BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PECO Energy Company	:	
for Approval of Its Act 129 Energy Efficiency	:	
and Conservation Plan and Expedited Approval	:	
of Its Compact Fluorescent Lamp Program	:	Docket No. M-2009-2093215

Comments of Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia ("TURN and AA")

Sponsored by:
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August 7, 2009

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Comments of Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia

The Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia ("TURN and AA")[1], hereby submit these Comments to support generally the low income provisions of the proposed PECO Act 129 Energy Efficiency and Conservation Plan ("Plan"), and to request that with regard to consumer protection certain provisions be included and that appropriate clarifications be provided. TURN and AA respectfully submit that PECO's Act 129 Plan should not be approved until the needed consumer protections are included and the appropriate clarifications are provided.

Act 129 clearly identifies two specific classes of customers for special treatment in the EE&C Plans: low income customers and nonprofit entities, including units of federal, state, and local government, including municipalities, school districts, institutions of higher learning, and private nonprofit entities (hereinafter this second class will be referred to collectively as "nonprofit entities").[2] It is important that only low income and nonprofit entities are singled out for special treatment in Act 129, and only these two groups are identified to receive specific energy saving levels outside of the cost-benefit criteria used for the program as a whole. The Commission, in its Implementation Order, noted this important aspect of Act 129, stating,

> There are clear requirements in the Act regarding proportionate measures for low-income customers (within a residential customer class) as well as for governments, schools, etc. (within a commercial customer class). Beyond those requirements, we believe that EDCs should develop plans to achieve the most energy savings per expenditure.[3]

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[1] To avoid confusion, the words "TURN and AA" will be utilized instead of "TURN et al." to indicate these two parties, because the collective term "TURN et al." has been used in recent Commission proceedings to include a different set of parties.
[2] 66 Pa. C.S. §§ 2806.1(b)(1)(I)(B) and (G).
[3] *Energy Efficiency and Conservation Program Implementation Order*, Docket No. M-2008-2069887, (Order entered January 15, 2009), at 22.

The Commission clearly differentiates between the requirements for low income and nonprofit entities and requirements for all other entities. Only after designation of low income and nonprofit entities for special treatment does the Commission discuss cost effectiveness and the equitable distribution of measures across customer classes. Thus, the Commission acknowledges that Act 129 requires special treatment for low income households and nonprofit entities.

<u>Targeting Low Income Households</u>

In regard to low income households, Act 129 provides as follows:

> The Plan shall include specific energy efficiency measures for households at or below 150% of the federal poverty income guidelines. The number of measures shall be proportionate to those households' share of the total energy usage in the service territory.

66 Pa. C.S. §§ 2806.1(b)(1)(I)(G). PECO proposes in its Act 129 Plan, *inter alia*, to implement a Low-Income Energy Efficiency Program, purporting to comply with Act 129's low income provisions.[4] TURN and AA support PECO's provision of a program that exclusively targets low income households as required by Act 129. However, PECO fails to provide sufficient information about its low income households.

There is no information about how PECO identified its low income customers or how it calculated their energy usage. PECO has also failed to provide any information about how the low income energy usage compares to or is proportionate to the overall energy usage in PECO's service territory. Without this basic information, it is impossible to determine whether PECO has met the obligations imposed by Act 129 to accrue sufficient savings for low income households.

[4] See *PECO's EE&C Plan* at 35-45.

Prior to approving PECO's Plan, the Commission should require PECO to provide the following information: (a) the number of households with income at or below 150% federal poverty income guidelines ("FPIG"), (b) the total electric consumption in PECO's service territory, and (c) the low income households' electric consumption in PECO's service territory. Only with this information can the Commission determine whether PECO's Plan accrues to low income households a share of the energy savings proportionate to their usage.

Also, PECO has failed to direct its low income program toward the income group identified in Act 129 – those households at or below 150% FPIG. PECO's low income program is directed to households with income up to 200% FPIG.[5] This clearly is at odds with the requirements of Act 129, which specifically defines "low income" as having household incomes at or below 150% FPIG. PECO proposes to focus its primary efforts on targeting households at or below 150% FPIG before turning its attention to households with income up to 200% FPIG.[6] However, if the Commission approves PECO's targeting technique, the Commission must closely monitor PECO's program activities to ensure that PECO is indeed making a good faith effort to first target all eligible households at 150% FPIG before turning its attention to households with income up to 200% FPIG.

Also, PECO's Plan contains some ambiguity concerning the total amount of savings that will accrue to low income households. PECO's Plan states, "8% of the budget is directed to low-income programs that result in 8% of the energy savings."[7] Since the total Plan costs are $341,580,634, the Low Income Program's cost of $27,410,156 does make up roughly 8% of the budget.[8] However, it is unclear whether PECO's claim that the low income program accrues 8%

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[5] *PECO EE&C Plan* at 35.
[6] *Id*.
[7] *PECO EE&C Plan* at 223.
[8] *Id* at Appendix D, Table 5 (Budget and Parity Analysis Summary).

of the savings is accurate. The Plan states that the Low Income Program will save 79,660 MWh by Program Year 2012, while the entire Plan will save 1,295,565 MWh.[9] This would establish that, on a MWh basis, the Low Income Program only accrues 6.15% of the total savings. The Commission, prior to approving the Plan, should require PECO to clarify exactly how much savings the Low Income Program will accrue and whether those savings meet Act 129's requirements.

The LIURP Model

TURN and AA generally support PECO's decision to use the LIURP program as the model for its Act 129 low income initiative.[10] Under this LIURP model, "[a]pplicable measures will continue to be installed, at no cost to residents, in the same way as they have been in past LIURP programs."[11] Given the precarious financial position of low income households, it is certain that many of them would be unable to participate in Act 129 activities were there a cost associated with participation. As discussed further below, in order for treated customers to maintain service and benefit from the LIURP and Act 129 efficiency measures, PECO's stringent payment agreement and terminations policies must be adjusted to accommodate these customers.

TURN and AA support PECO's decision to employ the full LIURP model that gives attention not just to simple measures, such as CFL distribution, but also to more complex measures, such as appliance replacement and heating system repair/replacement. PECO's Plan states, "the Low-Income Energy Efficiency program will focus on education and the installation of measures in homes that meet the LIURP criteria."[12] The Plan goes on to state that the

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[9] *Id* at Appendix D, Table 2 (Summary of Portfolio Energy and Demand Savings).
[10] *Id* at 35.
[11] *Id* at 37 and 41.
[12] *PECO EE&C Plan* at 35.

program will "install ENERGY STAR appliances as applicable."[13] TURN and AA support this approach, particularly where it means that PECO will not focus exclusively on the installation of CFLs. Rather, PECO's goal should be a thorough LIURP approach, especially measures like refrigerator and air conditioner replacement.

PECO's LIURP and LIURP-modeled efforts in the Act 129 Plan will be for naught if the targeted customers suffer termination of electric service as a result of inability to pay the unaffordable bills that accrued before the LIURP or Act 129 Plan treatment. Targeted customers should not suffer termination of electric service while they await installation of LIURP and Act 129 Plan measures, so long as they pay reasonable current charges. Following installation of efficiency measures, the LIURP and Act 129 treated customers should be extended an affordable payment agreement to pay off the unaffordable bills that accrued during the period of high inefficient electric usage.

Coordination with Other Programs

Act 129 specifically requires: "The electric distribution company shall coordinate measures under this clause with other programs administered by the Commission or another federal or state agency."[14] PECO's Plan states:

> If the auditor identifies structural issues, the auditor will refer the customer to the Department of Community and Economic Development (DCED) for information and qualification to the DCED's weatherization programs. In addition, the auditor will provide a list of potential resources for the customer. PECO will work with its Universal Services Department and with the Universal Services Advisory Committee to help develop a referral process.[15]

The Plan also states:

[13] *Id*.
[14] 66 Pa. C.S. §2806.1(b)(1)(I)(G).
[15] *PECO EE&C Plan* at 36.

> There are already several programs in place at the State level that provide qualified residents with loans and/or rebates to enable action on many commonly recommended measures.[16]

TURN and AA support PECO's commitment to coordinating with other programs and resources to help its customers access energy efficiency and demand reduction services. For those low income customers who do not or cannot benefit from LIURP or Act 129 measures, PECO is in a good position to facilitate the direct referral of low income customers to other weatherization programs, such as DCED Weatherization and other stimulus/recovery efforts, some of which also happen to give priority to persons enrolled in a CAP or to LIHEAP recipients. PECO's commitment to working with PECO's Universal Services Department and Universal Services Advisory Committee will ensure that coordination with other programs does not become just another "referral" but, rather, that actual connections are made and real services provided to priority customers.

<u>Encouraging CSPs to Hire Low Income Workers</u>

TURN and AA support PECO's decision to include in its RFP process for Conservation Service Providers ("CSPs") a criteria favoring providers who recruit and hire unemployed and low income workers. PECO's Plan states:

> In addition, PECO will encourage in its RFP process that bidding CSPs investigate opportunities to hire low income, unemployed workers through various programs throughout the State, such as the Pennsylvania Employment, Advancement and Retention Network [EARN] and Philadelphia Workforce Development Corporation. PECO will include an additional scoring category in its RFP evaluation process for those CSPs that have a plan to utilize the services of welfare-to-work employment agencies, or hire unemployed workers.[17]

Act 129 puts PECO in the special position of being able to stimulate the creation of many new conservation service jobs. PECO also has a pool of low income customers enrolled in its

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[16] *Id* at 38.
[17] *PECO EE&C Plan* at 38.

Customer Assistance Program (CAP) many of whom would greatly benefit from training and placement in these newly created positions. As employed energy conservation workers, they could be more able to pay PECO utility bills and have more long-term financial security to be reliable customers.

Those low income unemployed persons who receive cash assistance through the Department of Public Welfare ("DPW"), who are selected for training programs, could receive supportive resources from DPW for child care, transportation, books, supplies and equipment. During the training period, these persons could still be paid by DPW for the work-related experience. CSPs who hire these newly trained and certified workers could have the entire first month's pay subsidized by DPW. Other supportive resources are also available to promote job stability.

This incentive through the RFP process will enable PECO to not only provide energy efficiency services to low income households, but it may enable members of those households to acquire good paying, solid jobs that will help them rise up out of poverty and out of the utility subsidy programs. TURN and AA applaud PECO's willingness to include this strategy in their Plan.

Addressing Electric Space Heaters

PECO's Plan is also noteworthy because it proposes to use its Act 129 Low Income Program as a means to focus on the problem of inefficient dangerous space heaters in use by low income households. In its Plan, PECO proposes to "increase emphasis on repair or replacement of non-working gas heating units to remove electric space heaters from use,"[18] and to "address the high

[18] *Id* at 37.

percentage of supplemental electric heating that may be due to many factors, including inoperable central heating systems."[19] TURN and AA strongly support this measure.

Supplemental electric heating units are wasteful of energy and can be dangerous to the families and neighborhoods in which they are used. Every winter some community in Pennsylvania is struck by tragedy when an electric space heater is the cause of a fire that destroys homes and kills people. Philadelphia, in particular, suffers from this problem. PECO's decision to use Act 129 as an opportunity to address this problem is to be commended.

Expiration of Rate RH and Electric Heating

In about 30 months, PECO will begin to phase-out its Rate RH, which is the residential heating rate. Rate RH operates in the winter season to mitigate the high cost of electric heating. Baseboard electric heaters are often found in low income tenants' homes, where the landlords can save money by installing these cheaper electric systems, in comparison to installing, replacing or repairing natural gas or other systems. However, the cost of the energy to heat is passed through to the tenants who become the electric account customers, or who pay higher rent if heat is included. After the phase-out of Rate RH, in conjunction with the expiration of the rate caps, low income customers and tenants with electric heat could be at great risk.

Also, a significant number of public housing units and senior subsidized housing buildings have electric heating systems. Almost by definition, public and subsidized housing is designated for low income households. This housing category could benefit from the Act 129 measures for nonprofit entities, if PECO properly targets these buildings for treatment.

TURN and AA have asked questions of PECO regarding the projected impact on these low income customers and tenants of subsidized housing. PECO's Act 129 Plan should not be

[19] *PECO EE&C Plan* at 36.

approved until there has been a showing that the phase-out of Rate RH will not result in unaffordable bills or that the Act 129 Plan will provide energy efficiency and conservation measures to address electric heating of subsidized housing buildings.

TURN and AA respectfully submit that PECO's Act 129 Plan should not be approved until the appropriate clarifications are provided and the needed consumer protections are included.