



COMMONWEALTH OF PENNSYLVANIA
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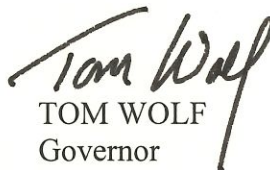
Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

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

Dear Secretary Chiavetta:

Please find attached the comments of the Pennsylvania Departments of Aging, Community and Economic Development, Environmental Protection, Health, and Human Services regarding the above-referenced proceeding, pursuant to the Secretarial Letter issued July 14, 2017.

Sincerely,


TOM WOLF
Governor

CC via email: Louise Fink Smith, Public Utility Commission
Tiffany Tran, Public Utility Commission
Joseph Magee, Bureau of Consumer Services
Sarah Dewey, Bureau of Consumer Services
RA-PCLAW-LIURP@pa.gov

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Review of Universal
Service and Energy
Conservation Programs**

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**Docket No. M-2017-
2596097**

**JOINT COMMENTS OF THE PENNSYLVANIA DEPARTMENTS OF
AGING, COMMUNITY AND ECONOMIC DEVELOPMENT, ENVIRONMENTAL
PROTECTION, HEALTH, AND HUMAN SERVICES**

The Pennsylvania Departments of Aging, Community and Economic Development (DCED), Environmental Protection (DEP), Health (DOH), and Human Services (DHS), appreciate the opportunity to comment on the Pennsylvania Public Utility Commission’s (PUC) initiative to assess the critical issue of energy affordability for low-income residents of the commonwealth. We would like to express our strong endorsement of a comprehensive review which will help ensure that energy burdens for utility customers are manageable and that assistance is available to all who qualify.

Provision of universal service is a core function of public utilities. Pennsylvania’s 1996 electric restructuring legislation directs that “the commission shall ensure that universal service and energy conservation policies, activities, and services are appropriately funded and available in each electric distribution territory.”¹ Similar language appears in the 1999 natural gas restructuring law.² To implement the promise of universal service, utilities administer a portfolio of programs which include Customer Assistance Programs (CAPs), Low-Income Usage Reduction Program (LIURP), Customer Assistance and Referral Evaluation Services (CARES), and Hardship Funds. The Commission has previously noted that elements of the universal service programs provide an important “social safety net.”³

This comprehensive review of Pennsylvania’s universal service programs comes at an important time, as utility terminations have been increased substantially in recent years, undermining the promise of universal service. The four universal service programs currently provide relief to hundreds of thousands of customers across the commonwealth every year, yet many low-income customers continue to have difficulty affording basic utility services that are essential to maintaining a minimum standard of living. Those who do receive assistance in some cases shoulder energy burdens that are several times higher than is allowed in other peer states.

Low income households are struggling with these burdens: in 2015, the PUC reported a service termination rate of nearly 16% for electric service and 12% for gas service among confirmed low-

¹ 66 Pa. C.S. 2804.9

² 66 Pa. C.S. 2203.9

³ Pennsylvania Public Utility Commission, 2005 CAP Funding Order, cited in PUC Staff Report from *Review of Universal Service and Energy Conservation Programs*; Doc. No. M-2017-2596097, July 2017.

income households.⁴ Since 2001, the rate of low-income electric terminations has more than doubled.⁵ These statistics are concerning; they are signs of the safety net provided by universal service programs fraying. In this context, the PUC's examination of the universal service programs is both timely and critical to ensuring that these programs continue to fulfill their mandate to guarantee service to all Pennsylvanians.

This review is also particularly important due to threats to federal funding to programs which aid low income customers in managing their utility bills. As the Commission is aware, the President's 2018 Budget Blueprint proposes the elimination of both the Low Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program (WAP), which provide assistance with home heating bills as well as weatherization and heating emergency services to Pennsylvania residents, frequently targeted to serve the elderly, individuals with disabilities, and families with children. Elimination of these programs will put several hundred thousand Pennsylvanians at risk. While we cannot control what happens at the federal level, we can ensure through this review that the Commonwealth is doing everything possible to aid its most vulnerable populations.

In addition to reinforcing the comments previously submitted by the Department of Community and Economic Development and the Department of Environmental Protection regarding LIURP, we encourage the Commission to direct reform of its universal service programs toward following objectives:

- *Reduce the allowable energy burden for low-income customers under Customer Assistance Programs*
Under the Commission's current policy statement on CAPs, participating low-income households may be required to pay up to 17 percent of gross household income for gas and electric service. This burden is too high. A recent study of energy costs in the 48 largest U.S. cities by the American Council for an Energy-Efficient Economy (ACEEE) found an average utility burden of just 3.5% of income. Several other states, including New Jersey, and New York, have set their target energy burden for low-income customers at 6%. We look forward to the forthcoming study on Pennsylvania's household energy burdens from the Bureau of Consumer Services. We urge the Commission to use its results to redefine the affordable energy burden standard at a level that is manageable for low-income households and on par with other states that are leading in this regard.
- *Assess strategies to significantly increase CAP participation rates*
As of winter 2015, only 21 percent of estimated low-income electric customers and 23 percent of estimated low-income gas customers statewide were enrolled in CAPs, according to PUC figures.⁶ Participation rates varied widely across utilities, ranging from 9 percent to 36 percent of estimated low-income customers. Given the heavy financial burden of energy costs, CAPs that only attract participation from a minority of qualifying customers are clearly not achieving their potential. The Commission might assess methods

⁴ Pennsylvania Public Utility Commission, *Report on 2015 Universal Service Programs & Collections Performance*, pg. 12-13.

⁵ Ibid; Pennsylvania Public Utility Commission, *Report on 2001 Universal Service Programs and Collections Performance*, pg. 6.

⁶ Pennsylvania Public Utility Commission, *Report on 2015 Universal Service Programs & Collections Performance*, pg. 42.

of increasing CAP participation, potentially to include improved outreach, increased auto-enrollment, implementation of standardized best practices, improved coordination with other state programs, or the replacement of individual utility programs with a unified statewide approach.

- *Evaluate the impacts of expanding cost recovery for universal service programs to all rate classes*

At present, costs of universal service are divided exclusively among residential customers. Expanding the responsibility for supporting universal service programs to include commercial and industrial customers could allow for substantial increases in the efficacy of those programs while avoiding the need for concentrated rate increases within any single rate class. The Pennsylvania Utility Law Project has noted that at least eleven other states authorize cross-class cost recovery, including neighboring states Ohio, New Jersey, Maryland, and New York.

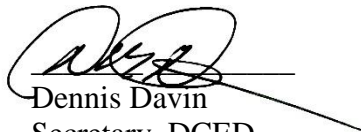
In prior evaluations of various components of universal service, the Commission has declined to expand universal service funding beyond the residential rate class on the basis that only residential customers are eligible to benefit from universal service programs. We respectfully suggest that the Commission reconsider this judgment in light of the need to strengthen universal service programs. As noted, universal service is a legally established obligation of public utilities, to which all utility customers owe support as part of the price of service. This holds true for commercial and industrial customers as well, given the benefits that these sectors draw from high-quality, well-regulated public utility service and the benefits that the Commonwealth as a whole receives from universal access.

As Pennsylvanians, we have already agreed that affordable and reliable light and heat should be constants for all households. Our agencies are optimistic that, through this proceeding, the Commission will continue to move us closer to fulfilling that promise.

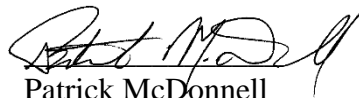
Respectfully submitted,



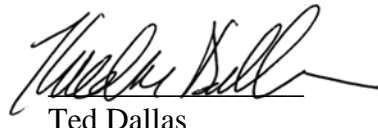
Teresa Osborne
Secretary, DOA



Dennis Davin
Secretary, DCED



Patrick McDonnell
Secretary, DEP



Ted Dallas
Secretary, DHS



Rachel Levine
Acting Secretary, DOH