**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

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|  | Public Meeting held March 14, 2019 |
| Commissioners Present:Gladys M. Brown, ChairmanDavid W. Sweet, Vice ChairmanNorman J. KennardAndrew G. PlaceJohn F. Coleman, Jr. |  |
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| Columbia Gas of Pennsylvania, Inc. Universal Service and Energy Conservation Plan for 2019‑2021 | Docket No. M-2018-2645401 |
| Petition of Columbia Gas of Pennsylvania, Inc. to Modify its Proposed 2019-2021 Universal Service and Energy Conservation Plan at Docket No. M‑2018-2645401  | Docket No. P-2019-3007876 |

**TENTATIVE ORDER**

**BY THE COMMISSION**

On February 1, 2018, Columbia Gas of Pennsylvania, Inc. (Columbia or Utility), a jurisdictional natural gas distribution company (NGDC), filed its proposed Universal Service and Energy Conservation Plan for 2019-2021 (Proposed 2019-2021 Plan or USECP) in compliance with 52 Pa. Code § 62.4, relating to natural gas universal service and energy conservation reporting requirements. On March 23, 2018, Columbia filed a supplement to update the Hardship Fund provisions in its Proposed 2019-2021 Plan (March 2018 Supplement). On February 13, 2019, Columbia filed a Petition (2019 Petition), docketed at Docket No. P-2019-3007876, pursuant to a prior base rate case order, to further amend Hardship Fund provisions in its Proposed 2019-2021 USECP. By this Tentative Order, we indicate issues that require further attention on the record before approving Columbia’s USECP for 2019-2021. We invite stakeholders to comment on any provision of the Proposed 2019-2021 Plan regardless of whether or not the provision has been addressed in this Tentative Order.

1. **BACKGROUND**

 The Natural Gas Choice and Competition Act (Gas Competition Act), effective July 1, 1999, opened the natural gas supply market to competition and established standards and procedures for restructuring Pennsylvania’s natural gas utility industry. It includes universal service provisions to ensure that natural gas service remains universally available to customers in the Commonwealth. 66 Pa. C.S. §§ 2201, *et seq.*

 “Universal service and energy conservation” is defined as “policies, practices, and services that help low-income customers maintain their natural gas service” and includes customer assistance programs (CAPs) and usage reduction (*i.e.*, energy conservation) programs. 66 Pa. C.S. §§ 2202 and 2203. The Commonwealth must, at a minimum, continue the low-income policies, practices, and services that were in existence as of July 1, 1999. 66 Pa. C.S. § 2203(7). Universal service programs are subject to Commission oversight, and the utilities must run their programs in a cost-effective manner. 66 Pa. C.S. § 2203(8). The Commission must ensure that universal service is appropriately funded and available in each natural gas distribution territory. 66 Pa. C.S. § 2203(8).

 To help meet these requirements, the Commission promulgated the *Universal Service and Energy Conservation Reporting Requirements* regulations (Reporting Requirements). 52 Pa. Code §§ 62.1-62.8. A NGDC serving more than 100,000 residential accounts must submit an updated USECP every three years to the Commission for approval. 52 Pa. Code § 62.4. Further, the Commission adopted its CAP Policy Statement at 52 Pa. Code §§ 69.261-69.267. Although the Gas Competition Act does not define “affordability,” the Commission’s Policy Statement provides guidance on affordable payments. 52 Pa. Code §§ 69.261-69.267. The Commission balances the interests of customers who benefit from the programs with the interests of the customers who pay for the programs. *See* *Final Investigatory Order on CAPs: Funding Levels and Cost Recovery Mechanisms*, Docket No. M-00051923 (December 18, 2006), (*Final CAP Investigatory Order*), at 6-7.

 As of December 31, 2017, the approximate number of residential customers served by Columbia and the number of customers enrolled into its CAP were as follows:

**Table 1**

**Columbia Residential Class Size and CAP Enrollment as of December 31, 2017[[1]](#footnote-2)**

|  |  |
| --- | --- |
| **Residential Customers** | **CAP Enrollment** |
| 393,410 | 22,255 |

1. **HISTORY**
2. **2015-2018 USECP, Docket No. M-2014-2424462**

 Columbia’s 2015-2018 USECP was approved, subject to modification and clarification, by the Commission at Docket No. M‑2014-2424462 by Order entered July 8, 2015. The Order directed Columbia to file a progress report within 60 days to advise the Commission and the parties of Columbia’s progress in implementing the directed modifications and clarifications to its 2015-2018 USECP. On August 7, 2015, Columbia filed its revised 2015-2018 USECP and Supplement No. 235 to Tariff Gas - Pa. P.U.C. No. 9 in compliance with the July 8, 2015 Order. Supplement No. 235 implemented tariff changes consistent with the 2015-2018 USECP. On December 1, 2015, Columbia filed replacement pages to the supplement to revise the effective date to July 8, 2015, consistent with the date of Commission approval.

1. **2016 Base Rate Case, Docket Nos. R-2016-2529660, *et al.***

 On March 18, 2016, Columbia filed for a general rate increase at *Pa. PUC, et al., v. Columbia*, Docket Nos. R‑2016‑2529660, *et al.* (2016 Base Rate Case). On September 2, 2016, a 2016 Joint Petition[[2]](#footnote-3) for settlement was filed, providing, *inter alia*, for the use of the residential portion of federal pipeline penalty credits and refunds received through February 28, 2018, as a funding source for Columbia’s Hardship Fund and that Columbia would remove the Hardship Fund recovery from its Rider USP.[[3]](#footnote-4) The Administrative Law Judge’s (ALJ) October 7, 2016 Recommended Decision recommended approval of the universal service provisions in the 2016 Joint Petition. The Commission adopted the Recommended Decision by order entered on October 27, 2016. Changes to Columbia’s tariff reflecting the 2016 Joint Petition became effective via Secretarial Letter issued on December 19, 2016.

 As articulated in the 2016 Joint Petition, Columbia, *inter alia*, agreed that it would:

* Use the residential portion of pipeline penalty credits and refunds received through February 28, 2018, as a funding source for the Hardship Fund and pursue additional funding from voluntary sources to fund the Hardship Fund. OP No. 41.
* Continue to fund LIURP at the level of $4.75 million per year and carry any unspent funds over and add to the following year’s funding. OP No. 42.
* Partner with various Community-Based Organizations (CBOs) in the development, implementation, and administration of the LIURP program. OP No. 43.
* Extend its “Third Party Notification Program” to include all CAP reminder notices and make all third-party notification forms available at local CBOs. OP No. 44.
* Provide brochures on all universal service programs to CBOs including non-utility access points and encourage CBOs to disseminate the brochures to applicants for other assistance. OP No. 45.
* Reduce the base participation level for its CAP from 25,300 to 23,000 and keep its universal service cost offset at 7.5%. OP No. 46.
* Review customers with high CAP credits from the previous year and prioritize them for weatherization and, once that list is exhausted, use the list as well as eligible customers requesting weatherization. OP No. 47.
1. **Petition to Use Penalty Credits and Refunds for Hardship Fund, Docket No. P‑2018‑3000160**

 On February 28, 2018, Columbia filed and served a Petition at Docket No. P‑2018-3000160 seeking approval to use the residential portion of its federal pipeline penalty credit and refund proceeds to support its Hardship Fund. If the balance of the Hardship Fund were to exceed $750,000, Columbia proposed to flow through any remaining residential portion of the proceeds to residential customers through Columbia’s Purchased Gas Cost (PGC) rates. Columbia proposed to flow through the non-residential portion to non-residential customers through PGC rates.

 OCA supported the continued use of penalty credits and refunds to support Columbia’s Hardship Fund provided that Columbia would continue to seek other sources of voluntary funding to fully fund the Hardship Fund. OCA March 2018 Answer.

 On June 14, 2018, the Commission approved Columbia’s petition, concluding that approval of the Petition was in the public interest.

1. **2018 Base Rate Case, Docket No. R-2018-2647577**

On March 16, 2018, Columbia filed for a general rate increase at *Pa. PUC v. Columbia*, Docket No. R‑2018‑2647577*.* (2018 Base Rate Case). On August 31, 2018, a 2018 Joint Partial Petition[[4]](#footnote-5) for settlement was filed, providing, *inter alia*, for establishing adequate funding for Columbia’s Hardship Fund to prevent adverse impact on Columbia’s low-income population relative to universal service and energy conservation programs. The ALJ’s September 28, 2018 Recommended Decision recommended adoption, without modification, of the 2018 Joint Petition for Partial Settlement filed by the 2018 Joint Petitioners[[5]](#footnote-6) on August 31, 2018.

By order entered on December 6, 2018 (2018 Base Rate Case Order),[[6]](#footnote-7) the Commission approved the 2018 Joint Petition for Settlement and determined that Columbia had 90 days from December 6, 2018, or until March 6, 2019, to file an amended USECP consistent with the 2018 Joint Settlement of its 2018 Base Rate Case proceeding.

1. **Proposed 2019-2021 USECP, Docket Nos. M-2018-2645401 & P-2019-3007876**

 In compliance with Commission regulations, Columbia filed its Proposed 2019-2021 Plan on February 1, 2018. On March 23, 2018, Columbia filed a supplement related to the Hardship Fund provisions in its Proposed 2019-2021 USECP. On February 13, 2019, Columbia filed the 2019 Petition, pursuant to the 2018 Base Rate Case Order, to further amend its Proposed 2019-2021 USECP related to the Hardship Fund provisions and increases to its LIURP funding for years 2020 and 2021.[[7]](#footnote-8)

 The Proposed 2019-2021 Plan, as supplemented and amended, contains the requisite four components cited in the statutory definition of universal service, 66 Pa. C.S. § 2202, that are intended to help low-income customers maintain utility service. The four components are: (1) CAP, which provides discounted pricing and/or debt forgiveness for low-income residential customers; (2) LIURP, which provides weatherization and usage reduction services; (3) Customer Assistance and Referral Evaluation Services (CARES), which provides referral services for payment-troubled customers experiencing a temporary hardship; and (4) a Hardship Fund, administered by Dollar Energy Fund (DEF), which provides grants to qualified customers with overdue balances and an inability to pay energy bills.

 Columbia’s Proposed 2019-2021 Plan, which includes several modifications to its current USECP, addresses the availability of universal service programs in Columbia’s service territory and program funding pursuant to 66 Pa. C.S. § 2203(8). Columbia also addresses its obligations under the Universal Service Reporting Requirements at 52 Pa. Code §§ 62.1-62.8 (USRR), the CAP Policy Statement at 52 Pa. Code §§ 69.261-69.267, and the LIURP regulations at 52 Pa. Code §§ 58.1-58.18.

 Columbia’s 2019 Petition to further modify the Hardship Fund provisions was timely filed pursuant to the 2018 Base Rate Case Order. On March 5, 2019, OCA filed and served a letter stating that it does not oppose the 2019 Petition. Stakeholders will have the opportunity to answer the 2019 Petition in conjunction with their comments and reply comments to this Tentative Order.

1. **Third-Party Evaluation of Columbia’s USECP**

 An independent third-party evaluation of Columbia’s universal service and energy conservation efforts was completed in September 2017 by Melanie Popovich (2017 Popovich Evaluation)[[8]](#footnote-9) pursuant to 52 Pa. code § 62.2. The evaluation suggested three changes to Columbia’s universal service programs: 1) eliminate the Senior CAP payment option, 2) treat customers out of CAP for four or more years as customers with no previous CAP participation, and 3) add a LIURP pilot that accepts low-usage customers from the most recent 12 months that have low usage due to inoperable heating systems. The customers in this pilot should receive repair or replacement of their heating systems and weatherization measures. These recommendations will be discussed below in conjunction with Columbia’s proposed remedial modifications.

1. **CONTENTS OF COLUMBIA’S PROPOSED 2019-2021 PLAN**

 We shall discuss the proposed modifications to the USECP and each program in greater detail below.

1. **Summary of Modifications to the Universal Service Programs in the Proposed 2019-2021 Plan**

In its Proposed 2019-2021 Plan, Columbia proposes eight modifications to its existing Universal Service Programs. Two of the proposed CAP modifications and one of the proposed LIURP modifications address issues raised in the 2017 Popovich Evaluation:

1. **CAP**
* Treat customers who have been out of CAP for four or more years as customers with no previous CAP participation. Any past-due amounts would be regarded as pre-program arrears (PPA) eligible for forgiveness over three years.[[9]](#footnote-10) (Popovich recommendation).
* Eliminate the Senior CAP payment plan option for all new CAP participants. (Popovich recommendation).
* Require CAP customers reporting zero income to verify their income every six months.
* Eliminate the requirement that CAP customers apply for LIHEAP.
1. **LIURP**
* Implement a health and safety pilot program for high-usage CAP customer homes unable to be weatherized without first requiring correction of existing health and safety issues in the home.[[10]](#footnote-11)
* Implement a LIURP pilot that would accept customers that have low usage due to inoperable heating systems based on the most recent 12 months. Customers in this pilot would receive repair or replacement of their heating system and weatherization measures. (Popovich recommendation).
1. **CARES**

Columbia proposes no major changes to its CARES program in its Proposed 2019-2021 Plan compared to its prior three-year plan.

1. **Hardship Fund**
* Use the residential portion of pipeline credits and refunds as a funding source at Docket No. P-2018-3000160, Order entered June 14, 2018.
* Implement new requirement that Hardship Fund grant amounts must be enough to stop termination or restore service.[[11]](#footnote-12)
1. **Program Descriptions as Proposed for 2019-2021**
2. **CAP**

Columbia’s CAP offers discounted pricing and waiver of deposits to payment-troubled residential heating customers with household income at or below 150% of the Federal Poverty Income Guidelines (FPIGs). Columbia defines a payment-troubled customer as someone who has received a termination notice, broken a payment agreement within the past 12 months, been identified as financially vulnerable because he/she has a low credit score,[[12]](#footnote-13) or reported being enrolled in an EDC’s CAP.

Enrollment in Columbia’s CAP helps customers maintain gas service through more affordable payments and the opportunity to eliminate pre-program balances through 1/36th monthly pre-program arrearage (PPA) forgiveness. All Columbia CAP customers can have their PPAs forgiven over three years of timely, in-full CAP payments. Columbia applies PPA forgiveness for each timely and full monthly payment, regardless of existing CAP in-program arrears, as well as retroactive PPA forgiveness if a customer makes up a missed CAP payment.

To qualify for CAP, customers must meet the following requirements:

* Have an active residential account;
* Have gross household income at or below 150% of FPIG;
* Be a payment-troubled customer;
* Cannot live in a multi-unit dwelling served by one meter; and
* Provide a Social Security number (SSN), driver’s license number, or other state identification number for all household members 18 years of age and older.

Columbia’s CAP customers must comply with the following to remain in CAP:

* Submit income verification as specified, including at initial application and during reverification periods;
* Notify Columbia of any changes in household income, size, or residence;
* Pay monthly CAP payment amount by due date;
* Pay monthly CAP Plus[[13]](#footnote-14) amount by due date;
* Pay $5 monthly PPA co-pay[[14]](#footnote-15) by due date if applicable;
* Apply for LIURP;
* Apply for free weatherization services offered through the Department of Community and Economic Development’s (DCED) state weatherization agencies;
* Stop use of non-essential gas appliances (*i.e.*, pool heater, etc.); and
* Allow Columbia to contract for the purchase of gas supplies from a licensed natural gas supplier (NGS) on the customer’s behalf.

Columbia calculates a customer’s CAP bill using three separate payment options. It selects the option closest to the customer’s ability to pay, which should not be less than the average amount paid by the customer during the previous 12 months. The three payment options are[[15]](#footnote-16):

**Option 1.** Percentage of the household’s income based on FPIG, as illustrated in Table 2.

**Table 2**

**Payment Amounts for Percentage of Income Payment Option**

|  |  |
| --- | --- |
| **Income** | **Percent of Income Customer Charged** |
| 0-110% FPIG | 7% |
| 110- 150% FPIG | 9% |

**Option 2.** Average amount of payments made during the previous 12 months, prior to joining CAP.[[16]](#footnote-17) This monthly amount remains frozen after enrollment and is offered at recertification, if warranted.

**Option 3.** Fifty percent of budget billing adjusted annually.

 Added to Columbia CAP payment options are two additional charges: the $5 monthly PPA co-payment (if applicable) and the CAP Plus charge.

Regardless of the option, the minimum monthly payment in CAP is $25, and the CAP bill should never exceed the customer’s budget bill amount. If the customer’s CAP bill is found to be higher than budget billing, Columbia will review the account to determine whether the monthly CAP payment can be lowered or if the customer should be removed from CAP.

Columbia CAP customers are considered to be in default after they have missed two CAP payments. A termination notice is issued 10 days after a customer misses two CAP payments. If the customer does not pay the CAP payment due within 10 days of the termination notice date, service will be terminated for non-payment. After a CAP customer’s service is terminated, the customer must bring the household’s CAP bill current which also includes paying any additional CAP payments that became past due during the termination notice period prior to termination.

Under certain circumstances as will be discussed in the LIURP section below, if the customer’s usage exceeds the annual shortfall limit of $1,000, Columbia may raise the CAP monthly payment amount or remove the customer from CAP.

Columbia’s CAP application requires for the following to verify income regardless of how the information is submitted:

* Proof of income for the past 30 days, 90 days, or 12 months – the longer time frames are particularly useful when household income has spikes and dips that average out to be less than or equal to 150% of FPIG.
* Monthly gross income for each household member. (Columbia also asks applicants to show their monthly income calculation on the application.)
* If an applicant claims zero income, the applicant has to indicate how the household will be paying for utility service.

Columbia’s CAP Customer Responsibilities provisions require that a CAP customer must agree to income verification as required by Columbia. By signing Columbia’s CAP application, CAP participants agree, *inter alia*, to notify Columbia of any changes in household income, household size, or residence. Additionally, by having signed the application, CAP participants (1) authorize Columbia to further verify household income as the utility deems appropriate and (2) acknowledge that making any false or incomplete statement on the application will be cause for rejecting the application or removal from CAP.

Reverification timelines for CAP depend on the customer’s source of income and participation in LIHEAP.

* Columbia is proposing a change that would require customers with no income to reverify every six months. Previously, CAP customers claiming no income had to reverify every three months. Proposed 2019-2021 Plan at 4 and 26.
* CAP customers that assign a LIHEAP grant to Columbia are exempt from re-certification.[[17]](#footnote-18)
* Customers receiving other universal service assistance from Columbia are exempt from recertification.[[18]](#footnote-19)
* Customers aged 60 or older receiving Social Security or disability benefits must reverify income every other year.[[19]](#footnote-20)
* Customers receiving any other type of income must reverify their income on an annual basis.[[20]](#footnote-21)

Columbia issues a recertification letter 30 days in advance of the customer’s CAP recertification date. CAP participants must mail or fax their income verification to the specified CBO that will process their verification. Customers can also reverify in person at a CBO, if they prefer. If income is not reverified within 30 days after the enrollment anniversary date, the customer is removed from CAP. Prior to removing a customer from CAP, Columbia will attempt to verify income and household information through the customer’s electric utility CAP program.[[21]](#footnote-22)

 Columbia initiates termination procedures for CAP customers after two missed payments. If the customer does not make up the missed CAP payments within 10 days of the date of the termination notice, Columbia will attempt to terminate service but will delay termination procedures for “extenuating” circumstances. CAP customers do not pay security deposits or re-connect fees for restoration of service.

To supplement our analysis of Columbia’s CAP, BCS reviewed informal complaints opened by Columbia customers between January 2017 and December 2017. There were no discernable trends or cause for concern discovered through the analysis of informal complaints.

Staff has, however, identified potential areas of concern and potential deficiencies inherent in Columbia’s proposed CAP as detailed below.

*a. Elimination of LIHEAP Participation as a Condition of CAP Eligibility* – Clarification Requested

 Columbia proposes the elimination of the requirement that CAP customers must apply for LIHEAP annually as a condition of CAP eligibility. Proposed 2019-2021 Plan at 4. The Proposed 2019-2021 Plan describes how Columbia encourages customers through outreach opportunities to pursue LIHEAP funds when available. Some of these outreach methods include a press conference, press releases, TV commercials, bill inserts, outbound calls to both previous and identified eligible LIHEAP customers, a toll-free hotline for inquiries and application assistance, and outbound calls to LIHEAP crisis-eligible customers through a direct referral process. Proposed 2019-2021 Plan at 7.

 The Commission is, however, concerned that removing the LIHEAP application requirement from CAP eligibility may decrease LIHEAP participation by Columbia’s CAP customers. Columbia should encourage low-income customers to apply for LIHEAP at every opportunity. Removing this requirement from Columbia’s CAP would seem to be a disincentive for its customers to apply for a LIHEAP grant.

In January 2019, the Commission released a staff report titled *Home Energy Affordability for Low-Income Customers in Pennsylvania* (Report), at Docket No. M‑2017-2587711. The Report notes that it appears that LIHEAP had a measurable impact on energy burdens for CAP customers from 2012 through 2016. Based on averages from the NGDCs, between 2012 and 2016, NGDC CAP customers with incomes at or below 50% of the FPIG experienced an average energy burden decrease of approximately 5 to 6 percentage points for gas heating if they also received LIHEAP. CAP customers with incomes between 51% and 100% of the FPIG experienced an average energy burden decrease of approximately 2 to 3 percentage points for gas heating if they received LIHEAP. CAP customers with incomes between 101% and 150% of the FPIG experienced an average energy burden decrease of approximately 1 to 2 percentage points for gas heating if they received a LIHEAP grant. Additional data have been requested from the NGDGs in Docket No. M-2017-2587711, and if the perceived pattern holds, it would appear that the energy burden decreases resulting from LIHEAP participation strongly suggest that LIHEAP participation should be encouraged among CAP participants.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should explain its rationale for eliminating LIHEAP application as a condition of CAP eligibility.

*b. CAP Eligibility Criteria* – Clarification Requested

To be eligible for CAP, a Columbia customer must have gross household income verified at 150% or less of FPIG. However, Columbia fails to define the term “household income” in its Proposed 2019-2021 Plan, including what may or may not be considered or included as household income. Proposed 2019-2021 Plan at 19.

Without clear direction to customers concerning CAP eligibility requirements, Columbia may be producing unnecessary uncertainty that may impede the effectiveness of its CAP.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should clearly define the term “household income” as it specifically relates to CAP Eligibility Criteria.

*c. CAP Telephonic and On-site Applications Documentation Submission* – Clarification Requested

The Proposed 2019-2021 Plan discusses telephonic and on-site applications and the requirement that both must provide supporting documentation for application completion. However, Columbia does not specify time frames for document submission, nor does it mention any time frames for mailed applications. Proposed 2019-2021 Plan at 21.

This raises several questions: How long do customers have to submit the requested documentation for CAP eligibility? What process occurs if the documentation is not received? Are customers informed whether documents have been received and/or reminded when documents are not received? What actions arise to remind customers to submit documentation? How long after application submission would Columbia accept the requested documentation? Are mailed applications also an option?

*Proposed Resolution:* In its response to this Tentative Order, Columbia should specify documentation submission time frames and deadlines for telephonic, on-site, and mailed applications through addressing the above questions and providing other such details that may be relevant. If mailed applications are not an option, Columbia should discuss why this is the case. If they are an option and have not been addressed, Columbia should include that information.

*d. CAP Application Process* – Clarification Requested

The Proposed 2019-2021 Plan does not describe a current or future online application process for Columbia’s CAP. Columbia discusses telephonic applications increasing customer efficiency as well as on-site applications, but there is no mention of an online application. Proposed 2019-2021 Plan at 21.

Other utilities, such as PPL Electric Utilities Corp. (PPL) and PECO, offer a streamlined online CAP application process to their customers. PPL simplifies the online application process for customers through various means: wait times are shortened through the elimination of mailing delays, customers have the option to upload income documentation to their application, and applications are automatically forwarded to the CBOs responsible for the customer’s application in their service territory.[[22]](#footnote-23) PECO offers four application mediums including mail, fax, email, and online submission. PECO notes that its processing performance levels for fax, email, and online submissions are three days while the mail applications take an average of seven days to process.[[23]](#footnote-24)

In an informal discussion with Columbia, BCS was advised that Columbia plans to offer a means to submit income documentation electronically in 2019. As described above, other utilities already implement practices that support electronic communication and documentation. Electronic submission of income documentation is but one step. Offering an electronic means to apply for low-income programs also produces an electronic trail that leaves no question on whether or not an individual applied for certain programs or provided documentation. It would be less likely that income documentation would be lost and would not necessitate further contact on any party’s account to either request documentation or inquire as to whether it was received.

The Commission urges Columbia to consider the development of an online application process for universal service programs to make it easier for customers to apply.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should explain if it is working on or would consider an online application for universal service programs in addition to its anticipated online income documentation submission process. Columbia should provide a timeline for any work under consideration, including a timeline for its implementation of electronic income documentation submission. Columbia is reminded that if an online application process is to be implemented, then Columbia would first need to amend its USECP to incorporate that provision.

*e. CAP Onsite Applications* – Clarification Requested

The Proposed 2019-2021 Plan states that onsite applications are typically required for service reconnections for CAP customers who also need to apply for the Hardship Fund and for vulnerable customers that may need assistance both completing and providing documentation for their applications. Proposed 2019-2021 Plan at 21.

The Commission is concerned that requiring customers to apply onsite is overly burdensome to the applicant. There are myriad reasons why customers may not be able to make it to a physical location (*i.e.*, mobility issues, transportation matters, work or childcare schedules, etc.) to submit an application or to provide documentation. Requiring customers to attend an onsite appointment could be an impediment for some customers to access the low-income services that they are eligible for.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should discuss the rationale for making an onsite application a requirement in particular circumstances. Additionally, Columbia should also describe and justify any other times an onsite application or other function is required of the customer.

*f. Remedial Energy Efficiency Program (REEP)* – Clarification Requested

REEP is an existing Columbia program. Potential REEP customers are those CAP customers who have already received weatherization services but whose continued usage is beyond Columbia’s annual shortfall limit of $1,000. Columbia plans to engage a contractor to provide energy efficiency education on an individual basis for up to 200 customers per year. The contractor will also monitor usage and provide feedback to the customer for a year. CAP participants who continue to exceed the shortfall limit after REEP and who do not meet Columbia’s usage control exemptions risk consequences which can include removal from CAP or increases in their payment option, based on the recommendation of the contractor. Proposed 2019-2021 Plan at 22.

The details on the procedure for contractors making recommendations regarding shortfall limits are not delineated. We have a number of concerns regarding how a recommendation in this situation is reached. Columbia should describe how long a customer can exceed the shortfall limits until a contractor intervenes. The consequences should be outlined in detail. The number of customers that have been removed from CAP due to exceeding shortfall limits should be divulged. Additionally, the number of customers that had an increase in their payment option as a result of high usage should also be provided.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should indicate how decisions to refer a customer to REEP are made, how recommendations regarding a customer’s usage are reached, and how/when CAP customers are notified of the shortfall limit and the consequences of exceeding it.

*g. Customers Requesting Removal from CAP* – Clarification Requested

Columbia customers voluntarily leaving CAP cannot reenroll for one year absent “extenuating circumstances.” Proposed 2019-2021 Plan at 24. Columbia does not explain what constitutes “extenuating circumstances.”

*Proposed Resolution:* In its response to this Tentative Order, Columbia should indicate the definition of an “extenuating circumstance.” Additionally, examples of extenuating circumstances should be provided.

*h. Re-verification of Income Exceptions for CAP Customers –* Clarification Requested

 The Proposed 2019-2021 Plan states that “CAP customers are required to provide proof of income annually, with the following exceptions: CAP customers who receive LIHEAP, Dollar Energy Fund, or another Columbia Universal Services program are exempt.” Proposed 2019-2021 Plan at 26.

We have concerns about Columbia’s proposal to exempt LIHEAP, DEF, and other Columbia universal services program recipients from CAP income re-verification. Section 69.265(6)(viii) of Commission regulations instructs utilities to reestablish a participant’s eligibility for CAP benefits annually. However, recertification of income and household information for CAP participants establishes more than program eligibility. It also verifies that the household’s CAP payment is based on the correct FPIG level. For participants enrolled in Columbia’s percentage of income option, the payment is based on FPIG. Customers in the 1-110% FPIG receive a 7% discount, and those in the 110-150% FPIG receive a 9% discount.

Income verification is essential to ensure that only low-income customers are CAP-eligible. It is important that all customers be required to verify their income at least once every three years. The Commission has never approved a CAP recertification interval of less than once every three years. *See* *PECO 2016-2018 USECP*, Docket No. M‑2015-2507139 (order entered August 11, 2016) at 43-44.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should discuss the justification for exempting CAP customers who receive LIHEAP, Dollar Energy Fund, or another Columbia universal services program exempt from income re‑verification for CAP. Additionally, Columbia should explain if it would consider adjusting its income re-verifications for the above-mentioned exempted groups to an income re-verification timeline of at least once every three years.

*i. Calculation of Final Bill for CAP Customers –* Clarification Requested

 Columbia does not disclose in its Proposed 2019-2021 Plan how final bills of CAP customers are treated or calculated.

 The Commission does not know if the final bills of CAP customers leaving CAP (voluntarily or involuntarily), having service terminated, or discontinuing service are calculated at the residential tariff rate or at the CAP pricing option. It is important that the Commission and customers be aware of how final bills are calculated, especially for financially vulnerable CAP customers.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should clearly articulate in its USECP the policy it will adhere to when calculating the final CAP bill of CAP customers.

**2. LIURP**

Columbia’s LIURP provides weatherization and conservation services to low-income customers. The primary objectives for LIURP include reducing customer energy usage, in-program arrears, and CAP shortfalls. To be eligible for LIURP, a residential heating customer must be low income and have an average winter consumption greater than 170 therms. Further, the dwelling must not have received weatherization services within the past seven years. Columbia reserves up to 20% of its LIURP annual budget to provide weatherization services to special needs customers, as defined in 52 Pa. Code § 58.2,[[24]](#footnote-25) which includes non-CAP customers who otherwise meet the LIURP eligibility requirements. Services provided through Columbia’s LIURP include home energy audits, energy education, heating system inspections, gas furnace/boiler upgrades, and other weatherization measures, as needed (*e.g*., sidewall/attic insulation, sealing, caulking, and window stripping).

If a CAP customer’s shortfall[[25]](#footnote-26) continues to exceed $1,000 annually after receiving LIURP services, he/she is invited to participate in Columbia’s Remedial Energy Efficiency Program (REEP). Through REEP, a customer receives individualized energy education and ongoing feedback on household usage from a third-party contractor.[[26]](#footnote-27) As mentioned above, if the customer’s usage continues to exceed the annual shortfall limit, Columbia may raise the CAP monthly payment amount or remove the customer from CAP, depending on the contractor’s recommendation.

Columbia is proposing two LIURP pilots for implementation in the Proposed 2019-2021 Plan:

1. **Health and Safety Pilot** *–* The Health and Safety Pilot is for high-usage CAP customer homes unable to be weatherized without first correcting existing health and safety issues in the home. Absent correction, health and safety issues present in a home can prevent weatherization. Such issues include, but are not limited to, knob-and-tube wiring, moisture, mold, mildew, minor structural issues, etc. Columbia estimates that the removal of such health and safety issues will provide usage reductions greater than 18% once addressed and weatherization measures are installed. Proposed 2019-2021 Plan at 15-16.
2. **Inoperable Heating Systems Pilot** – The second proposed LIURP pilot would accept low-usage customers from the most recent 12 months that have low usage[[27]](#footnote-28) due to inoperable heating systems or furnaces in need of repair or replacement. The customers in this pilot would receive repair or replacement of their heating system prior to the weatherization measures offered through LIURP. Columbia proposes to allot $100,000 for this pilot covering up to 10 homes. This proposal stems from a Popovich recommendation.

*a. Health and Safety Pilot* – Clarification Requested

Columbia does not specify a duration for the proposed pilot. Columbia does not define “PDV.” Columbia has not specified what criteria it will use to decide whether to propose making the pilot a regular component of its LIURP.

We have approved similar pilots for other utilities but required such information.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should specify the duration of the Health and Safety Pilot and how it will measure the success and cost-effectiveness of the Health and Safety Pilot in determining whether to propose making the pilot a regular component of its LIURP. The Company should also define/explain “PDV.”

*b. Inoperable Heating Systems Pilot* – Clarification Requested

This pilot stems from a Popovich recommendation. Columbia does not concisely discuss the specific eligibility criteria and metrics for the inoperable heating systems pilot. Information for this pilot appears to be interspersed with its LIURP eligibility criteria section in the Proposed 2019-2021 Plan at 14.

We request that Columbia identify the eligibility criteria for this pilot, placed under its own heading, similar to the Health and Safety Pilot outlined at Proposed 2019-2021 Plan at 15-16. As the information is currently presented, the requirements to qualify for this pilot are unclear.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should create a new section for the Inoperable Heating Systems Pilot similar to the Health and Safety Pilot section. All eligibility criteria and metrics should be explained in detail and differentiated from the main LIURP headings, objectives, and eligibility criteria.

*c. Relationship between Therms and the Cost of Natural Gas* – Clarification Requested

 Columbia prioritizes CAP customers whose average winter monthly consumption exceeds 170 therms for LIURP. If a CAP customer’s shortfall continues to exceed $1,000 annually after receiving LIURP services, however, he/she is invited to participate in Columbia’s REEP.

 The price of natural gas clearly affects a CAP customer’s shortfall. A CAP customer could have an average winter monthly consumption less than 170 therms, but the price of natural gas could drive the shortfall above $1,000. We question whether Columbia takes this into consideration.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should explain whether and how the cost of natural gas is factored into its CAP shortfall considerations.

*d. Using 170 Therms for LIURP Eligibility or for LIURP Prioritization* – Clarification Requested

 Columbia states that “CAP customers will be prioritized for LIURP if usage is over 170 therms.” Proposed 2019-2021 Plan at 22. Columbia also states that “[a]verage winter monthly consumption [must be] greater than 170 therms” to qualify for LIURP. Proposed 2019-2021 Plan at 14. This appears to be an inconsistency in that 170 therms is being used as one of the LIURP eligibility criteria and as a prioritization factor.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should explain how a minimum eligibility factor is also a prioritization factor.

**3. CARES**

 Columbia’s CARES program provides temporary assistance to first-time payment-troubled customers who are experiencing temporary financial hardships, regardless of household income. The customer is temporarily protected from service termination while Columbia representatives try to find financial assistance or establish customer payment arrangements. Columbia representatives also make referrals to other social service agencies and provide information regarding available programs. CARES Coordinators will also attempt to contact customers age 62 and over who are known to be without heat to offer assistance during the heating season.

*Proposed Resolution:* We are not currently proposing any changes to this aspect of the Proposed 2019-2021 Plan.

**4. Hardship Fund (Fuel Fund)[[28]](#footnote-29)**

 Columbia uses DEF to distribute/administer its Hardship Fund. The Hardship Fund provides financial help to residential customers who need temporary help in paying a gas bill. Company shareholders, employees, and customers are the primary contributors to the fund. Columbia contributes a dollar-for-dollar match for any ratepayer contributions. Columbia also conducts fundraising activities to increase ratepayer contributions up to $150,000. In addition, Columbia provides up to a maximum of $750,000 to Hardship Fund grants. Columbia will place the residential portion of future federal pipeline credits and refunds toward the Hardship Fund, up to a maximum of $750,000. If the balance of credits and refunds exceeds this amount, Columbia will flow the residential portion of future credits and refund proceeds in excess of the amounts needed to maintain the balance to residential customers through Columbia’s Purchased Gas Cost rate.

 A customer may receive one Hardship Fund grant, up to $500, per program year. To be eligible, a customer must meet the following criteria:

• Have a residential gas heating account;

• Total gross household income must be at or below 200% of the FPIG;

• Must have paid a minimum of $150 on gas account within the past 90 days (minimum of $100 if age 62 and over);

• Must have an account balance of $100 or more (account balance of $0 if age 62 and over, but not a credit balance);

• Must provide income verification; and

• Must first apply for all other available energy assistance resources.

 Columbia may make exceptions to the above eligibility criteria based on a customer’s special circumstances.

 Hardship Fund grants cannot be issued to CAP accounts unless the customer has been out of CAP for more than one year or the gas service is off during the months of October, November, or December.

*a. Hardship Fund Eligibility Criteria* – Clarification Requested

 As noted above in Section III. A. *Summary of Modifications to the Universal Service Programs in the Proposed 2019-2021 Plan*, Columbia has proposed to implement a new condition that Hardship Fund amounts must be enough to stop termination or restore service. Proposed 2019-2021 Plan at 18. Additionally, this new requirement is also noted on DEF’s website.[[29]](#footnote-30)

 This eligibility requirement has not been approved by the Commission. The Commission is aware of instances where new or unstated criteria were introduced by DEF or utilities in order for customers to receive assistance from Hardship Funds. Most recently, it was noted in the FirstEnergy Tentative Order that a Hardship Fund practice that had not been approved had been implemented and thereafter a customer was denied a grant for which the household was otherwise eligible. *See* *FirstEnergy 2019-2021 USECP Tentative Order*, Docket Nos. M-2017-2636969, M-2017-2636973, M‑2017‑2636976, and M-2017-2636978 (order entered on December 6, 2018), at 35-36.

Consistency and clear eligibility criteria ensure program integrity and fair customer treatment. Our concern stems from whether Columbia is imposing, or allowing its agent DEF to impose, requirements on Hardship Fund grants that are not expressly articulated by Columbia and approved by the Commission.

We request that Columbia provide a full description of its Hardship Fund eligibility criteria, especially if its practices differ or expand on the criteria listed on page 17 in its Proposed 2019-2021 Plan. Furthermore, clarification is requested on whether these requirements apply to all customers seeking Hardship Funds or if Columbia or DEF use discretion on a case-by-case basis. Additionally, Columbia should also advise if it uses the same or similar process for any subset of customers such as senior citizens aged 62 and over.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should provide a full description of its Hardship Fund eligibility criteria and whether the criteria are Columbia rules or DEF rules. Furthermore, clarification is requested on whether these requirements apply to all customers seeking Hardship Funds or if Columbia or DEF use discretion on a case-by-case basis. If Columbia or DEF decides on a case-by-case basis, the determination process should be explained in detail.

1. **Eligibility Criteria**

Columbia’s various universal service programs have slightly different eligibility criteria as shown in Table 3 below:

**Table 3**

**Eligibility Criteria**

|  |  |  |
| --- | --- | --- |
| **Program** | **Income Criteria** | **Other Criteria**  |
| CAP  | * 150% of FPIG or less
 | * Must be a residential heating customer
* Must be payment-troubled
* Must not reside in a multi-unit dwelling served by one meter
* Must provide Social Security number, driver’s license number, or state identification number for all household members 18 and older
 |
| LIURP  | * Must be enrolled in CAP (Note: 20% of the budget may be allocated to non- CAP customers with incomes of 151-200% of FPIG)
 | * Must be a residential heating customer
* Average monthly usage must exceed 170 therms
 |
| CARES | * No specific income criteria
 | * Must be a residential heating customer
* Must be a first-time, payment-troubled customer
* Identified as “vulnerable”
* Circumstances must be temporary
 |
| Hardship Fund | * 200% of FPIG or less
 | * Residential heating customer with at least $100 balance; seniors age 62 and over may have $0 balance (but no credit balance)
* Customer must have paid at least $150 within 90 days prior to application; seniors age 62 and over must have paid $100
* Must have applied to all available energy assistance resources (*e.g.*, LIHEAP)
* If previously on CAP:
* Must have been out of CAP for more than one year; or
* Service is shut off during October, November, or December
 |

*Proposed Resolution:* We request above that Columbia explain why it is eliminating the requirement that CAP applicants apply for LIHEAP and clarify its Hardship Fund eligibility criteria, but we are not currently proposing any further changes to these criteria in the Proposed 2019-2021 Plan.

1. **Projected Needs Assessments**

In compliance with 52 Pa. Code § 62.4(b)(3), Columbia submitted a needs assessment for its universal service programs in its Proposed 2019-2021 Plan, which is depicted in Table 4 below.

**Table 4**

**Needs Assessment**

|  |  |
| --- | --- |
|  |  |
| 1. Identified number of low-income customers\* | 67,986 |
| 2. Estimated number of low-income customers\*\* | 101,375 |
| 3. Identified number of payment-troubled, low-income customers\*\*\* | 10,252 |
| 4. Estimated number of potentially payment-troubled, low-income customers\*\*\*\* | 33,389 |
| 5. Estimated number of potential LIURP participants\*\*\*\*\* | 18,647 |
| 6. Cost to serve customers needing LIURP | $131,946,172 |

\*Includes all level 1 and 2 customers who have had payment agreements, all accounts that have received CAP, LIURP, LIHEAP, or participated in other energy assistance programs, and all accounts who show income below 150% of FPIG.

\*\*Numbers based on 2015 Census Data of households with incomes below 150% of FPIG and the percentage of households served by Columbia in each county.

\*\*\*Numbers based on confirmed low-income accounts that are in arrears on payment agreements and not on payment agreements and then taking the average monthly of both to arrive at the identified, payment-troubled low-income total.

\*\*\*\*Difference between the customers identified in #1 and #2.

\*\*\*\*\*Columbia reports that 26,499 households meet the LIURP eligibility criteria: 10,795 property owners and 15,704 renters. However, Columbia estimates that only 18,647 will receive weatherization services as they anticipate a 50% success rate in obtaining landlord approval to perform weatherization services for rental properties.

Source: Proposed 2019-2021 Plan at 28-30.

*Proposed Resolution:* We are not currently proposing any changes to this aspect of the Proposed 2019-2021 Plan.

1. **Projected Enrollment Levels**

Table 5 below shows the projected enrollment levels for Columbia’s CAP, LIURP, CARES, and Hardship Fund programs.

**Table 5**

**Projected Enrollment Levels[[30]](#footnote-31)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Program** | **2019** | **2020** | **2021** |
| CAP  | 23,000 | 23,000 | 23,000 |
| LIURP\*\*  | 525 | 540 | 540 |
| CARES | 500 | 500 | 500 |
| Hardship Fund  | 1,594 | 1,594 | 1,594 |

 Source: Supplement to Proposed 2019-2021 Plan at 31.

 \*\*2019 Petition, Attach. A at 32.

Columbia notes that its CAP enrolls approximately 6,000 new customers annually. Columbia reports, however, that its CAP total enrollment numbers have remained constant or declined due to customers moving out of Columbia’s service area or defaulting from the program. Columbia further states that its estimated enrollment numbers for its universal service programs are not enrollment limits and that it will attempt to exceed these participation levels through its outreach efforts. Proposed 2019-2021 Plan at 31.

*Proposed Resolution:* We are not currently proposing any changes to this aspect of the Proposed 2019-2021 Plan.

1. **Program Budgets**

Table 6 below shows Columbia’s proposed budget levels for each universal service component and the calculated average monthly spending per non-CAP customer for 2019-2021.

**Table 6**

**2019-2021 Plan Projected Budgets and Spending Per Non-CAP Customer**

|  |  |  |  |
| --- | --- | --- | --- |
| **Universal Service Component** | **2019** | **2020** | **2021** |
| CAP | $22,718,175 | $22,718,175 | $22,718,175 |
| LIURP\*  | $4,750,000 | $4,875,000 | $4,875,000 |
| CARES | $440,000 | $440,000 | $440,000 |
| Hardship Fund\*\* | $709,000 | $709,000 | $709,000 |
| **Total** | **$27,942,175** | **$28,067,175** | **$28,067,175** |
| Average Monthly Spending per Non-CAP Residential Customer\*\*\* | $6.28 | $6.31 | $6.31 |

\*2019 Petition, Attach, A at 12.

\*\*Only the Hardship Fund’s administrative costs are recovered from residential ratepayers and included in the ‘Total’ universal service costs recovered from non-CAP ratepayers. The projected annual administrative costs for 2019-2021 are $34,000.

\*\*\*Based on 370,489 non-CAP residential customers, as reported by Columbia as of December 31, 2017. Report on Universal Service Programs & Collections Performance at 6 and 60.

*a. Universal Service Rider Offset for Increased Enrollment* – Clarification Requested

 As noted above, Columbia has agreed as part of the settlement of its 2016 Base Rate Case to offset its Universal Service Rider by 7.5% for each customer enrolled in CAP over the average annual participation level of 23,000. The offset reflects anticipated savings in operation and maintenance costs gained when a customer participates in CAP. Proposed 2019-2021 Plan at 3.

 We need to see how this would work mathematically.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should provide examples of how the Universal Service Rider offset will be calculated.

1. **Use of Community-Based Organizations (CBOs)**

The Gas Competition Act directs the Commission to “encourage the use of [CBOs] that have the necessary technical and administrative experience to be the direct providers of services or programs which reduce energy consumption or otherwise assist low income retail gas customers to afford natural gas service.” 66 Pa. C.S. § 2203(8). Columbia utilizes the following CBOs to assist in administering its CAP, LIURP, and Hardship Fund programs:

**CAP:**

* Dollar Energy Fund (DEF) – outreach, intake, and referrals
* Essential Energy, Inc. – energy education and quality assurance control

**LIURP:**

* 12 Weatherization Providers – weatherization providers
* CCI Consultants – post-weatherization inspections
* Pure Energy Coach – post-weatherization inspections

**Hardship Fund:**

* DEF – outreach and intake

**CARES:**

* Columbia also uses CBOs and social service agencies for its CARES program, as needed, based on each customer’s situation.

*a. LIURP CBO Weatherization Providers* – Clarification Requested

 Columbia does not list the 12 CBOs that provide LIURP weatherization services in Columbia’s service area. This information should be available in the Proposed 2019-2021 Plan.

*Proposed Resolution:* In its response to this Tentative Order, Columbia should list the names of the 12 CBOs that provide weatherization services to Columbia’s LIURP customers.

1. **Organizational Structure**

The internal organizational structure for Columbia’s universal service programs is as follows:

1 Director, Rates and Regulatory Policy

1 Manager, Universal Services

1 Universal Services Liaison

1 Administrative Assistant

2 Coordinators Customer/Community Outreach and Education

1 Energy Assistance Team Leader

2 Energy Assistance Specialists

1 Care Center Management

20 Universal Service Call Group Customer Care Center Personnel

1 Weatherization Specialist

1 Quality Assurance Coordinator

*Proposed Resolution:* We are not currently proposing any changes to this aspect of the Proposed 2019-2021 Plan.

1. **CONCLUSION**

This Tentative Order sets forth aspects that Columbia will need to address prior to our approval of a USECP for 2019-2021. This Tentative Order also calls for additional information from Columbia and allows for comments and reply comments from stakeholders.

In particular, Columbia is directed to address the following points consistent with the discussion and directions herein.

1. Explain the rationale for eliminating LIHEAP participation as a condition of CAP eligibility.
2. Define the term “household income” as it specifically relates to CAP Eligibility Criteria.
3. Specify documentation submission time frames and deadlines for telephonic, on-site, and mailed CAP applications.
4. Address whether Columbia is developing or would consider the development of an online application for CAP.
5. Discuss the rationale for requiring the completion of an onsite application for CAP participants in certain circumstances.
6. Provide the decision process for how recommendations regarding a REEP customer exceeding their annual shortfall limits are reached.
7. Explain the definition of and provide examples of what constitutes an extenuating circumstance in regard to waiving the stay-out provision for customers who voluntarily leave CAP.
8. Discuss the justification for making CAP customers who receive LIHEAP, Dollar Energy Fund, or another Columbia universal services program exempt from income re-verification for CAP.
9. Articulate the policy of assessing CAP customer final bills.
10. Specify the duration of the Health and Safety Pilot and how it will measure the success and cost-effectiveness of the pilot.
11. Create a new section for the Inoperable Heating Systems Pilot with all eligibility criteria explained in detail.
12. Explain whether and how the cost of natural gas is factored into the LIURP shortfall considerations.
13. Explain how a minimum eligibility factor for LIURP is also a prioritization factor.
14. Provide a full description of Columbia’s Hardship Fund eligibility criteria.
15. Provide examples of how the Universal Service Rider offset will be calculated.
16. List the names of the 12 CBOs that provide weatherization services to Columbia’s LIURP customers.

Columbia’s responses and supplemental information must be filed and served on or before twenty (20) days after the entry date of this Tentative Order. To the extent that Columbia has responsive proposals for additional relief or universal service provisions, those proposals, along with timelines and cost estimates, should be described in the response to afford other parties the opportunity to comment and reply.

Comments are due twenty (20) days after Columbia’s response and supplemental information filing deadline, and reply comments are due fifteen (15) days thereafter. Stakeholders may answer or comment on the 2019 Petition in conjunction with their comments and reply comments to this Tentative Order.

If the comments and reply comments raise relevant material factual issues, we may refer this matter, in whole or in part, to the Office of Administrative Law Judge (OALJ) for hearing and decision. This Tentative Order does not limit the Commission’s authority to order future changes to a Columbia USECP based on evaluation findings, universal service data, rate-making considerations, or other relevant factors; **THEREFORE,**

**IT IS ORDERED:**

1. That approval of the proposed Universal Service and Energy Conservation Plan for 2019-2021 as filed by Columbia Gas of Pennsylvania, Inc. on February 1, 2018 and amended on March 23, 2018, is withheld pending Commission review of the requested supplemental information, stakeholder comments, and reply comments, as set forth in this Tentative Order.

2. That a copy of this Tentative Order be served on Columbia Gas of Pennsylvania, Inc., the Office of the Consumer Advocate, the Office of Small Business Advocate, the Bureau of Investigation and Enforcement, the Dollar Energy Fund, and the Pennsylvania Utility Law Project.

3. That answers to the Petition of Columbia Gas of Pennsylvania, Inc., filed on February 13, 2019, at Docket No. P-2019-3007876 may be incorporated into the comments and reply comments to be filed in response to this Tentative Order.

4. That Columbia Gas of Pennsylvania, Inc., shall file and serve the supplemental information requested herein within twenty (20) days of the entry of this order, specifically including the following information:

1. Explain the rationale for eliminating LIHEAP participation as a condition of CAP eligibility.
2. Define the term “household income” as it specifically relates to CAP Eligibility Criteria.
3. Specify documentation submission time frames and deadlines for telephonic, on-site, and mailed CAP applications.
4. Address whether Columbia is developing or would consider the development of an online application for CAP.
5. Discuss the rationale for requiring the completion of an onsite application for CAP participants in certain circumstances.
6. Provide the decision process for how recommendations regarding a REEP customer exceeding their annual shortfall limits are reached.
7. Explain the definition of and provide examples of what constitutes an extenuating circumstance in regards to waiving the stay-out provision for customers who voluntarily leave CAP.
8. Discuss the justification for making CAP customers who receive LIHEAP, Dollar Energy Fund, or another Columbia universal services program exempt from income re-verification for CAP.
9. Articulate the policy of assessing CAP customer final bills.
10. Specify the duration of the Health and Safety Pilot and how it will measure the success and cost-effectiveness of the pilot.
11. Create a new section for the inoperable heating systems pilot with all eligibility criteria explained in detail.
12. Explain whether and how the cost of natural gas is factored into the LIURP shortfall considerations.
13. Explain how a minimum eligibility factor for LIURP is also a prioritization factor.
14. Provide a full description of Columbia’s Hardship Fund eligibility criteria.
15. Provide examples of how the Universal Service Rider offset will be calculated.
16. List the names of the 12 CBOs that provide weatherization services to Columbia’s LIURP customers.

5. That comments to this Tentative Order shall be filed within twenty (20) days after the filing deadline for the supplemental information. Reply comments shall be filed within fifteen (15) days thereafter.

6. That a copy of this Tentative Order be filed and served in *Pa. PUC, et al., v. Columbia*, Docket Nos. R‑2016‑2529660, *et al.*, and *Pa. PUC v. Columbia*, Docket No. R‑2018‑2647577*.*

7. That one original signed copy of comments and reply comments shall be filed with the Commission’s Secretary at: Pennsylvania Public Utility Commission, Commonwealth Keystone Building, 400 North Street, Harrisburg, PA 17120. Comments may also be filed electronically through the Commission’s e-filing system,[[31]](#footnote-32) in which case no paper copy needs to be filed with the Secretary provided that the comments are less than 250 pages.

8. That an electronic copy, in WORD® or WORD®-compatible format, of all filed submissions, comments, and reply comments be provided to Jennifer Johnson, Bureau of Consumer Services, jennifjohn@pa.gov; Joseph Magee, Bureau of Consumer Services, jmagee@pa.gov; and Louise Fink Smith, Law Bureau, finksmith@pa.gov.

9. That the contact person for this Tentative Order is Jennifer Johnson, Bureau of Consumer Services, 717-783-9970, jennifjohn@pa.gov.

 **BY THE COMMISSION,**

 Rosemary Chiavetta

 Secretary

(SEAL)

ORDER ADOPTED: March 14, 2019

ORDER ENTERED: March 14, 2019

1. Report on 2017 Universal Service Programs & Collections Performance at 6 and 51; <http://www.puc.pa.gov/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2017.pdf>. [↑](#footnote-ref-2)
2. The 2016 Joint Petitioners, active parties in the 2016 Base Rate Case, were: Columbia; the Office of Consumer Advocate (OCA); the Office of Small Business Advocate (OSBA); the Commission’s Bureau of Investigation and Enforcement (I&E); the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA); the Community Action Association of Pennsylvania (CAAP); Columbia Industrial Intervenors (CII, on behalf of Glen-Gery Corporation and Knouse Foods Cooperative, Inc., for the 2016 Base Rate Case); Dominion Retail, Inc. (Dominion); Shipley Energy Company (Shipley); Interstate Gas Supply, Inc. (IGS); and AMERIGreen Energy (AMERIGreen) (collectively, Natural Gas Supplier or NGS Parties); Direct Energy Business LLC, Direct Energy Services, LLC, and Direct Energy Business Marketing, LLC (collectively, Direct Energy); and The Pennsylvania State University (PSU). The 2016 Joint Settlement was agreed to or was not opposed by all active parties in that proceeding. Four individual Columbia customers filed formal complaints against the proposed rate increase but did not attend the prehearing conference, did not file testimony, and did not otherwise actively participate in the 2016 Base Rate Case. They were served with the 2016 Joint Petition, 2016 Order, and the 2016 Secretarial Letter. [↑](#footnote-ref-3)
3. [↑](#footnote-ref-4)
4. The 2018 Joint Petitioners, all active parties in the 2018 Base Rate Case, were: Columbia, OCA, OSBA, I&E, CAUSE-PA, CAAP, CII, the NGS Parties, Direct Energy, and PSU. [↑](#footnote-ref-5)
5. The 2018 Joint Petitioners who proposed the 2018 Partial Settlement involve all active Parties in the proceeding as follows: Columbia, OCA, OSBA, I&E, CII, CAUSE-PA, CAAP, the NGS Parties, Direct Energy, and PSU. [↑](#footnote-ref-6)
6. OCA, CAUSE-PA, and Columbia individually filed timely petitions for reconsideration of the 2018 Base Rate Case on a matter unrelated to the Hardship Fund issues addressed herein. Reconsideration was denied on the merits by Commission order entered on January 17, 2019. [↑](#footnote-ref-7)
7. The 2019 Petition was docketed at P-2019-3007876. [↑](#footnote-ref-8)
8. The 2017 Popovich Evaluation can be found at <http://www.puc.pa.gov/general/pdf/USP_Evaluation-Columbia.pdf>. [↑](#footnote-ref-9)
9. Procedures for previous CAP participants who have been out of CAP for less than four years would remain the same. [↑](#footnote-ref-10)
10. Health and safety issue examples included knob-and-tube wiring, basement moisture, mold, or mildew due to leaky roofs. Proposed 2019-2021 Plan at 15. [↑](#footnote-ref-11)
11. DEF has recently introduced a requirement on its website that a Hardship Fund grant amount must be enough to stop termination or to restore service. DEF is not regulated by the Commission, and this change has not been approved by the Commission. [↑](#footnote-ref-12)
12. Columbia has advised our Bureau of Consumer Services (BCS) that it considers a credit score under 750 to be low. Deposits are waived if a customer is found to be CAP-eligible. [↑](#footnote-ref-13)
13. CAP Plus is a monthly charge assessed to every CAP customer. CAP Plus is calculated by dividing the total LIHEAP dollars received on CAP accounts in the previous heating season by the number of current CAP customers. A customer’s monthly CAP Plus charge is 1/12 of the final total of this calculation. Proposed 2019-2021 Plan at 20. *See Pa. Communities Organizing for Change, Inc.* v. Pa. PUC, 635 C.D. 2012 (April 10, 2014). Columbia recalculates the CAP Plus charge annually, beginning with the November billing cycle. In 2013-2014, Columbia charged a $9 monthly CAP Plus amount; in 2014-2015, it was $6; and for 2016-2017, it was $3. Proposed 2019-2021 Plan at 20. Through informal discussion with BCS, Columbia has stated that the CAP Plus amount in 2017-2018 was $3 and 2018-2019 is $3. [↑](#footnote-ref-14)
14. The $5 monthly PPA co-pay is a payment toward pre-program arrearages that were owed prior to enrollment in Columbia’s CAP. Proposed 2019-2021 Plan at 20. [↑](#footnote-ref-15)
15. A fourth option, “Senior CAP,” is proposed to be phased out and no longer offered to new CAP enrollees. Proposed 2019-2021 Plan at 20. This option is 75% percent of budget billing adjusted annually. Senior CAP has been available only to CAP customers age 60 and over with no arrears or payment plan defaults. [↑](#footnote-ref-16)
16. Customers must have at least six months of uninterrupted service to qualify for this payment option. [↑](#footnote-ref-17)
17. Proposed 2019-2021 Plan at 26. [↑](#footnote-ref-18)
18. Proposed 2019-2021 Plan at 26. [↑](#footnote-ref-19)
19. Proposed 2019-2021 Plan at 26. [↑](#footnote-ref-20)
20. Proposed 2019-2021 Plan at 26. [↑](#footnote-ref-21)
21. Through informal discussions with BCS, Columbia has explained that since both Columbia and the FirstEnergy EDC utilities that serve customers in Columbia’s service territory use DEF to administer their respective CAP programs, income and household information provided for FirstEnergy CAPs can be used by DEF to reverify a Columbia CAP account. Columbia reports that it only checks for FirstEnergy CAP information as a final step before CAP removal. [↑](#footnote-ref-22)
22. PPL 2017-2019 USECP at 15, Docket No. M-2016-2554787. [↑](#footnote-ref-23)
23. PECO 2016-2018 USECP at 7, Docket No. M-2015-2507139. [↑](#footnote-ref-24)
24. 52 Pa. Code § 58.2 defines a special needs customer as a “customer having an arrearage with the covered utility and whose household income is at or below 200%” of FPIG. [↑](#footnote-ref-25)
25. CAP shortfall (also known as the CAP Credit) is the difference between the actual cost of energy utility service and the discounted amount that a CAP customer is billed for that service. [↑](#footnote-ref-26)
26. Through an informal discussion with BCS, Columbia explained that high-usage CAP customers who decline to participate in REEP may have their monthly CAP payments increased if a higher payment option is available. Proposed 2019-2021 Plan at 22. [↑](#footnote-ref-27)
27. Low usage is defined as an average winter monthly consumption lower than 170 therms. Proposed 2019-2021 Plan at 14. [↑](#footnote-ref-28)
28. On March 23, 2018, as noted above, Columbia supplemented the Proposed 2019-2021 USECP with information regarding its Hardship Fund. On February 13, 2019, Columbia filed its 2019 Petition to further amend the Hardship Fund provisions and to increase to its LIURP funding for years 2020 and 2021. References herein are to the Hardship Fund and related LIURP provisions as supplemented and amended. [↑](#footnote-ref-29)
29. <https://www.dollarenergy.org/need-help/pennsylvania/hardship-program/>. DEF is not a jurisdictional entity. [↑](#footnote-ref-30)
30. As part of its 2016 Base Rate Case, Columbia “agreed to offset its Universal Service Rider by 7.5% for each customer enrolled [in CAP] over the average annual participation level of 23,000. The offset reflects anticipated savings in operation and maintenance costs gained when a customer participates in CAP.” Proposed 2019-2021 Plan at 3. [↑](#footnote-ref-31)
31. <https://www.puc.pa.gov/efiling/default.aspx> [↑](#footnote-ref-32)