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June 7, 2023

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
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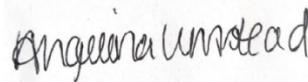
**Re: 2023 Review of All Jurisdictional Fixed Utilities' Universal Service Programs;
Docket No. M-2023-3038944**

Dear Secretary Chiavetta:

Pursuant to the Pennsylvania Public Utility Commission's Secretarial Letter entered on March 27, 2023, in the above-captioned proceeding, enclosed herewith for filing are the Comments of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company.

Please contact me if you have any questions regarding this matter.

Very truly yours,



Angelina Umstead

AU/dml

Enclosures

c: As Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

2023 Review of All Jurisdictional Fixed Utilities' Universal Service Programs : **Docket No. M-2023-3038944**
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**COMMENTS OF METROPOLITAN EDISON COMPANY,
PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER
COMPANY AND WEST PENN POWER COMPANY**

I. INTRODUCTION

On March 27, 2023, the Pennsylvania Public Utility Commission (“PaPUC” or “Commission” or “PUC”) issued a Secretarial Letter seeking comments to fourteen questions intended to “1) increase program coordination among all utilities, 2) streamline the eligibility and enrollment process, and 3) reduce the number of otherwise eligible consumers from losing low-income benefits due to the verification or re-enrollment process.”

As directed by the Secretarial Letter, Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power"), and West Penn Power Company ("West Penn") (each of which may be referred to as "Company" and/or in combination as "Companies") respectfully submit the following response within 60 days of the Secretarial Letter’s publication in the *Pennsylvania Bulletin*.

II. BACKGROUND

The Companies appreciate the PaPUC's concerns and interest surrounding the universal service programs administered by jurisdictional fixed utilities. As the world emerged from the COVID-19 pandemic and some semblance of normalcy returned, it became clear that new opportunities may exist to update and refine universal services in a way that is cost effective and offers a more streamlined enrollment process for customers.

The Companies look forward to working collectively with the Commission and key stakeholders by sharing insights and best practices that will contribute to a refined and simplified process that removes barriers for customers, allows ease of access and increases retention to these important programs in a way that limits unnecessary costs borne by other customers.

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?**

Comments:

At the outset, it is important to point out that requiring one utility to serve as the primary customer assistance program ("CAP") intake for other utilities would present a number of regulatory and practical challenges for both utilities and customers. First, to place the burden on one utility to collect intake information and share with other utilities would be high from a cost and resource perspective. One utility would likely not have the current staffing capacity to address statewide applications, which would inevitably cause delays in processing the applications and enrolling the customers in these programs until sufficient staffing levels could be obtained.

In addition, in order to facilitate sharing of customer information related to program eligibility, protocols would need to be established to address the protection of sensitive customer

information (“SCI”). Because CAP applications contain SCI, it would be necessary to obtain the customer’s permission to share data with others. This consent could be obtained within the application itself. If obtained, utility taking the application would require a technical solution to either notify designated utilities of the applications or to create and respond to inquiries about select customers, and to make information available securely. Utilities would also need to develop adequate measures to protect against fraud in the eligibility process.

As an additional concern, there is not a single utility that is present in all electric distribution or natural gas distribution territories. If a customer is not served by the utility, the customer would likely be reluctant to trust that this is the appropriate place for them to apply for assistance. This could also impact marketing and customer education of these programs, depending on the design of the structure.

Due to the significant obstacles highlighted above that would be faced by any single utility handling all intakes, namely the significant cost and resource burden, it would be more appropriate to select a statewide administrator such as a centralized agency, (*e.g.*, Department of Human Services (“DHS”)), or another third party (*e.g.*, Dollar Energy Fund (“DEF”) or something similar) to assume this role. These organizations already have a network of agencies, multiple secure channels for applications, and are familiar and trusted agencies for customers. Alternatively, a model that allows for utility information sharing rather than placing the onus on one utility could be more easily facilitated as long as the issues surrounding protection and release of SCI as well as the mechanisms for information sharing were resolved.

As a general matter, any changes to the application process will result in significant amendments to the Universal Service & Energy Conservation Plan (“USECP”) filings for topics related to intake, administrators, and budgets.

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?

Comments:

A model already exists that does support this type of functionality. Specifically, the Companies currently utilize an outside provider, DEF, to enroll customers into their CAP programs, as do many of their peers. Customers contact DEF directly to apply and DEF processes the applications for all new enrollments and recertifications. DEF can then educate and refer the customer to other assistance programs such as the Dollar Energy Fund grant program, LIHEAP, or WARM, which is the Companies' Low Income Usage Reduction Program ("LIURP"). Because DEF administers other utility programs, they can offer to take the application for the customer.

While this model does already exist, the Companies recognize the challenges that having only one program administrator for all utilities across the state could bring. The obstacles outlined above in response to Question 1 remain true for a single external provider completing intakes on behalf of multiple utilities. CAP programs vary from one utility to the next and each program contains unique eligibility requirements and program administration provisions that are specific to that utility. With utilities operating different CAP programs to best meet each utility's business practice, a central agency or another utility taking in an application might be able to determine income eligibility (using a standard application and income methodology); however, it would not be able to guarantee program enrollment for another utility's program unless fully staffed and trained to do so. The same would hold true for the ability to refer customers to the various additional, localized programs that they may also be eligible for.

The Companies are part of a family of affiliate utilities operating across six states, which has offered the insight of experience with the statewide CAP administrator models in place in both

New Jersey and Ohio. In New Jersey, the Department of Community Affairs administers the LIHEAP and Universal Service Fund. In Ohio, the Department of Development administers the LIHEAP and Percentage of Income Payment Plan (“PIPP”) programs for regulated electric utilities, and the Public Utility Commission of Ohio administers the PIPP programs for regulated gas utilities. Customers may apply for both LIHEAP and the customer assistance program on one application. To accomplish this in both New Jersey and Ohio, one program has been defined for all utilities, which utilizes one detailed application for both programs across all utilities. From a cost recovery standpoint, these state-operated programs, like Pennsylvania, use Universal Service Riders on each utility’s bills to collect funds through the utilities to pay for the costs of these programs.

In order to achieve a similar model in Pennsylvania, a common application and standard methodology for calculating customer income would be helpful in facilitating applications being reviewed efficiently and effectively for all utilities. With a central agency administering the program, a funding source and administration fee process would need to be established and clearly defined. Utilities could then continue to seek recovery for their share of the administrative expenses related to the program through their respective Universal Service Riders.

Relatedly, DHS recently announced it will share application data with utilities for the sole purpose of CAP enrollments in the 2024-2025 program year and forward. Making this information available will remove the need to require income documentation from LIHEAP recipients during the CAP application process and expedite the enrollment. The process will require a vendor agreement between the utilities and DHS, a modified LIHEAP application for the customer’s consent, and a technical solution to share the customers’ sensitive data. As noted in response to No. 1 above, the Companies believe that a model like this, run by DHS or another selected

centralized administrator, would be the most logical approach to streamlining the information intake process.

- 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?**

Comments:

As discussed in the responses to Nos. 1 and 2 above, this type of consent could be achieved within the application itself. Specifically, the application can be designed to offer program information and request a customer consent authorization to share the information for the purpose of CAP enrollments. The authorization statement would need to be standard and agreed upon among the interested parties. Also, depending on the parties involved and the structure set in place, some form of contractual agreement among the interested parties or Commission regulation may be required to permit accessing, sharing, or receiving data for the purpose of CAP enrollment.

- 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?**

Comments:

The Companies do not believe that an automatic enrollment program is practicable the way the CAP system is currently structured. If an agency is aware that a customer is participating in income-eligible programs, it is technically possible to complete an automatic enrollment if the agency has certain information. For example, the agency would need to know the customer's

utility, account number, and have the ability to pass the needed information for enrollment to the utility. However, this assumes the agency has the authority and secure technology to disseminate that information. It also assumes that an amended USECP has been approved by the Commission to allow utilities to use this.

If the customer's consent was not explicitly provided for CAP enrollment, customers may object to the changes on their account and request removal from the program. Moreover, as stated above, each utility has different rules for enrollment and re-enrollment. These variances have the potential to cause frustration for the customer and eliminate the opportunity for the utility to properly explain the program participation. For example, customers enrolled in the Companies' CAPs are unable to shop for their electric generation supplier. By automatically enrolling a customer in the Companies' CAP program, the customer would have to assume default service. This may cause issues for customers who did not explicitly understand or agree to do this. There are also cost concerns associated with automatic enrollment where it may be the case that not every low-income customer is payment troubled.

Despite these barriers, the Companies are generally in favor of an expedited enrollment process where it can be tailored to target only those customers that qualify in a way that overcomes the challenges named above. If a CAP administrator has access to the confirmation of customer eligibility, it may be helpful to use that information for income verification so customers do not need to submit income documentation for CAP enrollments. This expedites an enrollment decision and provides the needed relief for the customer's utility bill.

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?**

Comments:

The decision as to whether a statewide administrator should be utilized is dependent upon several factors. For example, relevant considerations would include cost, ease of enrollment and accessibility, and availability of technology to maintain secure data and flexible application channels. At a minimum, verifying income eligibility through a trusted, standard CAP administrator would be beneficial if all the concerns outlined above can be addressed.

From an implementation standpoint, a statewide administrator would require establishment of a uniform CAP application, including standard income calculations. Additionally, if a statewide administrator is assigned to complete the enrollment process, a uniform CAP plan may be required. Currently, each utility has a different CAP plan with different requirements for enrollment or re-enrollment which an administrator may not be able to fully assess. While not necessarily drawbacks, considerations that would need to be addressed include ensuring that any administrator would have adequate staffing to prevent application and enrollment delays, as well as secure technical resources to prevent fraud and cybersecurity issues. Administrative funding and performance expectations for the CAP administrator would also need to be defined.

In sum, building a new process would require an extensive planning and implementation effort from an administrative and technical standpoint. However, there is potential value in moving towards a statewide CAP system. Namely, it would be much easier for customers to enroll into multiple programs by utilizing a uniform application process. In addition, customer expectations of program benefits and general understanding of the program would be aided by the use of a

uniform system that would provide for more unity and consistency across all utilities. Finally, it is anticipated that depending on how the structure would be designed, that efficiencies of scale could be achieved. As such, the Companies encourage further evaluation of the anticipated benefit versus cost to making such changes.

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?

Comments:

It is difficult to identify the particular changes that would be necessary without a determination as to the extent to which changes would be necessary. For instance, the determination to limit efforts to information sharing only would require a much more limited set of changes as compared to introduction of a third-party administrator, or even more, automatic enrollment and/or unified program terms across utilities. Modifications to the existing programs would ultimately vary depending on the extent and scope of the administrative and substantive changes being contemplated. For example, CAP administration changes would require significant modifications to incorporate the new process for intake, eligibility, projected budgets, customer outreach and possibly program benefits. If the program itself is also substantively modified, additional changes would be needed related to implementation of program benefits to customers. The Companies have highlighted various types of changes that might be necessary throughout its responses to the questions, *infra*.

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?

Comments:

The Companies currently complete extensive and ongoing outreach to encourage participation in the CAP and LIURP programs in accordance with their USECP. Outreach is conducted using email, outbound calls, bill inserts, newsletters, social media, corporate website, television, press releases, handouts, and live events, such as Be Utility Wise or scheduled senior fairs, expos, etc. It is the Companies' understanding that their peer utilities each have similar education approaches, tailored to their own service territories and programs. Within the confines of their own programs, the Companies are continuing to explore additional opportunities for direct outreach and support to customers who need it, particularly focusing on those customers who have the greatest need and taking into consideration changes in how customers access information and tools as technology changes.

In New Jersey, utilities join with each other as well as the NJ Board of Public Utilities and Department of Community Affairs to jointly promote the programs for a week at a time, with all of these parties promoting a shared message to customers during this period. This approach would be one new way to create additional outreach in Pennsylvania that incorporates a universally shared message. Customers may be more open and inclined to hear about and ultimately apply for these programs if there is a coordinated outreach effort between the utilities, Commission, and DHS.

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?

Comments:

The short answer is that recertification periods could be extended with modifications to existing USECPs; however, that does not mean that they should be. The requirement for customers to recertify household income eligibility is already well-established in the USECP proceedings and should not be extended at this time. Currently, CAP participants are notified at the time of their application that they are required to recertify eligibility as scheduled or when there is a change in household income, household size, or heat source. The Companies have implemented various outreach methods to encourage customers to avoid an interruption in their program benefits for failing to reverify income. The notification process starts with a letter at 60 days prior to their scheduled recertification date. A second letter is mailed with a paper application at 30 days prior to the recertification date. Additionally, two calls to the customer regarding recertification are made. The first call is at 45 days prior to the recertification date, and the second call is at 15 days prior to the scheduled recertification date. Additionally, customers may re-enroll in the CAP and receive any missed benefits if they were removed from the program within the last 12 months for failure to reverify income.

The 2019 Amended CAP Policy Statement extended recertification periods based on a primary income source in the household. The Companies have not yet adopted the extended recertification periods due to their pending USECP filing remaining under review, and therefore cannot meaningfully comment on the impact of this change at this time. However, consideration should continue to be given to the fact that the costs of these programs, however critical they are, are also borne by other utility customers. To the extent that recertification periods are further

extended, the risk that ineligible customers may increase the burden to other customers unnecessarily solely due to outdated information, which would not help affordability for customers at large. The Companies discuss that point further in response to Question 9, *supra*. Finally, the sharing of household and income information with utilities, such as DHS is preparing to do through its data sharing process, is expected to be more beneficial to the challenges in the current recertification process than extending the recertification period through the CAP Policy Statement.

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?

Comments:

Modifications to the default provisions of the CAP Policy Statement at Section 69.265(9) are not necessary, nor would be helpful to reduce chances of customers losing benefits at this time.

With respect to a change in household income or size as provided for in subsection (9)(iii), there is no way for utilities to track this unless it is reported by the customer. While the Companies inform customers that these things may impact their eligibility for the CAP, they do not know of a change in income or household size until the customer is required to recertify. This is one of the reasons the recertification process required by subsection 9(v) is so important in maintaining the integrity of the CAP program and ensuring that customers who truly need the benefits are receiving them.

Further, with respect to subsection (9)(iv), the Companies require that CAP participants also participate in the WARM program. In the case of a landlord who refuses such measures on behalf of the tenant, the Companies do not remove the tenant from the CAP program. Given this

structure, the Companies are able to ensure that CAP customers are, wherever possible, receiving all necessary support to help also manage program costs borne by other customers – a consideration that must not be ignored when considering programmatic changes.

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?

Comments:

The Companies are generally open to the idea of developing a standardized CAP form and CAP procedure. However, currently, the CAP applications can vary significantly from utility to utility. Therefore, utilities would need to agree on a common application in order to make this feasible.

In the Companies' experience, the application itself typically does not appear to be the barrier to completing the enrollment process. Rather, completing the application with the required income documentation is the reason that many customers do not complete the process. Accordingly, if valid sources of income information can be obtained for the CAP application process, this could expedite the program decision for the customer. Specifically, if there was one statewide agency as the administrator, the Companies would be in favor of one standard application with one methodology for calculating income eligibility. If the administrator determines the customer is income eligible, this information can be made available to the utilities to determine program eligibility. This type of administrative change would inherently simplify the customers' ability to apply for multiple programs, while also paving the way for adoption of greater efficiencies in CAP enrollment processes as discussed in response to questions above.

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

Comments:

Generally, changes to the CAP Policy Statement are unnecessary at this stage. However, as noted in response to No. 10 above, a barrier that the Companies often face in customer CAP enrollment relates to income documentation. The CAP design elements outlined by Section 69.265(8)(ii)(B)(I) require income documentation from the customer in order to meet eligibility requirements. Consideration of reasonable alternatives to the documentation requirement could expedite the application process and remove a barrier to enrollment. For example, leveraging known income sources or confirmed eligibility for other state programs (such as is going to happen with DHS's new model discussed earlier in these comments) is one possible exception to the documentation. Instead of requiring income documentation for each application, an alternative may include implementation of an annual sample audit process of the utility's participant base. Customers that do not successfully provide the information during the audit would be removed. Again, while continual exploration of opportunities to remove barriers to access these programs is important, that interest must be balanced with the concern of ensuring that program costs are not being unnecessarily inflated by a failure to properly ensure eligibility at appropriate intervals.

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?

Comments:

While the Companies generally do not take a position for or against this, incorporating the water companies into the CAP Policy Statement may be beneficial if there is one administrator and application information can be shared. It is worth noting that if additional companies would

be added to the Commission's USECP and Impact Evaluation review processes, a revised schedule may be required to manage the length of the review periods.

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?

Comments:

The Companies currently utilize a coordinated enrollment process that screens customers for both CAP and WARM during the application process. In order to proceed with the application, the customer must first agree to certain terms and conditions relating to customer consent. The Companies also require participants in the WARM program to receive CAP benefits pursuant to 52 Pa. Code. Section 69.265(9)(iv).

To this end, under the scenario posed in the question, where a customer is income eligible for the LIURP program, universal terms and conditions could be included in the application process across all utilities to gain consent and permission to share information to facilitate additional eligibility analyses. However, similar to the concerns noted above in responses to Questions 1 and 2, any residual utility-specific differences in guidelines for LIURP programs would need to be resolved or recognized, lest ultimate eligibility need to be determined at each utility.

Regarding hardship funds, CAP enrollment does not automatically make a customer eligible for a hardship fund grant, and funding for hardship grants is limited in nature. Moreover, the eligibility requirements are often modified rather frequently, as funding for the grants is depleted throughout the program year. Accordingly, hardship funds are reserved for customers with disconnected service or pending disconnection of service - which is a much smaller subset of customers than those eligible for CAP benefits. For this reason, the determination of eligibility

for these grants through such a model would be very complicated to facilitate while still honoring the flexibility that the hardship fund programs require as each year wears on.

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

Comments:

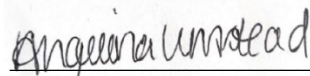
Modifications to the Universal Service annual reporting would be helpful in improving the overall process of expediting review and approval of the utilities' USECPs. For instance, when utilities currently submit USECP filings, the review process typically results in extensive data requests which must be answered in a short period of time. If there is an option to modify the annual Universal Service Reporting to account for the data fields necessary to evaluate the program components, this would help to standardize the reported data and improve the process of approving the utilities' USECPs in a more expeditious manner.

IV. CONCLUSION

Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company appreciate the opportunity to provide comments in response to the Secretarial Letter, and the advancement of this proceeding. The Companies look forward to further collaboration and discussion with the Commission and interested stakeholders on this important topic.

Respectfully submitted,

Dated: June 7, 2023



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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Service by electronic mail as follows:

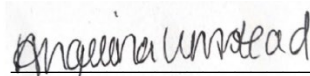
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