



Candis A. Tunilo
Senior Counsel
Legal Department

800 N. Third Street
Suite 204
Harrisburg, PA 17102
Cell: 223-488-0794
ctunilo@nisource.com

June 7, 2023

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: 2023 Review of All Jurisdictional Fixed
Utilities' Universal Service Programs
Docket No. M-2023-3038944**

Dear Secretary Chiavetta:

Enclosed for filing in the above referenced matter, please find Columbia Gas of Pennsylvania, Inc.'s Comments that are in response to the Pennsylvania Public Utility Commission's March 23, 2023 Secretarial Letter regarding a new review of the utility universal service programs

Should you have any questions, please do not hesitate to contact the undersigned at (223) 488-0794.

Very truly yours,


Candis A. Tunilo

/kak
Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

2023 Review of All Jurisdictional Fixed
Utilities' Universal Service Programs

: Docket No. M-2023-3038944

**COMMENTS OF COLUMBIA GAS OF PENNSYLVANIA, INC.
TO THE MARCH 27, 2023 SECRETARIAL LETTER**

I. INTRODUCTION

On March 27, 2023, the Pennsylvania Public Utility Commission's ("Commission") issued a Secretarial Letter regarding a new review of utility universal service programs. In the Secretarial Letter, the Commission is seeking comments from interested parties on: "1) increasing program coordination among all utilities, 2) streamlining the eligibility and enrollment process, and 3) reducing the number of otherwise eligible consumers from losing low-income benefits due to the verification or re-enrollment process" in order to "make enrollment and retainment in universal service as efficient as possible for the consumer and the utility while maintaining proper diligence and verification for eligibility." *See* Secretarial Letter at 1, 2.

Columbia Gas of Pennsylvania, Inc. ("Columbia" or "Company") commends the Commission for seeking to streamline and optimize the process of delivering utility services to customers – especially those more vulnerable customers who are served through utility universal service programs. As explained below, Columbia has a history of partnering with other regional utilities on coordinated efforts and fully embraces the notion of continuous improvement and looking for more efficient ways of delivering its service. Columbia incorporates its comments as

filed in response to the Secretarial Letter issued December 16, 2016, at Docket No. L-2016-2557886, as well as the Company's comments filed in response to the Commission's May 10, 2017, Opinion and Order at Docket No. M-2017-2596907,¹ where the Commission sought comments from interested stakeholders regarding all aspects of the entire Universal Service and Energy Conservation model. Further, Columbia supports the comments filed by the Energy Association of Pennsylvania ("EAP") in this matter. Columbia submits the following comments to the Secretarial Letter of March 27, 2023, at the above docket for the Commission's consideration.

II. BACKGROUND

Universal Service Programs incorporate Customer Assistance Programs ("CAP"), Low-Income Usage Reduction Programs ("LIURP"), Customer Assistance Referral and Evaluation ("CARES"), and utility hardship funds. Usually, these programs are available to low-income customers² and sometimes to those customers that can meet certain qualifications. Columbia began its first Universal Service Program - the Hardship Fund³ - in 1984, followed by CARES⁴ - in 1986,

¹ See *Review of Universal Service and Energy Conservation Programs*, Docket No. M-2017-2596907, Columbia Comments (Aug. 8, 2017) at 5-6 ("2017 Columbia Comments").

² Low-income is defined as 150% of Federal Poverty Income Guidelines or less.

³ The Hardship Fund is a Columbia-sponsored fuel fund that provides financial assistance through grants to low-income (0%-200% of federal poverty level), payment-troubled customers, and is administered by the Dollar Energy Fund ("DEF"). Columbia contributes one dollar of shareholder money for every dollar contributed by its customers to DEF. Also, as approved in its 2016 base rate case at Docket No. R-2016-2529660, Columbia uses the residential portion of pipeline penalty credits and refunds to fund its Hardship Fund. Typically, about \$250,000 is contributed towards the accounts of Columbia's payment-troubled, low-income customers.

⁴ CARES offers personalized assistance to customers having difficulty paying their gas bills and serves as a helping hand to those customers experiencing temporary hardships. The CARES program offers basic budgeting, counseling, customized payment plan and linkage to energy grant programs and community resources.

LIURP⁵ in 1988, and CAP⁶ in 1992.

III. COMMENTS

1. What regulatory barriers are in place that would prevent utilities from having one utility do intake and then having that information provided to other utilities that provide service to that consumer for the purpose of universal service and CAP enrollment?

Currently, utilities have flexibility in universal service program design, including CAP. Service territories, customer demographics and customer needs differ among utilities in Pennsylvania, and therefore, flexibility is essential for a utility to meet its customers' needs in the most cost-effective manner, as other residential ratepayers pay for the program. Because of this flexibility, however, it would be difficult to implement a design whereby one utility performs intake and then shares the information with the customer's other utility providers. Each utility's CAP program is different, and therefore, eligibility requirements, household income calculations, proof of income, and other enrollment details may vary, making such coordination across utilities difficult to properly effectuate.

As an illustration of the benefits that flexibility provides to all its customers: Columbia has low income, low usage customers who are capable of paying their entire annual bills by simply using Low Income Home Energy Assistance Program ("LIHEAP")⁷ grants to supplement their monthly payments. Columbia's Hardship Fund steps in to assist those customers who need a little more than a LIHEAP grant but do not need reduced bills and arrearage forgiveness that are features

⁵ LIURP is a weatherization program that first identifies an energy picture of an eligible customer's home and then takes action to seal up areas where heat escapes. This program is designed for customers with low incomes and high gas usage. The goal is to help customers better manage energy use and gas heating costs by reducing natural gas consumption.

⁶ CAP offers affordable payment plans for customers with low income and long-term bill payment problems.

⁷ LIHEAP is a federal program that helps eligible households maintain utility service during winter months in the form of a cash grant.

of the CAP program. The Hardship Fund provides up to \$500 of additional assistance to qualified, low-income customers, whereas in 2022 CAP provided an average of \$1,150 in annual CAP credits and \$230 in annual arrearage forgiveness per CAP customer. For customers who can remain current on their gas bills with \$500 from the Hardship Fund, it is more efficient and is less costly to other ratepayers to use the Hardship Fund instead of entering such customers into CAP. Columbia submits that it would be difficult for another utility performing intake functions to implement this type of flexibility and tailoring of benefits to best suit each situation.

Furthermore, issues regarding cost recovery for the intake would need to be addressed. Customer intake involves, *inter alia*, utility employee time, training and unique software. If one utility provides intake tasks for the benefit of other utilities, cost allocation and cost recovery issues would need to be addressed. Certainly, traditional utility ratemaking practices would need to be modified, as they would prohibit one utility's residential rate base from subsidizing costs related to another utility's CAP.

Other concerns that would need to be resolved include appropriate protection of customer information and customer consent. Utilities would likely have to purchase secure software for the transmittal of customer information to another utility, which would raise the costs of CAP. CAP is already the most expensive universal service program to administer.⁸ Furthermore, customer consent to data sharing would have to be an integral part of such a design. In seeking customer consent, it would be essential for customers to understand their obligations as CAP participants, which obligations are also utility specific.

As the Company stated in its 2017 Columbia Comments regarding this issue, income verification is a costly and labor-intensive process that could be centralized and accessed by

⁸ As a frame of reference, in 2022 Columbia's CAP program costs totaled \$40,580,514, which amount was collected from, on average, 380,836 non-CAP residential ratepayers.

multiple programs including gas and electric utilities, hardship funds and the Pennsylvania Department of Human Services (“DHS”). A central repository containing proof of income, household size, program participation and utility service could be maintained. Stakeholders have been working for several years to implement this type of data-sharing system, which would allow DHS to share LIHEAP applicant household composition and income information with vendor utilities. This data-sharing system is expected to be available in the fall of 2024. The upgrades and updates to implement this data-sharing system are being funded by LIHEAP. Columbia submits that once this system is available to utilities, the experience gained in using this system will better inform other possible efforts that could be implemented to increase efficiencies wherever possible in the administration of CAP.

2. What regulatory barriers or other obstacles exist if an outside provider does the intake on behalf of multiple utilities serving the consumer and what solutions exist to overcome any barriers?

Similar barriers as those discussed in response to Question No. 1, *supra*, would exist if an outside provider provides intake services on behalf of multiple utilities. For instance, utility’s universal service programs differ, so the outside provider would need training on each utility’s programs and eligibility requirements. Further, how would the outside provider be chosen, and how would fraud be investigated? Additionally, cybersecurity and privacy measures would be required, and an enforcement process would need to be created, especially if the third party was not an entity subject to the Commission’s jurisdiction.

Columbia submits that an information repository made available by an outside provider to utilities, such as the data-sharing mechanism that DHS is expected to release in late 2024, would be a way to increase intake efficiencies. As Columbia has recommended in prior proceedings, benefits should be coordinated among utilities and government programs, where it is practical to

do so, in order to leverage program effectiveness, increase customer satisfaction and spread administrative costs. *See* 2017 Columbia Comments at 6.

That said, Columbia is already working with outside entities for intake purposes and to seek ways to increase efficiencies. Columbia accepts CAP applications in the communities where customers live and work. Columbia also partners with community-based organizations to accept applications and promote low-income programs. The Company has been meeting with western Pennsylvania electric, water and gas utilities to discuss ways to coordinate CAP enrollment. A common application has been developed. In addition, the companies that partner with the DEF have been exploring options to improve coordination for CAP and Hardship Funds.

3. How can consumer consent be built into the intake process that permits the utility doing the intake to provide the enrollment information to the other utilities serving the consumer?

The need for confidentiality and customers' privacy protections in USECPs are legitimate and need to be considered. However, the sharing of customer information between and among programs is necessary in order to improve efficiencies. The establishment of a centralized database, such as the data-sharing mechanism that DHS is expected to release in late 2024, with customer permission for an entity to retrieve the data would help to alleviate confidentiality concerns. Many customers would likely be willing to grant access to this data in an effort to avoid having to provide the same information to multiple entities at separate times.

4. Is an automatic enrollment program feasible where any mechanism through which an electronic exchange of information between a utility and a state social service agency confirms the eligibility of public benefits whether or not the information is expressly authorized by the household? If express authorization is needed, rather than automatic enrollment, can that express authorization be provided one time in a uniform application rather than on a utility-by-utility basis using separate applications?

Columbia submits that automatic enrollment of customers into utility universal service programs should not be entertained. Universal service programs are available to a targeted set of

customers. Further, just because customers apply and qualify for public benefits that are taxpayer funded does not automatically mean they want to or should be provided with benefits that are ratepayer funded. It is essential that eligible customers understand the benefits and responsibilities of CAP before providing consent to enroll because failure to comply with the program responsibilities could result in loss of benefits and ultimately, termination of utility service. Customers should continue to exercise their informed consent before being enrolled.

5. Should CAPs be administered statewide across all utility service territories rather than on a utility-by-utility basis? If so, what are the barriers to accomplishing this and what are the benefits and drawbacks to this approach? If not, what are the benefits and drawbacks of continuing to administer the programs on a utility-by-utility basis.

Columbia submits that administering CAPs statewide is not currently feasible under the existing statutory and regulatory framework. A statewide approach would require legislative changes to the Natural Gas Choice and Competition Act, 66 Pa. C.S. § 2201 *et seq.*, and the Electricity Generation Customer Choice and Competition Act, 66 Pa. C.S. § 2801 *et seq.* (“Competition Acts”). The Competition Acts require that distribution companies maintain customer service and consumer protections and policies that assist low-income customers afford service. *See* 66 Pa. C.S. §§ 2206(a), 2802(10). As such, the law requires that low-income programs, like CAP, be administered on an utility-by-utility basis.

Certainly, if the law was conducive to a statewide approach, there would likely be increased efficiencies, with less redundancy, thereby reducing the administration costs of the programs going forward. Also, a statewide approach could presumably be funded by taxpayer funds rather than residential ratepayer funds. Other states within Columbia’s footprint (Maryland and Ohio) operate statewide customer assistance programs. In both cases, the administrators of the program operate LIHEAP as well. If Pennsylvania modeled the same format, DHS would administer the programs. It seems that DHS would face significant challenges to do so, including

staffing, training and IT resources, which appear to be limited due to the inability to offer data sharing in the upcoming program year. There would be questions, however, regarding the sunset of utilities' current universal service programs and costs associated therewith --- what will the costs entail? How much will the costs be? Who will pay the costs? Will there be stranded costs? Further, there will be costs associated with the buildout of a new, statewide approach.

Additionally, a statewide approach would remove the flexibility of individual utilities to implement a tailored approach to address the unique needs of their particular customer groups across the Commonwealth and to increase the success (*i.e.* providing the best benefits to both participants and those that pay for the programs) and reduce the costs of universal service programs. As stated in response to Question No. 1, *supra*, service territories, customer demographics and customer needs differ among utilities, and therefore, flexibility is essential for a utility to meet its customers' needs in the most cost-effective manner.

Columbia submits that the benefits of increased efficiency and reduced administration costs of a statewide program would be unlikely to outweigh the costs associated with ending utility-by-utility programs, the costs associated with beginning a new statewide program and the beneficial flexibility to customers that comes with utility-specific programs.

6. What changes would be required to EDCs' and NGDCs' existing, Commission-approved universal service and energy conservation programs to incorporate improvements and could changes be addressed in a streamlined fashion?

Columbia submits that the status quo be recognized for the time being. Columbia has not yet had the opportunity to incorporate changes related to the Amended CAP Policy Statement into its USECP and study the effects of the changes.

7. What additional consumer education and outreach could be undertaken to make more low-income consumers aware of the benefits that may be available to them?

Currently, Columbia engages in extensive outreach to its customers to promote universal service programs. Columbia's outreach efforts include community meetings, CAP screening agencies, web site updates, targeted mail solicitations, paid social media advertising, Company website advertising, television and radio advertising, and bus and billboard advertising. Additionally, the Company participates in legislative and senior events and Be Utility Wise events to promote programs to individuals, community advocates and caseworkers. In 2020, the Company restructured its CARES program and employed a full-time outreach specialist. The Company has attended 80 to 100 community events annually, ranging from information dissemination, presentations, train the trainer forums and taking applications.

Columbia submits that greater outreach efficiency could be achieved if utilities with overlapping or abutting service territories worked together to create joint consumer education and outreach materials and commercial advertising that include each utility's logo and contact information. This type of coordination should be up to individual utilities, though, so this observation is not intended to seek a coordination mandate from the Commission. Additionally, coordinated education and outreach with the Commission and DHS would create additional efficiency opportunities for utilities. These types of coordination could result in cost savings for ratepayers as well.

That said, many utilities already engage in coordinated outreach efforts. By way of example, Columbia recently coordinated outreach efforts with other local utilities and the Greater Pittsburgh Food Bank. The utilities created a flyer, which the Food Bank printed and distributed to clients at all of its distribution sites.

8. Can recertification periods in the existing CAP Policy Statement at Section 69.265(8)(viii) be extended so that otherwise eligible consumers do not lose benefits solely due to the fact that they timely failed to recertify their eligibility?

On November 5, 2019, the Commission adopted amendments to the CAP Policy Statement based, in part, on the “best practices identified through the Commission’s review of [distribution companies’] triennial universal service and energy conservation plans.” *See 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code §§ 69.261-69.267*, Docket No. M-2019-3012599, Final Policy Statement and Order (Nov. 5, 2019) at 1 (“Amended CAP Policy Statement”). The Commission “strongly urge[d] [distribution companies] to incorporate the CAP policy amendments in their USECPs as fully and quickly as possible” *Id.*

When the Commission adopted the Amended CAP Policy Statement, Columbia’s 2019-2023 USECP was pending. In its proposed USECP, Columbia included a provision that CAP customers that receive LIHEAP, and a hardship fund grant from DEF, or who participate in other Columbia universal services programs do not have to re-verify their income for CAP. *See Columbia Gas of Pennsylvania, Inc. Universal Service and Energy Conservation Plan for 2019-2023*, Docket No. M-2018-2645401, Order (Jan. 16, 2020) at 10. Over the Company’s objection, the Commission directed that Columbia eliminate this provision and re-verify these CAP customers’ incomes once every three years at a minimum. *Id.*

It is important to recognize that changes to CAP programs – like altering income re-verification intervals – have associated costs. The more frequently program changes are directed, the more the programs cost to non-participating residential ratepayers, and these costs may not be eclipsed by the purported benefits of the changes. Columbia submits that the Company has not had a full USECP cycle to collect, analyze and understand the re-verification change ramifications to CAP. Furthermore, the world plunged into the COVID-19 pandemic shortly after the Commission’s Order on Columbia’s 2019-2023 USECP, so the program change results may be skewed somewhat. As such, there is no basis to require or inquire into further changes at this time.

9. Can the default provisions in the existing CAP Policy Statement at Section 69.265(9) be modified to reduce the chances that otherwise eligible consumers do not lose benefits solely due to the failure to comply with one of the articulated default provisions?

The Amended CAP Policy Statement was finalized in 2019, and Columbia's 2019-2023 USECP that was approved soon thereafter is still in effect until the end of 2023. On March 31, 2023, Columbia filed its USECP for 2024-2028 at Docket M-2023-3039487. While the Amended CAP Policy Statement provides guidance to gas and electric distribution companies, it is not law. Columbia, however, has endeavored to make some changes to its programs for the period 2024-2028 per the guidance in the Amended CAP Policy Statement. Columbia submits that it has not obtained information sufficient to opine on the effect of these changes because they have not yet been implemented. Further, it bears repeating that changes to these programs have associated costs. The more frequently program changes are directed, the more the programs cost to non-participating residential ratepayers, possibly without the realization of any additional benefits.

Regardless, the default provisions in the Amended CAP Policy Statement are important to program integrity and participant responsibility. Universal service programs provide considerable benefits to eligible low-income households. These benefits are open ended in that they are available so long as the participating customer meets the requirements and responsibilities. The default provisions include small asks to participants – such as income reverification – in exchange for these considerable, open-ended benefits that are paid for by non-participating residential customers. As such, it does not appear timely or appropriate to consider additional changes to the default provisions in the Amended CAP Policy Statement.

10. Should utilities be required to develop and use standardized CAP forms and CAP procedures? What are the barriers, if any, of establishing a common application?

As stated in response the Question No. 1, *supra*, utilities have flexibility in universal service program design because service territories, customer demographics and customer needs

differ among utilities in Pennsylvania. As such, flexibility is essential for a utility to meet its customers' needs in the most cost-effective manner. That said, each utility's CAP has some unique qualities, so requiring standardized forms and procedures could require changes to some utilities' CAPs. Again, changes to these programs have associated costs.

It could be appropriate to discuss this type of efficiency in a working group, where the group could determine what items in CAP forms and procedures are common among utilities and identify where efficiencies could be realized. Columbia would be interested in exploring such potential efficiencies through a working group, although believes implementation of any outcomes of such a working group should be optional to utilities.

11. What other additions or changes to the existing CAP Policy Statement should be made to increase eligibility, enrollment and maintenance of CAP benefits?

Columbia submits that the Competition Acts do not support goals related to enrollment of *all or as many as possible* eligible low-income households in CAP. Utility ratepayer-funded assistance is not and cannot be designed to be a social program that will completely bridge the gap between every low-income household's expenses and their available income. CAP provides the greatest benefits to program participants, and as such, CAP is likely the most expensive of all programs to administer. Therefore, CAP should be available only to those who can demonstrate that they cannot afford their utility bills.

A policy of enrolling low-income households into CAP, regardless of payment troubles, could render utility service unaffordable to vulnerable households who only slightly exceed the income thresholds for CAP. These households are not eligible for CAP but are required to pay for the program and other universal service programs in their rates. These programs are already very costly. For the year 2022, each of Columbia's non-CAP residential ratepayers paid \$106.81 for universal service programs.

Further, not all customers that would be income-eligible for CAP are payment troubled. Just because customers obtain other public benefits, such as LIHEAP, that are taxpayer funded does not automatically mean they want to or should be provided with benefits that are ratepayer funded.

That said, during the COVID-19 pandemic, when there was a moratorium on utility terminations, Columbia did not experience a marked increase in CAP enrollments, yet missed payments and arrearage accrual by customers increased. Based on these results, Columbia submits that termination is a necessary protocol, the use of which should not be overly restricted. With the real threat of termination, customers are more likely to seek assistance from their utilities, which (assuming they are eligible) should result in some payment toward their accrued balances and payment of amounts due going forward, which then relieves some of the uncollectibles burden from other ratepayers. As such, Columbia submits that any changes to support enrollment and maintenance of CAP enrollment should be limited to easing termination restrictions, when appropriate.

12. Should the CAP Policy Statement be amended to include jurisdictional water public utilities, and, if so, what barriers if any exist to doing so and how can those barriers be overcome?

Columbia does not have any comments on this issue.

13. If a coordinated enrollment process could be achieved with respect to CAP, could that same process be applied to identify eligibility for a utility's Low Income Usage Reduction Program (LIURP) or eligibility for receipt of hardship fund grants?

As stated in response the Question No. 1, *supra*, utilities have flexibility in universal service program design because service territories, customer demographics and customer needs differ among utilities in Pennsylvania. As such, flexibility is essential for a utility to meet its customers' needs in the most cost-effective manner. Each utility's universal service programs are

different, and therefore, eligibility requirements, household income calculations, proof of income, and other enrollment details may vary, making such coordination across utilities difficult to properly effectuate. Stakeholders, including DHS and utilities, have been working for several years to implement a central repository of information, which would allow DHS to share LIHEAP applicant household composition and income information with vendor utilities. This data-sharing system is expected to be available in the fall of 2024. The upgrades and updates to implement this data-sharing system are being funded by LIHEAP. Columbia submits that once this system is available to utilities, the experience gained in using this system will better inform other possible efforts that could be implemented to increase efficiencies wherever possible in the administration of universal service programs.

14. What changes are required to the Commission's existing policies or regulations to incorporate improvements?

USECPs are reviewed and approved by the Commission. Accordingly, Columbia submits that the Bureau of Consumer Services ("BCS") should not have the authority to render a decision in an informal complaint that conflicts with a utility's Commission-approved USECP. Utilities should not be placed in a position whereby they must incur the expense associated with a formal appeal of a BCS decision in order to be able to follow their Commission-approved USECPs. Additionally, as discussed in the 2017 Columbia Comments at pages 7-9, BCS issues payment arrangements for CAP participants that conflict with Section 1405(c) of Chapter 14, which actually leave customers in situations that will likely lead to termination, and should be prohibited.

Finally, universal service program changes should be addressed only in USECP proceedings and not permitted in base rate case proceedings. It is costly and time-consuming for utilities to have to participate in USECP proceedings and then have to defend the Commission-approved programs in base rate cases. For instance, in Columbia's 2020 base rate proceeding at

Docket No. R-2020-3018835, CAUSE-PA litigated its proposed changes to Columbia’s CAP, when the USECP had just been approved by the Commission only months earlier. If CAUSE-PA had been successful, Columbia would have had to implement costly program design changes and train Company representatives thereon twice within a two-year period, which is inefficient and confusing to participating customers. It also makes program evaluation difficult due to inconsistency from year to year. Stakeholders are permitted a full and fair opportunity to participate in USECP matters, where the entirety of universal service programs are reviewed together. Therefore, these matters should not be permitted to be re-litigated in base rate cases, where only parts of the programs are targeted for change and not reviewed in the context of the entire USECP.

IV. CONCLUSION

Columbia thanks the Commission for the opportunity to submit these Comments. The Company remains willing to continue working with stakeholders to investigate and coordinate where appropriate and work toward customer education improvement. Columbia encourages the Commission to allow for changes to USECPs related to the Amended CAP Policy Statement to be implemented and evaluated before further changes are made, especially in light of the costs to implement program changes.

Respectfully submitted,
COLUMBIA GAS OF PENNSYLVANIA, INC.

By:



Candis A. Tunilo (PA Atty ID 89891)
Senior Counsel
NiSource Corporate Services Co.
300 N. Third Street, Suite 204
Harrisburg, PA 17102
223-488-0794
ctunilo@nisource.com

Date: June 7, 2023