 U.S.C. §§ 8621-8630. <https://www.pa.gov/agencies/dhs/resources/liheap.html>. <https://www.usa.gov/help-with-energy-bills>. (Accessed on March 26, 2025).

Table 1. Peoples’s CAP PIP

| FPIG Level | PIP |
|---|------------|
| 0% to 50% | 4% |
| 51% to 100% | 5% |
| 101% to 150% | 6% |
| 151% to 200% (E-CAP)⁶ | 11% |

Source: 2019 USECP at 8.

If a CAP customer’s budget bill is lower than the customer’s PIP payment, the customer is charged the budget bill amount. The minimum monthly amount a customer is charged in Peoples’s CAP is \$25 (minimum payment). 2019 USECP at 9-10.

Peoples currently allows a low-income customer to enroll in its CAP without providing income documentation if the customer has assigned the household’s LIHEAP grant to Peoples for the current or most recent LIHEAP season. Peoples also allows customers whose service is restored through receipt of a LIHEAP or Hardship Fund grant to enroll in its CAP without providing additional income documentation. Further, Peoples accepts a customer’s participation in an electric or water CAP as verification of eligibility for Peoples CAP if the customer authorizes the electric or water CAP to share the customer’s income information with Peoples for enrollment purposes. 2019 USECP at 7.

Peoples requires CAP customers who receive LIHEAP to recertify their eligibility once every three years. CAP customers are sent a letter 60 days prior to their recertification date requesting that they provide proof of income to remain active in CAP. A second letter is mailed 30 days later. If the customer does not provide the required income documentation, the customer is removed from CAP. 2019 USECP at 10.

⁶ E-CAP is a pilot program which offers CAP benefits to customers whose income exceeds the limits of LIHEAP and Peoples’ CAP. To be eligible for E-CAP, a household must have income between 151% and 200% of the FPIG and must also (1) have at least one broken payment arrangement and a balance of \$800 or more and (2) apply for a Hardship Fund grant before enrolling, if available. Peoples 2019 USECP at 7.

LIHEAP Data Sharing

Beginning with the 2024-2025 LIHEAP season, the Department of Human Services⁷ (DHS) began sharing LIHEAP income and household information with public utilities who receive a customer's LIHEAP grant if the customer has consented on the household's LIHEAP application to the information being shared (*i.e.*, LIHEAP data sharing).

The 2024-2025 LIHEAP application asks customers to answer “yes” or “no” to the following question:

Do you want DHS to share information from your application with your utility to help enroll your household in a utility or energy assistance program?

Many Pennsylvania gas and electric utilities offer programs that help low-income customers reduce monthly bills, save energy, and eliminate past-due balances. DHS can share information from your application with your utility, including your income and household members (such as names and dates of birth)[,] to help you enroll in these programs if you want us to share it. Your information will be kept confidential.

This is optional. You can get a LIHEAP grant if you qualify even if you do not want DHS to share your information with your utility.

2024-2025 LIHEAP Application at 3, Question #16.⁸

For LIHEAP applicants that answer “yes” to this question, DHS will share their income and household information with the public utility who receives their LIHEAP

⁷ DHS is the agency that administers LIHEAP in the Commonwealth.

⁸ https://www.pa.gov/content/dam/copapwp-pagov/en/dhs/documents/services/assistance/documents/heating-assistance_liheap/hsea-0001.pdf (Accessed on February 27, 2025).

grant. For LIHEAP applicants that answer “no” or do not respond to this question, DHS will issue the LIHEAP grant to the public utility without sharing any income or household information.

On August 22, 2023, the Commission issued a Secretarial Letter establishing a universal service working group (USWG) at Docket No. M-2023-3038944 to, *inter alia*, identify ways in which the Commission can help prepare public utilities for the LIHEAP data sharing. August 22, 2023 Secretarial Letter at 1. On March 21, 2024, the USWG issued a report recommending actions the Commission could take to maximize the use of DHS’ LIHEAP data sharing to facilitate and maintain universal service program enrollments. USWG Report at 73-83, Docket No. M-2023-3038944.

On June 13, 2024, the Commission entered an Order adopting some of the USWG’s LIHEAP data sharing recommendations (LIHEAP Data Sharing Order) including, *inter alia*, granting a limited waiver of USECP provisions to allow public utilities to establish a simplified/streamlined process for eligible households to enroll in universal service programs and auto-recertify in CAP if their LIHEAP income and household data was received by DHS in the prior 12 months and/or the current or prior LIHEAP program year. LIHEAP Data Sharing Order at 3.

Peoples 2024 Base Rate Case (Docket No. R-2023-3044549)

On December 29, 2023, Peoples filed for a general rate increase at Docket No. R-2023-3044549 (2024 Rate Case proceeding). On May 30, 2024, Peoples, the Commission’s Bureau of Investigation and Enforcement (I&E), the Office of Small Business Advocate (OSBA), People’s Industrial Intervenors (PII), and Pennsylvania Independent Oil & Gas Association (PIOGA) filed a Joint Petition for Non-Unanimous Settlement (2024 Joint Petition). The 2024 Joint Petition incorporated the provisions of a

Low Income Stipulation⁹ – filed separately at the docket on May 30, 2024 – in which Peoples agreed to, *inter alia*, file a petition with the Commission within 90 days after a final Order in the 2024 Rate Case proceeding seeking authorization to amend its 2019 USECP “to initiate auto-enrollment of LIHEAP recipients with significant balances into CAP, to permit auto-recertification, and to waive income documentation requirements for CAP applicants who have received LIHEAP in the last two years.” The parties to the Low Income Stipulation were not bound to take a position on this future petition. Low Income Stipulation at ¶6.

On July 15, 2024, the Office of the Administrative Law Judge (OALJ) issued a Recommended Decision which recommended adopting the 2024 Joint Petition and the 2024 Low Income Stipulation without modification (July 2024 RD). On September 12, 2024, the Commission entered an Opinion and Order adopting the July 2024 RD.

Other anticipated filings related to CAP auto-enrollment

Proposals to establish automatic CAP enrollment and recertification based on receipt of LIHEAP have also been part of recently approved rate case settlements for FirstEnergy Pennsylvania Electric Company (FirstEnergy PA) and PECO Energy Company (PECO), as follows:

- In a Joint Petition for Settlement filed in FirstEnergy PA’s 2024 Rate Case proceeding on September 13, 2024 at Docket No. R-2024-3047068 (FE PA 2024 Joint Petition), FirstEnergy PA agreed to petition the Commission within six months of the entry of a final order in the rate case proceeding to seek approval to implement automatic CAP enrollment for LIHEAP recipients that have never

⁹ The parties to the Low Income Stipulation consisted of Peoples, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), and the Pennsylvania Weatherization Providers Task Force.

previously been enrolled in the program. FirstEnergy PA 2024 Joint Petition at 20-21, ¶ 62.¹⁰

- In a Joint Petition for Non-Unanimous Partial Settlement filed in PECO’s 2024 Rate Case proceeding on August 30, 2024 at Docket No. R-2024-3046932 (PECO 2024 Joint Petition), PECO agreed to discuss how it could implement automatic enrollment of LIHEAP recipients into its CAP with its Universal Service Advisory Committee (USAC) by July 1, 2025, including discussing customer education, notice sent prior to auto-enrollment, treatment of shopping customers, treatment of arrears for new enrollees, and all costs related to this process. PECO 2024 Joint Petition at 10, ¶ 26.¹¹

PEOPLES PETITION

On December 11, 2024, Peoples filed the instant Petition and the Proposed Amended 2019 USECP. Consistent with the terms of the Low Income Stipulation in its 2024 Rate Case, Peoples requests Commission approval to auto-enroll residential accounts into CAP if they have balances exceeding \$300 and Peoples has received a LIHEAP grant for them within the past two years. Peoples states that it maintains a weekly report of residential accounts that have received a LIHEAP payment who are not currently participating in CAP. Peoples proposes to use this weekly report to auto-enroll eligible accounts. It further proposes to auto-enroll accounts by querying its system to identify residential customers with balances of “\$300 or more”¹² who have issued

¹⁰ On October 15, 2024, the OALJ issued a Recommended Decision proposing to adopt the FE PA 2024 Joint Petition, which was approved by the Commission in an Order entered on November 21, 2024.

¹¹ On October 15, 2024, the OALJ issued a Recommended Decision proposing adoption of the PECO 2024 Joint Petition, which the Commission approved in an Opinion and Order entered on December 12, 2024.

¹² We note that including customers with a balance of “\$300 or more” as part of its CAP auto-enrollment is inconsistent with the proposal to enroll customers with a balance “exceeding \$300.”

Peoples a LIHEAP grant in the past two years and are not participating in CAP. Peoples Petition at ¶7.

Peoples' Proposed Amended 2019 USECP provides additional details about its proposed CAP auto-enrollments policies and processes that are not specified in the Peoples Petition. This includes (1) waiving income documentation requirements for CAP applicants who have received a LIHEAP grant in the past two years; (2) automatically recertifying CAP participants if they have received a LIHEAP grant within the past two years; and (3) allowing customers who are auto-enrolled with information obtained through LIHEAP data sharing to verbally update their income information based on current household circumstances. Proposed Amended 2019 USECP at 2, 6-7, 9-10.

Peoples states that all customers auto-enrolled in CAP will receive a welcome letter that identifies their participation in CAP and provide information on how to remove themselves from CAP should they choose not to participate. Peoples proposes to develop this letter with input from its Universal Service Advisory Group (USAG). Peoples Petition at 3.

Peoples requests expedited approval of this proposal because (1) the LIHEAP season is currently ongoing and (2) Peoples is currently making system changes to allow for LIHEAP data sharing information to recertify customers for CAP. Peoples avers that it would be most effective to make concurrent system changes related to auto-enrollment and recertification. Peoples Petition at 4.

ANSWERS

On December 20, 2024, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) filed a Letter in Lieu of Answer (CAUSE-PA Letter) in support of the Peoples Petition and urging swift approval. CAUSE-PA notes

that the proposals in the Peoples Petition are in furtherance of the Commission-approved Low-Income Stipulation in the Peoples’ 2024 Rate Case proceeding. CAUSE-PA argues that these changes are necessary to improve CAP enrollment rates and would help alleviate duplicative administrative procedures by utilizing DHS resources to confirm CAP eligibility. CAUSE-PA notes that Peoples’ proposal to institute auto-enrollment for customers with balances exceeding \$300 after receipt of a LIHEAP grant will target households with an undeniable need for assistance. CAUSE-PA Letter at 1-2.

On December 23, 2024, the Office of Consumer Advocate (OCA) filed a Letter in Lieu of Answer (OCA Letter) in support of the Peoples Petition. OCA states that Peoples’ approach will limit unnecessary duplication of income documentation for customers to qualify for CAP, earn arrearage forgiveness, and recertify for the program. OCA asserts that, as the minimum LIHEAP Cash grant is currently \$200, a \$300 balance threshold for automatic CAP enrollment is reasonable. OCA contends that Peoples’ proposal to collaborate with its USAG to draft a welcome letter will ensure customers are fully informed about CAP. OCA Letter at 2-3.

DISCUSSION

There is precedent for public utilities using receipt of a LIHEAP grant to automatically enroll customers into their CAPs. Both Duquesne Light Company (Duquesne) and PECO previously enrolled households into their CAPs at the highest payment amount upon receipt of a LIHEAP grant. If an auto-enrolled customer did not provide verification of the household income within a specific timeframe (*i.e.*, six months for Duquesne and 60 days for PECO), the customer was removed from the program. Both public utilities voluntarily discontinued their CAP auto-enrollment processes for different reasons. Duquesne discontinued its CAP auto enrollment as part of its 2017-2019 USECP proceeding because, *inter alia*, it wanted to ensure customers understood

CAP guidelines and requirements prior to enrolling.¹³ PECO discontinued auto enrolling LIHEAP recipients into its CAP as part of its 2016-2018 USECP proceeding when its CAP billing structure changed from a rate discount to a fixed credit option, which required PECO to use the actual household gross income for each CAP customer to determine the amount of annual CAP credits they would receive.¹⁴

UGI Utilities – Electric Division (UGI Electric) recently received Commission approval to establish a pilot to auto-enroll and auto-recertify non-shopping customers into CAP if they share their income and household information with UGI Electric through the LIHEAP data sharing process. Pending the implementation of DHS’s LIHEAP data sharing, UGI Electric conducted an interim pilot to auto-enroll non-shopping customers into its CAP if they receive a LIHEAP grant for their account. These customers are charged the average bill amount until they provide documentation of income demonstrating qualification for a PIP or minimum bill payment amount. UGI Electric customers auto-enrolled into CAP based on receipt of a LIHEAP grant receive a notification by mail or email explaining the reason for auto-enrollment, the ability to opt-out, and the opportunity to provide proof of household income. These customers are required to recertify their eligibility after one year and will be eligible for additional pre-program arrearage (PPA) forgiveness if they had less than \$300 in PPA at the time of their CAP auto-enrollment and later re-enroll in the program. Additionally, UGI Electric will offer these auto-enrolled customers a one-time payment arrangement for arrears incurred while enrolled in CAP after they leave or are removed from the program. *See Joint Petition for Settlement at 14-16, filed on July 14, 2023, in PA PUC v. UGI Electric, Docket No. R-2022-3037368 et al.*¹⁵

¹³ *See* Duquesne Supplemental Information at 1 2, Docket No. M-2016-2534323.

¹⁴ *See* PECO 2016-2018 USECP, Docket No. M-2015-2507139 (filed on January 18, 2017), at 7.

¹⁵ On August 21, 2023, the OALJ issued a Recommended Decision (UGI August 2023 RD) recommending adopting the Joint Petition for Settlement without modification. UGI August 2023 RD at 78, OP #2. On September 21, 2023, the Commission entered an Order adopting the UGI August 2023 RD.

A review of the previous and current Commission-approved CAP auto enrollment processes identifies issues that must be examined as part of our consideration of Peoples' proposal to establish a CAP auto-enrollment procedure. Specifically, the issues are:

- Using receipt of a LIHEAP grant to auto-enroll customers into CAP.
- Using receipt of a LIHEAP grant to auto-recertify customers into CAP.
- Addressing situations where customers eligible for auto-enrollment have an existing shopping contract with an energy supplier.
- Establishing a CAP payment amount for auto-enrolled customers.
- Establishing an arrearage threshold amount to qualify LIHEAP recipients for CAP auto-enrollment.
- Establishing a process to educate auto-enrolled customers on the benefits, responsibilities, and restrictions that come with CAP and how they can opt out.
- Addressing potential negative impacts associated with automatic CAP enrollment.
- Estimated impacts on CAP enrollment levels, program spending, and costs recovered from ratepayers.
- Tracking and evaluating the impact of CAP auto-enrollments.

With these issues in mind, we shall evaluate Peoples' CAP auto-enrollment proposal.

Using receipt of a LIHEAP grant to auto-enroll customers into CAP.

The CAP auto enrollment processes previously approved by the Commission for Duquesne, PECO, and UGI Electric were based on enrolling customers into CAP upon receipt of their LIHEAP grant (and LIHEAP data, for UGI Electric). DHS has informed the Commission and other members of DHS' LIHEAP Advisory Committee that income used to determine a household's LIHEAP eligibility could be up to two years old for

recipients of some public benefits (*e.g.*, Medicaid). Peoples currently accepts household income from the past 30 days or 12 months – or a LIHEAP grant from the current or most recent program year – to determine eligibility for its CAP.¹⁶ As part of its LIHEAP Data Sharing Order, the Commission granted a temporary and partial waiver of household income requirements in public utility USECPs to allow them to accept LIHEAP data sharing income received by DHS in the prior 12 months and/or the current or prior LIHEAP season.

In the instant Petition, Peoples proposes to auto-enroll in CAP customers with high balances (*i.e.*, exceeding \$300) if they have received LIHEAP anytime within the past two years, which could mean that the household income for some of these customers may have been last verified by DHS two to four years ago. This time frame far exceeds the CAP eligibility income timeframes previously approved by the Commission. We do not find it in the public interest or an appropriate use of ratepayer funds to auto enroll customers into CAP upon past receipt of LIHEAP benefits which may no longer reflect their current financial situation. While public utilities may reasonably assume a customer is income-eligible for CAP upon receipt of their LIHEAP data (verified by DHS in the past 12 months and/or the current or prior LIHEAP season), it may not be reasonable to assume a household is income-eligible for CAP based only on receipt of a LIHEAP grant within the last two years. Accordingly, we cannot approve this aspect of the Peoples Petition.

Using receipt of a LIHEAP grant to auto-recertify customers into CAP.

Peoples currently requires CAP customers who receive a LIHEAP grant to recertify and provide proof of their household income once every three years. Peoples 2019 USECP at 10. Peoples proposes to auto-recertify any CAP customer who has

¹⁶ See Peoples' 2019 USECP at 10.

received a LIHEAP grant within the past two years without requiring them to provide proof of household income. Proposed Amended 2019 USECP at 10.

In addition to the concerns raised above about using past receipt of LIHEAP to verify a household's income-eligibility for CAP, we also question the appropriateness of using the receipt of a LIHEAP grant as a basis to waive documentation of a CAP customer's actual household income indefinitely. In the November 2019 Order at Docket No. M-2019-3012599 amending the CAP Policy Statement, the Commission supported extending the time periods between CAP recertifications for customers who receive LIHEAP grants annually but recommended that these customers be required to provide verification of their household income at least once every three years:

Regarding LIHEAP, while we recognize the benefits of allowing LIHEAP recipients to remain in CAPs without frequent recertification of income, we find that receipt of a LIHEAP grant itself is insufficient income documentation for the purposes of CAP. A LIHEAP grant only establishes that the household has income at or below 150% of the FPIG and is thus income-eligible for CAP. However, knowing that a household has received a LIHEAP grant does not provide the utility with the household-specific information necessary for the proper determination of CAP benefits. This is especially important as some CAP benefits are tied to household income. By recommending that utilities overextend the recertification period for LIHEAP recipients, we could inadvertently run the risk of preventing otherwise eligible households from receiving greater payment assistance from their utilities if, for example, their income were to decline in the interim.

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 68-69.

Peoples has not persuaded us that the CAP recertification timeframe recommendations for LIHEAP recipients in the November 2019 Order and CAP Policy

Statement¹⁷ are not applicable. The recertification of CAP eligibility for LIHEAP recipients must be based on verified household income, such as through documentation provided by the CAP customer or through LIHEAP data sharing, to ensure a customer's CAP benefits are not under-subsidized or over-subsidized.

Through the LIHEAP Data Sharing Order, the Commission has already granted permission for public utilities to auto-recertify customers in CAP if they have consented to share their LIHEAP data with the public utility and the income data was verified by DHS in the prior 12 months and/or the current or prior LIHEAP program year. The Peoples proposal does not specify how it would ensure a customer's CAP bill is based on a household's current income if it recertified customers based only on receipt of a LIHEAP grant within the past two years. Accordingly, we cannot approve this aspect of the Peoples Petition.

Addressing situations where customers eligible for auto-enrollment have an existing contract with an energy supplier.

Customers enrolled in a public utility CAP, including Peoples', are not permitted to maintain or establish a contract with an energy supplier while participating in the program. The Peoples proposal does not explain how its CAP auto-enrollment process would operate for customers who have an existing contract with a natural gas supplier. Auto-enrolling these customers into CAP may require canceling their supplier contracts without their consent in order to place their public utility account back to default service, which could make them responsible for paying any early cancellation fee imposed by their natural gas supplier.

¹⁷ 52 Pa. Code § 69.265(viii)(A)(II).

We support UGI Electric’s current practice of excluding customers from its CAP auto-enrollment process if they have an existing contract with an electric supplier (*i.e.*, shopping- customers). These customers should instead be informed that they may be eligible to enroll in CAP if or when they go back to default service.

Accordingly, we find Peoples’ CAP auto-enrollment proposal inadequate as it fails to propose a process to address situations where eligible customers may have an existing contract with a natural gas supplier.

Establishing a CAP payment amount for auto-enrolled customers.

Peoples proposes to auto-enroll customers into its CAP PIP using household income information already captured in its system or provided through LIHEAP data sharing. Peoples also proposes to instruct these customers via its CAP auto-enrollment “welcome letter” to contact Peoples to verbally update their household’s income information “to ensure their CAP payment is based on current household circumstances.” Proposed Amended 2019 USECP at 6-7.

The Commission has previously rejected proposals to use self-attestation of income as a means to establish program eligibility and to determine the amount of program benefits for CAPs.¹⁸ In the Opinion and Order addressing Aqua Pennsylvania, Inc.’s 2022 Base Rate Case, the Commission clarified that “program benefits contingent on a poverty level should be based on a verified percentage of income, as the costs of these programs can have a significant impact on ratepayer bills.” *PA PUC v. Aqua Pennsylvania, Inc. Opinion and Order* at 340. Thus, we find it inappropriate to allow

¹⁸ See *National Fuel Gas Distribution Corporation 2017-2019 USECP Order*, Docket No. M-2016-2573847 (Order entered March 1, 2018) at 36-37 and *PA PUC v. Aqua Pennsylvania, Inc. Opinion and Order*, Docket No. R-2021-3027385 *et al.* (Order entered on May 16, 2022), at 339-341.

Peoples to accept verbal attestation of household income to establish the CAP payment amount for auto-enrolled customers.

The calculated monthly payment amount for any proposed CAP auto enrollment process should be based on verified household income. Although the Commission has previously permitted Duquesne, PECO, and UGI Electric to auto enroll LIHEAP recipients into CAP at the highest payment rate if their household income has not been verified, we find such a process inappropriate after the implementation of LIHEAP data sharing. As described above, all customers who apply for LIHEAP are now asked if they want DHS to share their income and household information with their public utility to help them enroll “in a utility or energy assistance program.” Going forward, the only reason why a public utility will not receive verified household information for customers who issue them a LIHEAP grant is because the customer chose not to share it.

Now that all public utility customers who apply for a LIHEAP grant have the choice to share their verified income and household information with their public utility, we find it inappropriate to approve a CAP auto-enrollment process that proposes to accept unverified household income from LIHEAP recipients to establish their CAP payment amounts.

Accordingly, we cannot approve this aspect of the Peoples Petition.

Establishing an arrearage threshold amount to qualify LIHEAP recipients for CAP auto-enrollment.

Peoples has proposed limiting CAP auto enrollments to customers who have received a LIHEAP grant within the past two years and have a balance exceeding \$300. We find merit in using an arrearage threshold as part of a CAP auto-enrollment criteria to ensure the customer will benefit from the program. As CAP participation comes with

responsibilities and restrictions, auto-enrollment of customers into a CAP should not be pursued unless the public utility determines the customer will receive an immediate benefit from the enrollment. Not all income-eligible customers may benefit from enrollment in CAP. A household that already pays less than the CAP PIP amount and has no arrearages – or is not eligible for any additional PPA forgiveness – may not receive any direct benefits from CAP.¹⁹ For example, a customer without arrearages enrolled in Peoples CAP PIP who pay their budget amount (because this amount is less than the PIP) may not see any noticeable benefit from the enrollment. However, if this same customer began missing payments while on CAP, those arrears would not be eligible for future arrearage forgiveness or for a Commission-directed payment arrangement. Further, while on Peoples’ CAP, the customer would be prohibited from contracting with a natural gas supplier offering lower rates.

However, auto-enrollment in a CAP should not be a public utility’s first option to address a customer’s high arrearage balance. If a high balance exists after applying a LIHEAP grant, the public utility should determine whether the customer is eligible for a Hardship Fund grant. Peoples’ Hardship Fund program can provide eligible customers with up to \$500 per program year to address an overdue balance, depending on the timing of their application and their service status.²⁰ To qualify for a Hardship Fund grant, a Peoples customer must meet all of the following criteria:

- Have a residential heating account.
- Total gross household income must be at or below 200% of the FPIG.

¹⁹ With the potential exception of waiving of budget billing reconciliation charges and prioritization for LIURP.

²⁰ Peoples’ Hardship Fund operates from October 1st to September 30th or until grant funds are exhausted. From October to November, applications are restricted to customers with termination notices or without natural gas service. In December and February, applications are restricted to those without natural gas service. Beginning March 1, applications open to all eligible customers, regardless of service status.

- Must have paid a minimum of \$150 on the natural gas account within the past three months (minimum of \$100 if age 62 and over).
- Must have an account balance of \$100 or more (may have an account balance as low as \$0 if age 62 or older, but not a credit balance).
- Must first apply for all other available energy assistance resources.

Peoples 2019 USECP at 30-31 and May 2022 Order at 71.

LIHEAP recipients with high balances should meet all of the above requirements to qualify for a Peoples Hardship Fund grant,²¹ which would address any outstanding balance remaining after the receipt of LIHEAP, up to \$500. If the customer still has a high balance after application of both LIHEAP and the Hardship Fund grant (if available), enrollment in CAP may be the best option to address the arrearage and avoid termination of service. Under these circumstances, establishing a high arrearage balance as a criteria for CAP auto-enrollments may be reasonable.

Accordingly, we find Peoples' CAP auto-enrollment proposal inadequate as it fails to consider whether LIHEAP recipients with balances exceeding \$300 may be eligible for a Hardship Fund grant before auto-enrolling them into CAP.

Establishing a process to educate auto-enrolled customers on the benefits, responsibilities, and restrictions that come with CAP and how they can opt out.

Peoples proposes to send a "welcome letter" to all customers auto-enrolled in CAP with information specific to their situation. Peoples states that it has not developed this letter yet but plans to do so with input from its USAG. Peoples Petition at 3.

²¹ Including the minimum payment requirement as the LIHEAP grant is counted as customer payment.

While a letter may be an appropriate first step for educating auto-enrolled customers about CAP, we have concerns that a letter by itself may not be sufficient to ensure these customers understand their rights and responsibilities under CAP. PECO and Duquesne also used a letter as the sole means to inform auto-enrolled customers about the program, and the Commission questioned whether it was sufficient.

The Commission does not agree that one letter is enough to fully educate customers as to the benefits and responsibilities of a CAP. . . . Consumer education normally occurs through the application process. Without that, the customer may not know the importance of the associated payment responsibilities and their inability to obtain a payment agreement through the Commission once enrolled in CAP.

PECO 2013-2015 USECP Final Order, Docket No. M-2012-2290911 (Order entered on April 4, 2013) at 30-32.²²

We have similar concerns about Peoples’ proposal to use only a “welcome letter” to educate auto-enrolled customers about CAP. As Peoples has not yet drafted the proposed letter, we cannot evaluate whether or how well it might inform the customer about the program and the responsibilities and restrictions that come with CAP enrollment. We do note, however, that Peoples has not articulated a clear policy or timeframe to allow customers to opt-out of CAP auto enrollment, beyond stating that the welcome letter will inform customers of their ability to do so. Proposed Amended 2019 USECP at 7.

At a minimum, a letter proposing to educate automatically enrolled CAP customers should include an explanation of:

- The household’s CAP billing amount and how CAP billing amounts are determined.

- Steps the customer must take to update their information if their household composition or income changes.
- The amount of the customer's PPA debt eligible for forgiveness, if applicable, and how PPA forgiveness is earned.
- CAP credit and/or consumption limits (if applicable) and their effect on CAP bills.
- Program recertification requirements and timeframes.
- Responsibility to apply for LIHEAP annually and how LIHEAP data sharing can be used to auto-recertify for CAP and qualify for other universal service programs (if applicable).
- Restrictions that come with CAP participation, including a prohibition on supplier shopping and an inability to obtain a Commission payment arrangement on arrearages accrued while on the program.
- How the customer can opt-out of CAP enrollment and how much time they have to do it.
- How the customer can contact the public utility (*e.g.*, by phone, email, *etc.*) if they have additional questions.²³

We would also recommend taking additional steps to ensure auto-enrolled customers are aware of CAP's requirements and restrictions. This could include additional contacts through phone calls, emails, and texts.

Accordingly, we find the Peoples proposal incomplete as it fails to appropriately address how it will educate auto-enrolled customers on the benefits, responsibilities, and restrictions that come with CAP and how they can opt out.

²³ These recommendations expand upon the requirements established in PECO's 2007-2009 USECP proceeding on what information must be provided to customers when they are auto-enrolled in CAP. *See PECO 2007-2009 USECP Recommended Decision*, Docket No. M-00061945 (Issued on October 28, 2008), at 8-9.

Addressing potential negative impacts associated with automatic enrollment.

As discussed above, the Commission has previously expressed concern that customers who are auto-enrolled in CAP may not understand the program's requirements and restrictions. Potentially, these customers may experience negative impacts when they leave CAP, either before or after an opt-out period. A public utility proposing to auto-enroll customers in a CAP without their express consent should identify any additional policies or procedures designed to protect these customers from negative impacts.

For example, Peoples does not explain in its proposal how it will address situations where an auto-enrolled customer opts out of CAP. At a minimum, an opt-out policy for CAP auto-enrollments should explain whether (1) any CAP credits received or PPA forgiven would need to be paid back; (2) any arrears accrued during the auto-enrollment period will be eligible for a payment arrangement; (3) additional arrearage forgiveness will be available if the customer enrolls in CAP again later; and (4) what steps will be taken to ensure these customers will not be auto-enrolled again.

A CAP auto-enrollment proposal should also identify whether the public utility offers any additional protections to customers removed from CAP after their opt-out period expires, such as the additional payment arrangement offered by UGI Electric.

Accordingly, we find the Peoples Petition incomplete as it fails to identify what protections it will offer customers auto-enrolled into CAP to ensure they do not experience negative impacts.

Estimated impacts on CAP enrollment levels, program spending, and costs recovered from ratepayers.

The Peoples proposal does not provide estimates of how its CAP auto-enrollment process would impact its annual program enrollment and spending levels. Peoples reported a monthly average of 27,236 customers enrolled in its CAP in 2023. Peoples also reported receiving LIHEAP Cash grants for 53,484 customers during the 2022-23 LIHEAP season and 45,566 customers during the 2023-24 LIHEAP season.²⁴ Although it is unknown how many of these customers who received LIHEAP also had balances exceeding \$300, it seems reasonable to assume that Peoples' annual CAP enrollment and spending levels would significantly increase as a result of the proposed auto-enrollment process.

Peoples' universal service program costs are recovered from its non-CAP residential ratepayers, who were charged over \$3 per month to recover costs related to Peoples' CAP in 2023.²⁵ Although \$3 per month is low compared to monthly CAP costs recovered from electric public utility ratepayers and some natural gas public utility ratepayers,²⁶ an increase in CAP costs impact the affordability of utility service for non-CAP residential ratepayers, especially for ALICE households.

A CAP auto-enrollment proposal should provide program enrollment and spending estimates for at least the next three years or the duration of its current or proposed USECP, whichever is longer. For Peoples, this would include providing projections for at least 2025 through 2028. These projections should include estimated anticipated annual CAP enrollments and spending both with and without the proposed

²⁴ *2023 Report on Universal Service and Collections Performance* at 57 and 72.

²⁵ *2023 Report on Universal Service and Collections Performance* at 89.

²⁶ For example, PPL and PECO recovered over \$8 per month from ratepayers related to CAP expenses in 2023; while PGW recovered over \$7 per month. *2023 Report on Universal Service and Collections Performance* at 89.

auto-enrollment. It should also estimate how this proposal will impact annual universal service costs recovered from non-CAP residential ratepayers. A CAP auto-enrollment proposal should also estimate annual savings for ratepayers through anticipated reductions in costs related to collection activity and gross residential write-offs.

Accordingly, we find the Peoples Petition incomplete as it fails to project the impact of its proposed CAP auto-enrollment process on program enrollment levels, spending, and costs recovered from ratepayers.

A process to track and evaluate the impact of CAP auto-enrollments.

Peoples does not propose any tracking or reporting to evaluate the potential impact of auto-enrolling high balance customers into CAP if they received LIHEAP within the past two years. The previous CAP auto-enrollment processes administered by PECO and Duquesne also did not include any reporting requirements and, as a result, there is no data to inform the Commission or stakeholders on how well or poorly LIHEAP recipients fared in CAP when auto-enrolled in PECO's and Duquesne's programs.

A CAP auto-enrollment proposal should include tracking and reporting requirements that could help the Commission and other stakeholders evaluate the impact of this initiative on low-income customers. Such reporting, at a minimum, should include annual statistics on (1) the number of customers auto enrolled (broken down by FPIG level), (2) the number of customers who opt-out, and (3) impact of auto enrollment on payment behavior and debt forgiveness.²⁷

Accordingly, we find the Peoples Petition incomplete as it fails to propose any tracking and reporting to measure the impact of its CAP auto-enrollment proposal.

²⁷ We also recommend Peoples consult with its USAG on any additional reporting requirements that may help to accurately evaluate the impact of CAP auto-enrollments.

CONCLUSION

Consistent with the discussion above, we cannot approve Peoples' CAP auto-enrollment proposal at this time because it seeks to auto-enroll or auto-recertify customers in CAP based on possibly out-of-date or unverified income or household information and use a verbal attestation of household income to establish CAP payment amounts. The Peoples proposal also fails to explain how its CAP auto-enrollment process would address qualifying customers who contract with a natural gas supplier.

We also find Peoples' proposal incomplete as it does not:

- Identify whether a Hardship Fund could be used to address high balances prior to auto-enrollment in CAP.
- Fully explain how it will educate customers about the CAP auto-enrollment process and address any potential negative impacts.
- Include estimates on its impacts on annual CAP enrollments and spending.
- Identify how it would evaluate the success of the CAP auto-enrollment process through tracking and reporting.

Accordingly, the Peoples Petition is denied without prejudice. Peoples may file a petition with a revised proposal to implement auto-enrollment and auto-recertification that addresses the deficiencies noted herein.

Although we have not approved the Peoples Petition, we find that Peoples has met its obligation to submit such a petition under the terms of the Low Income Stipulation in its 2024 Base Rate Case proceeding; **THEREFORE,**

IT IS ORDERED:

1. That the Petition by Peoples Natural Gas LLC to amend its 2019-2024 Universal Service and Energy Conservation Plan filed on December 11, 2024, at Docket Nos. P-2024-3052324, M-2018-3003177, and M-2020-3021343 is denied without prejudice.

2. That a copy of this Order be served on all parties to Docket Nos. M-2018-3003177, M-2020-3021343, P-2024-3052324, R-2023-3044549, R-2024-3046932, and R-2024-3047068.

3. That the contact person for this Order is Joseph Magee, Bureau of Consumer Services, 717-772-1204, jmagee@pa.gov.

BY THE COMMISSION,



Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: April 24, 2025

ORDER ENTERED: April 24, 2025