

To: Philadelphia Housing Authority (PHA) Board of Directors

From: Community Legal Services (CLS) and Resident Advisory Board (RAB)

Re: Barriers to Enrollment in PGW CRP

Date: February 20, 2014

Background:

In the May 18, 2013 release of the revised Housing Choice Voucher Program Administrative Plan, PHA proposed a policy change in regards to utility allowances, whereby it would deem PGW CRP eligibility for gas-paying tenants, whether or not the tenant is actually participating in the program. PHA would then utilize the PGW CRP capped amount to calculate the gas utility allowance for tenants, and factoring the “alternative utility allowance amounts” into the rent calculation. This policy would allow PHA to pay lower utility allowances to tenants depending on CRP charges.

In comments and recommendations dated July 31, August 15, and December 12, 2013, CLS and RAB expressed concerns that the lowest income tenants would be most adversely impacted by this proposal. Since monthly CRP bills are a function of household income, the lowest income families would be deemed to have the lowest CRP bills and suffer the greatest reduction in their gas utility allowance, regardless of whether the family was eligible for CRP or not. In addition, as discussed with PHA, there are families who face CRP enrollment barriers because of CRP and/or non-CRP balances owed to PGW from a prior period of economic hardship.

In response to the recommendations from CLS and RAB, the PHA Board of Commissioners approved a motion requiring PHA to develop an implementation plan to effect the policy changes made in the ACOP and Administrative Plan. The Implementation Plan for the Administrative Plan, however, does not provide further clarity around this new policy; instead it only brings up additional questions about how the policy will be implemented to ensure that tenants are not placed at unnecessary risk of utility shut-offs due to improper calculations of the deemed CRP amounts by PHA.

Discussion:

Utility Customer Assistance Programs (CAPs), such as PGW’s CRP, are meant to provide payment troubled customers with lower bills. Therefore, it is very common for new CAP enrollment to occur when the family experiences payment trouble, reaches out to the utility and is referred for enrollment in the CAP program. CRP, like other CAPs, has an arrearage forgiveness component to set aside the balance that is owed at the time of CRP enrollment. The pre-CRP arrearage is then forgiven at a rate of 1/36 a month so long as the customer timely pays the 8%, 9% or 10% of income bill, plus a \$5 monthly co-pay on the arrearage.

There are a number of reasons why a family would not be eligible for PGW's CRP program, including but not limited to past CRP balances. Prior CRP balance with PGW is the most frequent reason that CLS has seen for CRP enrollment rejection. These prior balances are not uncommon, particularly after passage of Act 201 of 2004. Since then, PGW and other regulated utilities have been allowed to refuse to offer any payment agreements to catch up on charges within the utility's customer assistance program ("CAP"). (PGW's CAP is called CRP.) There is a small exception for customers with protection from abuse orders.

CRP bills are often not affordable and impose a high energy burden on CRP participants. Within the policy of refusing CAP/CRP payment agreements is an underlying erroneous presumption that the CAP/CRP bills are affordable. CRP bills are at 8%, 9% or 10% of income, plus the \$5 monthly co-pay on the arrearages in most cases. In most cases, only part of the CRP bill is based on a percentage (8%, 9% or 10%) of the household's income. The \$5 monthly co-pay is charged to many, if not most, customers.

Pennsylvania's neighboring cold weather states of New Jersey and Ohio have significantly lower energy burdens. In New Jersey, the maximum energy burden for families enrolled in the low-income utility programs is 6% of income per month, for both gas and electric (3% for gas, 3% for electric). In Ohio, the maximum energy burden is 10% of income, with 6% for gas and 4% for electric. So, while CRP allows for an 8%, 9% or 10% energy burden for gas, New Jersey and Ohio would impose 3% and 6%, respectively.

With these unaffordable energy burdens within the CRP program, it is not uncommon for CRP customers to fall behind on their bills. The problem is exacerbated when the utility is allowed to refuse to offer any payment arrangements to catch up on these bills. These draconian policies have forced gas shut-offs on many families who are unable to afford lump sum payment of the CRP balances demanded by the utility. These families are forced to receive service under regular rates and pay off the back balance in installments, because payment agreements are generally not allowed within the CRP program.

A PHA policy that presumes that all tenants would have no barriers to enrolling in CRP, and should receive a lower Utility Allowance equivalent to the deemed CRP bill amount, places many families at risk of service termination due to inability to receive the regular and higher utility allowance amount to pay their gas bills. Gas service, particularly in winter, is a life-essential utility service that should not be put at risk of shut off because of a PHA policy that may place families at risk of being unable to pay their gas bills. Deeming a lower utility allowance than is billed will place the families at risk of being unable to pay and at risk of losing life-essential utility services.

If PHA does not withdraw the new policy of deeming CRP payments for a family's utility allowance, it should set up an alternative program that calculates utility allowances in consideration of tenants who may not be eligible to enroll in CRP for the reasons stated above, or for other reasons not included in this memo. Such a process should take place prior to deeming the allowance for otherwise CRP-ineligible tenants, so that the burden does not fall on the tenant to produce a hardship reason as to why their allowance should not be deemed.

For tenants who are enrolled or are eligible for enrollment, PHA should clarify whether PGW's published formulae for calculating CRP bills contain the total bill amount that CRP customers are generally charged, so that it can ensure that the utility allowances are being calculated correctly. PHA should also ensure that the \$5 co-pays are included in the formula for calculating the CRP bill. The best method is to take the "please pay amount" from the family's PGW CRP bill. Finally, such a policy should not be implemented until tenants are provided with reasonable notice of the new policy, reasonable opportunity to understand it, and reasonable opportunity to comment on it. PHA has not demonstrated that it has provided sufficient notice to tenants about this new policy.