PEOPLES

Jennifer L. Petrisek
Senior Counsel
Phone: 412-208-6834
Fax: 412-208-6577
Email: Jennifer.Petrisek@Peoples-Gas.com

RECEIVED
OCT 16 2017
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Via Overnight Delivery

October 16, 2017

Rosemary Chiavetta, Executive Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Docket M-2017-2596907
Review of Universal Service and Energy Conservation Programs

Dear Secretary Chiavetta:

On behalf of Peoples Natural Gas Company LLC and Peoples Gas Company LLC, f/k/a Peoples TWP LLC ("Peoples"), please find enclosed for filing Reply Comments in the above-noted Proceeding.

Please contact the undersigned at (412) 208-6834 should you have any questions or concerns regarding this matter.

Very truly yours,

Jennifer L. Petrisek
Senior Attorney

RECEIVED
OCT 16 2017
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

REPLY COMMENTS OF
PEOPLES NATURAL GAS COMPANY LLC AND PEOPLES GAS COMPANY LLC, F/K/A PEOPLES TWP LLC

I. INTRODUCTION

On May 10, 2017, the Pennsylvania Public Utility Commission ("PUC" or "Commission") entered an Opinion and Order to initiate a comprehensive review of the entire Universal Service and Energy Conservation ("USECPs") model at Docket Number M-2017-2596907. The Opinion and Order provided an opportunity for interested stakeholders to file Initial Comments on priorities, concerns and suggestion for amending and improving any or all aspects of the USECPs by _____. On ____, the Commission's Bureau of Consumer Services coordinated a stakeholder meeting that provided the opportunity for interested parties to feedback on the filed comments. The Order provided for Reply Comments by interested parties to be filed thirty days after the stakeholders meeting..

In consideration of the foregoing, Peoples Natural Gas Company LLC and Peoples Gas Company LLC, f/k/a Peoples TWP LLC[1] (the "Company" or "Peoples") submit the following Reply Comments for consideration by the Commission and interested stakeholders in this proceeding. For ease of reviewing, Peoples has grouped its comments, when possible, by specific program areas within the umbrella of the Universal Service and Energy Conservation Plan.

[1] On August 8, 2018, Peoples filed a Tariff Supplement to change its legal name from Peoples TWP LLC to Peoples Gas Company LLC. Such filing is requested to be effective August 9, 2017. Docket Number R-2017-2618118.

II. CUSTOMER ASSISTANCE PROGRAM ("CAP")

(a) Program Eligibility:

Several parties have suggested adjusting program eligibility requirements for the utility CAP to require customers to be "payment troubled" before permitting them to enroll in CAP. Peoples does not support such a limitation on CAP and believes that the proper eligibility requirement is whether the customer is low-income, not whether the customer is payment troubled. A low-income customer, regardless of whether they are meeting their monthly utility payment, is likely having difficulty balancing other payments in their household. By allowing a low-income customer, who is not payment troubled, into CAP, that customer may be less likely to develop a utility bill arrearage in the future due to more affordable monthly bills, and those lower monthly utility bills may afford that customer an opportunity to meet their other basic financial needs.

Likewise, Peoples does not support a program eligibility requirement that CAP customers must apply for LIHEAP and Hardship Funds before enrolling in CAP. Peoples supports encouraging customers to apply for both forms of assistance and providing information about such programs to customers. For certain customers, the option of choosing which utility receives their LIHEAP and/or Hardship Fund grant is an important aspect in balancing their overall utility payments. As such, the utility and the customer should have the flexibility to determine which assistance, or combination of assistance programs, is best for a particular customer – and then implement enrollment in only the programs that are necessary.

Several parties have also suggested that any customer receiving LIHEAP should be auto-enrolled in CAP. Peoples supports using LIHEAP eligibility as a means to verify income edibility for CAP but does not support requiring all LIHEAP recipients to enroll in CAP. Again, flexibility must be provided to the utility and the customer to determine which programs are best able to assist a particular customer. Some customers do not want to enroll in CAP and forcing them to do so may limit their future application for LIHEAP grants. Another group of customers are able to manage their monthly utility bills by applying for LIHEAP benefits and do not require assistance from the CAP program. A utility's USECP must be designed to provide flexibility to best provide services for low-income customers in the utility's territory – adding strict requirements for enrollment may result in excluding customers who require assistance, or expending CAP funds on customers who are able to be assisted through other programs.

The Low Income Advocates discussed, in their Initial Comments, a manner to establish a fair and consistent guideline of income calculation. As the Low Income Advocated point out, CAP customers with employment income are not placed on equal footing with customers whose income is from Social Security, Disability, unemployment compensation or other assistance-based income as the calculation of employment income is typically based on a household's gross income without accounting for tax, and other, obligations. The Low Income Advocates proposed applying a standard earned income disregard of 20% of income to place the working CAP customers on equal footing. Peoples supports this income calculation concept and suggests that the appropriate percentage should be considered through this proceedings and/or a utility's USECP process.

(b) Arrearage Forgiveness:

The Office of Consumer Advocate has recommended that CAP charges for certain program components, such as arrearage forgiveness charges, should be based on a percentage of income and not a flat fee. Peoples is concerned that making this adjustment could result in a greater confusion with CAP and CAP bills. CAP program are already confusing to some customers – and while Peoples strives to educate customers about the CAP program, the complexity of the program can make it difficult to easily breakdown the program for customers. Additionally, applying another percentage of income component to the program will ultimately result in billing system modifications and education for employees and customers. More concerning, however, is that adjusting the CAP arrearage forgiveness to a percentage of income will increase the CAP monthly bills and thus further decrease affordability for customers. This could have a reverse effect of increasing arrearages when customers are unable to pay the monthly CAP bill with a higher arrearage forgiveness portion. As such, the outcome of the Energy Affordability Study currently underway should be carefully examined prior to making any modifications that may increase the monthly payments by CAP customers.

Arrearage forgiveness is a critical component of CAP. Without it, customers who have accrued a large arrearage prior to entering CAP may never be able to catch-up and reach a zero-balance-due on their utility bills. When a customer enrolls in CAP, the arrearage forgiveness component should apply to all balances that exist on a customer's bill at the time of enrollment. The actual premise location where the arrearage accrued is irrelevant – the customer is low-income and struggling to pay the arrearage – that is the critical factor. And likely, the customer was low-income at the prior premise as well. Low-income customers, particularly renters, tend to move between premises at a higher rate and may find themselves with balances carrying across several prior premises. This should not be an excluding factor for the arrearage forgiveness component of CAP.

(c) Maximum CAP Credits:

A global revision that sets an absolute requirement or the application of a maximum level of CAP credits is troubling. Some low-income customers are unable to control their usage, despite taking an active role in energy conservation and participating in other programs designed to provide weatherization protections for the home. Low income customers often do not own their homes, tend to live in older structures and may utilize older appliances. These three factors diminish the customers' ability to limit their energy consumption, If a future drafted CAP Policy Statement requires a CAP credit maximum, the regulations should continue to permit exceptions of the maximum level of CAP credits for instances such as, increased household members, inability to weatherize, and poor housing stock.

(d) Recertification:

Recertification is important to ensure only eligible customers participate in CAP. This need for validation, though, should be tempered with the barriers customers face when attempting to maintain their CAP eligibility. Flexible CAP designs which allow for multi-year recertification for certain stable income types such as disability or social security and those that accept LIHEAP as income verification should be promoted. Annual recertification should be limited to only those customers who have not assigned a LIHEAP benefit to their utility in the year and have potentially changing income, such as income from employment.

(e) Reinstatement after Voluntary Removal:

Reinstatement into CAP after a voluntary removal is another area where the utility should have flexibility in development and implementation of their CAP. Some commenters have proposed a stay-out from CAP for a 12 month period after a customer voluntarily removes themselves from CAP. Peoples believes that this may not be the best application of the CAP program for a particular customer. There are varied reasons why a customer may find they need to remove themselves from CAP voluntary – and then later find themselves in a situation in which the CAP program is once again necessary. While permitting a customer to jump in and out of the program is not beneficial overall, a hard and fast rule may also harm customers who make decisions that later need to be adjusted. Utilities should be provided with the flexibility to determine, through their USECP, the right balance for their customer base and should have the ability to address customers on an individual basis based upon their needs. This is particularly important in the cases of customers with special needs and considerations.

(f) Reconnection Payments after Termination.

A CAP customer, if terminated, should not be removed from CAP and upon reconnection placed on regular utility rates with a reconnection payment arrangement ("PAR"). Instead, a terminated CAP customer should be reconnected as a CAP customer and be required to pay the missed CAP payments (the "catch-up") prior to reconnection. CAP customers, through the program, have already been provided with the most affordable payment option a utility has to offer. Providing a reconnection PAR and putting the customer back on regular utility rates is detrimental to the customer. While the reconnection PAR may afford a lower reconnection amount, once the service is reinstated, the customer will have higher bills (as the bills are no longer reduced to a percentage of income) and be required to pay a portion of the arrearage on the account. . The likelihood that the customer will once again fail to fulfill their payments and be placed in the terminations cycle increases. In addition, it is important to note that CAP participants have already received a significant benefit to their account balance from CAP credits. Therefore, the account balance at the time of termination is reflective of their CAP payment responsibility and not the level of gas usage that was consumed by their household. Because this balance is already reduced, allowing the customer to pay a portion of said balance for restoration is not appropriate. Instead, if the customer is required to pay the CAP catch-up, once they are restored, their monthly payments will be lower than the regular utility rates and they will have the benefit of the arrearage forgiveness component of the program.

(g) Participation Limits

Peoples strongly discourages placing a limit on the number of customers that may be enrolled in CAP. Balancing the use of CAP and the costs borne by the ratepayers through the Universal Service Surcharge is critical, but a flat limit on CAP enrollees is detrimental to low-income customers. One of the purposes of the USECP Independent Evaluations is to evaluate the cost-effectiveness of the overall USECP Program. Consideration of changes to CAP to ensure its cost-effectiveness should occur through the triennial review and Independent Evaluation, not a blanket CAP regulation or statement.

III. CARES

Several parties have suggested that the CARES program should track referral outcomes when customers are referred to other programs and agencies. Peoples questions the viability of such a suggestion. First, based upon privacy concerns, agencies to which customers are referred may not be able to provide information to Peoples about what services the customer was provided. Customers likewise may not want to voluntarily disclosure to their utility if they obtained further services – and the customer may not have the time to provide updates if they are dealing with a crisis situation. The critical component of CARES is providing referral information – and key to that component is (1) knowing what programs are available in the service territory, (2) knowing contact information and direct referral information for those programs, and (3) knowing how to identify customers in possible need/crisis. This is where the CARES program should be focused and expending its resources. As is relates to gathering data, the utilities already report on energy assistance received by CARES customers through LIHEAP, Hardship Funds and third party sources in the annual Universal Service Report.

IV. UNIVERSAL SERVICE PROGRAMS

(a) Consistency vs. Flexibility

A common theme in the Initial Comments discussed the application of consistent statewide programs or allowing utilities to have flexibility to develop USECPs based upon their specific customer needs. As noted in Peoples' Initial Comments, Peoples supports flexibility to design its USECP in a manner that most efficiently and effectively supports its particular customer base. However, Peoples also strongly supports consistency – particularly when a consistent approach reduces barriers to customers and/or provides efficiencies for the utilities. For example, Peoples supports information sharing for customer enrollment and a statewide application, or customer information warehouse, to facilitate a streamlined enrollment process for customers in need. If a customer is already providing information to a governmental or non-profit agency to apply for assistance, that customer should not have to give the same information to the utility to apply for CAP or other benefits. Likewise, if a customer is providing information to its electric company, and consents for that information to be shared, it's much more efficient for the utilities to share the information than to make the customer complete a second application Reducing the barriers to participation in programs should be a key component of the end-product of this proceeding.

Prior to the actual application process, screening customers for CAP enrollment is a vital area where statewide consistency could contribute to directing customer to available benefits. In its Comments, United Way of Pennsylvania, through its operation of Western Pennsylvania's 211 program, described the barriers that exist for customers in learning about and applying to utility assistance programs. Similarities in eligibility requirements and/or guidelines in documentation that must be provided to complete enrollment can provide a gateway to simplifying the process, increasing access and providing a holistic approach to the needs of the household. With the implementation of a universal application and/or consistent income documentation requirements by utilities, an organization such as 2-1-1 could not only refer customers for program enrollment, but they also could provide pre-screening for eligibility, share financial information (if consented by the customer) and provide warm transfers to utility customer service centers for seamless enrollment conversations with customers.

(b) USECP Review Process

At the Stakeholder meetings, several parties suggested increasing the length of time for each USECP in order to realign the review process and review timeframes. Peoples does not support lengthening the period of time between USECP filings. The current three year period provides a reasonable period of time to determine if a program component, particularly a revised or new program component or pilot program, is working or needs adjusted. Broadening the time between USECP filings could cause a delay in needed modifications to a program component, or limit pilot programs designed to explore new opportunities to provide assistance to low-income customers.

As discussed, providing flexibility to the utilities to develop a USECPs for their particular customer based is critical to the success of the USECP. Providing this flexibility, however, can have an effect upon the review and analysis of USECP filings as each USECP is distinct in its form and application. As the reviewing bureau, the Bureau of Consumer Services has developed a strong understanding of the various USECPs and the programs offered across the Commonwealth. This knowledge is important and necessary in the triennial review of the USECP programs as it permits BCS to make recommendations based upon best practices, or pitfalls, it has seen in other utility USECPs. Peoples strongly supports continuing the current process whereby BCS leads the review of the triennial USECPs. BCS' knowledge is not only valuable in evaluating the USECPs but Peoples finds this knowledge viable in discussing program modifications and developing new USECP programs. Peoples also believes it is important to include key stakeholders in the USECP review process and encourages BCS to continue this open dialogue to ensure the final approved USECP for a utility is reflective of input received.

V. CONCLUSION

Peoples again appreciates the opportunity to share its thoughts in these Reply Comments and looks forward to continuing to work with the Commission and other stakeholders to further evaluate to the USECP model and low-income assistance programs with the goal of providing affordability through manageable energy burdens to these vulnerable populations.

Respectfully submitted this 16th day of October, 2017

Jennifer L. Petrisek
Counsel for Peoples Natural Gas Company LLC &
Peoples Gas Company LLC, f/k/a Peoples TWP LLC
375 North Shore Drive
Pittsburgh, PA 15212

UPS Next Day Air
UPS Worldwide Express℠

Shipping Document

WEIGHT	WEIGHT	DIMENSIONAL WEIGHT	

The shipper authorizes UPS to act as forwarding agent for export control and customs purposes. The shipper certifies that these commodities, technology or software were exported from the United States in accordance with the Export Administration Regulations. Diversion contrary to U.S. law is prohibited.

☐ EXPRESS (INT'L)

☐ DOCUMENTS ONLY

1

SATURDAY DELIVERY ☐

J159 083 497 7

J159 083 497 7

EXPORT

SHIPMENT FROM

UPS ACCOUNT NO. 17AG E7

REFERENCE NUMBER

TELEPHONE

DELIVERY TO

TELEPHONE

UPS Next Day Air

1

J159 083 497 7

J159 083 497 7

TRACKING NUMBER

DELIVERY

DATE OF SHIPMENT

10/10/117

010191120 6/00 W

United Parcel Service, Louisville, KY