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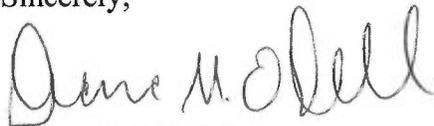
Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: Review of Universal Service and Energy Conservation Programs
Docket No. M-2017-2596907

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Philadelphia Gas Works' Reply Comments In Response Comments to Opinion and Order Entered May 10, 2017 and Stakeholder Meetings Held September 13 and 14, 2017, with regard to the above-referenced matter.

Sincerely,



Deanne M. O'Dell

DMO/lww
Enclosure

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Review of Universal Service and Energy :
Conservation Programs : Docket No. M-2017-2596907

**PHILADELPHIA GAS WORKS REPLY COMMENTS
IN RESPONSE TO COMMENTS TO OPINION AND ORDER ENTERED MAY 10, 2017
AND STAKEHOLDER MEETINGS HELD SEPTEMBER 13 & 14, 2017**

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Date: October 16, 2017

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I. INTRODUCTION

The Commission initiated a comprehensive review of the entire Universal Service and Energy Conservation (“USEC”) model in its Order entered May 10, 2017 (“*USEC Investigation Order*”). As part of this investigation the Commission: (1) published a Staff Report on July 14, 2017; (2) received comments from interested stakeholders on August 8, 2017; (3) conducted stakeholder meetings on September 13-14, 2017; and, (4) invited reply comments from interested stakeholders due October 16, 2017. In the *USEC Investigation Order*, the Commission also stated that it is including as part of its investigation at this docket the currently pending review of the regulations governing low-income usage reduction programs (“LIURPs”)¹ as well as the recently initiated study regarding home energy burdens in Pennsylvania.²

Philadelphia Gas Works (“PGW”) submitted initial comments, participated in the stakeholder meetings and offers these reply comments for the Commission further consideration. As a city-owned natural gas distribution company (“NGDC”), PGW has offered a low income customer responsibility program (“CRP”) to customers since at least 1989 and has the largest natural gas customer assistance program (“CAP”) in the Commonwealth, the largest natural gas Universal Service spend in the Commonwealth, and the largest Universal Service per customer spend in the Commonwealth.³ As such, this proceeding is of significant importance to PGW and

¹ *Initiative to Review and Revise the Existing Low-Income Usage Reduction Program Regulations*, Docket No. L-2016-2557886, 46 Pa.B. 8188 (Secretarial Letter Inviting Comments dated December 16, 2016) (“LIURP Docket”).

² *Energy Affordability for Low Income Customers*, Docket No. M-2017-2587711, Opinion and Order entered May 5, 2017.

³ *Pennsylvania Public Utility Commission 2015 Report on Universal Service Programs and Collections Performance* at 7-8 and Appendix 5 (“Universal Service Report 2015”).

its ratepayers, and PGW appreciates this opportunity to provide further feedback regarding the comments submitted to date as well as the discussions held during the stakeholder collaborative.⁴

While PGW provides its perspective on many of the issues raised, not every issue is addressed and the preferred resolution of some of the issues is dependent on how the Commission ultimately addresses the issue of energy affordability and the overall net impact of costs resulting from any final approved requirements/regulations. Importantly, (i) decreases in the amount low-income CAP customers will be asked-to-pay for their share of their bills, and (ii) increased requirements related to new Commission required Universal Service program elements will directly impact the universal service costs imposed on all other firm ratepayers. Such result could have an outsized impact on PGW and its customers because PGW has the highest percentage of confirmed low income customers in the Commonwealth (gas and electric) who are already funding the largest natural gas CAP in the Commonwealth (by dollar and per individual customer spend). Thus, PGW respectfully requests that the Commission bear this in mind when considering PGW's feedback on any particular issue – the greater the increase in costs PGW will be required to incur for its universal service programs, the bigger the burden that will be placed on its other (largely low and lower-income) customers who do not participate in the programs but must pay the costs for them.

II. REPLY COMMENTS – CUSTOMER ASSISTANCE PROGRAMS (“CAPS”)

A. Eligibility

Issues raised regarding the eligibility for CAPs include: (1) distinctions between payment troubled vs. all low-income; (2) whether low-income consumers should be required to apply for Low-Income Home Heating Assistance Program (“LIHEAP”) and Hardship Funds prior to CAP

⁴ As this is an evolving process, PGW reserves its right to modify or revise its views as set forth herein as may be appropriate in any future rulemaking or further proceeding regarding these issues.

enrollment; (3) what income (i.e. annualized) should be utilized and how should households with zero income be treated; (4) whether social security numbers should be required; and, (5) whether an asset test should be utilized.

1. Payment Troubled

Subject to the Commission's resolution of other potentially costly requirements such as reducing the energy burden percentage,⁵ PGW could support utilizing "payment troubled" as a condition of enrollment in its CAP (referred to as the customer responsibility program, or CRP). PGW does not currently have this requirement and, therefore, PGW would likely incur costs to make this change. PGW recommends that determining how "payment troubled" would be re-defined in the future should be included as part of the resolution of this proceeding.

2. LIHEAP Requirements

PGW could support requiring a low-income customer to apply for LIHEAP and Hardship Funds prior to CAP enrollment (which is required in many other states) but believes this issue should be reviewed carefully. Under its current CAP, CAP enrollment is allowed without application for any such grant⁶; PGW has concerns with limiting its CAP enrollment, particularly given the size of PGW's low income customer population. However, if the Commission makes significant changes to Universal Service programs, these changes could result in a program that places a heavy financial burden on non-CAP customers that many non-CAP customers would not be able to meet. Further, including this requirement could add administrative costs to the program, given that CAP is not currently a statewide program and there would need to be

⁵ As noted in the introduction, PGW requests that the Commission be mindful of the sum total of all such changes so that the costs to implement do not have an outsized impact on PGW and its ratepayers. These changes would likely require PGW to incur additional costs to implement for which PGW should be entitled to cost recovery.

⁶ Application is a requirement of participation, but PGW does not remove customers from CRP for failure to apply.

systematic coordination with the Pennsylvania Department of Human Services (“DHS”) – the state agency that administers LIHEAP.

3. CAP Income Calculations

PGW currently uses annualized income for self-employed customers and allows CAP enrollment for “zero income” customers on the condition that these zero-income customers must recertify every six months. Requiring recertification is an important feature to prevent fraud. Customers with “zero income” should not be allowed – on a permanent basis – to continue to receive the benefits of CAP given that the customer must have some income source in order to retain a home. PGW does not agree that a “zero income” customer should be allowed to continue to participate in CAP beyond six months. Allowing participation with zero income on a permanent basis encourages and authorizes fraud – with other ratepayers bearing the costs of this fraud. For customers who subsidize CRP, the optics of such a rule are poor.

4. Requiring Social Security Identification

PGW does not require social security numbers as a condition for CAP enrollment. However, PGW does ask for an applicant’s social security number and if the applicant refuses, then PGW permits other alternatives to verify identity. For fraud prevention purposes, PGW may require documentation supporting a social security number or other identification as part of its periodic review of CRP applications. PGW finds this process fair and supports the continued ability to request a social security number or some form of legal identification as a way to protect the integrity of CAP. The ability to require a social security number and/or some other legal identification number is essential when conducting fraud audits. Given the significant benefits offered by CAP (and paid for by other ratepayers), it is essential that a utility have the ability to use any and all tools available to investigate suspected fraud and confirm identity.

5. Use of Asset Tests

PGW does not support the use of asset tests for CAP enrollment (though PGW does support the use of asset tests for LIURP services) as it would likely result in unnecessary administrative costs and be difficult to administer on a wide scale. However, PGW does support asset valuation (e.g. determining real property ownership and value of real property) for investigating potential CAP fraud. Given the significant Universal Service spending that utilities and their ratepayers provide in the Commonwealth, it is essential that the Commission allow the utilities to utilize tools that can assist them in discovering/preventing fraud.

B. Percentage of Income Payment Plans vs. Multiple Payment Options

Issues raised regarding CAP payment plans include: (1) how to determine minimum payments/the structure of CAPs; and, (2) the calculation of arrearage co-payments and minimum bills and CAP Plus (for CAP Plus see section E.3. below).

1. The Structure of CAPs

Although, in compliance with the Commission's directive in its recently approved Universal Service & Energy Conservation Plan 2017-2020, PGW is in the process of revising its current percentage of income payment plan (PIPP) CAP to allow participants to pay less than their calculated energy burden payment (by adding an "average bill" option to its CAP), PGW does not support such approach. In PGW's view, the Commission should set its policy regarding energy affordability as part of this proceeding. Based on this policy, the appropriate energy burden levels that low-income consumers will be required to pay would be fixed, and all low-income CAP customers would pay those policy-based percentages. For now, under the new PIPP plus Average Bill program, PGW's CAP customers will be paying various energy burdens – those on PIPP will pay the Commission set energy burdens and those on the Average Bill will pay a lower energy burden (even though the customer could have paid the full bill – including

arrears – on their own, without other ratepayer subsidization). This is not good policy, and is not an efficient use of other ratepayers' subsidization.

2. **Minimum Bills for Very Low/No Income Customers and Arrearage Co-payments**

Regarding very low/no-income customers, PGW supports the continued use of a minimum bill and the suggestion to engage in a stakeholder process to develop the factors that could be used to set the minimum bill amount. Requiring the customer to pay some minimum amount in recognition of the usage of energy is important and also lessens the cost impact on other ratepayers. For similar reasons, PGW supports continuing to require CAP participants to make some type of co-payment on arrears. PGW currently requires a co-payment amount of \$5. Requiring the customer to take responsibility for his/her energy usage and contribute toward the outstanding payment obligation is reasonable and appropriate policy. Universal Service programs do not function in a vacuum and PGW believes it is critical that ratepayers who fund Universal Service programs see that there are policies and requirements that are fair and rational, and that maintain program integrity.

C. Energy Burden

Issues raised regarding the energy burden calculation for CAPs include: (1) recommendations to utilize a 6% energy burden (4% for gas heating and 2% for gas non-heat); and (2) the impact on CAP costs from decreasing the energy burden level.

As a preliminary matter, it is essential to recognize that Universal Service programs are not government programs designed to address every impact of poverty, or to solve the problem of poverty in Pennsylvania, and these programs should not be expanded to include such a scope. Utility bills should not be used as a mechanism to cure poverty in Pennsylvania, and regulated utilities should not be obligated to take on a role that should be left to government.

Further, approximately one third of PGW's ratepayers are low income⁷ with a substantial proportion of the rest just above the poverty level – the working poor. All changes under consideration in this docket should be reviewed in a rulemaking and in light of the financial impact on non-participating customers who are subsidizing these programs, and who will become overburdened if program costs are too high (and, in PGW's service territory, who will also be subsidizing PECO's programs). This review should be done on a utility by utility basis and on a service territory basis. A failure to take into consideration the composition and size of a utility's ratepayer base and the existing surcharges or rates borne by the utility's ratepayers, would result in certain Pennsylvania ratepayers being financially "punished" for the composition of a utility's service territory. In such an instance, the ratepayers would be required to subsidize a massive Universal Service program simply because a significant percentage of the utility's customers are low income.

Regarding the costs to PGW ratepayers to reduce the energy burden, as reflected in the PUC's Universal Service Programs & Collections Performance Report,⁸ in calendar year 2011 the average annual Universal Service spend per residential customer was \$214.83 with 80,298 CAP participants;⁹ in 2010 it was \$200.58 with 82,544 CAP participants;¹⁰ in 2009 it was

⁷ Approximately 30.8% of PGW's customers are confirmed low-income and this is the highest proportionate number of low income customers of all Pennsylvania electric and gas utilities. Pennsylvania Public Utility Commission 2014 Report on Universal Service Programs and Collections Performance, October 2015 at 7. Available at: http://www.puc.pa.gov/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2014.pdf

⁸ In recent years, the average cost per residential customer has been lower (in 2015 it was \$138.24, which is still the highest in the Commonwealth) but PGW has provided historical costs since depending on factors such as the cost of gas and CAP participation levels, the costs have been much higher.

⁹ Pennsylvania Public Utility Commission 2011 Report on Universal Service Programs and Collections Performance at 60 and 40.

¹⁰ Pennsylvania Public Utility Commission 2010 Report on Universal Service Programs and Collections Performance at 70 and 40.

\$225.90 with 81,905 CAP participants;¹¹ in 2008 it was \$220.05 with 78,190 CAP participants;¹² in 2007 it was \$224.94 with 76,235 CAP participants.¹³

PGW has performed a preliminary analysis of estimated costs of changes to the energy burden and estimates the additional costs would be substantial (at the least in the tens of millions). It must be noted that these estimates were based on current gas costs and if the cost of gas increases, these estimates would increase. Further, PGW reasonably expects that the size of its CAP would grow, depending on the level set for the energy burden (and the state of the economy) – and thus any estimate would have to account for an increased number of customers participating and the fact that these customers would also receive arrearage forgiveness, and both of these costs would be passed on to non-CAP customers. The PGW confirmed low income population in 2016 was 148,995. PGW believes it is premature to estimate the expected costs of energy burden changes without the benefit of the energy burden study and the Commission’s proposed resolution regarding the energy burden study’s recommendations and cost recovery for changes, as well as an understanding of the resolution of numerous proposals at this docket and their related costs.

The energy burden study should provide sufficient detail for utilities to analyze the potential costs of the recommended changes. The outcome of the Commission’s energy burden study could further impact PGW’s view on this issue. PGW supports the creation of an initial stakeholder group to fully examine this issue and the related ramifications to other customers, and, potentially, to entire service territories. As part of this review and depending on the energy

¹¹ Pennsylvania Public Utility Commission 2009 Report on Universal Service Programs and Collections Performance at 69 and 39.

¹² Pennsylvania Public Utility Commission 2008 Report on Universal Service Programs and Collections Performance at 66 and 43.

¹³ Pennsylvania Public Utility Commission 2007 Report on Universal Service Programs and Collections Performance at 67 and 38.

burden policy established, the PUC should examine the use of a statewide program (administration and funding) so that ratepayers in certain service territories are not overburdened with Universal Service costs.¹⁴ Such a program would establish a uniform benefit for low income customers, based upon the Commission's determination of an acceptable "energy burden." The difference between the amount of a CAP participant's energy burden and the full bill – the CAP subsidy – would be remitted collectively by all remaining Pennsylvania electric and natural gas distribution company customers. The fund could be administered on a statewide basis by the Commission, or an outside vendor. Such a fund could deal with only one utility type (i.e., natural gas or electric only) or multiple utility services (e.g., electric and natural gas, or even water).

There is precedent for the establishment of such a fund. For example, since 1998, the Commission has allocated the costs of the statewide electric choice education program to all customers. Initially, the funding was received through a Competitive Transition Charge assessed on all consumers as a distribution charge. In 2007, the Commission initiated a statewide consumer education campaign that was funded by allocating \$5 million from the assessments paid by the electric distribution companies ("EDCs") to the Commission.¹⁵ As a complement to the statewide consumer education campaign, the Commission required each EDC to file a consumer education plan with the Commission which is funded through a non-bypassable

¹⁴ See PGW Comments at 6-7. Notably, if income thresholds are raised so that more low-income consumers qualify for CAP programs, the result would be significant increases in participation which would place more financial pressure on the non-participating ratepayers to fund the increased participation rates. Such a result would disproportionately affect service territories in which there is a disproportionate number of low income customers – like PGW's – resulting in burdensome and unreasonable increases for non-low income customers.

¹⁵ *Policies to Mitigate Potential Electricity Price Increases*, Docket No. M-00061957, Final Order entered February 13, 2007 at 9-12

surcharge assessed on all distribution customers.¹⁶ In addition, Commonwealth Court has upheld the Commission's assertion of "implied power" to carry out its duties pursuant to the Public Utility Code.¹⁷

D. Maximum CAP Credits

Issues raised regarding the use of maximum CAP credits include: (1) whether they should be eliminated or adjusted in various ways (several proposals offered); and, (2) whether this issue should be determined in Universal Service and Energy Conservation Plans ("USECP") rather than as part of the CAP Policy Statement.

PGW does not currently have a maximum amount of subsidy benefits that a CAP participant may receive. However, as part of its recently approved USECP, PGW will initiate a study regarding the potential implementation of a CAP maximum in the future. PGW believes that CAP credit maximums may be one reasonable way to address concerns related to containing the costs other ratepayers must pay to support the CAP program. The reality is that many non-CAP ratepayers in PGW's service territory are low-income or just above low-income status. This further supports the appropriateness of implementing CAP maximums to place limits on the amount of usage that they will be required to subsidize, and to encourage CAP participants to

¹⁶ *Id.* at 6-9.

¹⁷ In *ARIPPA v. Pa. Pub. Util. Comm'n*, 966 A.2d 1204 (Pa. Commw. Ct. 2009) ("*ARIPPA*"), the Commonwealth Court reviewed a Commission decision to determine whether the text of the Code provided the requisite "strong and necessary implication" authorizing the Commission to determine ownership of alternative energy credits. The enabling statute, the Alternative Energy Portfolio Standards Act ("*AEPS*"), empowered the Commission "to establish an alternative energy credits program as needed to implement this act." These duties expressly included the creation and administration of a an alternative energy credits certification, tracking and reporting program, and entailed establishment of a process for qualifying alternative energy systems and determining the manner credits can be created, accounted for, transferred and retired. While, in 2007, the General Assembly amended the AEPS to specifically address ownership of alternative energy credits, the Court concluded that the Commission had jurisdiction over this issue even before passage of this explicit authority because of "the unique nature of alternative energy credits and the provision in AEPS for the Commission's extensive oversight of them," as well as a "process that implicates the particular expertise of the Commission." *ARIPPA* at 1212.

take measures to conserve energy usage. Notably, though, the resolution of this issue is intertwined with the Commission's review of energy burdens because any changes in energy burden will impact how, and by what amount, CAP maximums should be utilized.

PGW would support addressing this issue in the context of a rulemaking rather than as part of each individual utility's universal service review process. Providing policy directives in proceedings such as this to utilities can streamline both the utility's processes in developing and implementing its universal service plan and the Commission's review of the proposed plans, and can ensure that plans meet Commission policy without unduly burdening certain utilities' ratepayers.

E. LIHEAP (including LIHEAP Data Sharing)

Issues raised regarding LIHEAP and the interplay with CAP include: (1) LIHEAP as a prerequisite for CAP eligibility; (2) auto-enrollment of LIHEAP recipients into CAP; (3) the impact of LIHEAP on CAP; and, (4) improving data sharing between DHS and the utilities or creating a data exchange program.

1. LIHEAP as a Prerequisite for CAP/Improving Data Sharing

PGW has concerns about requiring all CAP applicants to apply for a LIHEAP grant in order to enroll in CAP. Such requirement could result in delays regarding their enrollment in CAP, and if LIHEAP funding is no longer available it could prevent a significant number of low income customers from enrolling in CAP. This issue should be integrated into the energy burden evaluation, since the use of such a measure could depend on the total cost of Pennsylvania Universal Service programs, whether LIHEAP funding will be integrated into the CAP income evaluation, and whether statewide administration and funding is established.

2. Auto-enrollment into CAP

PGW supports the concept of auto-enrollment of LIHEAP recipients into CAP as it could be expected to promote administrative efficiencies. With respect to concerns regarding whether a customer has consented to enrollment, an ability to “opt out” could be provided to the customer post-enrollment. However, as discussed above in Section II.A and in PGW’s Initial Comments, systematic coordination and data sharing between utilities and DHS will need to be improved. For a PIPP like PGW’s CAP, PGW would need access to the recipient’s income and household size and composition to establish the asked-to-pay amount. Given that DHS gathers the same information as the utilities and often has systematic access to more information than the utilities, PGW would support creation of a data exchange program but cautions that developing such systems could be costly and utilities should be authorized recover the costs from all ratepayers through the Universal Service surcharge. All of these issues would need to be addressed before any type of “auto-enrollment” could occur.

3. Impact of LIHEAP on CAP¹⁸

PGW supports the application of a LIHEAP grant to the discount provided to a specific CAP participant (as opposed to application of the grant on the CAP bill as currently occurs). Thus, the grant benefit would be received by the grant recipient, energy burdens would work as designed, and the customer would be required to pay only the energy burden set by the Commission for all CAP participants. This approach lessens the burden of the subsidy on other ratepayers and ensures that the LIHEAP grant money is used to pay for the usage costs of the qualified low-income customer. With the Commission-established energy burden in place, this

¹⁸ PGW does not currently support the use of a CAP-Plus mechanism, but may support such mechanism in the future depending on the outcome of several issues in this Docket.

use of LIHEAP grants is reasonable and fair for both the CAP participant and those who pay for the CAP.

F. Arrearage Forgiveness

Issues raised include allowing customers to participate in CAP if they only qualify for arrearage forgiveness. As explained above in Section II.B, PGW is in the process of revising its current CAP so that a customer whose average bill is lower than its PIPP bill could still participate in PGW's CAP (and receive arrearage forgiveness) while being required to pay the average bill amount. Though it is implementing this approach as directed by the Commission, PGW does not support it. Commission established energy burdens should be the focus and all CAP customers should pay in CAP based on these energy burdens.

G. Recertification

Various suggestions were made regarding the CAP recertification process including a recommendation that the process should be developed through a collaborative based on best practices. PGW supports this recommendation. For its part, PGW utilizes a one year recertification unless a LIHEAP grant is obtained, in which case PGW will use a three year recertification.

H. Shopping

Issues were raised regarding the CAP costs, and CAP bill impacts of permitting CAP participants to shop for a competitive supplier. PGW supports imposing reasonable limitations with respect to CAP shopping, particularly for PIPPs since the asked-to-pay amount is irrespective of actual usage but other PGW ratepayers are required to subsidize the usage. Poor CAP customers' shopping decisions should not result in an unreasonably increased subsidy cost for non-CAP customers who pay for the CAP program. PGW recognizes that this issue has been and continues to be the subject of much debate and litigation and these experiences may offer

appropriate experience and guidance. PGW encourages the Commission to allow time to evaluate the effects of restrictions on CAP shopping and address this topic through a separate stakeholder or rulemaking process.

I. Reinstatement

Comments regarding CAP reinstatement included a recommendation that voluntary removal should require a household to remain out of CAP for 12 months. PGW's CRP includes a Commission-approved stay-out provision. In addition to other reasons for stay-out, customers who request to be removed from enrollment in CRP even though: (1) they are eligible for the program; and, (2) the program provides a more affordable payment – are required to stay out of the program for a one-year period.¹⁹ The intent of this particular stay-out provision is to prevent “churning,” i.e., CRP customers who enter CRP in the winter to take advantage of positive discounts and then exit CRP in the summer to avoid negative discounts. Customers who churn reduce their targeted energy burden below Commission guidelines, which adds costs to other customers, including low-income customers not enrolled in CRP. Therefore, PGW's stay-out provision ensures equal treatment of all customers enrolled in CRP.

Some additional circumstances that may result in a customer being removed from CRP and PGW imposing the stay-out provision include when a customer:

- Refuses to accept free conservation services (LIURP) or obtain an exemption;²⁰
- Refuses meter access;
- Commits two or more incidents of unauthorized usage; or
- Submits fraudulent enrollment or re-certification information/documentation.

¹⁹ If a customer asks to be removed from CRP, PGW has a confirmation process to inform the requesting customer that the CRP payment amount is less than the amount he/she will be required to pay outside of CRP.

²⁰ This is consistent with the CAP Policy Statement. 52 Pa. Code § 69.265(7)(v).

PGW continues to support the use of such processes to ensure that CAPs are operated in a cost-efficient and fair manner.

J. Termination

Comments regarding termination from CAP include the recommendation to not remove households from CAP for missed payments prior to termination. PGW does not remove CAP customers from CAP for missed payments prior to termination.

In addition, one of the parties in this proceeding has indicated that a CAP customer should never be terminated for more than two missed CAP payments. PGW does not support this perspective. Failure to terminate a non-paying customer leads to increased costs for other ratepayers in terms of a more expensive CAP program and higher uncollectible expense; in addition, given that most of its residential meters are inside, PGW is not always able to access a meter to perform termination. Moreover, there are already significant consumer protections in place regarding termination of low-income customers, such as the prohibition on winter terminations without Commission authorization. Creating additional blocks on the ability of a utility to obtain payment of CAP bills does not strike a reasonable balance between the requirement on customers to pay their bills and the requirement on other customers to subsidize the usage and arrears of low-income customers.

K. Determining Program Costs

Comments regarding program costs for CAP included: (1) use of participation limits to balance program needs with funding; (2) the need to consider the burden to residential ratepayers who fund the program; and (3) “cost savings” connected with CAP enrollment.

1. Use of Participation Limits

Instead of setting participation limits in a vacuum, PGW supports the Commission’s effort to establish an appropriate energy burden, and to set that policy on a statewide basis to

provide direction for the utilities. Ideally, the Commission should also address some of the more difficult questions that seem to occur during each utility's universal service plan review process. A determination of whether participation limits should be set should be done after the policy on energy burdens has been set.

2. CAP Cost Burden

As discussed in the Introduction, PGW urges the Commission to remain mindful of the impact of increasing costs for the CAP programs on the other ratepayers who are required to fund these costs. Because of the particular circumstances of PGW's "cash flow" rate methodology, requiring non-CAP participants to bear excessive costs could create significant financial issues for PGW and its ratepayers. PGW also agrees with some parties in this docket who have indicated that customers may have a saturation point for spend and endorses transparency for the ratepayers paying the costs of the universal service programs. To the extent changes would require a redesign of the customer's bill, however, PGW cautions that such changes would be costly to implement.

3. Cost Savings – CAP Participation Offsets

PGW does not support requiring utilities to offset the amount of cost recovery permitted for universal service programs based on CAP enrollment numbers under the guise of preventing "double recovery" of uncollectible expense. While PGW does not agree with the view that there is any "double recovery," the law and ratemaking principles do not support the imposition of a mechanism requiring reductions in cost recovery to adjust for changing CRP enrollment levels in between rate cases. As explained in Section V.C.2, Chapter 14 prohibits the use of any

“automatic surcharge mechanism for uncollectible expenses”²¹ and rate cases set the rates on a going forward basis without regard for any past unexpected expense increases.

III. REPLY COMMENTS – CARES

A. Program Design

Comments regarding CARES program design included: (i) defining what services a CARES program should provide; (ii) when referral to CARES should begin; and (iii) the use of CBOs by utilities.

1. CARES Services

PGW is concerned with the expressed interest of a number of parties to significantly expand the scope – and cost – of CARES. Some of these suggestions include expanding the program to encompass a “social work framework” to “solve” non-utility bill problems, and to provide home visits, and that CARES should include utility hiring of licensed social workers (who, one party suggested, should be independent of traditional social worker professional reporting requirements). These suggestions expand the role of a regulated utility into a social service organization, and would require the utility to engage in activities that are well-beyond its core expertise. The Commission should question whether the costs of these expansions should be funded by utility ratepayers through their utility bills (as opposed, for example, to taxpayers), and should reject these suggestions. Apart from whether utility customers should be obligated to pay for these social service programs, requiring a utility to engage in social service activities well beyond its core expertise could have many unintended consequences which, in the end, will not benefit the consumers receiving the assistance or the ratepayers funding the assistance. PGW does not support this type of expansion and recommends that CARES exist mainly as a referral program unless a utility voluntarily elects otherwise.

²¹ 66 Pa. C.S. § 1408.

2. When CARES Referral Should Occur

One recommendation regarding CARES is to require a referral to CARES at the time a CAP payment is first missed. While this could be viewed as presenting an opportunity to assist customers without adding costs, depending on the size of the utility's CAP this may be an incorrect assumption and it could also place additional strain on customer service representatives depending on how many first time payments are missed during the same period. PGW recommends that this issue be addressed through a stakeholder working group process focused on finding ways to improve CARES while not increasing costs.

3. Required Use of CBOs

Finally, it was suggested that utilities be required to increase their use of community-based organizations ("CBOs"). PGW does not rely on CBOs in the same manner as many other utilities. PGW encourages the Commission to balance the work (and money) "assigned" or "ordered to be paid" to CBOs against what a utility does in its line of business, and against what can be done through a competitive bidding process. For example, for assistance with utility bills, customers should still contact their utilities, not CBOs.

B. CARES Staffing and Training

Issues raised regarding staffing and training for CARES included whether utilities should have dedicated licensed social workers on staff. PGW recognizes that there are some utilities that have elected to hire social workers onto their staff. As discussed in the previous section, for a number of reasons PGW does not support the expansion of a utility's regulated obligations into retaining and overseeing licensed social workers.

C. Tracking CARES Outcomes

A suggestion was made that utilities should be required to identify and track CARES referral outcomes. PGW does not support the use of utility ratepayer funds to engage in tracking

of referral outcomes, particularly when the referral is not linked to the utility bill. Requiring such tracking would be time-consuming and costly and goes far beyond a utility's traditional role of assisting consumers with their utility bills and energy service. With respect to the tracking of utility bills for customers who receive CARES, CARES is a short-term, crisis program – which does not always help with the long term issue of utility bill payment.

IV. REPLY COMMENTS – HARDSHIP FUNDS

A. Eligibility

Issues raised regarding eligibility for Hardship Funds included: (i) not denying grants if the grant amount is insufficient to eliminate all arrears; and (2) removing eligibility restrictions set by “subcontractors.”

PGW's understanding is that its Hardship Fund is different in many respects from other utilities' programs. Hardship fund grants are paid to PGW customers by the Utility Emergency Services Fund (“UESF”) with grants from the City of Philadelphia and other grantors. UESF and/or the grantor sets the conditions for receipt of that money. PGW matches UESF grants with ratepayer funds. If the Commission sets conditions on hardship funds that UESF will not accept, PGW customers would be faced with funding the entire grant and its match. For this reason, PGW encourages continued flexibility in hardship fund programs. Further, the goal of giving the customer a “clean start” and requiring the elimination of all arrears – through the combination of a hardship fund grant, LIHEAP/Crisis grants, and customer payments – is a laudable one and creates a scenario where the customer can remain current on his bills and not be subject to near-term termination.

B. Funding

Issues raised regarding Hardship Fund funding included: (1) allow costs to be recovered through base rates; (2) allow customers who pay electronically to be given the opportunity to contribute; and, (3) increase advertising to make consumers aware of these programs.

PGW supports the recovery of Hardship Funds through the Universal Service surcharge or base rates. Also PGW supports both the concept of enabling electronically billed customers to contribute and increasing advertising of the programs to the extent such changes do not place an unreasonably costly burden on ratepayers funding the program.

V. REPLY COMMENTS – UNIVERSAL SERVICES

A. Program Design

Suggestions regarding universal service program design included (i) recommendations to use one application for all programs; (ii) statewide administration of the programs; and (iii) preserving the ability of each utility to design programs based on the unique characteristics of the service territory.

PGW supports the goals of consistency, flexibility and possible statewide administration and funding of universal service programs. To that end, a common application form for all programs is a good idea - recognizing that the costs of doing this should be recoverable in the Universal Service surcharge. Similarly (and as discussed in more detail above), depending on the recommendations in this docket and the results and recommendations of the energy burden study PGW could support the benefits that could be achieved through a statewide administration and funding of universal service programs. These benefits may include lower administrative and reporting costs, a streamlined customer application and participation process for services from multiple utilities, application of consistent universal service policies across the Commonwealth, and parity in universal service spend between territories with a higher concentration of low-

income customers. If, however, there is not statewide funding and administration, PGW supports permitting utilities flexibility in program design, although the costs of programs must be considered in programs design – based on the unique characteristics (including financial characteristics) of each service territory.

B. Needs Assessment

Comments regarding the universal service needs assessment included: (i) how to define “confirmed low-income” consumers for purposes of the calculation (including those relying on self-declaration); (ii) whether census data provides an accurate count of “estimated low-income” consumers in a particular service territory; and (iii) whether the needs assessment should take into consideration the composition of the ratepayer base and existing surcharges.

1. Confirmed Low-Income/ Value of Census Data

Currently, for confirmed low income reporting purposes, PGW allows self-declaration of income and uses data from the prior two years. PGW does not support counting a customer as low-income based on a longer period of time as such counting would overestimate the number of customers. While PGW acknowledges there is interest in having a three tier level of identification (i.e., 1 – actual program participation in the prior 12 months; 2 – anyone who ever identified as low income; and 3 – census data) it is unclear what usefulness such data would provide, and what would be the purpose for such data. In fact, while PGW’s current method may overestimate the number of confirmed low income customers, any such overestimate is not to the same extent as would occur by using “anyone who ever identified as low income” or census data as the metric. Instead, actual current participation may be the closest to real numbers, since customers who are no longer low income are customers likely did not recertify for CAP. The more immediate the data is, the more value it has for the Commission. To that end, census data is not as current as a utility’s current customer’s records (and PGW questions its usefulness

given, for example, that not all Philadelphia residents are gas customers). Moreover, there are low-income customers who do not need or want CAP.

2. Scope of Needs Assessment

Defining the purposes of the needs assessment would provide useful guidance. If the purpose of the needs assessment is to set appropriate budgets for Universal Service programs, then no useful purpose is served by counting anyone who is not actually eligible and/or not likely to need or accept the services (e.g. for LIURP, a low-income customer with low energy usage, or whose landlord has refused LIURP). Moreover, the needs assessment should factor in the income composition and size of the utility's ratepayer base and existing surcharges and rates borne by ratepayers to ensure that universal service costs do not unreasonably overburden ratepayers subsidizing the programs – without this assessment, the long-term sustainability of these programs is questionable. As explained in the Introduction, using a needs assessment to set a budget for a service territory like PGW, given that it has the highest percentage of confirmed low income customers in the Commonwealth, could result in an outsized impact for PGW's ratepayers (a result that might not occur in another service territory without the same amount of “need”). Such result would require ratepayers to subsidize a massive universal service program purely on the basis that a significant percentage of the utility's customers are low income, while the program's benefits are spread across the region including to individuals and businesses that are not ratepayers.

C. Cost Recovery

Regarding the recovery of costs related to universal service programs issues included: (i) who should pay universal service costs; (ii) whether CAP credits should be subtracted from base rates; and (iii) what universal service costs are recoverable.

1. Who Pays Universal Service Costs

PGW collects its universal service costs from all firm service customer classes through its Universal Service and Energy Conservation Surcharge (“USC”).²² PGW does not allocate any universal service costs to either PGW’s interruptible sales service rate classes or to PGW’s large volume transportation service rate classes (“GTS/IT”).

While the USC recovers the costs of programs designed specifically to benefit low-income residential customers, customers in all classes benefit by programs that support and enable a community in which low-income customers are able to maintain utility service at an affordable cost. Non-residential customers that own or operate residential master-metered multi-family buildings can benefit from universal service programs such as the Low-Income Multifamily (“LIME”) program and they, like other firm commercial and industrial customers, have the same relationship to universal service recipients as those residential customers who are not participants in the universal service programs – as they are not direct recipients of universal service program benefits. Indeed, if the costs of universal service programs were allocated to only those who directly benefit from the programs, the participants in PGW’s universal service programs (i.e., low-income customers) would be required to pay for those programs.

Moreover, all non-residential customers indirectly benefit from keeping the residents of the City of Philadelphia in their homes. Residents contribute to the well-being and economic vibrancy of a community. Without residents living in the City, businesses may lose their workforce and customers. Keeping people living and working in the City will help businesses avoid financial losses, increase employee productivity, and retain viable consumers.

²² As part of its currently pending base rate case, PGW proposes to continue this historical allocation. The issue is currently pending before the Commission. *Pennsylvania Public Utility Commission, et. al. v. Philadelphia Gas Works*, Docket No. R-2017-2586783 (Exceptions regarding Recommended Decision dated August 28, 2017 still pending).

2. CAP Credits and Base Rates

PGW does not support the concept of subtracting CAP Credits from base rates under the guise of preventing “double recovery” of uncollectible expense. Chapter 14 prohibits the use of any “automatic surcharge mechanism for uncollectible expenses.”²³ Rate cases set the rates on a going forward basis at the level projected in the test year. When a utility experiences losses or unexpected increases in expenses prior to the next rate case, it cannot seek recovery of these past expenses in the future rate case. While PGW does not agree with the view that there is any “double recovery,” the law and ratemaking principles do not support the imposition of a mechanism requiring reductions in base rates to offset CRP enrollment in between rate cases.

3. Recoverable Costs

Utilities are entitled to receive full cost recovery for all expenses related to their universal service programs. PGW supports the Commission’s clarification of included costs, thereby setting clear policy and avoiding the costs of litigating over the applicability of these costs in the future.

D. Reporting Requirements

Comments regarding utility reporting requirements regarding universal service programs included: (i) a recommendation to develop a working group to review current practices and provide consistent data definitions; (ii) whether information reported by utilities should be made public; and (iii) whether data should be added to reflect the effectiveness of universal service programs.

Consistent with its initial comments, PGW supports establishing a working group to review current data reporting requirements and developing consistent data definitions. PGW also supports discussing whether additional data reflecting the effectiveness of universal service

²³ 66 Pa. C.S. § 1408.

programs should be added. PGW, however, does not support a requirement that utilities publicly share the data provided to the Commission – the utility should be required to provide data only to the Commission and the Commission would determine how to use the data. PGW believes that the Commission should be the clearinghouse for utility reported universal service program data.

E. USECP Review Process

Regarding the Commission’s review process of each utility’s universal service plan, recommendations included changes to the filing schedule and whether the current process should be converted to a more formal, litigation proceeding.

PGW supports changes to the filing schedule including a longer period of time between plan filings (e.g. 6 years) and the requirement that plans be effective for “x” years after Commission approval of the USECP. Implementation issues occur when the approval of a plan occurs after its start date because changes must be delayed pending final approval. This can impact any new programs the utility wants to implement and the evaluation of changes. By tying the next due date to the approval and providing a greater time period between plans, utilities will be better positioned to implement and assess the universal service plan - providing better data that can be utilized to inform future proposals for changes.

Regarding the current USECP review process, PGW does not support a mandatory litigated proceeding due to the increased costs that would be involved as well as the time necessary to engage in a fully litigated proceeding. By way of example, PGW’s LIURP was recently the subject of a fully litigated process because it was included as a program within PGW’s Demand-Side Management (“DSM”) Plan²⁴ which PGW sought to continue via a

²⁴ *Philadelphia Gas Works’ Revised Petition For Approval of Energy Conservation and Demand Side Management Plan, Docket Nos. R-2009-2139884, P-2009-2097639, Opinion and Order entered July 29, 2010 at 3. (“DSM I Final Order”). PGW’s initial petition was consolidated with*

proceeding initiated on December 23, 2014.²⁵ As part of the litigated proceeding, PGW was required to address all of the LIURP related issues directed by the Commission in its *USECP 2014-2016 Final Order*.²⁶ These issues were litigated before two Administrative Law Judges (“ALJs”),²⁷ PGW submitted thirteen pieces of testimony and sixteen exhibits sponsored by four witnesses (including two industry experts) and filed an extensive main brief, reply brief and exceptions. The parties also engaged in multiple rounds of discovery and settlement discussions. The majority of the time spent on this proceeding (by PGW, other parties and the Commission) involved PGW’s LIURP. For its part, the PUC issued a Tentative Order and Final Order regarding the LIURP budget and ultimately referred the issue of the LIURP budget to BCS for further review as part of PGW’s USECP 2017-2020 process.²⁸ This resulted in another tentative order, another final order and, finally, a compliance order. For PGW, this experience resulted in approximately more than 2,500 hours of work among PGW’s staff and legal outside counsel to address just the LIURP issues (this time estimate excludes expert witness time). During discovery, approximately 127 LIURP-related discovery questions were propounded by the

PGW’s base rate filing and both proceedings were resolved through a full settlement with all parties.

²⁵ *Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan for FY 2016-2020, and Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016, 52 Pa. Code § 62.4 – Request for Waivers*, Docket No. P-2014-2459362, Philadelphia Gas Works Petition dated December 23, 2014.

²⁶ *Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code § 62.4*, Docket No. M-2013-2366301, Final Order entered August 22, 2014 (“USECP 2014-2016 Final Order”) at 49, 52, 54-57.

²⁷ Although PGW did reach a Stipulation with the Bureau of Investigation and Enforcement (“I&E”) regarding PGW’s proposed Low-Income Multifamily (“LIME”) Program.

²⁸ *Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan for FY 2016-2020, and Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016, 52 Pa. Code § 62.4 – Request for Waivers*, Docket No. P-2014-2459362, Final Order entered November 1, 2016 at 17.

parties and answered by PGW. Based on this experience, PGW views embarking upon a mandatory litigated process – requiring utilities, interested stakeholders and Commission staff to undertake such a time-consuming and costly process – would divert resources that could be better used on implementing the programs (with no demonstrable benefits).

PGW is also concerned that some type of truncated process (for example certifying the record to the Commission) would still result in increased costs and raise complicated issues about staff's role in these proceedings. A process certifying the record to the Commission would still require utilities to present testimony (and hire needed experts), respond to discovery, engage in settlement and litigate the issues before an ALJ. Removing the obligation to submit briefs, moreover, may be a disservice to the Commissioners because it removes the ability of the utilities (and other stakeholders) to more succinctly present their positions based on the record developed, removes the analysis typically provided by the ALJ and leave the Commissioners having to analyze a presumably large volume of data without the benefit of context from either the parties or the ALJ.

The role of BCS in such a proceeding is also potentially problematic. In PGW's DSM proceeding, PGW – as directed – served BCS with copies of all documents filed in the proceeding and invited BCS to settlement discussions as related to the LIURP program. However, as this was a litigated proceeding and BCS serves in an advisory role to the Commission during the normal universal service review process, PGW (and the parties) were not provided the benefit of BCS's view about the various issues in dispute (none of which could be settled), presumably resulting in the need for further Commission direction as BCS became more directly involved after the ALJ process. At what point BCS could be involved – during the

litigation phase or only after the record closes – presents complicated *Lyness* issues²⁹ which would likely be difficult to resolve to the mutual satisfaction of all involved.

Rather than creating a “default” that these plans will be litigated and imposing additional costs on the parties and the Commission to go through that process, PGW recommends that the Commission set clear policies and rules as started through this docket (through a final rulemaking) which would result in a more transparent, consistent and streamlined USECP process. Issues related to universal service can be complex and involve many moving parts and far-reaching policy decisions, and should not be resolved by requiring utilities to implement new programs merely because one or more other utilities have done so voluntarily or otherwise, or because a party in one utility’s USECP proceeding makes an effective argument. Therefore, a process that (i) sets clear Commission policy through a rulemaking; and then, (ii) enables discussions with the Commission’s staff, would be more conducive to better programs than a litigated proceeding which has the effect of shutting down the ability of utilities to informally discuss issues with staff and results in a more adversarial, and significantly more costly, approach among interested stakeholders. If the Commission does move to litigated/truncated proceedings, the utility should receive full cost recovery for such proceedings through its universal service surcharge.

²⁹ It has long been understood that a combination of the functions of investigation, prosecution and adjudication within a single agency does not violate due process. See *Withrow v. Larkin*, 421 U.S. 35, 58 (1975); *State Dental Council and Examining Board v. Pollock*, 457 Pa. 264, 271, 318 A.2d 910, 915 (1974). However, due process does require a separation of functions within the agency, which is achieved when the inconsistent functions of prosecution and adjudication are assumed by different individuals within the agency. See, e.g., *Stone & Edwards Insurance Agency v. Department of Insurance*, 538 Pa. 276, 283, 648 A.2d 304, 308 (1994); *Marchionni v. Southeastern Pennsylvania Transportation Authority*, 715 A.2d 559, 563-564 (Pa. Cmwlth. 1998). Such “walls of division” eliminate any “threat or appearance of bias.” *Lyness v. State Board of Medicine*, 529 Pa. 535, 546, 605 A.2d 1204, 1209 (1992).

F. Base Rate Cases

Regarding the interplay of a utility's universal service plan and base rate case proceedings, comments were offered regarding whether changes to the universal service plan should be limited to the universal service plan review process or during rate cases. Consistent with its comments in the previous section, PGW would suggest that the Commission set clear policy and rules (through a rulemaking) which would result in a more transparent and streamlined USECP process.

VI. REPLY COMMENTS – LIURP

A. Coordination with CAP

Issues related to low-income usage reduction programs (“LIURPs”) include: (1) limiting LIURP to CAP participants until the need is met; (2) requiring CAP participants to accept service or be removed from CAP; (3) whether LIURPs should include de facto heating programs; and, (4) whether the energy burden for CAP participants should be considered in prioritizing for LIURP.

1. Limiting LIURP to CAP Participants

Although PGW was required in its recently approved USECP to expand LIURP participation to non-CAP customers, PGW supports limiting LIURP to CAP participants until the need is met in this customer group. Expanding eligibility requirements is not necessary where: (1) there are sufficient high use CRP participants available who need LIURP weatherization treatments; and, (2) offering LIURP services to non-CRP customers would likely erode the benefit received by non-CRP customers, including to customers who are low or moderate income themselves.

2. Requiring Acceptance of LIURP

Unless eligible for an exception, PGW requires CAP customers targeted for LIURP to accept LIURP or be removed from CAP and supports continuation of this requirement as an incentive for CAP participants to receive the services necessary to provide value to the non-CAP participants paying for the programs. This requirement may also reduce the program administrative costs by decreasing the number of customer “no-shows” to LIURP appointments and increasing the response rates to program mailers.

3. “De Facto Heating”

Regarding de facto heating, it is important to note that this is not an issue related to LIURP or properly characterized as a LIURP service. In fact, there is a “cost effectiveness gap” for a gas utility in attempting to remedy de facto heating. PGW does not oppose inter-utility coordination where there is an opportunity for significant enough energy savings and bill reductions to warrant comprehensive coordination. However, requiring a gas utility to undertake an effort to remove electric customers from de facto heating situations at gas ratepayer expense is contrary to the goal of LIURP to achieve energy conservation among high-use customers. This is particularly troubling when, in some instances, the use of electric space heat may be more cost effective for the customer, less energy-intensive (e.g. zonal heating use), and/or preferred by the customer. Further, PGW’s current Universal Service programs are provided for the benefit of PGW’s low income customers and do not contemplate providing services to customers of a different utility in order to reduce their energy usage. Requiring gas utilities to pursue such programs would require them to tackle structural and other issues – such as subsidizing the payment of unpaid gas bills - that would impose additional costs on gas customers for the benefit of electric customers (e.g. bad debt reduction). With all of this said, though, PGW would

support a stakeholder process designed with the goal of assisting consumers in need, while not transferring costs from a utility customer of one fuel source to another.

Finally, the issue of whether energy burden should be evaluated in prioritizing LIURP was raised. PGW opposes using energy burden as a metric to prioritize LIURP services. Energy burden holds no bearing on total energy use, so customers may be prioritized for LIURP even if their overall energy use is less than other low-income customers. Such prioritization could diminish the cost-effectiveness of LIURP, and limit the opportunity to weatherize households comprehensively. It is more effective for customers with a high energy burden to be enrolled in CAP, and to prioritize LIURP to CAP customers. Doing so would reduce the subsidy borne by non-CAP ratepayers, and manage low income customers' energy burden.

B. Administration

Issues raised regarding administration for LIURPs included: (i) the use of a single conservation service provider or community based organization ("CBO") for program delivery; and, (ii) whether there are differences between CBOs vs. private companies.

1. Use of a Single Provider

PGW does not support the use of a single conservation provider or CBO for LIURP. PGW relies on three contractors (including private companies) to provide LIURP energy efficiency programs. PGW requires its contractors to maintain cost-effectiveness and high-quality installations while targeting the greatest level of energy savings. PGW evaluates its contractors' performance against these metrics bi-annually. PGW's LIURP budget is allocated based on the outcome of these evaluations, encouraging competitiveness among contractors to achieve the best results. This methodology ensures that PGW's ratepayers receive the greatest benefits for their investments and that LIURP participants receive best results, and controls costs because it is designed to meet or exceed industry standard TRC cost-effectiveness targets.

Therefore this methodology better serves one of the intents of LIURP – protection of ratepayer dollars – in a more effective manner than by strictly adhering to use of one provider. The efficacy of a CBO as compared to a private company should not be prescribed in regulation, but be determined by the contractor’s performance in meeting the program’s goals.

2. CBOs vs. For-Profit Entities

Further, in its experience PGW has found that for-profit entities provide cost-effective weatherization and have sufficient experience to provide LIURP. Requiring that work be performed by a certain type of entity (such as a non-profit or CBO) at the expense of other qualified entities would create an unnecessary inflexible requirement that could deprive consumers of maximum benefits. In addition, it is unclear whether non-profit entities would be able to handle the level of LIURP services provided in the Commonwealth, or whether it is advisable for the Commission to require the use of one form of corporate entity over another – particularly given the size of LIURP budgets in the Commonwealth.

C. Costs

An issue raised regarding LIURPs is whether health and safety costs should be treated like administrative costs. As part of its recently approved USECP, PGW will be engaging in a health and safety pilot that will be reviewed with the results provided to the Commission. PGW would encourage the Commission to review these results as well as the results of any other utility’s health and safety programs to inform next steps. While PGW has voluntarily undertaken this pilot, it is important to recognize that the role of the utility (and its ratepayers) is not to resolve all low-income housing stock issues – this is especially true when the property is owned by a landlord who is legally required to correct the health/safety issue. PGW’s pilot is not designed to fix low-income housing stock issues, but rather, to remediate issues that prevent the installations of cost-effective gas conservation measures.

D. Design

Regarding LIURP design issues, comments were solicited for gas utilities' responsibility in addressing cooling measures. PGW strongly opposes any changes that would require it to install any electric-only measures such as cooling measures. However, PGW supports revising the cost-effectiveness evaluation of LIURP programs as set forth more fully in its initial comments, to a test that would consider all resource savings.³⁰ Although the gas utility's LIURP responsibility should remain focused on gas conservation, a modern cost-effectiveness test would consider the additional resource savings from electricity and water that could make measures such as insulation or air-sealing cost-effective.

E. Multifamily

For multifamily situations where there is a master meter, questions were raised about how and whether to provide LIURP services. Pursuant to Commission Order, PGW is providing a Low-Income Multifamily pilot program that is paid for, in part, by firm commercial and industrial customers. Pursuant to the Commission's order, PGW will accept both tenant-metered and master-metered buildings in the pilot, provided the residents meet the program's income eligibility requirements, provided that it can be customized by the utility.

F. Landlords

As explained more fully in PGW's comments at Docket No. L-2017-2557886 (regarding the Commission review of LIURP regulations), the role of LIURP is not to subsidize necessary work that the landlord is required to do under the law or otherwise in order to provide basic services for tenants and keep the property up to code.³¹ As such, PGW recommends that the

³⁰ PGW Comments at 5-6.

³¹ 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, PGW Comments, dated January 30, 2017 at 10-11.

Commission review whether it is appropriate for a utility to provide, and ratepayers to fund, services that a landlord is legally required to perform. With respect to concerns raised regarding landlord consent letters, PGW supports the development of a form letter that could be used by all utilities.

VII. CONCLUSION

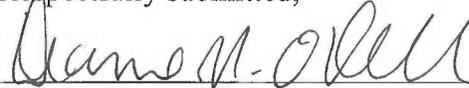
PGW appreciates this opportunity to provide these comments and looks forward to continued involvement as this investigation progresses.

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