

Comments of
The Bucks County Opportunity Council, Inc.
Submitted July 29, 2015

FISCAL YEAR 2015
LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM
PA PROPOSED STATE PLAN

DRAFTED and SUBMITTED By: Jenny Danzis, Weatherization Program Manager

REVIEWED and APPROVED By: Erin Lukoss, Executive Director
Tammy Schoonover, Director of Client Services

Introduction

The Bucks County Opportunity Council, Inc. (BCOC) is a community action agency operating in Bucks County, Pennsylvania. The agency's overall budget is \$4.2 million dollars. The staff of the Home Energy Conservation Services program includes a program manager and two home auditors and has a 2014 Low-Income Home Energy Assistance Program allocation of \$414,656. During the 2014 CRISIS season, BCOC completed 152 CRISIS heater repair referrals totaling \$242,605 in products and services received by low-income Pennsylvania residents.

Comments

BCOC commends the Department of Human Services on their goal of protecting and serving Pennsylvania's most vulnerable residents. The CRISIS heater repair program provides a vital service for those individuals and families who are unable to afford the cost of repairing a broken or dangerous heater. The State's commitment to a fair and efficient program is also commended.

Understanding the State's goal of continuing to improve program efficiency, BCOC encourages the state to consider implementing cost control measures for those LIHEAP recipients whose heating fuel is oil. Oil is a problematic and expensive fuel for low-income users.

Generally, the most cost-effective way to purchase oil is to contract for a specific usage amount prior to the start of the heating season. Contracts often include credit checks and deposits. These barriers prevent low-income users from receiving lower cost per gallon pricing. For those clients who pay for oil upon delivery, the cost per gallon can fluctuate depending upon availability of supply and the total number of gallons delivered. If the client cannot pay for a full tank, the cost per gallon is higher. Many oil companies charge a delivery fee or surcharge when smaller quantities are ordered. Plus, the cost per

gallon is highest when smaller quantities are requested. Clients report they are unable to get fuel deliveries when quantities below 50 gallons are requested.

Pennsylvania has an opportunity to protect LIHEAP oil users from inconsistent and unfair fuel pricing and delivery charges while improving program efficiency. Since 1989, twelve states have piloted and/or instituted fuel cost savings programs: Connecticut, Indiana, Maryland, Massachusetts, Maine, Minnesota, Montana, New Hampshire, New Mexico, North Carolina, South Dakota, and Vermont. The state programs all vary but the program savings are significant. According to the December 2009 article entitled "LIHEAP Negotiations With Non-regulated Fuel Vendors," Maine has saved as much as \$2.5 million dollars in a single season by negotiating a state fuel price for LIHEAP recipients. The same article states Connecticut saved approximately \$1.5 million dollars per year between 1999 and 2009 and helped over 20,000 households per year through the state's negotiated fuel price program. BCOC believes Pennsylvania is missing a tremendous opportunity to stretch declining federal dollars by not negotiating oil prices for LIHEAP households. BCOC is committed to developing a statewide system and would volunteer staff time for a statewide task force charged with investigating program concepts and making a proposal for a Pennsylvania fuel oil program that protects the interests of the state and LIHEAP recipients.

Conclusion

BCOC appreciates the opportunity to submit comments regarding the 2015 Pennsylvania LIHEAP State Plan. Please contact Jenny Danzis at 215-345-3301 with any follow-up questions.

**Testimony of
Jennifer Warabak
Commission on Economic Opportunity**

**Low Income Home Energy Assistance Program
Fiscal Year 2016
Proposed State Plan**

July 8, 2015

Good Morning. My name is Jennifer Warabak. I am the coordinator for the Crisis component of the Low-Income Home Energy Assistance Program at the Commission on Economic Opportunity of Luzerne County. The Commission is the LIHEAP Crisis and Weatherization provider for Luzerne and Wyoming Counties, and has been since the inception of the program. In addition, our organization is the administering agency for utility hardship funds, church funds for fuel assistance and the lead agency for the Emergency Food & Shelter Program.

LIHEAP Crisis is the largest energy grant program administered by the Commission. We are grateful for the opportunity to present our views on the LIHEAP Proposed State Plan for Fiscal Year 2016.

The Commission fully supports the proposed transfer of the full 15% of available LIHEAP funds to the Department of Community and Economic Development to support the Weatherization and Crisis Interface programs. While the LIHEAP Cash and Crisis components are vital in helping vulnerable Pennsylvania families pay for home heating costs, Weatherization has always been a long term solution to helping those vulnerable families deal with rising energy costs. Weatherization makes homes more energy efficient and also increases the health & safety and comfort level of residents' homes.

The Commission would support establishing the income guideline at 200% of the FPIG as to not exclude the working poor and elderly on a fixed income from such a vital program

We are in favor of maintaining the maximum crisis benefit of \$500.00. This crisis benefit will ensure that households can receive the minimum delivery of fuel most companies require.

The Commission does support the issuance of a supplemental cash benefit for vulnerable households. Although we do recommend an explanation of the benefit be given to both those who are eligible and heating providers as well.

The Commission fully supports the Department of Human Services position regarding the use of existing LIHEAP Credit. This point however needs to be conveyed clearly and accurately to both regulated utility vendors and deliverable fuel vendors.

The Commission supports opening both the LIHEAP Cash and Crisis program on November 2, 2015 but recommends the programs operate until April 30th at minimum. Consistency of these dates from year to year will help to eliminate the confusion of when resources will be available. The proposed dates do not encompass the full season of heat related emergencies.

We appreciate the opportunity to present our views on the proposed State Plan and hope our suggestions are taken into consideration in developing the Final Plan.



COMMUNITY LEGAL SERVICES
OF PHILADELPHIA

**Pennsylvania Department of Human Services
FY 2016 LIHEAP Proposed State Plan
July 31, 2015**

Comments of Community Legal Services, Inc.

Community Legal Services provides free legal services to the low-income community of Philadelphia, representing thousands of clients a year who are faced with unaffordable energy bills and utility shutoffs, and who must access Department of Human Services (DHS) benefits in order to eat, access health care, and keep safe, warm shelter. Our work brings us into daily contact with the urgent issues of energy affordability and access to benefits faced by so many residents of Philadelphia. On behalf of our low-income clients, we submit these comments.

CLS recommends the following changes this LIHEAP season:

- 1. Revamp the LIHEAP Crisis program to provide real relief to the increasingly large number of Pennsylvania households who are either forced out of their homes because of utility termination or to live in homes without safe heating sources during the winter because of utility termination.**

In December 2014, the Pennsylvania Utility Commission reported in its annual Cold Weather Survey that nearly 45,000 Pennsylvania families had been forced out of their homes or were living without a safe home heating source because their utility service had been terminated.¹ This number is the highest it has been in at least 12 years. DHS must improve Crisis application processing and leverage its annual disbursement of millions of dollars in LIHEAP Crisis funds to ensure that LIHEAP Crisis recipients receive maximum assistance to prevent the loss of heat or restore heat during the winter. We recommend the following:

- a. **Require utility companies to restore service or cancel a utility termination notice upon offer of a crisis grant.** Currently, utilities have the discretion to refuse Crisis grants offered by applicants with balances greater than the grant. Some utilities

¹ http://www.puc.pa.gov/general/publications_reports/pdf/Cold_Weather_Results_2014.pdf

currently demand a “co-pay” in addition to the Crisis grant to restore or maintain service. These utility companies sometimes ask for “co-pays” of hundreds or thousands of dollars. We need a standard rule requiring all utility companies to accept offers of Crisis grants for restoration of service or cancellation of shut off notices.

- b. **Collect and publicize data on the number of Crisis applications received, the time to process Crisis applications, the numbers of approvals and rejections by vendor, and rejection reasons by vendor.** DHS is already collecting and publicizing very similar data for the LIHEAP Cash program and this data has been tremendously helpful in finding solutions to LIHEAP Cash application processing problems. The same is needed for LIHEAP Crisis to ensure that urgently needed LIHEAP Crisis grants are being delivered on time to those without heat.
- c. **Improve Crisis application processes.** Crisis applicants, especially the elderly, sick, and disabled who cannot easily leave their homes to submit an in-person Crisis application, need better access to the Crisis application process. The LIHEAP hotline needs more staff so that all callers can easily report the need for Crisis and can be assured that their report of their need for Crisis will result in the delivery of Crisis benefits within 48 hours of that call. COMPASS needs updating so that people can submit applications for Crisis with or at any point after they apply for LIHEAP cash grants. Verification of heating responsibility and the amount needed to resolve a crisis should be automated. DHS reports that Crisis application processors now have access to various online portals allowing them to communicate directly with utility companies to independently verify customers' account information. We encourage the expansion of these electronic verification sources

2. Issue Clear Policy Prohibiting CAP Plus Plans.

Regulated utility companies offer a variety of Customer Assistance Programs or CAPs to their customers with incomes below 150% FPL. Low-income customers enrolled in CAPs can

have energy burdens of up to 17% of their monthly income.² Compared to the less than 4% energy burden of the average Pennsylvania household, CAP customers shoulder enormous energy burdens.³ Pennsylvania utility companies want to use LIHEAP dollars in ways that maintain this inequity. DHS has the authority and the obligation to put a stop to this and ensure that LIHEAP dollars are used to reduce the excessive energy burdens of CAP customers.

DHS took an important step toward ensuring that LIHEAP grants are used to reduce CAP customer energy burdens by instituting its “asked to pay” rule in section 601.45 of the state plan. We applaud DHS for taking this step. But more is needed.

In what have become known as CAP Plus plans, utility companies have devised ways to use LIHEAP funds to maintain or surpass 17% energy burdens for CAP customers despite the “asked to pay” rule. At least one utility company is already doing this and others have plans to do the same. DHS must take a strong stand against this practice in order to put an end to it.

The LIHEAP statute mandates that LIHEAP funds be used solely for the benefit of LIHEAP recipients and that LIHEAP dollars go to reduce the energy burdens of low-income households to affordable levels. CAP Plus defies this mandate. By any reasonable standard, 17% energy burdens are excessively unaffordable. National studies endorsed by the U.S. Department of Health and Human Services have identified energy burdens that exceed 6% as unaffordable.⁴ Congress itself recognized that 15% energy burdens are excessively high and that LIHEAP is intended to reduce energy burdens that meet or exceed these levels.⁵

² 52 Pa. Code § 69.265(2). The 17% of income energy burden is a target and CAP bills can often total to higher than 17% of income depending on levels of usage.

³ PA PUC, Bureau of Consumer Services, 2013 Report on Universal Service Programs & Collection Performance, at 30, available at http://www.puc.state.pa.us/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2013.pdf

⁴ See, e.g., APPRISE, LIHEAP Energy Burden Evaluation Study, at 12 (July 2005) (identifying a 6.5% energy burden as moderate and a 10.9% energy burden as high), available at <http://www.acf.hhs.gov/programs/ocs/resource/liheap-energy-burden-evaluation-study>.

⁵ The section of the federal LIHEAP Act later codified at 42 U.S.C. § 8624(b)(5) was amended in 1994 to specify that LIHEAP benefits should be used to decrease the energy expenditures of those with the lowest incomes. The legislative history of the 1994 amendments makes it clear that LIHEAP is intended to reduce energy expenditures of those with the lowest incomes and recognizes that energy burdens of 15% of annual income are high and should be addressed:

This section also adds the concept of “highest home energy needs” to the current provision of the LIHEAP Act that requires States to target their assistance in a way that provides varying levels of assistance for households depending on their incomes and energy burden (energy expenditures in relation to income). For example, according to HHS, over 7 million eligible households have energy bills that exceed 15 percent of their annual income. There is a need to focus on those households with the lowest incomes which are most drastically burdened and on those at highest health risk.

LIHEAP dollars are scarce. DHS must ensure that every LIHEAP dollar is used to benefit only the low-income customers who receive LIHEAP grants and that those grants work to reduce their energy burdens toward more affordable levels. Permitting CAP plus plans would be like permitting grocery stores to charge SNAP recipients an extra dollar for every loaf of bread and gallon of milk. It is fundamentally wrong. We urge DHS to issue policy that explicitly prohibits utility companies that receive LIHEAP funds from considering the availability of LIHEAP when determining CAP customer payment amounts.

3. Issue supplemental LIHEAP grants to all vulnerable households, not just those who have disabled, young, or elderly household members.

The State Plan proposes a \$70 supplemental cash grant to “vulnerable households,” and limits the definition of vulnerable households to those with disabled individuals, children under age 5, or adults over age 60. CLS applauds the intent behind this plan: to get more LIHEAP funds to LIHEAP recipients during the cold months of the LIHEAP season when those funds are needed most. CLS strongly encourages DHS to expand this policy to get additional LIHEAP funds to all LIHEAP recipients who are vulnerable including:

- a. Domestic violence victims in need of assistance to plan a safe escape from violence or to stay safely away from their abusers;
- b. People facing eviction and homelessness;
- c. Those with the lowest incomes; and
- d. Those who spend higher percentages of their incomes on home energy.

4. If DHS decides to continue with its plan to limit supplemental grants only to those households with disabled individuals, children under age 5, or adults over age 60, DHS should clearly and broadly define each of these “vulnerable” categories to make sure that these supplemental grants get to all those who are eligible.

The proposed State Plan does not clearly define the three vulnerable categories it identifies. We propose the following definitions:

- a. The term “disabled individual” should include all those who are awaiting approval or who have been approved for a disability benefit during the LIHEAP year, and those who are otherwise known to DHS to have a disability during the LIHEAP year. The

S. Rep. No. 103-251, at 67 (1994) (emphasis added).

LIHEAP statute and regulation do not specifically define the term “disabled individual,” giving the state discretion to define the term broadly. Specifically, this should include the following at least:

- i. People who have applied for, have been approved for, or are receiving SSI for a disability, Social Security disability benefits, Railroad Retirement disability benefits, or VA disability benefits.
 - ii. People receiving disability-related MA benefits, including Healthy Horizons, GA-related MA, SSI-related spend-down, MAWD, and BCCPT.
 - iii. TANF recipients with RESET exemptions for disabilities
 - iv. TANF recipients with RESET exemptions to care for a disabled household member.
 - v. People who are “unfit to work” for SNAP purposes.
 - vi. Pregnant women.
 - vii. People known to be in drug or alcohol rehabilitation.
 - viii. Anyone who submits DHS’ Employability Assessment Form or Medical Assessment Form to prove a disability for LIHEAP purposes or any other DHS purpose.
- b. The term “age sixty or over” should include everyone who will turn 60 years old during the LIHEAP season. Currently the proposed State Plan limits this vulnerable category only to those who are 60 or older at the time of their LIHEAP application. This will unfairly penalize those who will turn 60 later in the LIHEAP season but who apply early in the LIHEAP season either because they do not know of the potential for the supplemental grant if they wait or who urgently need LIHEAP assistance early in the LIHEAP season to stay warm as the winter sets in.
- c. Similarly, the term “age five or younger” should include everyone who was five years old at any point during the LIHEAP season. Currently the proposed State Plan limits this vulnerable category only to those who are age 5 or younger at the time of application. This unfairly penalizes those with children who turn 6 early in the LIHEAP season and who apply for LIHEAP later in the LIHEAP season either because they did not know of their eligibility for the supplemental grant earlier in the

LIHEAP season or whose greatest need for LIHEAP assistance does not arise until later in the LIHEAP season.

5. However eligibility for supplemental grants is established, supplemental grants should not be issued to all households at the same amount. Grant amounts should be calculated based on a household's income.

CLS recommends that DHS allocate supplemental LIHAP cash grants based on a household's income, rather than provide an equal grant to each household. Households with lower incomes should receive a larger supplemental grants to reflect their greater need, much like households at lower income levels receive larger "regular" LIHEAP cash grants to reflect their greater need. This will allow DHS to better allocate the funds among low income populations and to meet the demands of LIHEAP statute and policy: to provide the greatest amount of assistance to those with the lowest incomes and highest energy burdens.

6. Give LIHEAP applicants notice of their potential eligibility for supplemental grants, notice of supplemental grant eligibility determinations, and the opportunity to appeal supplemental grant eligibility determinations.

LIHEAP applicants need to know about the new supplemental grant program and its eligibility criteria so that they know to provide DHS with the information needed to establish eligibility for the supplemental grant. Additionally, LIHEAP eligibility notices must inform applicants of the decision made concerning their eligibility for the supplemental grant and their right to appeal a denial of the supplemental grant.

7. Exclude all personal loans from countable income.

The proposed State Plan changes the definition of LIHEAP income exclusions. For the first time, all loans must be made by an established financial institution in order to be excluded from countable income. Loans made by a friend or a relative would count as income of the LIHEAP applicant. This change contradicts state regulations governing LIHEAP⁶ and contradicts the rule in every other benefits program administered by DHS. The Food Stamps,⁷ Medical Assistance,⁸ and TANF⁹ cash assistance programs all exclude personal loans made by an individual outside of

⁶ 55 Pa. Code 601.84

⁷ 7 CFR § 273.9(c)(4)

⁸ 55 Pa. Code § 181.81(10); 55 Pa. Code § 181.263(8)

⁹ 55 Pa. Code § 183.81(13)

financial institutions from countable income. This makes good sense. Some low income families are unable to receive loans from financial institutions due to poor credit, high interest rates, or in general, difficulty navigating the banking system. As a result, the only viable option for these individuals is securing loans from close relatives or friends. With proper verification of a loan agreement, there should be no reason why such loans are not excludable.

8. The Department should maintain repair of broken windows as a Crisis benefit.

The proposed State Plan limits the availability of Crisis Interface benefits for the repair of broken windows. The State Plan in §601.62(1)(vi) makes the repair of broken windows a Crisis Interface benefit only if it is necessary to ensure the effectiveness of other repairs or improvements. This is a marked change from the 2015 LIHEAP Plan which listed broken windows as a type of crisis benefit on its own, even if it was not essential to ensure the effectiveness of other repairs. This proposed change creates a potential health concern and should be rejected. Broken windows in the middle of winter can have an immediately negative health effect on low income households and can be an independent basis of a crisis. The repair of broken windows should continue to be a crisis benefit.

9. The Department should pay Crisis benefits upfront either to the vendor or to the customer.

DHS proposes to change LIHEAP Crisis payment methods when DHS cannot pay the benefit directly to a vendor. Under the proposed change in §601.64, DHS will only pay Crisis benefits to a household as reimbursement for the household's verified prior purchase of home heating fuel. This proposed change creates an impractical and inequitable result for low income households. Crisis applicants request Crisis benefits because they do not have the funds to remedy the crisis. When a vendor may not be paid directly, the Crisis grant should go directly to the applicant up front. This is the only way to ensure that the Crisis benefit will actually enable households facing home heating crises to afford heat in their homes.

10. Remove the maximum \$1000 LIHEAP Cash grant to ensure that the greatest LIHEAP benefits go to those with the greatest need.

DHS's proposed \$1000 cap on LIHEAP Cash grants contradicts the federal Low Income Home Energy Assistance Act, which mandates that those with the lowest incomes and biggest energy burdens get the highest level of energy assistance. Only the most vulnerable households

living in the most extreme poverty are eligible for LIHEAP Cash grants of more than \$1000. It is precisely these households who should not have their Cash grants reduced. Reducing the grant amounts to those with the greatest need for energy assistance will unfortunately, in some cases, precipitate the need for Crisis grants and act to place these most vulnerable households at even greater risk of losing heat in the winter. This is contrary to the purpose of the LIHEAP program and should be changed.

11. Remove unnecessary and unlawful rule making those with arrest records or bench warrants ineligible for LIHEAP.

The proposed State Plan makes individuals who have not been convicted of any crime ineligible for LIHEAP benefits if DHS determines, through some unknown process, that the individual is “fleeing prosecution” for a felony. What this often means in practice is that individuals who have not actually been found guilty of any crime, but who have something like an arrest for a felony or a warrant, can be denied LIHEAP. This policy is not required by federal or state law governing LIHEAP benefits and imposes completely unnecessary restrictions on LIHEAP eligibility and administrative burdens on the County Assistance Offices. We strongly encourage DHS to get rid of this policy.

12. Allow households with inoperable furnaces access to Crisis Interface benefits.

Every year, the Crisis Interface program closes with tens of millions of dollars unspent to repair or replace broken heating systems in LIHEAP recipients’ homes. DHS should be expanding eligibility for this program to be sure that these dollars are spent to keep people in warm, safe homes throughout the winter. Instead, the proposed LIHEAP Plan unreasonably restricts eligibility for Crisis Interface benefits. People who have had inoperable furnaces for more than 2 years, people facing foreclosure, and people whose landlords have recently changed their household’s heating source are all potentially ineligible for Crisis Interface benefits under the proposed state plan. These restrictions on Crisis Interface benefits contradict state regulation defining eligibility for Crisis Interface. They also unfairly and arbitrarily limit eligibility of households who are facing home heating emergencies.

13. Allow households to use their LIHEAP Crisis Interface grants to replace irreparable fuel oil heaters with natural gas heaters.

Crisis Interface dollars are spent to replace irreparable heaters every year. Low income

natural gas customers, unlike fuel oil customers, are protected by Pennsylvania law against service termination and are offered discounts through utility companies' Customer Assistance Programs. DHS should make the most use of Crisis Interface dollars by allowing households who need heater replacement to get these added benefits of natural gas heaters. At present, the Plan does not authorize conversions to a new heating source or delineate the factors that are to be considered when a Crisis Interface Program applicant requests a conversion. This has made it difficult for Crisis Interface applicants to have these requests approved. The State Plan should include a clear statement of DHS's policy in this area.

14. Remove the medical documentation requirement for expedited Crisis benefits.

Both federal law and DHS LIHEAP regulations make households in life-threatening situations eligible for expedited LIHEAP Crisis benefits. These expedited Crisis benefits must be delivered within 18 hours after an application for Crisis benefits is submitted. The proposed State Plan unlawfully and unreasonably restricts eligibility for expedited Crisis by requiring documentation of a medical emergency. This new requirement eliminates eligibility for households in non-medical life-threatening situations and adds unnecessary verification burdens for both applicants and the County Assistance Office. Documentation of a medical emergency was not required at any point before FY 2014, and should not be required now.

15. Do not punish LIHEAP eligible individuals who live with ineligible LIHEAP individuals by giving them less than their fair share of a LIHEAP grant.

There are some households that include individuals who are eligible for LIHEAP as well as individuals who are ineligible for LIHEAP. Ineligible household members are excluded from household number but not household income. This penalizes the eligible members of the household by creating a smaller household with a larger income, falsely increasing the household's percentage of poverty, unfairly decreasing the household's chances of being LIHEAP eligible and reducing the size of the LIHEAP Cash grant the household may receive. If a LIHEAP household's size is reduced by the number of ineligible members who live in the household, the LIHEAP household's total countable income should also be reduced by the ineligible household member's share of the household's income. The resulting LIHEAP grant will be smaller than it would have been if the ineligible member was included fully, but the amount of the reduction would be fairly proportionate to the household's size and income.

The SNAP (food stamps) program does this. SNAP rules exclude ineligible household members from the household size and prorate the ineligible household members' income. So, if there are three people in a household and one person is ineligible, just 2/3 of the ineligible household member's income is counted as available to the two eligible household members. The ineligible household member's 1/3 share of the income is not counted because the ineligible household member is not counted as part of the household. Only the amount of income that can be fairly attributed to the two eligible household members is counted and SNAP benefits are issued for a household of two. The State Plan should be revised to exclude a prorated share of ineligible LIHEAP household members' income when determining a household's LIHEAP eligibility and grant amount. This rule will ensure that eligible members of the LIHEAP household will receive the LIHEAP they need. Using this SNAP rule in the LIHEAP program will also contribute to uniformity in CAO administration, reducing program errors.

16. Allow low-income small business owners to get the LIHEAP they need.

Section 601.31(2)(iv) of the proposed State Plan changes the eligibility guidelines under which low income small business owners are eligible for LIHEAP. These business owners, who are often eligible for other DHS benefits due to their low income, rely on the LIHEAP grant to assist in the often high costs associated with heating and cooling services to their homes. These same business owners are then rightfully able to deduct their utility expenses to help reimburse the costs they have expended in heating the portions of their homes that they use for their businesses.

One example of small business owners who may be detrimentally impacted by this rule are child care providers who provide child care services to children in their own homes. These owners have often recently come out of dire financial circumstances, and are attempting to create a business that can be both economically viable and fulfill an important communal need. Along with the several thousand dollars worth of expenses needed to start their businesses, providers also have to expend several thousand dollars throughout the year to maintain the costs of their business, with many providers experiencing shortfalls in income due to the high expenses associated with a child care business. Since their businesses are in their homes, the costs of upkeep overlap with home expenses, such as cooling and heating costs. DHS is now asking these providers to make the choice between deducting these expenses on their tax returns, or

receiving assistance from LIHEAP to help cover these expenses. They should have both options available to allow them to recover the costs of providing a much-needed, but high-cost service to their communities. CLS strongly recommends that section 601.31(2)(iv) be removed from the State Plan to allow these low-income households access to the LIHEAP benefits they need to keep their homes warm.

17. Extend program start and end dates to ensure full access to LIHEAP benefits and proper administration of the LIHEAP program.

We recommend a program opening date of no later than October 1 and a program close date no earlier than April 30.

18. Administer the 2016-17 LIHEAP program with the intent to spend all 2016-17 LIHEAP funds.

There is clearly a present need for assistance that goes unmet when LIHEAP funds are left unspent at the end of the LIHEAP season. Many utility shut-offs could have been prevented or reversed this past LIHEAP season if DHS had spent the tens of millions of dollars that were still available at the close of the season. Additionally, DHS's failure to spend all of the federal funds allotted to it in recent years undermines efforts to communicate to the Federal government the clear extent of the need in the Pennsylvania for more home energy assistance. Why should the Federal government sustain or increase funding levels if states like Pennsylvania do not spend the money allocated to them? CLS recommends that DHS include in the Final State Plan a clear directive that all of the Federal funds allocated for the 2015-16 program year will be spent by the end of the 2015-16 program year.

19. Request State Supplemental LIHEAP Funding.

Pennsylvania does not currently provide state supplemental funding for LIHEAP. It is one of the only Northeastern states that do not annually provide state supplemental funding to LIHEAP. State supplemental funding would stabilize the program from year to year by providing a consistent, controllable, and reliable funding stream not dependent on the political determinations of officials outside the Commonwealth. This kind of stability would improve the ability of DHS to administer the program and could enable longer program duration with higher benefit levels. CLS encourages DHS to formally and informally work with the Governor's Office and the General Assembly to secure state supplemental funding for the LIHEAP program.

Thank you for the opportunity to provide these comments. CLS is available to discuss these points further with DHS.

Respectfully submitted,

A handwritten signature in black ink that reads "Maripat Pileggi". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

Maripat Pileggi (215-227-4738)
Community Legal Services, Inc.
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Testimony of

Columbia Gas of Pennsylvania, Inc.

On the

**Proposed Pennsylvania State Plan
Fiscal Year 2016**

For the

**Low-Income Home Energy Assistance Program
(LIHEAP)**

July 15, 2015

**Presented by: Elizabeth Focer-Repman
Columbia Gas of Pennsylvania, Inc.
121 Champion Way
Canonsburg, PA 15317
(724) 770-1711**

Good morning and thank you for the opportunity to provide remarks on Pennsylvania's proposed State Plan (Plan) for the Low Income Home Energy Assistance Program (LIHEAP) for fiscal year 2016.

My name is Elizabeth Focer-Repman; I am the Community Outreach and Education Coordinator at Columbia Gas of Pennsylvania, a NiSource company. My role at Columbia Gas is to assist customers through the CARES Program, link them to resources and, intervene in crisis situations. I am here today on behalf of Columbia Gas – and the more than 390,000 residential customers that we serve across 26 counties -- to specifically address Pennsylvania's proposed LIHEAP Plan. These remarks are a collaboration of the extended Columbia Gas team, my own 29 years of experience, and feedback from countless other groups and organizations dedicated to assisting low-income customers.

I would like to begin by saying “thank you” to the Department of Human Services (DHS). Thank you for opening LIHEAP and CRISIS simultaneously and eliminating the CRISIS Exception program. As a result, Columbia Gas experienced a decrease in client confusion this past heating season. In addition, Columbia Gas supports the maximum of \$500 for CRISIS grants and the maximum of \$1,000 for the Cash component. We appreciate the efforts of DHS to improve application processing time. Less pending applications equates to less telephone calls to our contact center and more importantly, faster responses to customers. Columbia Gas also wants to acknowledge and thank DHS for their improved communication with utilities - including the new reporting requirement process.

As in past testimony, Columbia Gas would like to mention several on-going issues we believe DHS needs to address in the LIHEAP Plan. These issues are:

- We believe all funding should be exhausted each program year to maximize assistance in the year it was intended. We believe this will demonstrate the continued need in Pennsylvania for this vital program.

- The change in policy to require CASH grants to further supplement CAP customers continues to burden non-low-income and non-LIHEAP recipients. In addition, the grants to CAP customers are applied in lump sum, negating consistent payment behavior which is a desired and important outcome of the CAP program. We hope discussion and alternative solutions continue to be examined.
- When all energy prices remain relatively low and stable, DHS should consider expanding the income guidelines to increase the number of Pennsylvania residents that could receive LIHEAP assistance.
- The 15% transfer for weatherization to DCED is too high considering the large amount of additional funding dedicated to weatherization in Pennsylvania through utility rate payer subsidized programs.

Over the past year, Columbia Gas employees encountered a few issues of concern that are worth noting and addressing.

- A CRISIS is required to be resolved within 48 hours. This was not always the case. In fact, Columbia Gas invited local County Assistance Offices (CAO) to send us lists of customers that applied for CRISIS, but were not yet processed prior to April 1st, to avoid terminating customers waiting for determination of CRISIS eligibility.
- Local weatherization offices were not resolving emergency equipment and no-heat situations within 48 hours, sometimes taking several weeks. Incidences happened throughout the coldest winter months and put lives at risk! Better monitoring and enforcement from DHS is necessary to ensure the 15% transfer to DCED is used in accordance with federal guidelines. Otherwise, the funding should not be transferred and is better utilized as grants.

- Local CAOs need additional training on when to use a CRISIS grant, before a CASH grant, when resolving a CRISIS. It is our understanding the CASH grant should be used to cover current and future gas costs, not reduce past debt, unless it is needed to supplement the CRISIS grant for restoring service. If not handled properly, clients are not able to maximize their full grants when eligible for both CASH and CRISIS programs.
- The change in the LIHEAP application, requesting applicants to identify their electric provider, has created unnecessary confusion among many clients. If this information is required then, as a way to reduce confusion, DHS should add some explanation as to why it is necessary.

As we have stated in prior years, Columbia Gas welcomes the opportunity to partner with the Department to improve operational efficiencies, create productive communications and increase awareness of LIHEAP. Thank you for allowing us to comment on the Fiscal Year 2016 Proposed LIHEAP Plan.



Duquesne Light

Our Energy...Your Power

Testimony

of

Duquesne Light Company

411 7th Avenue

Pittsburgh, PA 15219-1905

on the

Commonwealth of Pennsylvania

Low-Income Home Energy Assistance Program

Fiscal Year 2016

Proposed State Plan

Public Hearing

Allegheny County Courthouse

July 15, 2015

Presented by

Gary Miller

Senior Universal Services Analyst

Department of Public Welfare

LIHEAP Testimony

Good Morning. My name is Gary Miller and I am the Senior Universal Services Analyst at Duquesne Light Company. I would like to thank the Department of Human Services (DHS) for the opportunity to provide comments on the Low Income Home Energy Assistance Program (LIHEAP) Proposed State Plan for 2016. Duquesne Light is committed to assisting low-income customers in gaining access to all available assistance funding for which they qualify.

Duquesne Light Company provides electric service to approximately 527,000 residential customers in both Allegheny and Beaver Counties in Southwest Pennsylvania. According to the most recent Census data, there are approximately 127,000 verified low-income customers who would qualify for LIHEAP benefits within these two counties. During the 2014-2015 program years, Duquesne Light received over \$1.6 million in LIHEAP grants with an average grant of \$286.

Duquesne Light recognizes DHS's efforts as it continues to improve the efficiency of the program to assist low-income households in maintaining utility service. The Company acknowledges the improvements in application processing resulting in grants applied sooner to the customers' accounts.

Duquesne Light also appreciates the coordination by DHS staff in Allegheny County. The County Assistance Office staff began the season by conducting a meeting with utilities and other interested parties prior to the opening of LIHEAP to review the program processes and provide contact numbers. The open dialogue is very helpful and we hope Allegheny County will continue these meetings.

Duquesne's testimony today reflects on the most recent season and looks ahead to opportunities that will enhance the upcoming LIHEAP year. The testimony focuses on the following topics:

- Simultaneous Opening of Cash and Crisis Programs
- LIHEAP Funds and the Crisis Interface Component
- Option of Splitting the LIHEAP Cash Grant between Energy Sources
- Recognize Termination Notices as Sufficient Proof of Crisis

Simultaneous Opening of Cash and Crisis Programs

Duquesne Light commends DHS in continuing to open both the LIHEAP Cash and Crisis programs simultaneously. Opening these programs together eliminates the confusion experienced by many households in prior years. It allows Crisis to be utilized for utility service reconnection before the start of winter and gives these households the opportunity to still apply for the LIHEAP Cash grant to offset winter heating bills. Opening Crisis in November also permits those who have received a termination notice to avoid loss of utility service.

One of the policy clarifications in the 2016 Proposed State Plan states that if the LIHEAP Cash grant is authorized before the date of a request for a Crisis grant, the LIHEAP Cash grant will be utilized first to resolve the Crisis. Duquesne believes that the Crisis grant should have priority over the Cash grant in those situations where the utility service is off. When Crisis provides the resources needed to resolve the situation especially before the start of winter, the consumer remains eligible to use the LIHEAP Cash grant to offset winter bills, as it was intended. If the Crisis grant is insufficient to resolve the situation, the LIHEAP Cash grant can be combined to provide additional funding.

LIHEAP Funds and the Crisis Interface Component

The coordinated effort between DHS and the Department of Community and Economic Development (DCED) provides eligible low-income households with the ability to have costly heat-related emergency repairs completed in a timely manner. Although DHS transfers 15 percent of the LIHEAP block grant to DCED for this project, not all the funds are used for emergency repairs. According to Appendix C of the 2016 Proposed State Plan,¹ DHS transferred \$30.5 million in FY 2014 of which \$16 million was used for the Crisis Interface Project and \$10 million expended on standard weatherization. In FY 2015, \$30.6 million was allocated to DCED and thus far \$16 million has been used. The remaining \$14 million is designated for standard weatherization. In the last two years, only \$32 million of the \$61.1 million block grant transfers were used for the Crisis expenditures.

While the Duquesne Light recognizes the importance of increasing energy efficiency, especially for low-income households, the Company believes funds remaining after completing Crisis repairs should be transferred back to DHS to support continuation of the LIHEAP Cash and Crisis programs. With more than 1.3 million households in Pennsylvania below 150 percent of the Federal poverty level and approximately 391,000 households or 30 percent receiving LIHEAP, the need for LIHEAP grants outweighs current available funding. Duquesne recommends that funds not expended through the Crisis Interface Project should be reallocated to LIHEAP Cash and Crisis to assist vulnerable households in paying their utility bills.

To further support this recommendation, the Company notes the expanded level of energy efficiency programs by utility companies within the Commonwealth. A review

¹ *Commonwealth of Pennsylvania, Low-Income Home Energy Assistance Program, Fiscal Year 2016 Proposed State Plan, Appendix C, pg. C-1.*

of the PUC's most recent *Universal Service Programs & Collections Performance Report*,² Pennsylvania utilities spent over \$46.7 million on LIURP programs in 2013 and was projected to spend over \$50.2 million in 2014. Pennsylvania electric utilities also provide weatherization and energy efficiency programs for low income customers as part of Act 129. Due to the substantial funding currently available for standard weatherization through these programs, the Company believes the unspent funding from the Crisis Interface Program could better serve customers in crisis to assist them in maintaining their utility service.

Option of Splitting the LIHEAP Cash Grant between Energy Sources

All major electric and natural gas utilities in Pennsylvania operate Customer Assistance Programs (CAPs). The majority of these utilities require CAP participants to apply for LIHEAP annually and designate the CAP-sponsored utility to receive the grant. Typically, a customer on CAP with the electric utility will also participate in CAP with their natural gas utility. Not being able to split the LIHEAP Cash grant between the two utilities presents an unnecessary dilemma for the CAP household. Duquesne Light recommends revision of the LIHEAP guidelines to permit consumers the ability to split the LIHEAP Cash grant similar to DHS's treatment of Crisis grants.

Recognize Termination Notices as Sufficient Proof of Crisis

Duquesne Light requests DHS to clarify the statements regarding termination notices issued from December 1 through March 31 identified in the LIHEAP State Plan at §601.62(2)(ii)(A). Under Title 66 Pa. C.S. §1406(g), a termination notice issued by a

² *Report on 2013 Universal Service Programs and Collections Performance Report of the Pennsylvania Electric Distribution Companies & Natural Gas Distribution Companies*, Pennsylvania Public Utility Commission, pg. 33.

regulated utility remains effective for 60 days. Therefore, any termination notice issued after February 1 may result in loss of utility service on or after April 1 without additional approval by the Public Utility Commission. Consumers receiving termination notices after February 1 are in danger of termination and should not be denied Crisis benefits if the household meets the income eligibility requirements.

The Company also suggests DHS to update the budget projections in the Proposed Plan to allocate a portion of its budget to those who receive termination notices after February 1 and apply for Crisis. The most recent budget update of LIHEAP expenditures shows that approximately 31 percent of available funds were dispersed in Crisis grants, a portion of which would have been for notices issued after February 1, yet the Proposed Plan only budgets 10 percent to Crisis.

Conclusion

Duquesne Light recognizes the challenges DHS experiences in maintaining a dynamic program with uncertain funding levels. The Company believes its testimony today acknowledges the accomplishments of this year's program and proposes options to improve LIHEAP in ways that will achieve our common goal of improving "the quality of life for Pennsylvania's individuals and families."³

Thank you for permitting me to share our views and for the opportunity to work with DHS on this important program.

³ *Commonwealth of Pennsylvania, Low-Income Home Energy Assistance Program, Fiscal Year 2015 Proposed State Plan, Mission – inside front cover.*

TESTIMONY

ON THE

**LOW INCOME HOME ENERGY
ASSISTANCE PROGRAM (LIHEAP)**

**Fiscal Year 2016
Proposed State Plan**

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July 8, 2015

Donna M. J. Clark
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INTRODUCTION

Good morning. My name is Donna M. J. Clark. I am Vice President and General Counsel of the Energy Association of Pennsylvania (“EAP” or “Association”). EAP is a trade organization representing the major electric and natural gas distribution utilities in Pennsylvania¹, each of which is an approved LIHEAP program vendor. Our member utilities play a crucial role in providing energy assistance to their low-income customers. This is accomplished through a variety of methods, which include utility Universal Service Programs², partnering with other utilities and agencies such as Dollar Energy and the Salvation Army, helping customers locate and access publicly and privately funded energy assistance dollars, and referring eligible customers for additional services. EAP’s member utilities hold annual forums and fairs in local communities to help educate customers about the various programs and to assist applicants in understanding and completing the required paperwork.

I’d like to begin my testimony this morning by thanking the Department of Human Services (“Department” or “DHS”) for continuing the practice of assessing each LIHEAP program following its close and recommending practical program improvements such as increasing the maximum crisis grant to \$500. In addition, we recognize the efforts the Department has made in markedly reducing the time for processing pending applications. In past years, it was not uncommon for numerous applications to languish in “pending” status, weeks or months after the formal LIHEAP year had come to a close. This past year, DHS has continued in

¹ Citizens’ Electric Company; Columbia Gas of PA; Duquesne Light Company; Metropolitan Edison Company; National Fuel Gas Distribution Corporation; PECO Energy Company; Peoples Natural Gas Company; Peoples TWP LLC; Pennsylvania Electric Company; Pennsylvania Power Company; Philadelphia Gas Works; Pike County Light & Power Company; PPL Electric Utilities Corporation; UGI Central Penn Gas; UGI Penn Natural Gas; UGI Utilities, Inc. (Electric and Gas); Valley Energy Company; Wellsboro Electric Company and West Penn Power Company.

² In 2013 alone, \$397.4 million was expended by electric and gas utilities for Universal Service Programs to assist Pennsylvania’s low-income utility customers.

its streamlining of application processes, making receipt of LIHEAP grants easier and quicker. These efforts are welcomed not only by the regulated utilities but by eligible utility customers.

Additionally, the Association appreciates the Department's continued proposal to open the LIHEAP cash and crisis programs simultaneously and eliminate the "crisis exception" component of the State Plan. Opening LIHEAP with the cash and crisis components together at the beginning of the heating season provides the greatest level of assistance to Pennsylvania's low-income households by coordinating the application process for both benefit types (reducing administrative time). This, in turn, allows families to restore or maintain utility service, to lower their share of the monthly bill during the heating season, to leverage LIHEAP benefits with the numerous programs provided by utilities and others, and to reduce the risk of springtime termination. Families who may need more than the cash grant amount to prevent service termination will now have access to crisis grants in November, which helps further prevent risk of service termination at one of the most crucial times of the year.

EAP further supports the Department's newest policy clarification that will provide a supplemental cash benefit of \$70 to those vulnerable households that qualify for a LIHEAP cash grant. Allocating these funds during the LIHEAP program year will reduce the recent past years' accrual of substantial "excess" of unspent funds. DHS historically has had to implement various contingency plans following the close of the program year to spend down the "excess" and maintain a lawful carry-over balance under federal law for start-up costs for the following LIHEAP year. Providing this additional assistance concurrently with the initial cash grant award will provide access to available energy assistance dollars at the time of immediate need which is vital to assure maximum health and safety protections for Pennsylvania's most vulnerable households.

The Department has been very open in sharing with the LIHEAP Advisory Council, as well as other stakeholders, information on their processes, policies, and budgets, creating a welcoming and collaborative environment. EAP and its member companies again thank the Department for its continued hard work. EAP encourages continued clear and frequent communication, particularly as it relates to the proposed policy change of the cash and crisis program openings. It will be critical for County Assistance Offices, utilities, vendors and other stakeholders to publicize this change so that potential program beneficiaries can apply promptly and avoid entering the winter season without utility service.

Further, I'd like to recognize the difficulty faced by Department staff each year in trying to develop a balanced statewide energy assistance plan without knowing the amount of funding the state will have to work with, when the funds will be received, how many applications will be submitted or the price of the various fuel commodities. Recurring uncertainties associated with the federal LIHEAP grants underscore the need for a permanent source of state energy assistance funding for its low-income households. The reality is that poverty exists and it continues to be a societal issue. In order for Pennsylvania to establish a stable LIHEAP program with components that remain unchanged from year to year and where the most vulnerable low-income households can be assured that funds will be available when the need is the greatest, state funds are needed. As we have done in prior years, EAP continues to recommend that DHS consider convening a stakeholder working group with its energy partners to explore possible options for a permanent source of supplemental state funding.

Like other entities appearing before you during this hearing process, we appreciate the opportunity to provide input for your consideration. EAP and its members strive to work

together with all LIHEAP partners to maximize available energy assistance for Pennsylvania's low-income customers.

I. SUMMARY OF POSITION

EAP's testimony addresses areas of the proposed FY 2016 LIHEAP State Plan which we believe are fundamental to administering the program as effectively as possible. Most have been the subject of prior comments from the Association. EAP believes that changes in the following key areas will result in a LIHEAP program that consistently assists the greatest number of families with their heating needs at a time when assistance is most crucial:

- A. Adhere to State Law, 66 Pa.C.S. §1406(g), which states that "*A notice of termination to a customer of a public utility shall be sufficient proof of a crisis for a customer with the requisite income level to receive a LIHEAP Crisis Grant from the Department of Public Welfare or its designee.*";
- B. Continue to promote communication and dialogue surrounding the Department's policy for the manner in which Cash benefits are applied to CAP customer accounts;
- C. Establish a provision for a "set-aside" of funding earmarked for customers of regulated utilities who receive termination notices after February 1 and face termination in the spring following the end of the statutory "winter moratorium" period;
- D. Adjust the DCED transfer consistent with spending reports and other statewide weatherization funding streams; and
- E. Improve communication to LIHEAP Advisory Committee members and LIHEAP vendors.

II. EXPLANATION OF POSITION

A. Adherence to State Law, 66 Pa. C.S. §1406(g)

Pennsylvania state law at 66 Pa. C.S. §1406(g) directs that:

"A notice of termination to a customer of a public utility shall be sufficient proof of a crisis for a customer with the requisite income level to receive a LIHEAP Crisis Grant from the Department of Public Welfare or its designee."

The Department cannot ignore statute as implied in its proposed LIHEAP State Plan under §601.62 (2) (ii) (A) on pages B – 13-14, that states:

“For utilities regulated by a government body such as the Public Utility Commission (PUC), winter termination procedures prevent the termination of service without the governing body’s approval from December 1 through March 31.”

The Department reasons that *“the household is ineligible for crisis benefits if the utility has not been granted approval to terminate service”* since regulations prevent those utilities from acting on a notice to terminate service for low-income households and concludes, therefore, that proof of a home heating emergency does not exist.

Utilities can enforce termination notices up to 60 days from the issuance date and, therefore, may terminate service on April 1 for a notice on February 1. DHS contends that its non-compliance with 66 Pa. C.S.A. §1406(g) is proper because federal law precludes recognition of a crisis when, due to PUC regulation, utilities are precluded from terminating customers in the winter. DHS has stated that it believes a notice of intent to terminate or disconnect cannot qualify for crisis grants because of the federal statute. Yet, as with other areas of the LIHEAP program, the states possess the discretion to establish when a crisis exists, and the Pennsylvania General Assembly has defined a crisis to include a termination notice. EAP offers that whenever possible, a state agency should endeavor to read federal and state statutes in concert with one another. Accordingly, a notice of termination should qualify the customer for a crisis grant. Absent that grant, each April numerous low-income families may find themselves without utility service. The current practice of refusing to recognize a utility termination notice as evidence of a crisis during the winter moratorium despite express statutory language elevates form over substance and is not pragmatic in its application.

B. Continue to Promote Communication and Dialogue Surrounding the Department's Policy for the Manner in which Cash Benefits are applied to CAP Customer Accounts.

Utilities that operate Customer Assistance Programs ("CAP") based on a percentage-of-income program ("PIPP") design continue to be concerned about DHS's current practice and interpretation of the policy change at §601.45 of the LIHEAP State Plan relating to the application of LIHEAP cash grants to CAP accounts.

EAP along with the Public Utility Commission ("PUC"), Office of Consumer Advocate and regulated utility vendors offered extensive input and testimony surrounding the policy that required cash grants to be applied only to the CAP customer's "asked-to-pay" amount of the utility bill, citing that this did not provide the most beneficial plan design for vulnerable CAP customers and would likely result in unintended consequences. Stakeholders urged DHS to review and consider alternate options and best practices being employed by other states. In summer of 2012, DHS revised §601.45 of the LIHEAP State Plan for FY 2012-13 to recognize an optional method for applying the cash grant to CAP-PIPP accounts.

Under this "asked-to-pay" method, the PUC was forced to suspend portions of its own CAP Policy statement³ in order to allow utilities to comply with DHS's policy changes and to prevent them from losing their LIHEAP vendor status. Utilities then began to revise their Universal Service and Energy Conservation Plans to comply with this change. The discontinuance of allowing LIHEAP funds to offset the CAP credit has resulted in substantial increases to the costs of operating CAP programs. The increase can only be recovered from non-low income residential customers who pay for the costs of universal service programs, such as CAP, through the rates they pay.

³ 52 Pa. Code §69.265(9)(ii-iii); see also 40 PA Bulletin 2443, May 8, 2010.

The present method of applying a LIHEAP grant to a customer's "asked-to-pay" amount can also have the effect of completely removing the responsibility for any monthly payment between the time that he or she receives a LIHEAP grant until the grant is exhausted. This does nothing to advance the objective of CAP and other utility benefit programs, which in part is to foster budgeting and responsible bill-paying in payment-troubled, low-income households. Under this policy, customers can go several months without any utility payment and then suddenly be faced with a bill and, if unable to pay, termination.

While conversations among invested parties have been ongoing, the Pennsylvania Commonwealth Court approved the use of a CAP-Plus program under which a LIHEAP cash grant is still applied to a CAP customer's "asked-to-pay" amount, but an additional "plus" is now added to each CAP customer's monthly bill. The "plus" is determined by using the aggregate LIHEAP receipts from the prior year, divided by the number of CAP customers and then portioned monthly. The direct benefit of a LIHEAP grant to its recipient is maintained, as the benefit is still applied to the "asked-to-pay" amount, while the costs to the utilities residential customers not eligible for CAP are ameliorated. To date, the PUC has approved CAP-plus programs and other CAP design revisions that utilities have filed in response to the Department's "asked-to-pay" policy. However, the most effective and lawful way to integrate LIHEAP grants into utility CAP programs under this policy remains unresolved.

It is more important than ever that Pennsylvania's energy assistance programs work together to develop policies that maximize assistance and benefits for the Commonwealth's most vulnerable families regardless of the source.

C. Provision for a “Set-Aside” of Funding Earmarked for Customers of Regulated Utilities who Receive Termination Notices after Feb 1 and Face Termination in the Spring Following the Statutory “Winter Moratorium” Period.

The Association urges the Department to return to its practice of setting aside a dedicated reserve of funding earmarked for regulated utility customers who receive termination notices dated February 1 or later. By not doing so, customers of regulated utilities (who are subject to the “winter protections”) do not have the same access to energy assistance dollars as do customers using deliverable fuels who have access to crisis funding throughout the winter months. This policy appears to treat customers of regulated utilities differently and inequitably. For many of these low-income customers, the lack of dollars in the spring to prevent termination means that they will continue to face a cyclical pattern of spring termination, followed by no service during the summer months and the daunting reality of entering the winter season without heat. Until recent years, DHS recognized this need and included a set-aside provision (ranging from nine to eighteen percent of the federal allocation) in its LIHEAP budget. While the existence of available funds may not be apparent during this proposed State Plan process, EAP strongly encourages DHS staff to reconsider and amend the proposed FY 2016 plan to include a provision which provides funds for eligible customers facing termination after the winter moratorium contingent upon the receipt of adequate funding from the Federal government.

D. Adjust the DCED transfer consistent with spending reports and other statewide weatherization funding streams

EAP supports weatherization as a valuable tool in helping customers reduce their usage which, in turn, helps to make their energy bills more affordable and helps to facilitate a great distribution of very limited funding. Weatherization funding comes from several sources: annually from the federal Department of Energy (DOE), LIHEAP, from utilities in their Low

Income Usage Reduction Programs (LIURP) and additionally through some Pennsylvania EDCs via Act 129 Energy Efficiency and Conservation (EE&C) programs. Therefore, DHS should consider reducing the percentage of its federally-provided LIHEAP funding transfer to weatherization. It remains crucial that these dollars are available for cash and crisis energy assistance benefits.

DHS reports in the proposed state plan that “preliminary data suggests that the Weatherization Agencies will spend over \$16 million on the Crisis Interface portion of the \$30,614,890 allocation.” This \$16 million figure represents just over half of the 15% of funds allocated to DCED for weatherization services. The remainder gets "rolled over" into other weatherization projects, ones that are also targeted by the programs and funding streams mentioned above. EAP believes that much of these "leftover" funds could better be utilized in meeting the immediate energy needs of the Commonwealth's low income customers – which is heating assistance. As the most recent harsh winters (e.g., “Polar Vortex 2014”) have shown, the need for heating assistance remains great. Weatherization measures are irrelevant if the home is without heat.

E. Improving Communication to LIHEAP Advisory Committee Members and LIHEAP Vendors.

EAP again recommends that Department staff continue to maintain regular communication with its LIHEAP Advisory Committee (“LAC”) members and vendors. New information on program changes and funding, policy clarifications, and personnel changes significantly improve the program overall. In today’s world of electronic communication, it is easy and effective to distribute information and/or announcements in a matter of minutes to a designated contact group. Informing LAC members (who can then communicate with their

respective constituencies) of pertinent LIHEAP program developments and changes can only enhance coordination and performance. Receiving notice of supplemental grant distributions or program extensions will go far in helping vendors prepare for unexpected staffing needs which, in turn, provides better and timely assistance to the LIHEAP client. Further, providing a quick notice when significant LIHEAP program initiatives are proposed by the federal government or others (e.g., the recent ACF-proposed Information Collection of Additional Performance Measure Data) could provide vendors time to prepare public comments to help ameliorate significant program changes which provide little benefit to the recipients and create unnecessary expense.

Finally, each year the proposed State Plan references notices surrounding its availability and of the Department's public hearing schedule that appear "in several Pennsylvania newspapers." EAP's experience is that aside from notice in the *Pennsylvania Bulletin* (which is tailored specifically to the state governmental audience) general notification in major PA newspapers is not made, limiting potential review and input by interested public parties. EAP suggests that the Department provide greater public notice in major newspapers as a means of providing ample opportunities for non-vendor, non-governmental comments as part of the process.

III. CONCLUSION

The Energy Association of Pennsylvania appreciates the opportunity to provide these comments on the proposed LIHEAP State Plan for FY 2016 and asks the Department to thoughtfully consider the input and suggestions contained herein when finalizing the Commonwealth's FY 2016 LIHEAP State Plan. Thank you.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Donna M. J. Clark", written over a horizontal line.

Donna M. J. Clark
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Energy Association of Pennsylvania
800 North Third Street, Suite 205
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Date: July 8, 2015

**Pennsylvania Department of Public Welfare
Fiscal Year 2016 LIHEAP Proposed State Plan**

**Comments of
Metropolitan Edison Company, Pennsylvania Electric Company,
Pennsylvania Power Company, and West Penn Power Company**

Comments

Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”) and West Penn Power Company (“West Penn”) (collectively, “the Companies”) provide Comments to the Pennsylvania Department of Human Service’s (“DHS”) Low-Income Home Energy Assistance Program (“LIHEAP”) Fiscal Year 2016 Proposed State Plan (“2016 Plan”). LIHEAP is administered by DHS and consists of three components: 1) cash benefits to help eligible low income households pay for their home-heating fuel; 2) crisis payments to resolve weather-related, supply shortage and other household energy-related emergencies; and 3) energy conservation and weatherization measures to address long-range solutions to the home-heating problems of low income households. These comments are presented to illustrate various concerns that the Companies believe should be considered as DHS finalizes the 2016 Plan. The Companies’ intent in these comments is only to address primary areas of concern and their decision not to specifically address a proposal included in the 2016 Plan within these comments does not represent support for, or acquiescence to, such proposal or change.

A. Budget

As in recent years, it appears the State Plan may conclude with a budget surplus, which may result in a distribution in supplemental grants as the final component of the 2016 Plan and/or DHS carrying forward some funds into the 2016 Plan budget. The Companies agree that Pennsylvania’s low income population will be better served by structuring the LIHEAP program parameters to more fully exhaust the LIHEAP budget via the Cash and (regular) Crisis components, which should help eliminate the significant excess in remaining budget funds at the conclusion of each year. Doing so should help maintain Pennsylvania’s federal allocation going forward, while promoting a more equitable distribution of funds. The Companies also continue to encourage DHS to aggressively advocate for a permanent source of state energy assistance dollars in order to help stabilize the budget in light of fluctuating federal funding levels.

B. Contingency Plan

The 2016 Plan should establish a contingency plan for distributing any budget surplus at the end of the Plan year. The Companies strongly suggest that this contingency plan consist of:

1. Extending the Cash component until April 30, 2016;
2. Increasing the maximum Cash component benefit to \$1,500; and
3. Extending the Crisis component program year until all funds are exhausted.

The establishment of a contingency plan for increased funding is crucial for the well-being of low income households. Unlike the Crisis component, the automatic issuance of supplemental grants to designated Cash component recipients does not take client need into consideration; therefore, the extension of the Crisis component would allow the 2016 Plan to exhaust its budget while directing funds to those households in greatest need.

C. Highest Benefits to Neediest Households

The 2016 Plan states that, “in accordance with Pub. L. 97-35, Section 2605(B) (5), as amended, Pennsylvania will provide, in a timely manner, that the highest level of assistance will be furnished to those households that have the lowest income and the highest energy costs in relation to income, taking into account household size, fuel type, and heating region”; however, DHS’s reluctance to coordinate LIHEAP benefits and data with utility vendor universal service programs does not support the spirit of this statement.

In the past, Met-Ed, Penelec, Penn Power and DHS shared client information via electronic data exchanges for purposes of Customer Assistance Plan (“CAP”) re-certification. This data exchange effectively streamlined CAP re-certification to the point of saving millions of dollars in CAP administrative costs, which are borne by all Pennsylvania residential customers. During the 2011 plan year, DHS stopped all data communications with LIHEAP utility vendors. From all outward appearances, DHS does not actively support the Pennsylvania Public Utility Commission (“PaPUC”) Universal Service Coordination Work Group’s recommendation for the establishment of statewide data sharing among all providers of universal service programs, including LIHEAP. Further, DHS’s regulated utility vendor requirements since the 2011 plan year do not facilitate the coordination of benefits between LIHEAP and CAP, as contemplated by the PaPUC.¹

The 2016 Plan specifically states that “all information about a LIHEAP applicant or recipient is confidential and may be disclosed only for purposes of investigating or prosecuting suspected fraud or abuse, or cooperating with authorities regarding LIHEAP audits or investigations, or, *with the consent of the applicant, for purposes of providing assistance related to home heating*” (emphasis added). Such a

¹ 52 Pa. Code § 69.265(9).

statement clearly implies that an applicant's data should be permitted to be shared where it will help that applicant qualify for additional assistance. The Companies firmly believe that Pennsylvania's low income households and utility ratepayers would be better served by a cooperative and holistic approach in the delivery of universal service programs, including LIHEAP.

D. Utility Service Reconnection

Section 601.31(2) (C) (vii) concerning eligibility requirements, provides:

For customers whose service has been disconnected at their previous address and need services to be connected at their new address, DHS will allow a regulated utility to request 50 percent of the customer's back balance from the previous address and a reconnection fee in order to restore service.

DHS's policy requirements are inconsistent with Chapter 14 of the Public Utility Code.²

Whether the head of a low income household is a ratepayer trying to re-establish service at the same premise or an applicant trying to establish service at a new premise, it is the same unpaid bill for which payment is required to establish active service. For purposes of using LIHEAP grant dollars to obtain service following involuntary disconnection of service, the Companies strongly suggest that DHS ensure there are no requirements differences between the reconnection of service at the same address, or establishment of service at a new address.

E. Program Parameters

The Companies respectfully offer the following program parameters for consideration by the DHS for the 2016 Plan, which incorporates those suggested modifications iterated above:

Cash Component

- Opening Date of 11/02/15;
- Closing Date of 04/30/16; and
- Minimum Benefit Amount of \$100;
- Supplemental payment of \$70 to vulnerable households; and
- Maximum Benefit Amount of \$1,000 (\$1,500 with increased federal funding).

Crisis Component

² 66 Pa.C.S. §§ 1401-1418. Specifically, Section 1407, entitled "Reconnection of service," provides at Subsection 1407(c)(2) that:

[a] public utility may require: (i) Full payment of any outstanding balance incurred together with any reconnection fees by the customer or applicant prior to reconnection of service if the customer or applicant has an income exceeding 300% of the Federal poverty level or has defaulted on two or more payment agreements.

- Regular Crisis Opening Date of 11/02/15;
- Regular Crisis Closing Date of 04/30/16, or until all 2016 Plan LIHEAP Funds are exhausted;
- Minimum Benefit Amount of \$25;
- Maximum Benefit Amount of \$500; and
- Grants used to prevent service termination or reconnect service at any premise.

F. Verification of Heating Appliance Installation

Appendix B-7 (vi) of the Plan, which includes the heating appliance policy statement, provides that “a household will be ineligible for a LIHEAP grant, Cash or Crisis, if the heating appliance isn’t installed and operating based on the manufacturer’s specifications or current code requirements, whichever is more stringent, and isn’t following all applicable building and fire codes.” It is unclear as to how the DHS intends to enforce or verify compliance with this policy; however, the Companies and other LIHEAP vendors should not be tasked with the liability or responsibility for enforcing or verifying the requirements of this policy statement.

Conclusion

DHS’s mission is to improve the quality of life for Pennsylvania’s individuals and families and promote opportunities for independence through services and supports while demonstrating accountability for taxpayer resources. The Companies applaud this mission statement, but in order to fully and successfully achieve this, the Companies strongly recommend the inclusion of the following components in the 2016 Plan:

1. Close the Cash component on April 30, 2016;
2. Allow maximum Cash component grants of \$1,000 - \$1,500 (with increased federal funding);
3. Close the Crisis component when all 2016 LIHEAP funding is exhausted;
4. Allow awarding of full application of Crisis component grants regardless of premise location;
5. Eliminate the carryover of budget funds from one year to another; and
6. Eliminate the issuance of supplemental grants.

The Companies appreciate DHS's efforts to develop and publish the 2016 Plan, and for providing the opportunity for interested parties to comment on this important matter. The Companies encourage DHS to consider and adopt the recommendations and concepts set forth in the comments herein as part of the Low-Income Home Energy Assistance Program Fiscal Year 2016 Proposed State Plan.

Respectfully submitted,

Leonard H. Howell
Supervisor, Human Services

PROPOSED LIHEAP PLAN – FY 2016

PUBLIC HEARING INPUT

Pittsburgh, PA

July 15, 2015

Testimony of Patrice Mitchell

National Fuel Gas Distribution Corporation

**Patrice Mitchell
Consumer Business Manager
National Fuel Gas Distribution Corp.
email: mitchellp@natfuel.com**

2015-2016 LIHEAP

Good morning. My name is Patrice Mitchell and I have been a Manager at National Fuel Gas (NFG) for over 25 years. As a Manager in the Consumer Business Department, I am directly responsible for customer outreach and administration of NFG's Universal Service Programs. The company provides natural gas service to approximately 200,000 customers in 14 counties of northwest Pennsylvania. Over these years, I have had the occasion to assist some of the special needs and older adult customers. I appreciate the opportunity to offer LIHEAP testimony on behalf of NFG and our customers.

I would like to begin by thanking all the County Assistance Offices (CAO) in NWPA for their diligent efforts last heating season. Last winter was one of the coldest winters in recent years, and a number of customers in our area experienced gas line and water line freeze-ups. Of particular concern, were Pennsylvania's Older Adult and special needs population. The weather circumstances necessitated help from various resources. Through the cooperative efforts of CAO offices, NFG, and community resources, equipment repairs were made and gas service was restored. Thank you once again, and I look forward to working with everyone in the 2015-2016 LIHEAP Program season.

We continue to support the Federal Poverty Guideline at 150% for the LIHEAP Cash and Crisis Program components. Continuing this guideline minimizes customer confusion and provides for yearly program continuity. We were pleased that both the "Crisis and Cash" program components ran concurrently last year and will continue for the 2015-2016 LIHEAP season. National Fuel supports current benefit levels for households at 150% FPG. With reduced public assistance benefits, continued high unemployment and escalating costs, there are increased numbers of households living in poverty. NFG would urge the LIHEAP Program be available in October 2015 and remain open until May 2, 2016 to maximize customer use. By providing an earlier opening date, customers could restore service earlier and avoid potential dangers due to "lack of heat". A later closing date would also provide much needed heat in the early spring. We support the FY 2016 LIHEAP initiative which grants an additional \$70.00 cash benefit to vulnerable households.

The program promotion should begin early in the fall and continue throughout the LIHEAP program season. An outreach suggestion would be to engage and utilize Pennsylvania legislator's offices in addition to the Area Agency on Aging and Community Action Agencies which are currently used.

Dedicated state funds should be allocated for federal LIHEAP Program administration. The majority of states in the country have established this funding. Grant amounts could then be maximized to address primary heating needs. The funding dedicated for weatherization projects could be decreased, since all of the Utility Companies are already actively spending millions of dollars to address customer weatherization needs each year. This would result in maximized LIHEAP cash benefits. Weatherization funds reduced to 5% would address appliance repairs and replace heating equipment only.

The Department of Human Services (DHS) is to be commended for LIHEAP program improvements. Further modifications and systemic use of an "auto-enrollment process", utilizing income verification available in the DPA (Department of Public Assistance) system, would make sense. The second reason for LIHEAP application rejection is identified as lack of verifying income. The use of available DHS information in participating programs could include: SNAP (1.8 M individuals), Medical Assistance (2.2 M; Jan. 2014), or general assistance programs. Currently, 2.8 M unique individuals receive a service from a DHS program. Data in this system could identify potential eligible applicants, enable automatic application to the LIHEAP program and then trigger systematic release of a grant for qualified applicants. The Commonwealth indicates that an obstacle to adopting an automatic LIHEAP enrollment benefit process is due to different program "household" criterion. Perhaps more investigation could be done.

Certainly the consistent and judicial use of the information in this system would result in more completed applications; with income verified, more LIHEAP benefits approved, and more grants released. Substantial progress has already been achieved by the Commonwealth. I believe they can best determine the means that an automatic benefit program can be created and administered, as evidenced in the FY 2016 LIHEAP plan. An application to compass for LIHEAP can result in an automatic grant if all criteria are met. Again, this is an optimal time to augment the current system and implement an "automatic benefit" process for LIHEAP funds to consumers who are categorically eligible and enrolled in DPA programs.

As a result of the adoption of this process, there would be a decrease in administrative time and a reduction in paper usage and postal costs. The overall outcome would be significantly reduced costs. Access to the LIHEAP Program would also be increased, more people would be enrolled and higher benefits could be realized. The “automated paperless process”, for all PA categorically eligible consumers, would seem to be timely and the next logical progression in maximizing LIHEAP access and benefits.

Thank you for your attention and I appreciate this opportunity to give LIHEAP Testimony today.

**Comments
of
PHILADELPHIA CORPORATION FOR AGING**

**642 North Broad Street
Philadelphia, PA 19130**

Low Income Home Energy Program Assistance Program Plan, FY2016

July 6, 2015

Submitted to:

**Commonwealth of Pennsylvania
Department of Human Services (DHS)**

**Public Hearing
Philadelphia County Assistance Office
801 Market St.**

Delivered by:

**Rick Spector
Community Relations Director
215-765-9000 x 5340
rspector@pcaphl.org**

PCA LIHEAP Testimony
July 6, 2015

Good morning, I'm Rick Spector, Community Relations Director for Philadelphia Corporation for Aging (PCA). We thank DHS for the opportunity to offer input on the FY 2016 LIHEAP program plan.

PCA is the Area Agency on Aging for the city and county of Philadelphia. Our mission is to improve the life quality of the elderly and disabled by planning, funding and coordinating a network of community based services. However, PCA cannot provide services to meet all needs. That's why LIHEAP is so critical.

Philadelphia has the second highest proportion of elders among the nation's ten largest cities. More than 20% of them are living below the federal poverty level; nearly twice the rate of poverty experienced elsewhere in Pennsylvania and in the nation.

Adequate home heating is an absolute necessity for the elderly, for whom hypothermia is a serious risk. Seniors are prone to this life-threatening condition in which body temperature drops below the level needed for normal body function. Compounding this problem is the energy-inefficiency of Philadelphia's very old housing stock.

The following are PCA's comments and recommendations for improving the FY 2016 LIHEAP program:

PCA commends DHS for another smooth year of operation, with LIHEAP staying open an extra 4 weeks and processing all the applications by the program's end.

PCA supports the 2016 plan to include a supplemental benefit of \$70 to elderly and other vulnerable households. Build the extra payment into the regular winter grant where it will have the greatest effect, rather than to issue it as an end of program supplement when weather is not likely to be as severe.

Last year's brutal end of winter reminds us that LIHEAP needs adequate funding. The minimum cash LIHEAP benefit of \$100 is too low- raise it to \$300. Raising the cash minimum to \$300 would help seniors to better afford 100 gallons of oil, the usual delivery minimum. Last year, the end of season PCA Emergency Fund payment for a hundred gallon oil delivery was \$226, with prices trending upward at this point. Social workers make referrals to the Emergency Fund to assist low income elderly to meet crisis needs. The Emergency Fund depends heavily on private fundraising to continue its vital work. It is a limited resource. The overwhelming majority of Emergency Funds are spent on fuel and utilities.

PCA LIHEAP Testimony
July 6, 2015

Raise the LIHEAP income limit to from 150% to 175% of poverty, the standard of the PCA Emergency Fund. Moving the poverty rate from 150% to 175% would allow an additional 14,300 older Philadelphians to receive LIHEAP. This group of vulnerable older adults would greatly benefit from LIHEAP participation. Forty percent of this group report having at least one disability and two-thirds of those who report a disability have two or more disabilities. Thirty percent receive SNAP benefits. Forty-seven percent live in residences built before 1939, which are much more difficult to heat and cool.

A state LIHEAP supplement is sorely needed. Pennsylvania must join with the majority of cold weather states who recognized a long time ago that federal dollars are simply not enough to maintain this critical program.

DHS should set aside funds for a summer LIHEAP program to benefit vulnerable populations including the elderly, disabled and very young. Many elderly are reluctant to use their air conditioners during the summer because of inability to pay their electric bills.

The LIHEAP and Crisis programs need to be open longer, with the expanded schedule to be heavily promoted at the beginning. Open LIHEAP on October 1st rather than November 2nd so applicants can receive benefits when the home heating need starts and before the winter utility moratoriums begin. Cold weather usually stretches well into April, so close the program on April 30 rather than April 1.

The utility companies, and underfunded private social service agencies and community groups bear almost all the burden regarding LIHEAP outreach. DHS needs to better publicize the program and to expand the number of community application sites. PCA encourages DHS to join community service providers as full partners to promote this vital program.

Thank you for this opportunity to share our views and for the improvements to LIHEAP. We need to continue our joint efforts to enhance the program so that no low- income Pennsylvanians suffer without heat this winter.

PCA LIHEAP Testimony
July 6, 2015

Cc: Teresa Osborne, PA Secretary of Aging
Robert Casey, United States Senate, PA
Patrick Toomey, United States Senate, PA



An Exelon Company

Testimony of PECO

Proposed LIHEAP State Plan

Fiscal Year 2015 – 2016

Submitted by Timothy Lau
PECO
Universal Services
2301 Market Street, S6-1
Philadelphia PA 19103

July 6, 2015

Good morning, my name is Timothy Lau, Senior Business Analyst in PECO's Universal Services Department, PECO's low and fixed income programs department. In my position, I am responsible for grant programs available for PECO customers throughout the service territory to help customers make use of available programs, such as LIHEAP. I have the responsibility to ensure PECO customers in need of utility assistance can leverage support from external funding sources. On behalf of those customers, thank you for this opportunity to provide public comment on the proposed 2015-2016 Low Income Home Energy Assistance Program (LIHEAP).

Before I address concerns in the 2015-2016 Department of Human Services (DHS) 2015-2016 LIHEAP State Plan, I would like to first thank several partners of PECO in helping customers receive LIHEAP grants. I would like to acknowledge the strong support and communication that PECO shares with the southeastern Pennsylvania County Assistance Offices. Without the help of these dedicated DHS employees, the LIHEAP program would fall short of its mission to improve the quality of life for Pennsylvania's individuals and families. The dedicated leadership shown by Linda Alvarado, George McDonald and Melvin Neal in Philadelphia County; Janice Schlagnhauer, Maureen Hahn and Kevin Spiegler in Bucks County; Eileen Haviland and Erica Dixon in Chester County; Linda Robson, Makeda Hudson and Andrea Clarke in Delaware County; and Mary Beth Snyder, Trina Holmes and Donna McMahon in Montgomery County are exemplary partners.

Additionally, over the past LIHEAP season, I would like to recognize the leadership provided in Harrisburg in the administration of the program by Cathy Buhrig, Adam Riggs, Tom Brenner and Lisa Cordell. Your open lines of communication are truly a benefit for both PECO and our customers. Thank you.

As DHS has made significant improvements in the LIHEAP program over the past several years, there are a few opportunities for continued growth of the program.

PECO summary of position is:

1. DHS needs to provide stronger outreach when changing program parameters during the traditional LIHEAP season.
2. DHS should continue to make clear to applicants that the energy assistance is available for the secondary heating source. PECO requests that customers who are using their LIHEAP grant for their secondary heating source not have undue pressure to provide additional documentation for their primary heating source.
3. The State of Pennsylvania should make supplemental resources available to DHS for LIHEAP grants.
4. Strengthen communication between the front desk triage and the back office policy with regards to the program process at the local offices.

5. Support of the income eligibility for LIHEAP to remain at 150% of the Federal Poverty Income Guidelines.

1. **DHS needs to provide stronger outreach when changing program parameters during the traditional LIHEAP season.**

The program extension from April 3, 2015 to May 1, 2015 was an excellent opportunity for PECO customers that had not applied for the program to do so. Unfortunately, we do not know how many would have applied if the program had publicized the extension in a more timely manner. Notification of the program extension was very late. I urge DHS to proactively determine if the program will be extended or shortened earlier and I ask that DHS provide more outreach to publicize those changes.

2. **DHS should continue to make clear to applicants that the energy assistance is available for the secondary heating source.**

PECO appreciates the DHS commitment to keep the secondary heating source eligible for customers seeking assistance in the LIHEAP program. As we are all aware, without electricity, many if not all heating systems will not operate. By keeping the secondary heating source eligible for the customer's LIHEAP grant, DHS ensures applicants will be kept warm.

Additionally, PECO requests that you make it easier for secondary heating sources (*i.e.* PECO) to get LIHEAP. Currently, if a customer applies for LIHEAP and PECO is their secondary heating source, the customer is required to provide the bill for their primary heating source in addition to their PECO bill – This puts excess pressure on PECO customers.

3. **The State of Pennsylvania should make supplemental resources available to DHS for LIHEAP grants.**

The State of Pennsylvania continues to be one of the few states that does not provide state supplemental funding for this program. I urge DHS to make this known to the Administration and ask for additional state funding to be made available. Each winter, PECO along with other PA advocates and utilities participate in LIHEAP Action Day in Washington, DC. Each year, we tell the Congressional Delegation that more funding is needed for this program but each year, the State of Pennsylvania fails to provide additional resources.

4. **Strengthen communication between the front desk triage and the back office policy with regards to the program process at the local offices.**

Each LIHEAP season, PECO meets with the leadership of the local County Assistance Offices. And each season, there is some confusion at the start of the program. PECO customers come to our offices explaining that they are told conflicting information at the

CAO front desk. For example, PECO has determined a certain threshold for automatic acceptance of LIHEAP Crisis grants. However, PECO will review customer Crisis applications for acceptance that are over that threshold on a case by case basis. They are sometimes told that they will not be approved before the application is even handed in. Additionally, it is unclear to customers how fast a grant will be sent to a vendor. Often the PECO Call Centers receive telephone calls from customers that have been approved for LIHEAP but have not had the grant applied to their account. I believe that DHS needs to provide better education to applicants as to the process and timeliness of the grant posting.

5. Support of the income eligibility for LIHEAP to remain at 150% of the Federal Poverty Income Guidelines (FPL).

PECO supports DHS continuing to use the 150% FPL for LIHEAP. PECO is able to auto-enroll and auto-recertify customers that are on the Customer Assistance Program (CAP). By keeping the income threshold for LIHEAP aligned with our CAP program, customers receiving LIHEAP are targeted for enrollment or continued participation in the discounted rate program.

Closing Comments

I would like to thank you again for this opportunity to provide testimony on this essential low income program. Over the past several years, you have listened to our concerns and made significant changes to the program. Weekly reports, application status updates, elimination of application backlogs and aligning LIHEAP Cash and Crisis programs to start concurrently are just some of the changes to come from these hearings. We look forward to continued partnership to ensure low income residents across the state are kept warm this winter.

Public Hearing

July 15, 2015

Allegheny County Courthouse, Pittsburgh

Low Income Home Energy Assistance Program (LIHEAP)

Fiscal Year 2016

Proposed State Plan

Testimony of Rita F. Urbaniak

Manager, Universal Services

Peoples Natural Gas & Peoples TWP

225 North Shore Drive,

Pittsburgh, PA 15212

Thank you conducting today's public hearing and for providing the opportunity for input into the Proposed Low Income Home Energy Assistance Program (LIHEAP) for Fiscal Year 2016. My name is Rita Urbaniak and I manage Universal Service programs for Peoples Natural Gas and Peoples TWP. Peoples serves over 680,000 residential customers in Pennsylvania. We recognize the critical need for LIHEAP in helping our vulnerable customers to maintain or restore their utility services. We commend the Department of Human Services (DHS) and the County Assistance Offices (CAO) for their endeavors in serving the needs of our customers.

I would first like to congratulate DHS for a very successful 2014/2015 program year. Through DHS' efforts to continually improve and streamline its processes, our customers received prompt approvals of their LIHEAP applications and funds were submitted for their gas accounts in a timely manner.

I would like to focus my comments today on LIHEAP Crisis grants, the proposal in the 2016 State Plan to provide an additional supplemental cash benefit to vulnerable households and Peoples' customer information portal for DHS and CAO communication.

LIHEAP Crisis opened in November of 2014 in conjunction with the LIHEAP cash assistance program. The availability of Crisis dollars in the fall to assist customers who may have lost service during the warmer months or who were at risk of losing service prior to winter was incredibly helpful. The winter of 2013/2014 was very cold and while gas prices remained low, colder weather meant higher bills for many households. Facing another cold winter ahead in 2014/2015, it was very important that customers were able to access maximum grants in order to restore or maintain their utility service. Peoples applauds DHS for proposing to open LIHEAP Crisis in November of 2015.

The 2016 State Plan proposes a supplemental payment of \$70 to vulnerable households. Vulnerable households include those with at least one member who is over age 60, under age 5 or

disabled. Providing additional funding to these households will provide the much needed support needed to maintain safe and reliable heat during the winter months. Peoples strongly supports this supplemental payment.

I would like to underscore the importance of partnership and communication between utilities and DHS and CAO's. We know that DHS and the CAO's work very hard to process LIHEAP applications in an efficient and timely way. In many cases, verification of customer information is critical to that process. Peoples offers a web portal that provides customer information needed by CAO's to evaluate LIHEAP applications. There are several benefits to using the web portal. LIHEAP processors can access customer information without having to make a telephone call to Peoples. Information is available 24 hours a day, 7 days a week, eliminating the need to hold an application until Peoples' office is open in order to inquire about a particular account. Peoples provides training each fall to processors who want to learn more about the portal and establish their access. We strongly encourage more CAO's to make full use of the portal during the 2015/2016 season. We welcome input into improvements to the web portal by DHS and CAO's that use it.

Peoples is a member of the Energy Association of Pennsylvania (EAP) and fully supports the comments made by the EAP on July 8th. We appreciate this opportunity to highlight the benefits of this Proposed State Plan and to encourage the use of our web portal for obtaining customer information. Thank you for your time today. I am happy to answer any questions you may have.

PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE
PROPOSED LIHEAP STATE PLAN – FY 2016

PUBLIC INPUT HEARING

Philadelphia

July 6, 2015

TESTIMONY OF WILLIAM MONTGOMERY
PHILADELPHIA GAS WORKS

Good morning. My name is William Montgomery. I am the Manager of Universal Services at the Philadelphia Gas Works (PGW). The Universal Services department oversees the assistance programs for PGW's low-income customers. I have worked at PGW for 7 years. I am here this morning to offer comment on the Department of Human Service's (DHS) Proposed Fiscal Year 2016 LIHEAP State Plan.

Before I begin, I want to acknowledge again this year the excellent work of the Philadelphia County LIHEAP Office and DHS's Office of Income Maintenance (OIM). OIM has again performed an excellent job in processing LIHEAP applications in a timely manner, while the Philadelphia County LIHEAP Office has proven itself to be a reliable partner for the quick and efficient resolution of client issues, particularly for clients in the most vulnerable situations.

The Importance of LIHEAP to PGW and its Customers

LIHEAP provides vital assistance for PGW's low-income customers. Nearly 1 in 3 PGW customers are eligible for LIHEAP and 1 in 5 LIHEAP-eligible households in the state is a PGW customer. Therefore, it is clear that PGW and its customers have much at stake in ensuring that the LIHEAP State Plan responds to the needs of Pennsylvania's low-income households.

We commend DHS on a number of issues, including their efforts to increase the number of households that apply for assistance by operating an early application period, for reporting the status of pending applications and the reasons for rejection, for maintaining the maximum Crisis grant at \$500, and for continuing to open the Regular Crisis program on November 2nd.

We support the state's efforts to improve program integrity by cross-referencing data sources that allow the state to identify conflicting information about household composition and income. However, we are concerned that those same efforts, while well-intentioned, may create a barrier for some households that are otherwise eligible, but are unable to document eligibility if they have had a recent change in composition, income or other relevant factor. To the extent that the cross-referencing becomes a burden and impediment to obtaining much-needed assistance, PGW would propose

that DHS find ways to expedite its processes and we encourage DHS to continue to evaluate whether cross-referencing results in negative impacts on households.

There is much to support in the LIHEAP State Plan, but we urge the Commonwealth to embrace the changes proposed in this testimony, because we believe they will create a more effective and efficient LIHEAP program.

Proposed Change 1: DHS should pursue low-cost, high-impact outreach efforts to increase the number of households receiving LIHEAP.

PGW employs a variety of methods to make our customers aware that LIHEAP grants are available. We send reminder letters to potentially eligible customers. We help customers at our district offices apply for LIHEAP. We make outbound calls. We provide alerts on customer accounts. We advertise. We make the LIHEAP application available on our website. We use SMS text-messaging as a means of providing information and resources to help customers on the go apply for LIHEAP. Some of these methods are very inexpensive, yet they contribute to an effective outreach effort. PGW would appreciate the opportunity to discuss its outreach program with DHS and believe that DHS could do something similar with little expense.

DHS could ensure that their case workers receive training and encouragement to pursue LIHEAP eligibility with all clients they see. DHS can help their case workers by using alerts in their case management system to flag the clients who are potentially eligible for LIHEAP. PGW's LIHEAP portal already provides DHS the resource to verify heating responsibility on demand, so the customer would need only to provide their income documentation, which they already do to receive other benefits.

Effective outreach is not always about doing many things to accomplish one goal. Sometimes it's simply about doing a few things, but doing them well. One such example of doing one thing, but doing it well, would be giving case workers the tools and encouragement to ensure that every client they see each day who is eligible for LIHEAP does not leave their encounter without applying for the grant.

Proposed Change 2: Eliminate the “Cash first” Policy

PGW supports the use of Cash grants to help restore service, but only after a household has fully exhausted the maximum Crisis grant. The policy of using Cash before Crisis to resolve what is clearly a Crisis situation is at odds with Federal law and the purpose for Crisis grants, with the historical use of Cash and Crisis grants, and with DHS’s own definitions of Cash grants and Crisis grants. PGW respectfully asserts that this policy in its current state is an inequitable way of treating customers who have a utility emergency.

Proposed Change 3: Restrict LIHEAP Cash to the Primary Heating Source

In Pennsylvania, the fundamental purpose of LIHEAP is to help low-income households meet their home heating needs. It is clear that the objective of the program is best met when LIHEAP funds are allocated to the primary heating source, as that is where the bulk of heating costs are incurred. Allowing an applicant to use the LIHEAP resource to pay their electric bill when their primary fuel source is oil or natural gas, subsidizes the applicant’s primary electricity costs, such as appliances, summer air conditioning bills, and televisions. While it is true that electricity is required to run an oil or gas heater, the electricity costs of running the heater are a mere fraction of the primary fuel costs. As a consequence, the primary fuel costs are then more likely to fall into arrears and become more difficult to resolve. This is not the intent of LIHEAP. LIHEAP cash grants should be used only for the primary source of heat.

Proposed Change 4: Clarify the eligibility of LIHEAP applicants who receive a partial utility subsidy

The proposed plan is not clear about which households receiving a utility subsidy are eligible for a LIHEAP grant. The plan states that, “A household is not considered to have a heating responsibility if it is agreed upon that an agency is always responsible for the heating bill.” However, many households that receive a utility subsidy, such as a housing authority tenant, still must pay a portion of their utility bill, because the subsidy does not cover the full bill. Therefore, they do have a heating responsibility and should be eligible for LIHEAP.

Proposed Change 5: Issue a LIHEAP Cash grant to eligible households approved for a Crisis grant.

The proposed plan permits a household to receive a Crisis benefit, if eligible, even if they do not apply for a LIHEAP Cash benefit. The plan should go one step further. Since the household size and income eligibility criteria are the same for LIHEAP Cash and Crisis, it makes sense to issue a LIHEAP Cash grant automatically to any household that has been determined eligible for a Crisis benefit if that household has not already received a LIHEAP Cash grant. Further, the LIHEAP Cash benefit should not be used first to reduce the amount required to resolve the household's Crisis but should be a second, separate payment.

Proposed Change 6: Clarify the requirement to enroll a Crisis recipient into a CAP or budget plan if it results in a more advantageous rate

PGW, and many other utilities in the state, operate CAPs that are percentage of income payment plans (PIPPs). This means that the monthly bill is set based on the household composition and income level. While receipt of a Crisis benefit is a preliminary predictor of eligibility for enrollment in a CAP that has FPL limits similar to those of a Crisis grant, the monthly CAP payment cannot be determined without knowing the precise household size and income. For this reason, PGW requests that in order for it to enroll recipients into its CAP, DHS provide PGW with the household income and composition for each Crisis recipient who assigns a grant to PGW. This information would provide significant benefit for recipients.

Proposed Change 7: Include a "Utility Termination Program"

The proposed plan does not permit a low-income household whose primary source of heat is from a regulated utility to receive a Crisis grant unless the Public Utility Commission has given the regulated utility specific permission to terminate their service. This policy places customers of regulated utilities in a potentially harmful situation and imposes an unfair burden upon them.

To remedy this, PGW proposes that DHS modifies its current language in the plan to allow customers to apply for crisis and obtain assistance any time after February 1st. This "utility termination program" will allow applicants to obtain assistance in paying the accumulated high winter bills that have led them to fall behind in payments. Doing so would ensure that low-income households have the chance to avoid termination of service on April 1st or shortly thereafter.

Additional Comment: PGW Pledges Strong Outreach Campaign

PGW will continue its commitment to implement a strong and thorough outreach campaign this coming season. We also will work with the Department, the City, and low-income advocates to improve coordination between the Cash and Crisis portions of the LIHEAP program and other assistance programs in Philadelphia. We are particularly interested in working with the Department on identifying opportunities to streamline the application process and reduce the need for hard copy documentation.

Conclusion

PGW and other regulated utilities are doing their part to assist low-income families struggling to keep their homes warm and safe. Collectively, customers of regulated utilities in Pennsylvania contributed nearly \$400 million in 2013 alone to their Universal Service programs - programs created to assist low-income families by providing discounts on bills, arrearage forgiveness, and weatherization. Of that number, in 2013, PGW's non-CAP customers alone contributed more than \$86 million to help low-income families afford their gas bill.

Even with the affordability of our CAP, PGW customers still rely on LIHEAP and Crisis to help pay for heating costs and to resolve heating emergencies. Last year, tens of thousands of households who received these grants were able to restore service, avoid service termination, and pay their gas bill. However, we know that not all customers who might have benefited from LIHEAP received a grant. Indeed, more work needs to be done.

PGW looks forward to working closely again this year with the Department and with the very capable staff at Philadelphia County's LIHEAP Office to facilitate the LIHEAP and Crisis application process.

This concludes my remarks. Thank you for giving me the opportunity to address you today.

**BEFORE THE
PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES**

**Comments on Behalf of
PPL Electric Utilities Corporation
Michael S. Wukitsch**

**Regarding
Low-Income Home Energy Assistance Program
Fiscal Year 2016 Proposed State Plan**

**Harrisburg, PA
July 8, 2015**

LIHEAP Proposed State Plan
Fiscal Year 2016

I. Introduction

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) appreciates this opportunity to provide the Pennsylvania Department of Human Services (“DHS” or the “Department”) with comments regarding the fiscal year 2016 proposed State Plan for the Low-Income Home Energy Assistance Program (“LIHEAP”). PPL Electric has a long history of encouraging Congress to provide adequate funding for LIHEAP, working collaboratively with DHS, and implementing outreach efforts to inform customers about the availability of the program.

The Department has the difficult assignment of implementing a comprehensive program without the benefit of knowing in advance the specific level federal funding and the timing of its release. The Company thanks the Department for its willingness to consider actions to improve the effectiveness of LIHEAP. PPL Electric's comments regarding the proposed LIHEAP State Plan address the following areas:

- Opening/Closing Dates
- Eligibility Guidelines
- Spring Crisis Program
- Funding Carryover
- Processing Applications
- Policy Clarifications and Alignments
- Leveraging Funding

II. Summary of Recommendations and Comments

Regarding the above-reference topic areas, PPL Electric recommends the following actions for DHS's consideration:

1. Continue to start and close both program components (cash and crisis) on the same day;
2. Maintain 150 percent of the federal poverty guidelines for program eligibility;
3. Implement a spring crisis program for customers of regulated utilities if LIHEAP funding is available;
4. Implement efforts minimize the amount of carryover funding;
5. Continue efforts to efficiently process LIHEAP applications to better serve clients; and
6. Encourage the U. S. Department of Health and Human Services ("HHS") to provide for leveraging funding for LIHEAP.

III. Opening/Closing Dates

PPL Electric supports DHS's proposal to have identical opening and closing dates for both the cash and crisis components of LIHEAP. Aligning the dates for both program components helps to eliminate potential confusion for eligible households and supports outreach efforts by utilities. If DHS shortens or lengthens either program component based on the availability of funding and the demand for energy assistance, the Company urges the Department to inform interested parties (e.g., utilities and consumer advocate organizations) as soon as practical. This is important because utilities need to inform their staffs and customers about any deadline changes.

IV. Eligibility Guidelines

Given the current federal budget projections for LIHEAP in fiscal year 2016, PPL Electric agrees with the Department's decision to maintain the household income limit at 150 percent of the federal poverty level. The Company would not like to see a lower percentage for income eligibility. If adequate funding were available, PPL Electric believes that 200 percent of poverty is the appropriate limit on household income for LIHEAP. This eligibility percentage aligns with the income guidelines used by many of the Pennsylvania hardship funds, utility weatherization programs and the state Weatherization Assistance Program. Harmonizing household income guidelines would promote a more efficient delivery of benefits and help to reduce any confusion among eligible households.

V. Spring Crisis Program

If LIHEAP funding is available, PPL Electric recommends that DHS continue to implement a spring crisis program for regulated utilities. This initiative, when implemented, has been very successful because of the effective coordination among utilities, DHS staff and the Department's County Assistance Offices. This type of effort reduces terminations, restores service more quickly, promotes public safety, and reduces costs. It also contributes toward the expenditure of the annual LIHEAP allocation.

VI. Funding Carryover

PPL Electric recommends that DHS continue its efforts to minimize the amount carryover funding. The Company realizes that the Department needs some carryover amount for the next program year, but the amount should be *de minimus*. DHS should

initiate actions to expend more funds during the program year, either by serving more households, increasing benefit amounts or implementing both initiatives.

Managing the level of carryover funding is important for several reasons. First, if expended more timely during the normal program year, this funding could prevent utility shut-offs. Terminations of service put households at risk and result in additional costs for utilities' customers. Second, ending a program year with a large carryover sends the wrong message to Congress. Federal budget concerns have already made it much more challenging to maintain existing funding levels for LIHEAP, which most utilities, consumer advocates, etc., agree is inadequate for the need. Nationwide funding for LIHEAP has dropped from \$5.1 billion to \$3.4 billion and is in danger of an even lower level of funding for fiscal year 2016.

VII. Processing Applications

The Company would like to commend the Department for its efforts to expedite the processing of applications in order to reduce the backlog of applications. A large backlog of unprocessed applications has implications for utilities as well in terms of callbacks from customers and collection efforts. DHS's results in the processing of applications from the 2014-2015 program year show considerable progress. PPL Electric urges the Department to continue its efforts in identifying ways to streamline and strengthen internal processes to better serve clients.

VIII. Policy Clarifications and Alignments

DHS has proposed to issue a \$70 benefit to vulnerable households, which the Department defines as a household containing at least one member who is elderly (age 60 or over), disabled, or age 5 and under. PPL Electric agrees with DHS's proposal to issue this additional benefit. The Department has proposed to use authorized LIHEAP cash grants not yet received to resolve crisis situations. The Company agrees with this policy clarification. PPL Electric also supports the Department's policy to provide an automated eligibility determination for households applying through COMPASS that choose SNAP, MA TANF, etc., as verified income.

IX. Leveraging Funding

For the past several program years, HHS has not approved any leveraging funding for LIHEAP. Given the extensive amount of resources provided by Pennsylvania's electric and gas utilities to assist low-income households (i.e., over \$400 million annually) through a variety of program, the state is losing several million dollars in additional LIHEAP funding for each program year. Because LIHEAP greatly underserves the need for energy assistance, this loss of leveraging funding has a negative impact on the program and the households it serves. PPL Electric encourages DHS to communicate with HHS about the need for and importance of the leveraging funding for Pennsylvania.

X. Conclusion

PPL Electric understands the challenges confronting the Department of Human Services regarding the implementation of LIHEAP. DHS has to balance a variety of competing needs and perspectives, as well as the uncertainty associated with not only

funding levels but the timely release of funds. The Company is willing to work collaboratively with the Department in ensuring that the maximum number of low-income households receives assistance. LIHEAP is an important program that helps vulnerable households to address their energy hardships.

Thank you for considering PPL Electric's suggestions and concerns regarding the proposed State Plan for fiscal year 2016.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

Bp8 = 2432071

July 31, 2015

The Honorable Theodore Dallas, Secretary
Department of Human Services
Commonwealth of Pennsylvania
625 Forster Street
Harrisburg, PA 17120

Jeremy Pahl, LIHEAP Contact Person
Division of Federal Program Management
Department of Human Services
DGS Annex, Room 224, Willow Oak Building
1006 Hemlock Drive
Harrisburg, PA 17110

**RE: Comments Of The Pennsylvania Public Utility Commission To The
Low-Income Home Energy Assistance Program (LIHEAP)
Fiscal Year 2016 Proposed State Plan**

Dear Secretary Dallas and Mr. Pahl:

Among their various and differing statutory obligations, the Pennsylvania Department of Human Services (DHS) and the Pennsylvania Public Utility Commission (PUC) are Commonwealth agencies that share a common goal of assisting low-income residential energy customers who cannot afford to pay the full cost of energy on their own.

The PUC's enabling legislation, the Public Utility Code, 66 Pa. C.S. §§ 101, *et al.*, and PUC regulations in Title 52 of the Pennsylvania Code protect the interests of all jurisdictional residential customers, including low-income customers. In seeking to ensure that eligible low-income customers are provided more affordable energy service bills, the jurisdictional utilities are allowed full recovery of their universal service and energy conservation costs (*e.g.*, the costs of customer assistance programs/CAPs¹ and uncollectible/pre-CAP arrearage forgiveness expenses) incurred to serve qualified low-income customers. *See* 66 PA. C.S. §§ 2203(6) & (2203(8) for natural gas utilities (NGDCs) and 66 Pa. C.S. §§ 2802(17), 2804(8), & 2804(9) for electric utilities (EDCs).

¹ CAPs (which are funded by other residential ratepayers) allow low-income, payment-troubled customers to obtain jurisdictional energy services for a more affordable, discounted payment each month while also earning pre-CAP arrearage forgiveness.

These costs and expenses are borne by the other jurisdictional residential customers through tariff rates for jurisdictional residential energy service and/or universal service riders.

Accordingly, the PUC hereby respectfully submits these comments relative to the Low-Income Home Energy Assistance Program (LIHEAP) Proposed State Plan for Fiscal Year 2016 (Proposed Plan).

1. Supplemental Cash Benefit of \$70 for Vulnerable Households That Qualify for LIHEAP Grants: As noted on page iii of the Proposed Plan, the DHS proposes to provide a supplemental Cash benefit to qualified households containing “at least one member who is elderly (age sixty or older), disabled, or age five [or] under.” The PUC suggests that the final State Plan clarify whether the \$70 supplemental payment will be distributed with the basic Cash grant or distributed separately.

2. Using Existing Credit, Including the LIHEAP Cash Component, to Resolve a Crisis: As noted on page iii of the Proposed Plan, the DHS proposes that approved but unreleased LIHEAP Cash funds must be used to resolve a crisis situation if the request for Crisis benefits came after the Cash grant approval. The PUC supports this practice. Using existing Cash grant credits to address crises will preserve funds for addressing other crises that may arise later in the LIHEAP fiscal year.

3. Termination Notices During the Winter Moratorium Create a Crisis: Section 1406(g) of the Public Utility Code, 66 Pa. C.S. § 1406(g), specifies that notice of termination “shall be sufficient proof” for an income-qualified customer to receive a LIHEAP Crisis Grant.² As previously noted in comments to the 2015 Proposed Plan, the PUC strongly encourages the DHS to treat termination notices issued by jurisdictional utilities during the winter moratorium as proof of a home heating emergency sufficient to qualify the household for a LIHEAP Crisis grant. The Proposed Plan, however, precludes Crisis grants for low-income households that receive termination notices for dates between December 1 and March 31 because PUC approval is required before an actual termination can occur. *See* Section 601.62(2)(ii)(2), Proposed Plan at B-14. Utilities, though, can begin issuing April 1 termination notices on February 1. The bill must be paid before April 1, or the service will be turned off. If the Crisis grant is delayed until April 1 (or later), the service is likely to be terminated. The inability of a household to pay for its energy services is what puts the household in crisis and at risk of

² Section 1406(g) *Qualification for LIHEAP* provides that:

A notice of termination to a customer of a public utility shall be sufficient proof of a crisis for a customer with the requisite income level to receive a LIHEAP Crisis Grant from the [DHS] or its designee.

termination of service. The fact that PUC authority is currently required before jurisdictional energy service can be terminated between December 1 and March 31 is irrelevant to whether an eligible household facing termination qualifies for a Crisis grant.³ The PUC urges the DHS to remove the restriction on Crisis benefits during the winter moratorium in the final 2016 State Plan.

4. Minimum Monthly Payments Pursuant to 52 Pa. Code § 69.265(3)(i)(A-C): The PUC Policy Statement, at 52 Pa. Code § 69.265(3)(i)(A-C), encourages utilities to establish minimum monthly payment requirements as a CAP control feature, to ensure that a CAP customer begins and maintains the habit of monthly payments.⁴ Monthly, in-full CAP-minimum payments by a customer assist the customer in maintaining a current status which builds a better credit rating. Further, some PUC-approved CAP plans require that a minimum monthly payment to be made by the customer to qualify for pre-CAP arrearage forgiveness for that month. Utilities that comply with Section 60.265(3) should be able to apply minimum monthly payment requirements in conjunction with LIHEAP benefits even if the Cash grant would cover the entire ATP bill in the month(s) that the Cash grant is applied to the account. Cash grants would then likely be spread out over a longer period of time, resulting in less fluctuation in payment requirements for a greater part of the year. Some jurisdictional utilities have interpreted Section 601.45 of prior State Plans as restricting their ability to apply the minimum monthly payment requirements included in their PUC-approved CAP plans. Because a minimum monthly payment requirement furthers important policy considerations and customer compliance with such a requirement provides valuable benefits to CAP customers, the PUC advocates that the language of Section 601.45 be revised in the final State Plan as follows:

Public utilities that operate CAPs will apply the LIHEAP cash component benefits ~~only~~ to the customer's monthly "Asked to Pay" amount, up to the utility's minimum monthly CAP payment requirements.

5. 150% of FPIG: The Commission supports keeping the LIHEAP income eligibility limit at 150% of Federal Poverty Income Guidelines (FPIG).

³ Section 56.340 of PUC regulations addresses the winter moratorium between December 1 and March 31 but in no way negates the crisis nature of a household facing termination. 52 Pa. Code § 56.340.

⁴ 52 Pa. Code § 69.265 (3)(i)(A-C) suggests the minimum monthly payments for CAP participants: Gas heating account should be at least \$18—\$25 a month; non-heating account should be at least \$12—\$15 a month, and electric heating account should be at least \$30—\$40 a month.

Secretary Dallas
2016 LIHEAP Proposed State Plan
July 31, 2015

In conclusion, going forward, the PUC welcomes continued discussion with the DHS and interested stakeholders to address how LIHEAP funds and utility-based CAP funding could be leveraged to maximize assistance to low-income customers with the highest energy burdens in the Commonwealth consistent with the federal statute and Pennsylvania law. The PUC appreciates the opportunity to work with the DHS in light of both agencies' statutory mandates relative to energy needs for low-income customers in the Commonwealth and fully intends to participate in such active collaboration.

Please do not hesitate to contact the Commissioners or Commission staff if there are any questions. Joseph Magee, PUC Bureau of Consumer Service, jmagee@pa.gov, is the technical staff person for this matter, and Louise Fink Smith, PUC Law Bureau, finksmith@pa.gov, is legal counsel. An electronic version of this letter has been sent to LIHEAPmail@pa.gov.

Sincerely,

/s/ Louise Fink Smith
Louise Fink Smith
Assistant Counsel
Pa. Bar No. 77373

cc: Gladys M. Brown, Chairman, PUC
John F. Coleman, Vice Chairman, PUC
James H. Cawley, Commissioner, PUC
Pamela A. Witmer, Commissioner, PUC
Robert F. Powelson, Commissioner, PUC
Jan Freeman, Executive Director, PUC
Mary Beth Osborne, Director of Regulatory Affairs, PUC
Alexis Bechtel, Director, Bureau of Consumer Service, PUC
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Bohdan R. Pankiw, Chief Counsel, PUC
June Perry, Director, Legislative Affairs, PUC
Thomas Charles, Director, Communications, PUC

COMMENTS OF
The Pennsylvania Utility Law Project

Submitted July 31, 2015

FISCAL YEAR 2016
LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM
PROPOSED STATE PLAN



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I. INTRODUCTION

The Pennsylvania Utility Law Project (“PULP”), as the designated statewide specialized project of the nonprofit Pennsylvania Legal Aid Network, provides representation, advice, and support in energy and utility matters on behalf of low-income, residential utility customers. For over three decades, PULP has worked alongside the Department of Human Services (“DHS” or “Department”), in an effort to further our mutual goal of ensuring that the federal LIHEAP program is administered in the most effective way so as to ensure that Pennsylvania’s most vulnerable households get the help they need to maintain essential utility services during the LIHEAP season. The comments submitted today on behalf of PULP’s low-income clients are presented with that same goal in mind.

II. SUMMARY OF POSITION

PULP respectfully recommends that DHS adopt the following modifications and program policies within its final Fiscal Year 2016 State Plan.

1. Allocate the supplemental cash benefits to vulnerable households based on their poverty level.
2. Use all the funds available each year to provide grants to eligible recipients.
3. Actively support the provision of supplemental LIHEAP state funding.
4. Do not count personal loans as income when considering eligibility.
5. Increase public outreach to potentially eligible residents.
6. Adequately notify customers about the conversion of cash grants to crisis benefits.
7. Keep broken windows as a crisis benefit.
8. Pay crisis benefits up front to the vendor or to the customer.
9. Increase the efficiency of the crisis interface component.
 - a. Ensure that services performed at the residence are completed within a reasonable time frame.
 - b. Assist weatherization providers to ensure that a certified contractor reaches the household within a reasonable time by providing a “back-up” contractor list in case the local agency cannot find a certified professional.
 - c. Facilitate coordination with weatherization assistance programs and the utility-run LIURP and Act 129 programs.

III. COMMENTS AS TO RECOMMEND CHANGES AND IMPROVEMENTS

A. The Department should allocate the supplemental cash benefits given to vulnerable households based on their poverty level.

PULP supports the \$70 supplemental cash benefit for vulnerable households proposed under Policy Clarifications and Alignments. *LIHEAP State Plan iii*. The ability to afford utilities which provide heat is critical. Since the disabled, elderly, or age five and under populations are more likely to become ill during harsh winter months, it is commendable that DHS proposes to provide a supplemental cash payment to assist them to afford their heat. This supplement will reduce the extent to which these LIHEAP recipients would be required to make critical choices between heating, eating, or medication during the winter months.

However, PULP recommends that DHS take this opportunity to further address the needs of LIHEAP households at 150% FPL and below who have the lowest income levels. PULP recommends that DHS allocate the supplemental cash benefit for vulnerable households based on their federal poverty level, rather than provide an equal grant to each household. DHS' current LIHEAP grant formulary boosts LIHEAP grants for higher income households by establishing a minimum grant amount and diminishes grants of the lowest income households by capping the maximum allowable LIHEAP cash grant. In past years, although DHS has increased the minimum LIHEAP Cash grant amount to those households at the higher FPLs, it has not increased the LIHEAP Cash grant amount to those at lower levels. There is no reason that the use of supplemental payments could not achieve the dual and compatible purposes of targeting vulnerable households, while at the same time recognizing economic differences within the vulnerable group. Vulnerable households at lower poverty levels should receive a larger amount of supplemental funds to reflect their greater need. Doing so will allow DHS to better allocate

LIHEAP in a manner that provides assistance in accord with household need. PULP recommends the following allocation of supplemental cash benefits for vulnerable households which would be aimed at helping the most economically fragile of those households afford more energy in crucial heating months:

0-50% FPL	51-100% FPL	101-150% FPL
\$120	\$70	\$30

B. Use all the funds available each year to provide grants to eligible recipients.

PULP strongly urges DHS to use all the funds that are available each year to provide grants to eligible LIHEAP recipients during that program year. In the past, DHS has carried over funds, sometimes of substantial amounts, into the next program year. The failure to spend out all of the Federal allotment makes no practical sense when there is a clear present need for assistance that goes unmet at the close of the LIHEAP season. Additionally, DHS’s failure to spend all of the Federal funds allotted to it each year undermines efforts to communicate to the Federal government the clear extent of the need in Pennsylvania for more home energy assistance. PULP recommends that DHS include a clear directive in the Final State Plan that all Federal funds for Fiscal Year 2016 will be spent by the actual program closing date without carryover to the next year.

C. DHS should actively support the provision of supplemental state funding for LIHEAP.

PULP recommends that DHS actively support the provision of supplemental state funding for LIHEAP. State funding would stabilize the program from year to year by providing a consistent, reliable funding stream not dependent on the political determinations of officials

outside the Commonwealth. This kind of stability would improve the ability of DHS to administer the program and could enable longer program duration with higher benefit levels. As a result of the absence of stable state funding, DHS has chosen to consistently retain a carry-over of funding from one year to the next to ensure that the next year's program will be able to start on time. This process deprives potentially eligible households from receiving the LIHEAP Assistance they need now. The provision of supplemental state funding would enable DHS to stabilize the program with consistent opening and closing dates, eligibility levels, and would preclude any perceived need to carry funds over from year to year. Since achieving LIHEAP funding for program stability requires long term advocacy and planning beyond this current year, PULP recommends that the advocacy and planning for those funds start now. Doing so will ensure that the maximum available levels of benefits are provided to households that require it each winter.

D. Personal loans should not be counted as income.

Under paragraph two of the Policy Clarifications and Alignments section, the proposed plan states: "Loans from an established financial institution that are designated for a specific purpose; such as banks loans and other non-educational loans, will be excluded when determining income eligibility for LIHEAP." *Id* at iii. This specific section implies that a loan must be from an established financial institution to be excluded when determining income eligibility. Under this clarification, a loan from a neighbor would appear to be counted as "unearned income." This is a change from past years when loans of any kind were not considered income.

This broad based distinction is without merit and does not reflect the realities of low-income households, who are often dependent on loans from a neighbor or family member. This is particularly true for loans of small amounts which are typically difficult to obtain from financial

institutions at affordable rates and on short notice. The unintended consequence of this policy will be to encourage households to obtain unfavorable loans from entities like payday lenders to pay for utility services because to borrow from family or friends may result in the reduction of LIHEAP funding. Thus, it is PULP's position that personal loans of any sort – sufficiently proven to be loans -- should not be counted or considered as income. PULP, therefore, recommends that the Department remove its proposed and unsupportable modification and return to the previous language from the 2015 LIHEAP State Plan which included personal loans in the listing for the types of loans that will be excluded when determining income eligibility. A concern about whether a personal loan is in fact a loan rather than a gift is better dealt with through documentation by the applicant rather than a presumption that all such loans should count as income. The current proposal places an unwarranted impediment to eligibility and its removal would continue to enable low income households, otherwise eligible for the LIHEAP program, to receive their appropriate level of benefits.

E. The Department should increase public outreach.

DHS proposes to mail LIHEAP applications to people who have previously received LIHEAP benefits in the 2014-2015 year and to direct people who have previously applied through COMPASS to apply online. *Proposed Plan, vi*. Notifying households through these methods has been demonstrated to be an efficient way to ensure that many potentially eligible low income households in Pennsylvania are alerted to apply for LIHEAP. However, many potentially eligible households continue to not apply. PULP therefore recommends that, in addition to mailing applications, DHS more actively educate low income populations about LIHEAP dates and benefits by increasing public outreach through additional and more detailed press releases and also through the use of traditional and social media.

F. Adequately notify customers about the conversion of cash grants for crisis benefits.

DHS proposes: "... If a household is authorized for the LIHEAP Cash component before the date of their request for Crisis benefits, any existing credit including the LIHEAP Cash component that has been authorized and not yet received is considered to be available and must be used first for the resolution of the crisis." § 601.32(3). This proposes to modify the crisis process by requiring households who had previously applied for a Cash grant, but who subsequently apply for a crisis grant to first use the cash component as an available balance for the crisis. PULP recommends that DHS adequately notify the applicant about the proposed conversion of a cash grant that has not yet been received to operate as a crisis benefit. The conversion of those funds can affect the amount of potential grant money, how it is treated by a vendor, and the protections available to the applicant/recipient. The results may be detrimental to some low income LIHEAP recipient customers, so, advanced notification of the possibility of conversion, as well as concurrent notification at the time of the actual use of LIHEAP, will allow them to be mindful of the amount and type of LIHEAP funds available for their use.

G. The Department should maintain broken windows as a crisis benefit.

Under the proposed 2016 changes, the repair of broken windows is only a crisis benefit if it is necessary to ensure the effectiveness of other repairs or improvements. § 601.62(1) (vi). This is a marked change from the 2015 LIHEAP Plan, which listed broken windows as a type of crisis benefit on its own, even if it was not essential to ensure the effectiveness of other repairs. PULP believes that this proposed change creates substantial risks to health and economic stability. As such, we urge DHS to strike this amendment. Broken windows in the middle of winter can have an immediately negative health effect on low income households and can be an independent basis of a crisis. Likewise, a broken window can add substantially to the cost of

home heating, thereby raising the household's energy burden and placing them at further risk of termination. The repair of broken windows, when necessary to maintain safe and affordable home heating (particularly for households designated as vulnerable), should continue to be eligible for a crisis benefit even if the repair is not necessary to ensure the effectiveness of other repairs or improvements.

H. The Department should pay crisis benefits upfront either to the vendor or to the customer.

Although DHS usually makes crisis payments directly to the vendor, DHS has proposed an alternative if they cannot pay the vendor directly. "If DHS determines that crisis benefits cannot be paid directly to the vendor, DHS pays the crisis benefit to the applicant as reimbursement after verification of the purchase has been provided." § 601.64. PULP believes that this proposed modification creates an impractical or inequitable result for low income households. Low-income crisis applicants do not generally have the resources to advance payment and to receive reimbursement at a later date. Applicants are requesting crisis benefits because they already do not have the funds to cover the crisis. PULP recommends that in cases in which a vendor may not be paid directly, or has not already been paid by the applicant, that DHS allow the funds to go directly to the applicant, without requiring the applicant to provide upfront payment. We propose that the language of the section read: "If DHS determines that crisis benefits cannot be paid directly to the vendor, DHS pays the crisis benefit to the applicant **or** as reimbursement after verification of the purchase has been provided." This will benefit the customer because they will be able to resolve the crisis in an expedient manner without being placed in a worse financial position.

I. Increase the efficiency of the crisis interface component.

- a. Ensure that services performed at the house are done within a reasonable time frame.

On page C-4 of Appendix C, DHS has proposed a list of client responsibilities which the client must perform when they seek crisis services. These responsibilities include signing off on client education and any procedures performed, agreeing to maintenance and information services, and signing off on final inspection and client satisfaction documents. PULP agrees that the customer should sign off on services to be received or which have been received. However, PULP recommends that the DHS and DCED take steps to ensure that any forms required to be signed or activities performed at the house, which require the presence of applicant or agent, be done within a reasonable time frame and in as few steps as necessary so as to not over-burden the applicant or authorized representative to be present at multiple, unnecessary or unreasonable maintenance times.

- b. Assist weatherization providers to ensure that a certified contractor reaches the household within a reasonable time by providing a “back-up” contractor list in case the local agency cannot find a certified professional.

Finally, DHS proposes to require that subcontractors who perform crisis services meet the following specifications:

Subcontractors must meet the lead safe work practice and OSHA requirements, carry proper licensing and/or certifications, carry appropriate and sufficient insurance, and be able to provide all the required documentation for the work they perform. All DCED procurement procedures must be followed when selecting subcontractors and deciding to subcontract on a long term basis with subcontractors who have been utilized on a temporary basis.

This proposed change holds weatherization agencies accountable for selecting professional contractors that hold the proper certifications. PULP appreciates this provision and believes that it is for the customer’s benefit. However, in the case of a crisis in a rural area, it may be difficult for a properly certified contractor to reach the household in time for the crisis to be addressed within 48 hours. In the winter, delayed service can greatly hurt a customer, and may be detrimental to the health of those who live in the household. PULP recommends that DHS help

alleviate the burden of ensuring that a certified contractor reaches the household within a reasonable time. One approach is that DHS or DCED can provide a “back-up” contractor list in case the local agency cannot find a certified professional.

- c. Facilitate coordination with weatherization assistance programs and the utility-run LIURP and Act 129 programs.

PULP appreciates the efforts which DHS and DCED have undertaken to facilitate and coordinate efforts with each other, as well as with electric and natural gas distribution companies’ LIURP, Act 129, and demand side management programs. PULP recommends that the state plan specifically state that LIHEAP funds transferred to DCED should be used to coordinate the efforts of these various low-income energy efficiency programs. Examples of such coordination could be that audits and direct install measures be coordinated in conjunction with the provision of crisis interface, and that LIHEAP funds may be used to facilitate and coordinate the provision of energy efficiency and weatherization services and measures for low-income households residing in multifamily housing.

IV. CONCLUSION

PULP thanks DHS for this opportunity to submit these comments on the Fiscal Year 2016 Proposed LIHEAP State Plan. If any further information about these comments is necessary, PULP is pleased to provide clarification.

SEIU 668

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PRESIDENT TOM HERMAN • SECRETARY-TREASURER JOANNE P. SESSA



LIHEAP TESTIMONY OF MICHAEL D'AMICO SEIU LOCAL 668, PSSU PHILADELPHIA, PA JULY 6, 2015

I want to thank the Department of Human Service for extending the LIHEAP cash and crisis programs from April 3, 2015 to May 1, 2015. The extension was very helpful to applicants that received shutoff notices on their gas and electric bills as many were able to avoid termination of their services. However, there are still some issues that I feel need to be addressed concerning the LIHEAP program.

My first issue is with DHS. Almost every day, we would get phone calls from customers saying for instance that they were not aware that LIHEAP could not do their water bills, or that crisis applications could not be done by telephone or in the case of weatherization, that LIHEAP cannot do broken pipes, sealed windows, etc, etc. What DHS needs to do is educate the public, and particularly the utility companies and neighborhood centers what LIHEAP is all about, what LIHEAP can and cannot do to help out our most vulnerable citizens.

Another thing DHS should do is have more than one LIHEAP office in Philadelphia. Many customers cannot travel from various parts of Philadelphia to the Sedgley Avenue office due to disability or lack of carfare. DHS should resume having LIHEAP applications taken at satellite offices around Philadelphia as was done a few years ago.

Also, DHS needs to have crisis grants paid out more expeditiously. A crisis grant takes anywhere from 6 to 8 weeks to be paid out to a fuel vendor, while a cash grant only takes about 3 to 4 weeks for payment. Since it is a crisis situation, why can't crisis grants be paid out faster than cash grants? This is an issue that DHS needs to work on. It just doesn't make any sense whatsoever for that to occur. After all, we are talking about a crisis situation. Also, DHS needs to advertise the date, time and place that LIHEAP public hearings are held. There is never any mention of this at all in the print and electronic media. Since this is a PUBLIC hearing the public has a right to know when LIHEAP public hearings take place.

My next issues is with the utility companies. Usually around the middle of the LIHEAP season, PGW and PECO mail out LIHEAP applications to their customers. While that is a good thing, by the time those applications are mailed out, some of those customers have already applied and been approved for a LIHEAP grant. All this does is create confusion among customers thinking that they can apply for a cash grant a second time which by rule they cannot do. What PGW and PECO should tell their customers is that if you have already applied or have been already approved for a LIHEAP cash grant to please disregard the application.

Also, PGW needs to stop telling their customers that crisis applications can be done over the phone. The customer either has to come in to the LIHEAP office with their shutoff notice/credit denial letter or fax it to the LIHEAP office. Also, when customers call PGW regarding the status of their crisis grant, PGW tells them to call the LIHEAP office rather than check the Promise System. Once the LIHEAP office completes the crisis application that is the end of their responsibility. In other words, once it's in the Promise System, PGW will get the crisis grant, therefore, PGW needs to stop giving customers the runaround on the phone. PGW should follow PECO's example and check the Promise System.

My last issue is with the Pennsylvania State Legislature. Every state in the Northeast and Midwest part of the USA supplements LIHEAP federal funding with state funding. Why is Pennsylvania the only state in this part of the country that does not supplement federal LIHEAP funding? Additional dollars from State government could mean the difference between someone staying warm all winter and someone having their services terminated. In order for that possibility to occur there needs to be a statewide lobbying effort from all concerned citizens all across Pennsylvania. Despite what the Legislature may say about no funding being available, nothing could be further from the truth. Corporations in Pennsylvania such as Marcellus Shale and those that take advantage of the Delaware Loophole should be paying their fair share of taxes. The money is there, we just have to some lobbying in order to make it happen.

In conclusion, the statements that I made in today's testimony are only meant to try and improve things for our most vulnerable citizens in Pennsylvania. If anything in my testimony can be heeded by DHS, the utility companies of the State Legislature, it would go a long way toward helping those vulnerable citizens. Otherwise, they will once again be left out in the cold.

Thank you.