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March 3, 2023

Carmen Diaz, Acting Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 1st Floor
PO Box 350
Trenton, NJ 08635-0350

Re: **I/M/O the New Jersey Board of Public Utilities' Response to the Covid-19 Pandemic**
Universal Service Fund and Fresh Start Programs: Review & Proposed Changes
Docket No. AO20060471

Dear Acting Secretary Diaz:

Public Service Electric and Gas Company ("PSE&G") is pleased to offer the following comments in response to the Request for Comments on the Board of Public Utilities ("Board" or the "BPU") Response to the Covid-19 Pandemic, Universal Service Fund and Fresh Start ("Stakeholder Notice"). PSE&G and the state's other investor owned utilities administer the Universal Service Fund ("USF") and Fresh Start programs to provide energy assistance to low to moderate income households in New Jersey.

In June 2021, the BPU issued an order that expanded certain aspect of USF and Fresh Start for a two-year period from October 1, 2021 through September 30, 2023. In the Stakeholder Notice the BPU requests feedback on USF and Lifeline programs and whether the measures put in place under the expansion period should remain, revert back to the pre-expansion measures, or whether other measures should be considered. The responses provided below address each question that was asked in the Stakeholder Notice.

<u>Program Parameters- USF</u>

1. Increased the income eligibility limit for USF from 185 percent of the Federal Poverty Levels ("FPL") to 400 percent FPL.

PSE&G believes the income guidelines for USF should align with the Low Income Home Energy Assistance ("LIHEAP") guidelines, which are currently 60% of the state median income. Having consistent income guidelines would simplify things for the customer. Aligning the income guidelines with LIHEAP would also allow the utilities to assist more customers than the pre-COVID guidelines, while not placing increased burden on all ratepayers.

As an exception to the above stated LIHEAP/USF income eligibility guidelines, PSE&G would support making all Lifeline recipients categorically eligible for USF. Although Lifeline income eligibility levels may slightly exceed LIHEAP/ USF income eligibility limits, Lifeline recipients are limited income seniors and disabled individuals. PSE&G believes that these vulnerable populations should be provided with USF benefits.

2. Maintain the increased USF monthly benefit at $180 per month, or revert back to $150 per month? Would a different amount be more beneficial? Please consider both the impact to all ratepayers and the cost of gas and electric on low- and moderate-income households.

PSE&G supports maintaining the current increased USF monthly benefit of $180 per month as a permanent change. The cost of heating a home has increased and this increased monthly benefit would continue to assist customers with offsetting the increased heating costs.

3. Should the USF affordability threshold remain two percent (2%) of annual income for gas and non-heating electric costs, or revert to three percent (3%)? Please provide any estimated cost considerations. USF covers any electric and gas costs over the affordability threshold up to the benefit cap.

Please see response to question 4 below.

4. Should the USF affordability threshold remain at four percent (4%) of annual income for electric heat or revert to six percent (6%)? Please provide any estimated cost considerations. USF covers any electric and gas costs over the affordability threshold up to the benefit cap.

PSE&G supports making permanent the temporary changes to the affordability threshold for any applicant who is income eligible for the program. During the program expansion period, the affordability threshold was adjusted downward from three percent (3%) of annual income for gas and non-heating electric costs to two percent (2%) of income, and for electric heat was adjusted downward from six percent (6%) of annual income to four percent (4%) of income. PSE&G believes that the thresholds should remain at 2% and 4%, respectively, this is particularly important as customers are being provided opportunities to take positive steps to become more energy efficient. Customers should be encouraged to become more energy efficient. Reverting back to the higher affordability threshold percentages could penalize these customers by making them ineligible for the benefit.

In addition, USF customers with an electric heating benefit are currently denied any gas benefit. PSE&G would like to have those customers screened for both gas and electric benefits regardless of heating designation set in the application process. In PSE&G's experience, customer's rates do not always accurately reflect their actual mode of heating. Without the additional screening, gas customers may not receive their full benefits. Many customers have one utility for electric and another for gas. By not screening electric heating customers for utility gas USF eligibility, Winter Termination Program protection on the utility gas service may be overlooked.

5. Should the temporary minimum $5.00 USF monthly benefit be made permanent for any applicant who is income eligible for the program? Or should income eligible applicants who do not spend more than the specified percentage of annual income on gas and electric (affordability threshold) be denied USF benefits? What are the pros and cons of each scenario?

PSE&G supports maintaining the minimum $5.00 USF monthly benefit for any applicant who is income eligible for the program.

PSE&G also supports automatic eligibility for customers who receive Lifeline benefits.

<u>Program Parameters- Fresh Start</u>

1. **Enrollment:**
   - **Should Fresh Start enrollment revert back to automatic enrollment for only first time USF customers?**

   - **Should Fresh Start enrollment to any USF enrollee be extended an additional year or longer, due to economic factors and current arrearages?**
   - **Should Fresh Start enrollment be conditional? If so, what conditions should be placed on the customer to be enrolled and/or remain in the program?**
   - **Should enrollment in Fresh Start be made available to any USF enrollee once during a five or ten year period?**
   - **Please provide suggestions for Fresh Start enrollment eligibility criteria and/or factors that should be considered when determining a way forward with the Fresh**

PSE&G supports Fresh Start automatic enrollment for first time USF customers only. However, PSE&G believes that a new baseline for this one time opportunity be set. PSE&G proposes that 2023 be the new baseline for the one time opportunity, so that only first time USF customers will be automatically enrolled in Fresh Start beginning with the 2023 calendar year.

2. **The $100 cap on monthly Fresh Start forgiveness was removed during the program expansion period so that each month a customer pays their current bill in full, 1/12 of their overdue balance is forgiven, or ¼ of the overdue balance is forgiven each quarter. Should the $100 monthly cap ($300 quarterly cap) on Fresh Start forgiveness be reinstated or removed permanently?**

PSE&G recommends that the Fresh Start payment be provided to customers as a lump sum up front, rather than providing the 1/12th monthly credits, with the entire overdue forgiveness balance be provided to the customer with the initial entry into Fresh Start Program. During the program expansion period, the $100 cap on monthly Fresh Start forgiveness was removed. 1/12 of the overdue balance is forgiven each month the customer pays their monthly charges in full. Prior to the program expansion, 1/12 of overdue balance was forgiven up to a cap of $100 per month, or $300 per quarter, and any remaining balance forgiven at the conclusion of the 12 month program, or at the end of the three-month grace period as long as a customer paid their current monthly charge in full. PSE&G submits that providing the payment as a lump sum up front would zero out the past due balance and create an equal playing field for all by allowing the customer to only be responsible for their current bill.

Further, PSE&G would recommend that customers be placed on Budget Billing going forward, allowing for customers to budget utility expenses and more easily manage their utility bill.

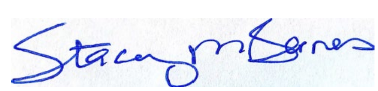
3. **The Board directed the gas and electric utilities to apply any available federal arrearage forgiveness to Fresh Start balances before current balances as the funds become available and in a manner consistent with the best interest of the customer in order to maximize federal American Rescue Plan ("ARP") funding during the program expansion period. Prior to this directive, the utilities applied federal funds, which only included LIHEAP funds, to current overdue balances. Should the utilities revert to the former practice of applying federal LIHEAP funds to current overdue balances? Please note that the application of LIHEAP funds to current balances helps customers comply with the Fresh Start program and earn forgiveness on Fresh Start balances.**

PSE&G does not believe it is necessary to require federal arrearage forgiveness funds be applied to current overdue balances held in the Fresh Start Program. LIHEAP program payments are already used as an offset to the amount of USF subsidy that are received by the customer so LIHEAP should clear customer current bills. Awarding the Fresh Start Program arrears as a lump sum with the initial start of the Fresh Start Program would avoid this necessity.

Conclusion

PSE&G appreciates the opportunity to submit these comments in response to the Request for Comments on the BPU's Response to the Covid-19 Pandemic, USF and Fresh Start. These comments are intended to assist the BPU in its evaluation of the USF and Fresh Start programs in an effort to balance the needs of the state's low- and moderate-income customers with the impact to all ratepayers.

Respectfully submitted,



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