

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

**Universal Service Coordination Working Group**

**PUBLIC MEETING**  
**May 14, 2009**  
**C-0012**

**MOTION OF VICE CHAIRMAN TYRONE J. CHRISTY & COMMISSIONER**  
**WAYNE E. GARDNER**

Today the Commission forms a Universal Service Coordination Working Group (Working Group). This is a vital step toward effectively coordinating the residential universal service programs under the Commission's jurisdiction and coordinating these programs with other state programs. The Commission's action is timely, given the likely introduction of Act 129 funds into the electric distribution companies' (EDCs') portfolio of energy efficiency measures for low-income customers, as well as the increase in available funding for the state's Weatherization Assistance Program (WAP) due to a recent three-year grant of \$252.8 million under the federal American Recovery & Reinvestment Act (ARRA).<sup>1</sup> This additional money places even more of an impetus on the need for effective coordination between utility and non-utility programs.

By way of background, the Commission has been charged with overseeing critical universal service programs that provide residential customers with assistance in maintaining natural gas, electric and telecommunications services.<sup>2</sup> These programs include energy assistance programs -- Customer Assistance Programs (CAPs)<sup>3</sup>, the Low Income Usage Reduction Program (LIURP)<sup>4</sup>, and Company Initiated Hardship Funds, and telephone assistance programs -- Lifeline and Link Up.<sup>5</sup>

The EDCs and natural gas distribution companies (NGDCs) have implemented CAPs. These programs provide low income customers with the opportunity to maintain their utility service by providing a reduced bill that is based on income and usage. LIURP helps low-income residential customers reduce the amount of electricity or natural gas used each month by installing energy saving features in the customers' homes. Customers who are eligible for these energy programs are usually eligible for the Lifeline and Link Up programs and other state and federal universal service programs.

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<sup>1</sup> American Recovery & Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009).

<sup>2</sup> See 66 Pa. C.S. § 2203(7) & (8) (relating to standards for restructuring of the natural gas utility industry), § 2802(10) & (17) (relating to declaration of policy [electric restructuring]), and § 2804(9) (relating to standards for restructuring of electric industry), and § 3011(2) & (3) (relating to declaration of policy). See also 52 Pa. Code §§ 63.161-63.171 (relating to [telecommunications] universal service).

<sup>3</sup> Policy Statement on Customer Assistance Programs, 52 Pa. Code §§ 69.261-69.267.

<sup>4</sup> Residential Low Income Usage Reduction Programs, 52 Pa. Code §§ 58.1-58.18.

<sup>5</sup> *Final Order: Lifeline and Link-Up Programs*, Docket No. M-00051871 (May 23, 2005).

In addition to the programs under the Commission's jurisdiction, there are federal assistance programs that are administered by the Department of Public Welfare (DPW) and the Department of Community and Economic Development (DCED). DPW administers the Low Income Home Energy Assistance Program (LIHEAP), which provides both cash and crisis benefits to low-income households. DPW is also responsible for the "automatic notification program," which provides welfare program recipients with information about telephone assistance programs. DCED administers the state's federally funded WAP. DCED distributes these funds to local governments and nonprofit organizations, such as community action agencies, to provide low income households with weatherization services.

At present, there is little coordination among these universal service programs. While this lack of coordination may not have interfered with the management of individual programs, it may have resulted in eligible households missing opportunities to receive comprehensive services necessary to ensure the continuation of affordable utility service.

Most importantly, recent events and changes in the law and in funding have demonstrated the need for coordination of these programs. Act 129 of 2008 requires Pennsylvania's EDCs to reduce the electric consumption of their customers by 1% by May 31, 2011, and by 3% by May 31, 2013. The EDCs must also reduce peak demand by a minimum of 4.5% by May 31, 2013. If the EDCs adopt new energy efficiency and conservation plans targeting low income households, we encourage coordination of these plans with existing programs. ARRA greatly expanded the funding for the State's WAP administered by DCED. ARRA funding will provide the WAP with \$252.8 million over the next three years. Given the current economic climate and expanded funding, there is a further impetus for more effective coordination of utility and non-utility programs.

#### **THEREFORE, WE MOVE THAT:**

1. The Universal Service Coordination Working Group shall be created to develop recommendations to coordinate residential universal service programs under the Commission's jurisdiction, and to coordinate these programs with other state programs. The Working Group shall also make recommendations on the feasibility of integrating these programs to establish a state-wide network of all utility assistance programs.

2. The Working Group shall be comprised of invited representatives from the natural gas, electric and telecommunications industries who have expertise in providing universal service to eligible customers. Representatives from the Department of Community and Economic Development and the Department of Public Welfare shall be invited to participate in the Working Group. The Office of Consumer Advocate, nonprofit associations and representatives of other consumer organizations shall also be invited to participate.

3. The initial meeting of the Working Group shall be held no later than 60 days after the entry date of this order. The Bureau of Consumer Services with the assistance of Law Bureau will oversee the activities of the Working Group.

4. The Working Group shall submit its final recommendations to the Commission no later than December 15, 2009.

5. The Bureau of Consumer Services with the assistance of the Law Bureau shall prepare the appropriate Order consistent with this Motion.

6. This Order shall be served on all natural gas distribution companies, electric distribution companies, and local exchange telecommunications companies, the Office of Consumer Advocate, the Public Utility Law Project, Community Legal Services, Inc., the Energy Association of Pennsylvania, the Pennsylvania Telephone Association, the Department of Public Welfare, the Department of Community and Economic Development, the Consumer Advisory Council, and Dollar Energy Fund.

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**TYRONE J. CHRISTY, VICE CHAIRMAN**

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**WAYNE E. GARDNER, COMMISSIONER**