

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA 17120**

**2019 Amendments to Policy  
Statement on Customer Assistance  
Program, 52 Pa Code §§ 69.261-  
69.267**

**Public Meeting - September 19, 2019  
3012599-LAW  
Docket Nos. M-2019-3012599  
M-2017-2587711  
M-2017-2596907**

**STATEMENT OF COMMISSIONER ANDREW G. PLACE**

In addition to the Joint Motion on this matter, I would like to comment on two issues – consideration of households above 150% of Federal Poverty Income Guidelines (FPIG) and cost recovery. While the Commission’s action today does not include households above 150% of FPIG nor requires cost recovery for USECPs from all rate classes, I would encourage utilities to consider these options.

In undertaking any review of Universal Service Programs in their entirety, the Commission must continue to balance the costs<sup>1</sup> and benefits of these programs, as the changes just approved will inevitably impact program delivery and the costs of that delivery. In my review of the cost issue I note that most restructured states provide for a competitively neutral funding mechanism for low-income programs – assessed on all energy customers. Currently, in Pennsylvania, only residential ratepayers fund the current Universal Service Programs with the exception of customers of Philadelphia Gas Works (PGW).

Pursuant to its Commission-approved Tariff, PGW recovers all costs associated with its Customer Responsibility Program (CRP), including general discounts and arrearage forgiveness, the Senior Citizen Discount and the costs of the Home Comfort Program through a Universal Service and Energy Conservation Surcharge.<sup>2</sup> All customers pay this volumetric Universal Service and Energy Conservation Surcharge – currently \$0.13014/Ccf.<sup>3</sup>

I would encourage utilities to propose a similarly constructed volumetric charge assessed to all rate classes for funding universal service programs as energy poverty is a societal issue, not solely weighted on a single rate class. This position is echoed by the Pennsylvania Departments of Aging, Community Development, Environmental Protection, Health and Human Services, in which they argue that expanding recovery of universal service costs to other rate classes would allow for increased efficacy of programming.<sup>4</sup> This position was further bolstered by the Office

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<sup>1</sup> While total gross CAP costs for EDCs has increased by approximately 400% between 2001 and 2015, from \$63.25 million to \$253 million, and total gross CAP costs for NGDCs have increased by approximately 486% from 2002 to 2015, from \$22.6 million to \$110.2 million. During the same timeframe, the number of estimated low-income electric and natural gas customers has increased by 80% and 104% respectively. PUC Reports on *Universal Service Programs & Collections Performance*, Years 2001 through 2015.

<sup>2</sup> [www.pgworks.com/uploads/pdfs/PGW\\_GAS\\_SERVICE\\_TARIFF\\_THROUGH\\_SUPP\\_123.pdf](http://www.pgworks.com/uploads/pdfs/PGW_GAS_SERVICE_TARIFF_THROUGH_SUPP_123.pdf).

<sup>3</sup> *Id.* at 81.

<sup>4</sup> Joint Comments of PA Departments of Aging, DCED, DEP, DOH and DHS at 3 submitted to *Energy Affordability for Low Income Customers (Affordability Order)*, Docket No. M-2017-2587711.

of Consumer Advocate and the Low Income Advocates in their comments at these dockets. Of particular note, the Low Income Advocates highlighted that all ratepayers benefit whether directly or indirectly from these programs and, as such, it is proper to recover the costs from all ratepayers.<sup>5</sup> I echo this reasoning and encourage utilities to broaden recovery of USECP costs beyond residential ratepayers.

While the Commission was studying energy affordability, the United Way was also examining these topics from the broader vantage point of financial stability for Pennsylvania households. During 2018 and 2019 the United Way of Pennsylvania conducted a Financial Hardship Study for Pennsylvania<sup>6</sup> to raise awareness of the challenges faced by, what they refer to as, ALICE<sup>7</sup> households (Asset Limited, Income Constrained, Employed), the working poor, and to mobilize support strategies and policies that move ALICE households toward financial stability. ALICE represents a growing number of households in Pennsylvania that are above the poverty line, but do not earn enough to afford the basic necessities such as housing, childcare, food, transportation health care, and technology.

The United Way ALICE report argues that the absolute basic cost of living, a “survival budget”, in Pennsylvania, is \$59,340 for a family of four and \$20,760 for a single adult.<sup>8</sup> This family of four survival budget is more than double the Federal Poverty Level of \$24,600 per year for a family of that size and yet still leaves families financially vulnerable and unable to cover basic costs.<sup>9</sup> In 2017, of Pennsylvania’s approximately 5 million households, 640,349 earned below the federal poverty level (13 percent) and another 1.2 million (24 percent) were ALICE households<sup>10</sup> – a combined 37% of Pennsylvania households struggling financially.

Commission regulations at 52 Pa. Code § 54.72 define a low-income customer as, “[a] residential utility customer whose household income is at or below 150 percent of the Federal poverty guidelines.” While I am not recommending a change to the definition of low-income customer, I am encouraging utilities to increase their universal service offerings to those just above the low-income threshold to include ALICE households who may need assistance to maintain essential utility services.

This suggestion is not novel as other states and the Commission’s own LIURP regulations allow for some households up to 200% of FPIG to qualify for these assistance programs. I would further encourage utilities to consider the inclusion of ALICE households in Customer Assistance Programs as appropriate. At this juncture, select utilities have extended CAP (eCAP) programs for which this group of customers qualifies. Some eCAPs offer extended but limited benefits such as arrearage forgiveness. These customers may well pay full tariff rates but receive the benefit of arrearage forgiveness with each in-full and on-time payment. Although

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<sup>5</sup> Low Income Advocate Comments submitted to *Affordability Order*, at 52, 55, 59.

<sup>6</sup> United Way of Pennsylvania, *Asset Limited Income Constrained Employed (ALICE) in Pennsylvania: A Financial Hardship Study 2019*. [www.uwp.org/ALICE](http://www.uwp.org/ALICE).

<sup>7</sup> “This body of research provides a framework, language, and tools to measure and understand the struggles of a population called ALICE — an acronym for Asset Limited, Income Constrained, Employed.” *Id.* at iii.

<sup>8</sup> *Ibid.*

<sup>9</sup> *Id.* at 25.

<sup>10</sup> *Id.* at 3.

the survival budget in Pennsylvania is above the Federal Poverty Line, assistance for these households would be impactful.

Date: September 19, 2019

  
**Andrew G. Place, Commissioner**