

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Initiative to Review and Revise the
Existing Low-Income Usage reduction
Program (LIURP) Regulation at 52 Pa.
Code §§ 58.1-58.18**

Docket No. L-2016-2557886

JOINT COMMENTS OF
THE PENNSYLVANIA UTILITY LAW PROJECT
THE NATURAL RESOURCES DEFENSE COUNCIL
THE NATIONAL HOUSING TRUST
THE KEYSTONE ENERGY EFFICIENCY ALLIANCE
ACTION HOUSING, INC.
THE HOUSING ALLIANCE OF PENNSYLVANIA
REGIONAL HOUSING LEGAL SERVICES
COMMUNITY LEGAL SERVICES OF PHILADELPHIA, INC.

(Collectively PA ENERGY EFFICIENCY FOR ALL COALITION or “PA-EEFA”)

January 30, 2017

Introduction

On December 16, 2016, the Pennsylvania Public Utility Commission (Commission) issued a Secretarial Letter seeking stakeholder input concerning the Commission’s Low-Income Usage Reduction Programs (LIURP) regulations at 52 Pa. Code §§ 58.1-58.18 (“LIURP Secretarial Letter”). The LIURP Secretarial Letter seeks input in the form of comments from interested stakeholders to “improve the operation of various energy utility LIURPs” with the “goal of ensuring effective and efficient use of *ratepayer* funds” (LIURP Secretarial Letter at 1, 4 (emphasis in original)). The Commission indicates that its review of the comments submitted to this docket “will be instrumental in determining the scope of a future rulemaking” to update its LIURP regulation. (*Id.* at 1.) Notice of the LIURP Secretarial Letter was published in the Pennsylvania Bulletin on December 31, 2016.¹ Comments are due within 30 days of publication with reply comments due 30 days thereafter.

These comments are submitted by the above-named organizations, collectively Pennsylvania Energy Efficiency for All Coalition (“PA-EEFA”). PA-EEFA is a partnership of Pennsylvania and national organizations that share a common goal of ensuring that low-income individuals have access to energy efficiency services to reduce their energy consumption. While PA-EEFA, as a collective, has historically been principally concerned with expanding access to energy efficiency and weatherization in multi-family housing for economically vulnerable households, the organizations that comprise PA-EEFA recognize the significant overlap between those interests and a robust and effective LIURP for low-income tenants of single family and multifamily properties, as well as low-income homeowners.

Improving the energy efficiency of low-income households not only provides direct economic benefits to these vulnerable households, it also has the potential to materially improve participants’ quality of life by addressing health and safety issues that may be present. Comprehensive energy efficiency upgrades reduce customer assistance program (CAP) costs, save energy for economically vulnerable households, increase comfort, and routinely identify and resolve health and safety concerns. Lower income populations are also commonly more vulnerable to both the short term pollutants that result from electric generation and to the potential consequences of climate change, both of which are lessened by improved energy efficiency programming.

¹ 46 Pa. B. 8188.

PA-EEFA is comprised of the following organizations who join in the filing of these comments: the Pennsylvania Utility Law Project, ACTION-Housing, Inc., the Keystone Energy Efficiency Alliance, The National Housing Trust, The Natural Resource Defense Council, the Housing Alliance of Pennsylvania, Regional Housing Legal Services, Community Legal Services of Philadelphia, Inc. PA-EEFA thanks the Commission for the opportunity to provide these comments.

Background

Pennsylvania's LIURP was established in 1988. It is a utility rate-payer funded, residential usage reduction program that is administered by regulated natural gas and electric utilities in accordance with requirements contained in Commission regulations,² the Electricity Generation and Customer Choice and Competition Act,³ and the Natural Gas Choice and Competition Act⁴ (collectively "the Competition Acts"). The stated goal of LIURP is to assist low-income residential customers to reduce energy bills through usage reduction programs and, as a result, make bills more affordable and increase payment behaviors for economically vulnerable consumers.⁵

Over the past 29 years, utilities have had significant success in reducing post-treatment energy consumption, improving bill payment behavior, and reducing arears of high-energy users through the delivery of LIURP services.⁶ In short, LIURP has been both cost effective and successful. However, the level and extent of that success has not been evenly distributed throughout the Commonwealth. The Commission's most recent comprehensive study of LIURP demonstrated this inequity. For instance, the overwhelming majority of LIURP jobs over the history of LIURP have been electric LIURP jobs, with almost 25% of all jobs focused on baseload electric usage.⁷ Furthermore, the significant majority of treated homes were detached, single family homes as opposed to mobile homes or multifamily residences.⁸ Thus, while

² 52 Pa. Code, Chapter 58.

³ 66 Pa. C.S. § 2801 et seq.

⁴ 66 Pa. C.S. § 2201 et seq.

⁵ 52 Pa. Code § 58.1

⁶ See Shingler, John. Long Term Study of Pennsylvania's Low Income Usage Reduction Program: Results of Analyses and Discussion. Consumer Services Information System Project, Penn State University. January, 2009. Available at: http://www.puc.pa.gov/general/publications_reports/pdf/PSU-LIURP_Report2008.pdf.

⁷ See *id.* at 13.

⁸ See *id.* at 14.

successful, there is more that needs to be done for LIURP to meet the needs of low-income, high users of electricity and natural gas regardless of housing stock, energy end-use, or the service territory in which they reside.

At the outset, it is also important to contextualize the significant need that Pennsylvania's low-income households have for energy savings and usage reduction. Families and individuals with limited economic resources have the highest energy burdens,⁹ but have the least ability to either satisfy or reduce that burden to a level comparable to the median level of other Pennsylvania households.

Recent research has documented the plight of low-income households as facing three dimensions of energy insecurity: economic, physical, and behavioral.¹⁰ Economic energy insecurity "represents the disproportionate financial burden that high energy costs impose on low-income households," which is linked to financial hardships associated with an inability to pay bills such as utility arrearages, frequent utility terminations and disruption of service, and the inability to move from energy inefficient homes because utility debt poses a barrier to transferring accounts.¹¹ Physical energy insecurity is characterized by "deficiencies in physical infrastructure of the home environment that impact thermal comfort, induce harmful exposures [to health risks as well as to heat and cold] and increase energy costs."¹² Examples of such deficiencies include, "malfunctioning heating and cooling systems, outdated plumbing and electrical systems, poor lighting, and inefficient appliances."¹³ Finally, behavioral energy insecurity is defined by "strategies used to cope, improvise and counteract the impacts of economic and physical energy insecurity."¹⁴ Taken together, these indicia of energy insecurity

⁹ Low-income households in Pennsylvania face staggering energy burdens. For households with income less than 150% of the federal poverty level, these energy burdens are anywhere from 9-30% of their income. Colton, Roger. Home Energy Affordability Gap for Pennsylvania, 2nd Series (April, 2016), *available at* www.homeenergyaffordabilitygap.com. Even households in CAP face combined energy burdens of up to 17% of their income, and LIHEAP-eligible households pay between 17 and 22 percent of their income on energy costs. Economic Opportunity Studies, Meg Power, The Burden of Residential Energy Bills on Low-Income Consumers (Mar. 20, 2008), *available at* http://www.opportunitystudies.org/repository/File/energy_affordability/Forecast_Burdens_08.pdf.

¹⁰ See Hernandez, Diana, *Understanding "Energy Insecurity" and why it matters to health*, Social Science & Medicine 167 (2016) 1-10 (attached hereto as Appendix A).

¹¹ *Id.* at 4.

¹² *Id.* at 6.

¹³ *Id.*

¹⁴ *Id.*

harm low-income families in myriad ways through the rise in food insecurity,¹⁵ poor health,¹⁶ dangerous living conditions,¹⁷ and often homelessness.¹⁸ The harm is not limited to these families – it also contributes to the overall cost of energy for all Pennsylvanians through increased uncollectible accounts and ongoing programmatic costs. While LIURP most directly implicates the physical energy insecurity of low income households, as explained more fully in response to questions 4 and 12 below, LIURP is inextricably complementary to the other utility-mandated universal service programs such as CAP, CARES, and utility hardship funds. Thus, PA-EEFA agrees that effective design and implementation of LIURP, in combination with other universal service programs, can significantly reduce the energy burden of low income individuals and families across the state, and in turn will contribute to the decrease in cost for all ratepayers.

¹⁵ Heating and cooling is intimately tied to home habitability and, as a result, low-income families often go to great lengths to pay energy bills -- often forgoing food, medicine, and medical care to stay warm. A 2011 survey of LIHEAP recipients conducted by the National Energy Assistance Directors' Association (NEADA) revealed that, to pay for energy, 24% of LIHEAP recipients went without food, 37% went without medical or dental care, and 34% did not fill or took less than the prescribed dosage of medication. NEADA, *2011 National Energy Assistance Survey* (Nov. 2011), available at <http://www.neada.org/news/nov012011.html>.

¹⁶ *Id.*; see also Deborah A. Frank et al., The Low Income Home Energy Assistance Program and Nutritional and Health Risks Among Children Less than 3 Years of Age, 118 *AAP Pediatrics*, 1293-1302 (2006); Child Health Impact Working Group, *Unhealthy Consequences: Energy Costs and Child Health: A Child Health Impact Assessment of Energy Costs and the Low Income Home Energy Assistance Program* (Boston: Nov. 2006).

¹⁷ "Space heaters accounted for 33% of 2007-2011 reported home heating fires, 81% of home heating fire civilian deaths, 70% of home heating fire civilian injuries, and 51% of home heating fire direct property damage." Nat'l Fire Protection Ass'n, Fire Analysis & Research Division, *Home Fires Involving Heating Equipment*, at ix & 33 (Oct. 2013). While there are no state-wide statistics on space heater-related fires in Pennsylvania, we can see that the national statistics are on par with statewide statistics by looking to the local news carriers, which regularly report on space-heater related fires, injuries, and deaths. See, e.g., CW15, *Extension Cord Powering Space Heater Believed to Cause Blaze in Harrisburg* (March 20, 2014), <http://www.cw15.com/news/features/top-stories/stories/extension-cord-powering-space-heater-believed-cause-blaze-harrisburg-7136.shtml>; CBS 21 News, *Space Heater may be Cause of Lancaster Co. Fire* (Nov. 17, 2014), <http://www.local21news.com/news/features/top-stories/stories/official-space-heater-may-cause-lancaster-co-fire-13398.shtml>; CBS 21 News, *Dog Saves 3 People From House Fire* (Nov. 19, 2014), <http://www.local21news.com/news/features/top-stories/stories/dog-saves-3-people-house-fire-13460.shtml>; Fox 43 News, *Stove Used to Heat Home Sparks Rowhome Fire in Harrisburg* (Jan. 7, 2014), <http://fox43.com/2014/01/07/stove-used-to-heat-home-sparks-rowhome-fire-in-harrisburg/>. In January 2014, a local news outlet reported that in just 24 hours, the Harrisburg Fire Department responded to over 20 fire emergencies, many of which were due space heaters and kitchen stoves being used to heat homes. WGAL News 8, *Harrisburg Fire Department Urges Safe Use of Space Heaters, Stoves* (Jan. 7, 2014), available at <http://www.wgal.com/news/susquehanna-valley/dauphin/harrisburg-fire-department-urges-safe-use-of-space-heaters-stoves/23821264>.

¹⁸ Research conducted by the University of Colorado, Denver, in 2006 found that the inability to pay for home energy is a leading cause of homelessness for families with children. Colorado Interagency Council on Homelessness et al., *Colorado Statewide Homeless Count* (2007).

Comments

In its LIURP Secretarial Letter, the Commission sought comments on 14 questions, and encouraged commenting parties to adhere to its numbering format. PA-EEFA lists below those questions to which it will be responding, followed by its comments. The responses listed here are first impressions subject to further revision, addition and clarification, given that there has been a relatively short time provided¹⁹ to fully develop these ideas. EEFA's comments are meant to provide the Commission with some preliminary thoughts to assist with the preparation of a LIURP rulemaking.

1. Are the existing regulations meeting the charge in 52 Pa. Code § 58.1? If not, what changes should be made?

52 Pa Code § 58.1 states:

This chapter requires covered utilities to establish fair, effective and efficient energy usage reduction programs for their low income customers. The programs are intended to assist low income customers conserve energy and reduce residential energy bills. The reduction in energy bills should decrease the incidence and risk of customer payment delinquencies and the attendant utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs. The programs are also intended to reduce the residential demand for electricity and gas and the peak demand for electricity so as to reduce costs related to the purchase of fuel or of power and concomitantly reduce demand which could lead to the need to construct new generating capacity. The programs should also result in improved health, safety and comfort levels for program recipients.

The Commission's first question asks whether the existing *regulations* are meeting this charge, as opposed to whether the existing programs operated by the utilities are meeting this charge. The answer is complicated, and is more thoroughly fleshed out in response to each of the other questions below. As currently written and applied, the regulations appear to meet some of the expressed purposes, but appear to be lacking in other areas. For instance, the programs are intended to assist low-income customers conserve energy and reduce bills, which should reduce the incidence of customer payment delinquencies and utility costs associated with collection. Based on available data, LIURP is clearly successful in producing energy savings and reducing bills. The most recent data available shows the following for 2013:²⁰

¹⁹ The LIURP Secretarial Letter was issued 9 days before the Christmas holiday, and published on New Years' Eve with comments then due on January 30th.

²⁰ Report on 2015 Universal Service Programs & Collection Performance of the Pennsylvania Electric Distribution

LIURP Energy Savings and Bill Reductions

Job Type	*2013 Energy Savings	*2013 Estimated Annual Bill Reduction
Electric Heating	5.8%	\$108
Electric Water Heating	5.0%	\$80
Electric Baseload	5.1%	\$78
Gas Heating	15.9%	\$317

These figures are similar to the data presented by the comprehensive LIURP study done by John Shingler at Penn State, which shows significant energy savings and bill reductions,²¹ and are similar to previous Commission-issued universal service reports. Of course, as Shingler notes, it is not clear that LIURP is responsible for all of the bill reductions and arrearage savings for families because “part of the LIURP process is to recommend to, and enroll eligible households in payment assistance plans whenever possible.”²² Given these results, it is clear that, *overall*, the LIURP regulations appear to effectively govern LIURP in a manner that achieves energy savings. The Commission’s question, however, is whether the regulations are effectively targeted to deliver energy efficiency measures that are most effective at reducing energy bills, and whether the measures provided are evenly targeted and distributed. More comprehensive answers to these questions – including whether the LIURP regulations are resulting in improved health, safety, and comfort levels for participants -- are contained below in response to the Commission’s other questions.²³

2. How should LIURPs be structured to maximize coordination with other weatherization programs such as DCED’s WAP and Act 129 programs?

The adoption of streamlined processes for both participants and program providers should be a primary principle that guides LIURP structures. In PA-EEFA’s view, this means delivering LIURP, Act 129, and WAP as integrated programs. While it may be

Companies & Natural Gas Distribution Companies 41, *available at* http://www.puc.pa.gov/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2015.pdf

²¹ See Shingler, n. 5, *supra*, at 40-41.

²² *Id.* at 39.

²³ Because of the limited amount of time for comments, PA-EEFA neither had the time or resources available to determine whether the second stated goal -- the reduction in the residential demand for electricity and gas and the peak demand for electricity so as to reduce costs related to the purchase of fuel or of power and concomitantly reduce demand which could lead to the need to construct new generating capacity – is being effectively met through LIURP.

beyond the reach of the Commission to *require* WAP to integrate with LIURP and Act 129, PA-EEFA commends the Commission for its recent MOU with DCED that will allow for more information sharing, data development and better coordination. PA-EEFA believes that there are considerable improvements that can be made to better integrate LIURP and Act 129 within and across utilities, and urges the Commission to continue with the initial steps that have been taken to integrate WAP, LIURP, and Act 129 program delivery.

Integrated delivery has many advantages. Eliminating redundant administrative structures will save money for ratepayers and allow a greater portion of LIURP, Act 129, and WAP dollars to be devoted to providing services to customers. Providing customers with a single service delivery that provides efficiency services across all fuels in a single interaction will dramatically reduce confusion and fatigue among customers, increasing their willingness to participate in the programs. Integrated program delivery will also maximize the cost-effectiveness of the programs by reducing the unnecessarily high financial costs and time commitment of the multiple customer and program transactions that occur under the current, fragmented delivery structure. In turn, it will provide participants with the greatest possible benefits by reducing their energy costs across multiple fuel sources and end uses.

Further, enhanced integration would provide greater flexibility to tailor services to best meet the needs of individual households. LIURP and Act 129 (and, to the extent possible, WAP) should be viewed as different funding streams in an integrated program, rather than as different programs. Adopting this perspective can help prevent critical services from being denied when the rules of the single program that is being delivered to a household are too restrictive to meet that household's needs. By way of example, many electric utilities report that they can undertake minimal shell measures where the household is considered a baseload customer under their tariff and has another "primary" heating source – whether that source be gas, fuel oil or something else. If the EDC is in the home of an Act 129 or LIURP participant to address high usage, and discovers that the oil heat furnace is broken or inoperable – thus causing the household to resort to electric space heaters, generators, or another dangerous heating source – the EDC's contractor should be permitted to make the needed repairs and/or replacement of the central heating source. Where the funds come from to pay for the repair or replacement can be resolved through effective coordination of funds, but should not be a barrier to having the work performed.

During LIHEAP season, the LIHEAP crisis interface program would be available. However, the household should not be required to go through another door or fit through another funnel to have their central heating system repaired or replaced. That is, it is essential that integration occur at the individual EDC level, with coordination of LIURP and Act 129 funding – as well as, importantly, *across electric and gas utilities that jointly serve low-income customers and utility/state/federal programs.*

The benefits of streamlined program delivery were highlighted in an evaluation of New Jersey’s Comfort Partners low-income energy efficiency program:

The NJCP program is unique because it enables electric and gas utility customers with more than one utility to receive whole house weatherization services in a seamless approach. The approach reduces fixed costs because customers are visited fewer times, it increases convenience for the customers, and it allows all energy needs to be reviewed. The New Jersey utilities have joined together to create a unified program and continuously work to ensure consistency and improve the quality of services delivered. Because the electric and natural gas utilities work together on this program, they provide one set of benefits and standards with common eligibility requirements, measure selection procedures, installation standards, and program evaluation.²⁴

In Pennsylvania, inter-utility coordination is impeded in part by lower gas LIURP budgets relative to electric LIURP budgets, the requirement that customers be residential heating customers, the prohibition on fuel switching, and the insistence on fuel-specific (as opposed to fuel-neutral) quantification of savings. Coordination with WAP is impeded by the fact that three different state agencies run the programs.²⁵ The Commission should consider remedies to each of these barriers that, ultimately, will retain the integrity of the programs as remedying high-use, at risk customers, while allowing for flexibility across fuel types to permit comprehensive services to be performed. The Commission should also consider requiring its utilities to prioritize WAP-agencies as LIURP and Act 129 contractors so as to ensure better inter-program coordination. While there will undoubtedly be logistical and budgetary challenges, these obstacles are not insurmountable and should be explored.

As mentioned previously, it is essential that the rules which dictate whether an

²⁴ APPRISE, New Jersey Comfort Partners Final Evaluation Report (2014), [http://njcleanenergy.com/files/file/Final%20NJ%20CP%20Evaluation%20Report%20\(2\).pdf](http://njcleanenergy.com/files/file/Final%20NJ%20CP%20Evaluation%20Report%20(2).pdf).

²⁵ The utility sponsored programs are run by each of the utilities and overseen by the Commission. The WAP program is administered by the Department of Community and Economic Development, and LIHEAP – which runs the Crisis Interface Program that repairs and replaces inoperable furnaces and other central heating – is administered through the Department of Human Services.

electric or gas utility can qualify a customer for LIURP or Act 129 program participation should also require that once a customer has been deemed to be eligible for any of these programs and receives site services, *all cost-effective efficiency measures should be installed at the customer's home, regardless of which fuel services the customer initially qualified for.* In other words, if a customer qualifies for LIURP based on electric usage, but has natural gas service to their home, the program should address all cost-effective electric and natural gas efficiency opportunities in a single transaction. Customers who need energy efficiency and weatherization assistance should not have to become high users in both gas and electric to qualify for savings that will assist in meeting the goals of § 58.1 – which include “assist[ing] low income customers conserve energy and reduce residential energy bills.”

Vermont provides a leading example of how program integration can optimize results for participants and programs alike. Before Vermont's Public Service Board issued orders requiring the electric and gas utilities to implement energy efficiency programs in the early 1990's, the state's WAP program was already providing effective energy efficiency services to low-income households. When the first utility energy efficiency programs were being designed, both utilities and regulators recognized that it would be more efficient to “piggyback” utility programs onto the existing WAP program than to create parallel, and perhaps redundant or even competing programs. To this end, the utilities entered into agreements with the WAP providers to contribute a portion of the audit and administrative costs of the program on a per job basis, and to provide incentives for the specific measures that they identified as cost-effective for their programs. This not only reduced transaction costs for the utilities, but it also allowed the utilities to achieve greater savings faster by gaining access to WAP agencies' intimate connection with Vermont's low-income communities.

This coordinated approach continued with the transition of utility programs to Efficiency Vermont. Vermont's WAP providers offer a seamless participation experience to low-income households. There is one application and eligibility approval process, one audit, one installation, and one closeout for a job that incorporates electric and gas utility-funded efficiency measures along with WAP-funded measures. Effectively, Efficiency Vermont and WAP (and Vermont Gas in natural gas service territory) implement a single low-income program, with a single administration and separate

funding streams. This approach allows greater comprehensiveness and greater savings per household at a lower cost than is possible with separately administered programs.

3. How can utilities ensure that they are reaching all demographics of the eligible populations in their service territories?

This is not an easy task because the demographic challenges vary from service territory to service territory. Generally, however, PA-EEFA believes that the Commission has the following obligations in this regard.

- a. **The Commission must ensure that budgets are adequate to meet the needs of the low-income, high use customers within each territory.**

The first step to ensure that a utility is meeting the needs of its service territory is to ensure that the utility’s budget is adequate. While PA-EEFA provides more detail below in response to question 11 about the appropriate means of determining needs assessment and budgets, it is essential for the Commission to publicly address the LIURP funding disparities across utility service territories. Utilities of relatively equal size have significant budget disparity, as evidenced from the data in the Commission’s Universal Service Reports:

Company	Number of Confirmed Low-Income Customers	Number of Estimated Low-Income Customers	2016 Projected LIURP Budget
Duquesne Light	51,374	136,152	\$1,655,700
Met-Ed	65,425	122,592	\$4,605,000
PECO – Electric	174,618	381,417	\$5,600,000
Penelec	81,896	188,209	\$5,536,000
Penn Power	18,848	37,844	\$2,371,000
PPL	173,806	325,879	\$10,128,246
West Penn Power	58,606	168,625	\$4,573,000
Columbia	68,877	104,869	\$4,906,581
NFG	27,932	59,002	\$1,626,491
Peoples	59,708	91,092	\$1,250,085
Peoples/Equitable	44,173	62,658	\$800,000
PECO-Gas	31,961	71,995	\$2,250,000

PGW	161,961	178,899	\$6,151,327
UGI	38,489	84,809	\$1,230,341
UGI Penn National	24,956	48,409	\$936,007

Indeed, there is a wide-range of budgets for utilities with substantially similar levels of confirmed low-income populations. In revising its regulations, the Commission must ensure that the needs of low-income customers in *each* utility service territory are being adequately met. This will, in turn, require increases in many of the budgets listed above. Currently, utilities that file more frequent base rate cases often have more robust and developed LIURP programs that better reflect the demonstrated needs of low income populations in the respective service territory, based on the sworn, record evidence available to parties and the Commission in those cases. Although the Commission’s current triennial review of Universal Service and Energy Conservation Plans looks at the purported sufficiency of LIURP budgets relative to need, it is not clear that the Commission looks at increases in rates, changes in costs, or other factors that necessitate increased budgets.

b. The Commission must ensure that each of the utilities has communication that it is plain language, has a robust limited English proficiency outreach program, and limits identification requirements.

For LIURP outreach to be effective, it must be understood. This requires that the outreach be in plain language: That is, without “utility speak” and written at a 6th grade reading level. Outreach materials must also be readily accessible in the languages spoken by the utility’s customers. Currently, the Public Utility Commission sets forth basic translation requirements for termination notices in 52 Pa. Code § 56.91:

“A notice of termination must include, in conspicuous print, clearly and fully the following information when applicable: ...

(17) Information in Spanish directing Spanish-speaking customers to the number to call for information and translation assistance. Similar information shall be included in other languages when census data indicates that 5% or more of the residents of the utility’s service territory are using that language.”

However, because each of the utilities is a recipient of federal funds through the Low-Income Home Energy Assistance Program (LIHEAP), the utilities likely have language access

responsibilities that are more extensive than the requirements contained in the PUC's regulations. Title VI of the Civil Rights Act of 1964 provides:

No person in the United States shall, on the ground of race, color, or national origin be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance.²⁶

The Title VI protection against discrimination based on national origin applies when an individual is unable or has a limited ability to speak, read, write or understand English – in other words, the person is limited English proficient or LEP.²⁷ Title VI responsibilities extend to contractors and grant recipients of federal programs,²⁸ such as LIHEAP. As LIHEAP vendors, utilities are required to “take reasonable steps to ensure meaningful access” to its services.²⁹ The steps that are “reasonable” for a covered entity vary, depending on the size of the population served and frequency in which they have or should have contact with an LEP person of that population. Critical to this determination is an assessment of the consequences of not providing adequate language access services.³⁰ In this instance, utility service is an essential component to a healthy, safe home, and the consequences of providing insufficient access to service may be severe, so the requirements of Title VI are great.³¹

There are two main components to providing language access: (1) oral interpretation and (2) written translation. With respect to oral interpretation, the federal Department of Health and Human Services (HHS) provides that use of bilingual employees to interpret is acceptable, but explains that employees should be qualified to provide interpretation services.³² Hiring staff interpreters or contracting for in-person interpreters are also viable options to meet the requirement. Use of telephone interpreter lines may be used, too, but nuances in language and

²⁶ 42 U.S.C. § 2000d.

²⁷ *Lau v. Nichols*, 414 U.S. 563, 569 (1974); *Sandoval v. Hagan*, 197 F.3d 484, 510-11 (11th Cir. 1999) (holding that English-only policy for driver's license applications constituted national origin discrimination under Title VI), rev'd on other grounds, 532 U.S. 275 (2001); *Almendares v. Palmer*, 284 F. Supp. 2d 799, 808 (N.D. Ohio 2003) (holding that allegations of failure to ensure bilingual services in a food stamp program could constitute a violation of Title VI).

²⁸ 45 C.F.R. § 80.3(b)(2).

²⁹ Dep't of Health & Human Services (HHS), Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons, *available at* <http://www.hhs.gov/civil-rights/for-individuals/special-topics/limited-english-proficiency/guidance-federal-financial-assistance-recipients-title-VI/index.html>.

³⁰ *Id.*

³¹ *Id.*

³² *Id.*

non-verbal communication can be lost. HHS warns in guidance that “where documents are being discussed, it may be important to give telephonic interpreters adequate opportunity to review the document prior to the discussion and any logistical problems should be addressed.”³³

With respect to written translation, the general rule is that covered entities must provide written translation of any vital documents “for each LEP language group that constitutes five percent or 1,000, whichever is less, of the population of persons eligible to be served or likely to be affected or encountered.”³⁴

c. Permit referrals from outside entities, rather than strict usage-based criteria.

While the goal of LIURP should remain targeted to high users, households in need of energy efficiency and weatherization should not be turned away because they have not met an arbitrary threshold for determining high use. EEFA argues that the utility, while acting as gatekeeper of the program, should accept referrals from community based organizations and conservation service providers. Once referred, the utility should seek to determine whether there are cost-effective energy efficiency measures that could be installed that would reduce usage for the household. Just as vulnerable low income households should not have to fall behind on their bills before receiving critical bill payment assistance through CAP, a household that can *prevent high usage from occurring through cost-effective energy efficiency intervention should be able to access LIURP services*. Since these customers may not always be “on a utility’s radar,” the utility should develop processes that would allow for third-party referrals.

4. What design would better assist/encourage all low-income customers to conserve energy to reduce their residential energy bills and decrease the incidence and risk of payment delinquencies? How does energy education play a role in behavior change?

PA-EEFA recommends that a comprehensive approach, which addresses all end uses and energy sources, as described in response to question 2 above, will provide the greatest effect in assisting low-income customers to reduce their bills, which in turn will have the greatest effect in reducing payment delinquencies. Furthermore, it is essential to realize that energy efficiency cannot stand alone in resolving energy insecurity. Energy efficiency programming must be coupled and coordinated with effective bill-reduction programs, such

³³ *Id.*

³⁴ *Id.*

as robust CAPs, hardship funds, and LIHEAP (see Response to question # 12 below). PA-EEFA also suggests that energy education can be a useful component of a comprehensive project, helping customers understand how the choices they may make regarding temperature settings and usage patterns can affect their energy costs. However, while low-income customers can and do benefit from energy-efficiency education, this education must be paired with services that will enable households to take the steps needed to effectuate recommended changes. Low-income households simply do not have the same ability to reduce consumption, without economic assistance, as do moderate and upper income customers. Low-income households tend to live in older and less well-maintained housing with poor performing, less-efficient heating and cooling systems. These factors contribute to a greater inability to reduce usage. Many low-income households must make greater use of their heating or cooling appliances, not out of ignorance of the consequences to their bill, but out of necessity to keep their homes adequately heated or cooled because their building is not weather-tight, the heating/cooling system is deficient, or both. In these situations, the provision of information regarding the benefits of thermostat adjustment, without concurrent remediation of the physical reasons for higher thermostat settings, is a particularly inefficient use of LIURP resources. The most recent LIURP study recognized the efficacy of education that was performed in person at the residence at the time of measure installation and with all household members.³⁵ EEFA strongly recommends that this customized educational approach – provided at the time of measure installation and at a 6 month follow-up date, in the language of the household – be utilized as opposed to a wholesale group meetings or mailings. Low-income households need access to weatherization and, when appropriately tied to the weatherization work performed, education to sustain and maintain the savings accomplished through that weatherization. It is only through a combination of the two that either is fully effective.

5. How can the utilities use their LIURPs to better address costs associated with uncollectible accounts expense, collection costs, and arrearage carrying costs?

Simply stated, utility service is unaffordable for many low income households, which struggle to keep up with the high cost of energy. Families often do not have enough to make ends meet, and must choose between heating their home and paying for childcare, medicine, groceries, or bus fare. This Hobson's choice leads many low income households to

³⁵ See Shingler, n. 5, *supra*, at Summary of Key Findings

accumulate arrears and, ultimately, face termination of service. If the Commission and utilities want to decrease uncollectible account expenses, collection costs and arrearage carrying costs, it is essential to prioritize all aspects of poor families' energy insecurity: financial, structural, and behavioral. LIURP is one piece of this puzzle that can effectively address structural and behavioral energy insecurity, *provided it is coupled with bill assistance programming to address financial energy insecurity by reducing the cost of service for low income households.*

Across the state, more than 1.5 - 2 million households have total household income of less than 150% of the federal poverty guidelines.³⁶ These households pay between nine and thirty percent of their income towards energy costs.³⁷ These households are energy burdened and fuel poor; that is, they simply cannot afford to pay their bills.³⁸ By contrast, energy burdens for median to high-income households are between three and five percent.

In 2015, 153,275 low-income Pennsylvania households had their gas or electric service terminated for some period of time. Many of these households were not able to restore their service before winter. In fact, as of December 2016, more than 20,500 households entered this winter without heat and more than 1,500 households are using an "unsafe" heating source. LIURPs alone cannot address this issue. The Commission must do more to require utilities to reduce the energy burdens facing their customers.³⁹ Although the Commission has indicated that it will not undertake a CAP rulemaking at this time, EEFA asserts that it is critical for the Commission to address the fact that CAP energy burdens are too high to effectively mitigate utility-related economic hardship.⁴⁰ The Commission should thus reconsider its decision not to address CAP issues.

CAP issues notwithstanding, LIURPs have a large role to play in reducing utility arrearages. For example, the current LIURP programs are already showing impressive

³⁶ Report on 2015 Universal Service Programs & Collection Performance of the Pennsylvania Electric Distribution Companies & Natural Gas Distribution Companies at 7-8, *available at* http://www.puc.pa.gov/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2015.pdf

³⁷ See Colton, Roger. Home Energy Affordability Gap for Pennsylvania, 2nd Series (April, 2016), *available at* www.homeenergyaffordabilitygap.com.

³⁸ See n. 9, *supra*, Hernandez at 1 ("Both energy burden and fuel poverty ensue when energy expenditures exceed ten percent of a household's income.")

³⁹ Currently, the CAP policy statement pegs affordability for combined gas and electric CAP rates at up to 17% of a household's monthly income. 52 Pa. Code § 69.265(2)(i)(c). Even still, many CAPs exceed these affordability guidelines. And that does not count the approximate 80% of CAP-qualified households which are not enrolled in CAP, and thus pay full tariff rates.

⁴⁰ See 52 Pa. Code § 69.265(2)(i).

savings when it comes to bill reductions.⁴¹ By implementing some of the suggestions contained throughout these comments – such as making savings targets fuel neutral, eliminating the fuel switching prohibition, and other changes that would encourage more comprehensive energy savings – utilities would undoubtedly show deeper results in reducing arrears.

In addition, the Commission should encourage each of the utilities to implement in person energy education for all household members in the home *at the time of measure installation*, and should follow-up with the household if savings do not persist.

6. How can LIURPs best provide for increased health, safety, and comfort levels for participants?

PA-EEFA recognizes that the prevalence of health and safety issues poses a significant barrier to the installation of energy efficiency measures in low-income households, and must be addressed before the property is served if those actions could further compromise the well-being of the participating household. However, PA-EEFA’s overarching recommendation to provide integrated program delivery applies equally to the provision of health and safety improvements. Streamlining the costs of administering programs by integrating delivery has the potential to “free up” funds to help address pressing health and safety issues so that energy efficiency measures can be installed. Further, sharing the costs of these health and safety improvements across integrated programs will reduce the costs to any individual program, thereby improving program cost-effectiveness. Addressing health and safety concerns so that efficiency measures can safely be installed will also have a positive, and in many cases dramatic, effect on customer comfort.

An integrated program should also be able to provide improved flexibility to address specific measures that can address health and safety, comfort, and energy costs—flexibility that is currently lacking. For example, if a low-income customer has a natural gas furnace that is inoperable because it requires repairs, that customer might be forced to use electric space heaters to maintain a safe temperature in the home. This would likely mean that there are areas of the home that are not adequately heated, and would certainly mean that

⁴¹ Report on 2015 Universal Service Programs & Collection Performance of the Pennsylvania Electric Distribution Companies & Natural Gas Distribution Companies at 41, *available at* http://www.puc.pa.gov/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2015.pdf

increasing electricity use by using the space heaters will cost much more to heat the home than the gas furnace would have cost if it had been operational. A common sense approach would be to repair the furnace. Eliminating the household's reliance on inefficient and costly de facto heating would reduce energy costs, improve customer health and safety, and potentially reduce electric arrearages by reducing electric usage.⁴²

But in the current compartmentalized delivery model, which efficiency or weatherization program would or could provide the repair? It could be considered a gas issue, but fixing the furnace will increase – not decrease - gas usage. The furnace repair could be considered an electric efficiency measure, even though it is a broken gas appliance that is responsible for the increased electric use. It is both a health and safety issue and an energy savings opportunity, but there is little clarity about which program could or should address it—even though repairing the furnace is unquestionably in the best interest of the customer and the public welfare.

Seemingly arbitrary program boundary issues should not prevent the resolution of critically important challenges. PA-EEFA's view is that decisions such as whether or not to repair a furnace should be resolved in the customer's best interest, using a fuel-neutral approach, and premised on providing the energy solutions with the lowest life cycle cost. In other words, cross subsidization concerns across fuels, and even questions of fuel switching, should be secondary to providing the best solution for the customer. LIURPs need to be structured to promote rather than prevent the implementation of the “best” decisions—those that provide the greatest economic benefit for customers at the least administrative cost.

7. How can LIURPs maximize participation and avoid disqualifications of households due to factors such housing stock conditions?

Maximizing participation requires a multi-pronged approach that:

- Identifies and reaches eligible customers;
- Addresses the interests and needs of customers such that they feel it is in their best interest to participate;
- Leaves customers with a positive impression of their program experience, which will build a positive program reputation in the community.

⁴² It would not be unusual for low-income customers to understand that their electric service could not be shut off during the December – March time periods, which might drive them to risk future disconnection to deal with the immediate issue of keeping their family warm. Indeed, this coping mechanism is a hallmark of energy insecurity and perfectly rational in the face of bad options all around. Better to fix the root of the problem – lack of an operable home heating source, regardless of fuel type, than incurring bills that a household cannot afford to pay.

One strategy for improving the utilities' ability to identify and engage eligible customers is to accept referrals from outside agencies, as described in 3.c above. Agencies and community organizations that are mission-focused on supporting low-income households often have unique access to these communities—access that utility companies are hard-pressed to replicate on their own.

Approaching the recruitment of participants as a community, rather than as individuals, may also prove useful. Efficiency Vermont piloted a program to provide direct-install services in mobile home parks that was premised on the idea that using door-to-door visits by one individual would provide greater access and participation than traditional outreach. Initially, the individual had limited success, as park residents were suspicious that the program was too good to be true. But once the individual made inroads with a few residents, doors started to open because the park residents talked with each other and the word spread that the individual could be trusted. This led to the installation of additional measures, such as refrigerator replacements, insulation, and air sealing.

Utilities have also expressed challenges with customers who, once identified, miss appointments. The challenge is understandable, as many low-income households juggle multiple part-time jobs, have unstable child care, and are often operating in prolonged crisis mode, which forces them to put all of their attention towards the most pressing issues at any moment in time. Working successfully in low-income communities requires recognition that different approaches than those that are used with more affluent customers may be necessary.

LIURPs should work closely with housing authorities and non-profit housing providers as well. Such housing providers can often facilitate tenant engagement far more effectively than a utility program representative, who is not known to the tenants. In multifamily housing, LIURP programs should also consider ways to gain access to units to install lighting and water conservation measures that do not necessarily require individual tenants to provide consent. For example, in Maryland's Quick Home Energy Checkup program direct install measures are provided on an "opt-out" basis. Tenants are given adequate notice of the scheduled time for the appointment, and have the option of informing the building owner if they do not want to receive the service.

Avoiding disqualification due to housing stock conditions relates to both the second

and third bullets described above, though customers may or may not be aware of present or potential health and safety issues that need to be addressed. As described in responses to the Commission's questions 2 and 6 above, PA-EEFA believes that an integrated program delivery will provide the best approach to avoiding disqualifications due to housing stock conditions. Integrated program delivery will improve programs' abilities to address health and safety concerns in several important ways:

- Integrated delivery for both gas LIURP and electric LIURP and Act 129 programs will allow program administrators to access different funding streams for a single project,⁴³ with the opportunity to utilize the funding stream or streams that are most suited to specific housing stock conditions. This is in contrast to current program delivery, where it might not be possible to address health and safety concerns related to natural gas in a house that is receiving services under an electric LIURP program because shell measures that tend to produce significant savings would not be shown to reduce electric energy usage. An integrated approach would look for a solution through LIURP or WAP, as outlined more fully above, rather than simply treating the home with baseload measures and calling it a day.
- Integrated delivery for gas LIURP, electric LIURP, Act 129 programs, and WAP will allow program administrators to share the costs of making health and safety improvements across several funding streams. This provides two advantages. First, it will reduce the cost of addressing health and safety concerns to individual programs by sharing these costs across several funding streams, thus improving individual program cost-effectiveness. Second, in severe cases, the limited funds that are available to individual programs can be combined to increase the total amount that can be invested in addressing health and safety issues for specific jobs. This would make it possible to provide efficiency services to households that would otherwise be disqualified because the scope of their needs would exceed available funding.

8. What is the appropriate percentage of federal poverty income level to determine eligibility for LIURP?

PA-EEFA believes that the low-income programs should continue to principally target the most vulnerable of the low-income population, which continues to be individuals who are at or below 150% of FPIG. PA-EEFA readily acknowledges that households within 151-250% FPIG face difficult economic conditions and are often not financially equipped to pay for needed and important energy efficiency services. We are sympathetic to their needs, and have in the

⁴³ This could include accessing sources of funding that are not specific to energy efficiency such as Community Development Block Grant (CDBG) programs and HOME funds.

past suggested ways that the Commission could address those needs. However, our position is that the low-income LIURP eligible population continue to be for households with income at or below 150% FPIG, and is based on the following:

- The needs of the targeted group of households (150% FPIG or below) are great, and have not yet been fully addressed. The current low income population (150% FPIG or below) is estimated to be approximately 2 million households who have gas or electric service (or both) from regulated public utilities. But the combined efforts of both Act 129 low income programs and LIURP weatherization programs have not yet been able to achieve satisfactory energy efficiency reduction to these targeted households. The termination rate of this population also remains high when compared to the rest of the residential population: In 2015, the overall termination rate was 4.4% for the residential electric customers and 3.9% for residential natural gas customers, this is compared to 15.8% for confirmed low-income households (electric) and 12% for confirmed low-income households (natural gas).⁴⁴
- Households with income at or below 150% of FPIG, who are payment troubled, may enroll in a Customer Assistance Program (CAP). These CAP participants bear a unique burden to maintain energy usage at reduced levels to avoid being removed from CAP and to prevent using an amount of energy that would exceed the maximum energy credits, causing the household to pay full tariff rates. Furthermore, as stated previously, CAP energy burden levels are often far too high to effectively promote affordability. Until and unless CAP energy burdens are reduced, it would be inappropriate to target higher-income households.
- Non-CAP residential ratepayers supplement the costs of the CAP shortfall. Maintaining the LIURP eligibility level at 150% FPIG, in conjunction with the CAP eligibility level, will maximize LIURP benefits by reducing the level of non-CAP ratepayer subsidies.
- Finally, although CAP is available for households at or below 150% FPIG, CAP participation rates are unacceptably low. In 2015, the weighted average statewide participation rate for electric CAPs was 46% and was 35% for natural gas CAPs.⁴⁵ Thus,

⁴⁴ Pa PUC, *Report on 2015 Universal Service Programs and Collections Performance of the Pennsylvania Electric Distribution Companies & Natural Gas Distribution Companies*, at 12-13, available at http://www.puc.pa.gov/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2015.pdf

⁴⁵ *Id.* at 42.

the majority of households with incomes below 150% of FPIG are not enrolled in CAP. These households may be most in need to LIURP to mitigate their high energy burden and should be served before households that have higher incomes.

As a practical matter, expansion of the income eligibility level may hinder effective coordination with existing Universal Services and energy efficiency / weatherization programs – both within and outside of the Commission’s jurisdiction. The exception to this is coordination with WAP, which uses 200% FPIG as its upper income limits. In light of this, PA-EEFA recommends that the Commission maintain the ability of utilities to allow up to 20% of its LIURP funds to be spent on households between 151% - 200% of FPIG. This would allow for coordination between utilities and WAP providers on an as-needed basis, but would also ensure that the most vulnerable households – those with incomes less than 150% FPIG – will continue to be prioritized.

9. With the additional energy burdens associated with warm weather, what if any changes are necessary to place a greater emphasis on cooling needs?

Consistent with PA-EEFA’s comments on integrated program delivery, opportunities associated with cooling needs should be considered and implemented where such improvements can cost-effectively reduce participants’ energy use. Air sealing and insulation measures typically will provide both heating savings and cooling savings, if cooling is used. In other words, improving the integrity of the building shell such that it will more effectively retain set temperatures will provide benefits both in the heating and cooling seasons. Further, energy education should be extended to provide information on cooling efficiency when cooling measures are installed. For example, when nights are cool, but days are hot, cooling needs can be reduced by opening windows and shades at night and closing them during the day.

Mechanical cooling opportunities should also be addressed. For example, homes that use older, inefficient room air conditioners may benefit from the replacement of those units with much more efficient new room air conditioners. And a home that may now be heated with electric resistance baseboards and cooled with older room air conditioners might be able to cost-effectively reduce electricity costs by the installation of cold-climate air source ductless mini-split heat pumps to replace both the electric resistance heat and room air conditioners. Opportunities such as this should be assessed by their costs and benefits in

specific instances, rather than determined by restrictive program rules.

10. What are options to better serve renters, encourage landlord participation, and reach residents of multifamily housing?

PA-EEFA recognizes that there are non-trivial challenges associated with serving low-income occupants of rental housing, be it single-family or multifamily. Policy makers have expressed concerns regarding the potential for landlords, who may not themselves be low-income, to profit from public investments in rental properties that serve low-income households. Programs may require landlords to share in the cost of energy efficiency investments, and already require an agreement to freeze rents and/or only rent the improved housing to low-income tenants for a period of time in an attempt to address some of these policy concerns, but this can be met with resistance by landlords. However, rental housing, and especially multifamily rental housing, provides shelter for a significant portion of Pennsylvania's low-income population. Because of the challenges described above and others, rental housing lags behind owned housing in receiving improvements from energy efficiency programs. The result is that low-income renters are unfairly disadvantaged by higher utility bills than should be necessary. In balance, the current renter restrictions strike an appropriate balance to prevent landlord enrichment while ensuring equal treatment for renters and homeowners.

This can be seen in a study of Pennsylvania's LIURP program.⁴⁶ Single-family housing is served at a rate that is significantly higher than its presence in the state would indicate, while both small and large multifamily are under-represented in LIURP participation:

⁴⁶ Shingler, John, Consumer Services Information System Project, Penn State University. Long Term Study of Pennsylvania's Low Income Usage Reduction Program: Results of Analyses and Discussion, (2009), available at http://www.puc.pa.gov/general/publications_reports/pdf/PSU-LIURP_Report2008.pdf.

Table 3
Breakdown of Housing Type Receiving LIURP Services
and Comparison to Pennsylvania Housing Types

Housing Type	N	%	Percent for All of Pennsylvania ³⁵
Single Family	67,011	75.0	53.0
Small Multi-Family	4,375	4.9	22.0
Large Multi-Family	4,956	5.5	20.0
Mobile Home	13,041	14.6	5.0
Total	89,383	100.0	100.0

The Commission has recognized this disparity in the Act 129 programs by requiring utilities to provide greater emphasis on multifamily housing in their plans. PA-EEFA recommends that similar considerations be addressed in this LIURP rulemaking process. An initial step that the Commission could take in establishing revised LIURP rules would be to create targets for multifamily participation that reflect the fraction of the eligible population that lives in multifamily dwellings. Even non-binding targets could encourage the utilities to make greater efforts to provide services for multifamily occupants, despite the greater barriers that may be present. Additionally, the Commission should consider revising its LIURP regulations to look at high usage on a square foot basis rather than in a strict usage threshold. This would allow for effective remediation of multifamily units that may not meet the strict usage threshold but that nonetheless may have high usage per square foot of their residence.

Resolving the administrative issues that currently block deserving households from receiving energy efficiency support should be a primary goal of this rulemaking process. Ideally, the Commission would have the ability to address the opportunities to improve the rules for all of the programs that deliver efficiency services to low income households simultaneously. While that clearly isn't possible, multifamily provides another clear example of how integrating delivery of Act 129, LIURP, and WAP programs—each with its own rules and requirements—can provide more overall flexibility to address opportunities comprehensively. With multiple funding streams available, the program administrator will have more options to draw from: where the rules from one funding stream don't allow certain services due to a metering configuration, for example, the rules from another funding

stream may. Combining the various funding streams in an integrated program approach will yield the best outcomes for participants.

However, this alone will not resolve all of the barriers to effective low-income multifamily efficiency. Gas LIURP programs have a metering barrier when it comes to serving low-income multifamily buildings. LIURP programs require the utility account to be in the eligible tenant's name, and therefore are only able to serve buildings that are individually metered. Many multifamily buildings are individually metered for electricity—often a requirement in the utility's tariff—but are rarely individually metered for gas. Typically, there is one meter for the building with the associated account in the owner's/landlord's name that serves the entire building.⁴⁷ Since the majority of older multifamily buildings are heated with gas there is a large gap in LIURP services to these low-income multifamily buildings. PA-EEFA strongly recommends that the Commission implement a LIURP rule change that would recognize this disparity and allow LIURP services to be provided for the benefit of low-income multifamily tenants who reside in buildings that are heated with gas when the account is master-metered in the owner's/landlord's name.⁴⁸

The level of effort required of building owners and property managers is widely recognized as a significant barrier to program participation. The recommendations made by PA-EEFA above for an integrated, fuel neutral, comprehensive service delivery approach also apply to the multifamily market. Implementation of these efficiencies would dramatically reduce the administrative burden on landlords compared with participating in multiple efficiency programs. Making it easy for landlords to participate, while at the same time continuing to protect tenants from increased rent or additional utility payments, may be the single most effective thing that the Commission can do to improve landlord participation. For multifamily properties, this integrated approach must also be extended to provide services both within living units and in common areas, regardless of which areas are served by gas or electricity, or whether different parts of the building are served by

⁴⁷ There are exceptions to this, including scattered site and townhouse developments that are still considered multifamily.

⁴⁸ As it did within the context of Act 129, the Commission could consider limiting the availability of master-metered LIURP remediation to those multifamily housing units that have government imposed long term usage restrictions that limit the tenancy to low-income individuals.

residential or commercial meters.

11. Should the requirements regarding a needs assessment in developing LIURP budgets, as outlined at 52 Pa. Code§ 58.4(c), be updated to provide a calculation methodology uniform across all utilities? If so, provide possible methodologies.

52 Pa. Code§ 58.4(c) states:

(c) Guidelines for *revising* program funding. A revision to a covered utility’s program funding level is to be computed based upon factors listed in this section. These factors are the following:

(1) The number of eligible customers that could be provided cost-effective usage reduction services. The calculation shall take into consideration the number of customer dwellings that have already received, or are not otherwise in need of, usage reduction services.

(2) Expected customer participation rates for eligible customers. Expected participation rates shall be based on historical participation rates when customers have been solicited through approved personal contact methods.

(3) The total expense of providing usage reduction services, including costs of program measures, conservation education expenses and prorated expenses for program administration.

(4) A plan for providing program services within a reasonable period of time, with consideration given to the contractor capacity necessary for provision of services and the impact on utility rates.⁴⁹

PA-EEFA asserts that subsections (1) through (4) of these guidelines require more specificity. Revised guidelines should be used to determine initial funding levels for the LIURP budgets under a new rules structure, using funding levels in effect at the time the revised regulations adopted as a minimum floor. Currently, subsection (a) provides a minimum funding level for natural gas LIURP budgets, and subsection (b) states: “A target annual funding level for a covered electric utility is computed at the time of the Commission’s initial approval of the utility’s proposed program.” But together, subsections (a) and (b) fail to provide guidance for how the initial target funding level will be determined. As a result, funding levels vary widely across utilities and fuels. This disparity may result in significant inequities for the target LIURP population based simply on geography and fuel source.

PA-EEFA proposes that LIURP funding for gas and electric utilities be determined based on a Commission-established timeline for providing comprehensive, fuel-neutral

⁴⁹ Emphasis added.

services to all income eligible customers. In other words, the Commission should:

- (1) Determine the total number of income-eligible low-income households within each service territory using current census data.
- (2) Determine expected costs per customer needed to provide comprehensive, fuel neutral efficiency services based on standards to be developed by the Commission that achieve acceptable energy savings.
- (3) Establish a policy for the length of time over which it would be reasonable and appropriate to provide services to all eligible customers.⁵⁰
- (4) Adjust each utility's budget allocation based on the unique factors of each service territory (such as the cost of labor, the typical needs of the predominant housing types, cost savings produced through efficiently administered universal service programs that may be used to extend the reach of the budget, etc.)⁵¹

It is important that analysis of the determining factors described above be made by the Commission or an independent third-party rather than internally by the utility.⁵² Doing so will ensure uniformity in the approach across service territories. PA-EEFA acknowledges that historical participation rates and average costs have contributed to determining the current level of LIURP funding in each service territory, but does not agree that expected participation and budgets should be determined solely on the basis of historical rates.

There are many factors that affect participation and costs that should be considered in determining expected future participation rates and budgets. Expected participation rates

⁵⁰ PA-EEFA suggests this should be ten years (to coincide with the decennial census) or twelve years (to coincide with LIURP payback period).

⁵¹ This list provided here is not comprehensive and is illustrative of the kinds of factors and that are necessary to ensure that adjustments are made to account for the needs of each service territory. Furthermore, the identification of relevant factors - and how standards will be determined to quantify each factor - is of significant importance and should be addressed by the Commission with the input of interested stakeholders. Related issues, such as the cost savings effect of universal service programs on administrative and secondary health related costs should also be addressed.

⁵² BCS provides the Census Data for all the USR reporting utilities to ensure a consistent methodology is used when determining the estimated number of low-income customers at 150% FPIG within the service territory. The Census data are compiled by Penn State and are used to ensure consistency in USR reporting. The Penn State data and methodology for determining the low-income population has been accepted by the Commission relative to other USECP proceedings, Act 129 proceedings, and USR reports.

should be based on the low-income population numbers, a cataloguing of the barriers to broad participation in the LIURP programs and the development of strategies to overcome those barriers. Such strategies could include outreach and communication, how health and safety issues are addressed, market-specific contractor training, landlord/renter obligations and responsibilities, multifamily approaches, etc. These strategies should be focused on assuring that providers in each service territory achieve the targeted needs-based timeline for serving all eligible households established by the Commission.⁵³ Expected costs per unit should be based on the typical needs and opportunities of the predominant housing stock in each region of the state.

12. Should the interplay between CAPs and LIURPs be addressed within the context of LIURP regulations? If so, how?

In short, yes. As stated previously, the Commission should not look at LIURP with blinders on and ignore the interplay between CAP and LIURP. The millions of low-income households in Pennsylvania face extraordinary energy burdens, upwards of 17% for households enrolled in CAP and 30% for non-CAP households. These energy burdens are excessive by any standard, and is almost five times higher than the 3.6% energy burden of the average Pennsylvania household.⁵⁴ As a result of these excessive energy burdens, low-income households in Pennsylvania are more than three times more likely to suffer utility termination than the average Pennsylvania household.⁵⁵ Utility terminations create urgent health concerns in the winter and summer, put families at risk of homelessness, and put communities at risk when these families resort to unsafe heating sources to replace the utility service they lost. The simple reality is that LIURP or energy efficiency alone cannot solve this problem. Rather, LIURP is one means – coupled with CAP, CARES, and hardship funds – of addressing the energy poverty of millions of households. There are some specific things that could be done to strengthen the ties between LIURP and CAP:

- Reduce CAP energy burdens from the current maximum of 17%, and create a binding

⁵³ PA-EEFA suggests this should be ten years in order to achieve LIURP goals within a reasonably obtainable time perspective and which would permit future goal levels to reflect each detailed ten-year census determinations.

⁵⁴ PA PUC, Bureau of Consumer Services, 2015 Report on Universal Service Programs & Collection Performance, at 35, available at http://www.puc.pa.gov/filing_resources/universal_service_reports.aspx

⁵⁵ The termination rate of low-income electric customers is 15.5%, compared to 4.4% of all electric customers. The termination rate of low-income gas customers is 12%, compared to 3.9% of all gas customers. PA PUC, Bureau of Consumer Services, 2015 Report on Universal Service Programs & Collection Performance, at 12-13..

regulation that prevents utilities from exceeding the reduced energy burdens. While determinations differ about what is an appropriate energy burden, energy burdens from 6.5% - 10% have been targeted as maximums,⁵⁶ above which households are simply paying too much of their income for home energy.

- Continue to target CAP participants for LIURP services until and unless the Commission addresses the unaffordability of CAPs. This accomplishes two goals: first, it would lessen that amount each CAP customer would pay through bill reductions associated with energy efficiency (or extend the life of CAP credits, if CAP bill would be unaffected by consumption-based reductions), and, second, it would lower the overall cost of CAP for non-CAP customers who pay for the program.
- The Commission should also encourage and require utilities to reach out to non-CAP participants for LIURP services *and* for solicitation and enrollment into CAP. As addressed above, CAP participation rates are inadequate.

13. Are there specific "best practices" that would better serve the LIURP objectives which should be standardized across all the utilities? If so, what are they? For example, is there a more optimal and cost effective method(s) of procuring energy efficiency services so as to maximize energy savings at lower unit costs?

There are several categories of “best practices” to consider in response to this question. To date, most of the studies of best practices in energy efficiency program delivery have focused on aspects of the actual implementation of the programs—the process through which they are delivered to participants, and the savings and economic results that accrue to participants through their participation. These include:

- To what extent is the program focused on maximizing comprehensive, fuel neutral savings for participants?
- To what extent are services coordinated across various efficiency program delivery mechanisms to streamline participation and minimize program costs?
- To what extent are the barriers to the participation of low-income households

⁵⁶ 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>; see also, Rodriguez, n. 5, at 1 (“Both energy burden and fuel poverty ensue when energy expenditures exceed ten percent of a household’s income.”)

addressed by the program? These can include language barriers, lack of awareness of opportunities, lack of financial resources, lack of access to technical knowledge, lack of access to installation contractors, frequency of household being in crisis making it unable to devote time to pursuing program participation, frequency of moving making it unlikely for a household to still be in a home when they rise to the top of a program waitlist, etc.

- How well does the program track, report, and evaluate its results?
- How is program outreach coordinated with other social service and governmental organizations that work with low-income populations?

The American Council for an Energy Efficient Economy (ACEEE) released a research report titled “Building Better Energy Efficiency Programs for Low-Income Households” in March 2016. This report provides a number of recommendations that are consistent with those described above, based on best practices in low-income energy efficiency across North America, including:

- Offer a range of eligible measures
- Coordinate with other organizations
- Use a portfolio approach
- Address health, safety, and building integrity issues
- Incorporate customer energy efficiency education
- Develop dual-fuel and fuel-blind programs
- Coordinate between efficiency and bill assistance programs
- Increase electricity savings through high-efficiency products and equipment⁵⁷

PA-EEFA has addressed many of these best-practice approaches in its responses to questions above. Perhaps most importantly, PA-EEFA recommends that shifting program focus from the current fragmented, fuel and measure specific approach to an integrated, whole project approach will best serve the needs of low-income households and will have the greatest effect on reducing arrearages by saving households the most money on the overall energy bills, and will provide the greatest societal benefits per ratepayer dollar invested. PA-EEFA urges the Commission to consider ways to effect this change both through improved implementation practices, as described above, and through the adoption of reporting protocols and success metrics that emphasize maximizing savings per household without regard to fuel type.

⁵⁷ Cluett et al., ACEEE Building Better Efficiency Programs for Low-Income Households (2016), *available at* <http://aceee.org/research-report/a1601>.

PA-EEFA also notes that a 2014 evaluation of PECO's LIURP program⁵⁸ showed that 56% of participants were renters—a much higher participation rate for renters than in the LIURP study referenced in response to question 10 above. However, the study also showed that renters were not eligible to receive appliances through the program, even though refrigerator replacements occurred in 20% of the total number of jobs. As indicated above, the report released by the American Council for an Energy Efficient Economy recommends including appliance replacements as eligible measures in low-income energy efficiency programs, and PA-EEFA urges the Commission to address this opportunity by allowing and encouraging a broad range of eligible energy saving measures in a revised LIURP program which include refrigeration and air cooling appliances.

Regarding the specific procurement example provided to illustrate the question, PA-EEFA suggests that the Commission consider procurement of program delivery services in which compensation is, at least to a degree, performance- and outcome-based. While the performance metrics that would be used in such a procurement would have to be carefully considered, they should reflect PA-EEFA's recommended focus on maximizing overall savings per job, streamlining participation processes, utilizing fuel-neutral approaches to determining works scopes, and addressing health and safety concerns in order to provide the best outcomes possible for eligible households. There is some precedent for this approach in Act 129, where utilities have linked CSP compensation to performance. As with regulation, the specifics of any performance metrics need to be carefully considered to avoid creating perverse incentives that could ultimately lead to unforeseen and undesirable consequences.

⁵⁸ APPRISE, PECO Energy 2016 LIURP Evaluation Final Report (2016), *available at* https://www.puc.state.pa.us/General/pdf/USP_Evaluation_LIURP-Peco.pdf

14. The Commission also welcomes stakeholder input on other LIURP issues or topics.

PA-EEFA does not have any additional comments at this time, but reserves the right to supplement these comments as issues and topics are developed throughout the course of this comment proceeding.

Respectfully submitted,

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