

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Review of Universal Service and Energy
Conservation Programs**

Docket No. M-2017-2596907

**JOINT COMMENTS OF
KEYSTONE ENERGY EFFICIENCY ALLIANCE
HOUSING ALLIANCE OF PENNSYLVANIA
GREEN AND HEALTHY HOMES INITIATIVE
NATIONAL CONSUMER LAW CENTER
NATIONAL HOUSING TRUST
NATURAL RESOURCES DEFENSE COUNCIL**

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

August 8, 2017

Introduction

On April 6, 2017, the Pennsylvania Public Utility Commission adopted an Opinion and Order "...initiating a comprehensive review of the entire Universal Service and Energy Conservation model."¹ This Opinion and Order was entered on May 10, 2017. In the Opinion and Order, the Commission provided that "...interested parties may submit written comments within 90 days of the entry date of this Opinion and Order, outlining their priorities, concerns, and suggested changes to the Universal Service and Energy conservation programs...."²

In response to this opportunity, 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. The following organizations join in the filing of these reply comments on behalf of PA-EEFA: the Keystone Energy Efficiency Alliance, the Housing Alliance of Pennsylvania, the Green and Healthy Homes Initiative, the National Consumer Law Center, the National Housing Trust, and the Natural Resource Defense Council.

While PA-EEFA as a collective has historically been principally concerned with expanding access to energy efficiency and weatherization in multifamily housing for economically vulnerable households, the organizations that comprise PA-EEFA recognize the significant overlap between those interests and the need for a robust and effective portfolio of universal service programs to holistically serve the usage reduction and bill payment assistance needs of all low-income tenants and homeowners. PA-EEFA appreciates the Commission's interest in gathering stakeholder comments, and is pleased to offer its perspectives on this critically important opportunity to improve the collective effectiveness of the portfolio of Universal Service programs.

Background

Prior to adopting and entering this Order, the Commission previously sought stakeholder comments on the Low-Income Usage Reduction Programs (LIURP) by issuing a Secretarial Letter on December 16, 2016, at Docket No. L-2016-2557886. PA-EEFA filed comments in response to the Secretarial Letter on January 30, 2017, and subsequently filed Reply Comments on March 1,

¹ Order in Docket M-2017-2596907 at 1.

² Id., at 5.

2017. For the convenience of the Commission, PA-EEFA's key perspectives from those filings are included here in an abbreviated manner. References to those filings are also included should the Commission wish to review specific points in greater detail.

Comments

The Universal Services portfolio of programs meets critical needs for those Pennsylvania residents who confront the greatest energy burdens in the state. Reducing the energy burden of these households by providing comprehensive energy efficiency improvements, and – in turn – by reducing the magnitude of energy bills through Customer Assistance Programs (CAPs), can materially improve quality of life for low-income Pennsylvanians. Reducing energy costs can free up scarce economic resources for other necessities, such as food and medicine. Comprehensive energy efficiency improvements can provide co-benefits such as increased housing affordability and improved comfort, while also reducing compromises to household health and safety that result from poor indoor air quality, mold/moisture issues, carbon monoxide, fires caused by faulty wiring, and other home-based environmental health hazards. Effective Universal Services programs can also alleviate the significant stresses that families suffering from high energy burdens tend to experience from living in constant fear of having their electricity and/or gas service disconnected if they cannot pay their bills, and can mitigate the negative health consequences they experience from cutting back on energy use that is necessary to adequately heat, cool, and light their homes. The significant benefits of these programs are discussed in greater detail in PA-EEFA's January 30, 2017 comments regarding LIURP.³ Effective LIURP services that reduce energy bills can also potentially provide significant social benefits over the long term by reducing the costs of publicly-funded CAP expenditures, improving public safety, and enhancing the stability of the communities in which we all live and work.

Integrated Service Delivery

PA-EEFA commends the Commission for initiating a comprehensive review that includes LIURP, CAP, and other Universal Services such as CARES and utility hardship funds. PA-EEFA suggests that the Commission investigate the benefits of transitioning the current service delivery model(s) to a consolidated model that integrates intake and eligibility determinations for the various

³ Joint Comments of PA-EEFA in Docket No. L-2016-2557886, January 30, 2017 at 2-5.

Universal Service programs on a state-wide basis. Such an approach could alleviate the service fragmentation that can occur now, such as when a single customer needs to apply and be determined to be eligible for multiple programs, including electric LIURP and gas LIURP programs in addition to CAP. This approach could also provide cost savings for ratepayers by reducing redundant administrative structures.

As stated in previous PA-EEFA comments, “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.”⁴ PA-EEFA supports integration across funding streams and across fuel types because it will lead to better outcomes, both for ratepayers in general and for participants.

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 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.⁵

The benefits of such an integrated service delivery approach are discussed at length in PA-EEFA’s January 30 comments. Notably, in addition to improving program cost-effectiveness as described above,

[an integrated approach] 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

⁴ Id., at 7.

⁵ Id., at 8.

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.*⁶

In order for the State, ratepayers in general, and low-income households to receive the maximum benefit from low-income energy efficiency services, PA-EEFA recommends that:

...the rules which dictate whether an 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.”⁷

Needs Assessment and Funding Levels

PA-EEFA applauds the Commission for adopting the joint motion directing the Bureau of Consumer Services (BCS) to initiate a study of energy affordability for low-income Pennsylvanians. This study should provide valuable information that the Commission can use to establish income eligibility criteria for a comprehensive assessment of the need for Universal Services in the state. Once income-eligibility criteria have been established, PA-EEFA urges the Commission to address the need for Universal Services in a manner that ensures that needed services are available to qualifying ratepayers regardless of the county they live in or which utilities they are served by—whether they are electric or gas, or both.

PA-EEFA provided comments on the importance of conducting a needs assessment previously:

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

⁶ Id., at 8-9.

⁷ Id., at 9-10.

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.⁸
- (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.)⁹

In PA-EEFA's view, it is critical that the results of the needs assessment are applied in a manner that ensures universal access across the state for all those in need of usage reduction services, regardless of utility service territory or geographic region. Current funding levels for LIURP, for example, vary considerably between utilities, and do not accurately correlate to need. In its January 30 comments, PA-EEFA noted that "...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."¹⁰

PA-EEFA suggests that funding for Universal Services should be established that are sufficient to support a goal of bringing low-income household energy burdens across Pennsylvania down to an acceptable and affordable level. PA-EEFA recommends that the Commission consider following the precedent recently established by the New York Public Service Commission when it established 6% of household income as the target level of energy burden for all low-income households in New York.¹¹ Further, PA-EEFA suggests that it would be reasonable and appropriate to recover costs for Universal Services from all rate classes, rather than only from residential ratepayers, in recognition of the fact that all classes of ratepayers benefit from universal utility service.

Renters and Multifamily Services

Further, in assessing the needs of the State's low-income population, PA-EEFA stresses the importance of adequately addressing low-income households that rent rather than own their homes,

⁸ PA-EEFA suggests this should be ten years (to coincide with the decennial census) or twelve years (to coincide with LIURP payback period).

⁹ Joint Comments of PA-EEFA, at 26-27.

¹⁰ *Id.*, at 11-12

¹¹ Order Adopting Low Income Program Modifications and Directing Utility Filings, NY Pub. Service Commission Docket No. 14-M-0565 (May 20, 2016).

including those who dwell in multifamily properties. As noted in PA-EEFA’s January 30 comments:

...rental housing lags behind owned housing in receiving improvements from energy efficiency programs...low-income renters are unfairly disadvantaged by higher utility bills than should be necessary....¹²

The disparate treatment of low-income renters can be clearly seen in a comparison of the rates at which different housing types received LIURP program services, as illustrated in a study of Pennsylvania’s LIURP program:

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: ¹³

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.^{14, 15}

¹² Id., at 23.

¹³ Table 3 is reproduced from: 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.

¹⁴ Joint Comments of PA-EEFA, at 22-23 (emphasis added).

¹⁵ Relying strictly on high energy usage for eligibility can also have the effect of excluding some of the most

As the Commission engages in its statewide inquiry into the portfolio of Universal Service programs, EEFA urges the Commission to explore in further detail the unique barriers to reaching renters of single and multifamily homes, and provide clear and concise guidance for landlord outreach and for the approvals needed to conduct work in a rental home.

In addressing the important challenge of ensuring the adequacy of services for low-income renters, especially those living in multifamily dwellings, PA-EEFA also stresses the need for a common-sense regulatory solution to allow for efficiency improvements when gas is used for heating and hot water in master-metered multifamily buildings:

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.¹⁶ 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.¹⁷

Health and Safety

In addition to the economic and social burdens caused by high energy bills for low-income households, health and safety concerns resulting from sub-standard housing are common. Low-income customers with high energy burdens tend to live in poor quality homes with both inefficient appliances that contribute to high energy costs and home health hazards that contribute to poor occupant health. However, many energy efficiency programs are not able to adequately address health and safety concerns, and in fact often defer provision of efficiency services as a result. In comments filed by several parties regarding the Commission's request for information on LIURP rules, the utilities' role in addressing health and safety considerations was, in PA-EEFA's view,

impoverished households from participating in the programs, whether they live in single- or multifamily housing, because they are not high energy users. Such an approach denies energy efficiency and weatherization services to those with the greatest energy burden.

¹⁶ There are exceptions to this, including scattered site and townhouse developments that are still considered multifamily.

¹⁷ Joint Comments of PA-EEFA, at 25.

mischaracterized as a social service rather than as an important aspect of providing energy efficiency. In its reply comments, PA-EEFA noted:

Virtually all energy efficiency programs are premised on the idea that potential participants face barriers that discourage, or even prevent them from adopting energy efficient practices. Programs are designed to overcome the specific barriers that targeted participant groups face, and the barriers are not necessarily the same for every group—some groups face only minor barriers, and for others the barriers are significant.

In the case of the low-income participants LIURP targets, the barriers are widely acknowledged to be significant. Not only are low-income ratepayers typically unable to share in the costs of energy efficiency measures, they are equally unable to pay for improvements that could resolve fundamental life safety hazards—hazards that energy efficiency improvements could exacerbate if not addressed. Because they are obligated to provide energy efficiency measures to low-income customers, utilities not only should—but must address health and safety issues. Doing so allows low-income customers to overcome a primary barrier to the adoption of energy efficiency.¹⁸

PA-EEFA urges the Commission to reflect the important role that addressing health and safety issues has in overcoming barriers to energy efficiency for low-income customers, and further notes that addressing health and safety concerns is arguably required by the Choice Acts, which require utilities to maintain safety and reliability of service, and to provide service on reasonable terms and conditions.¹⁹

Cost Effectiveness

In considering how to assess the cost-effectiveness of measures installed through the LIURP program, or through other energy efficiency programs for that matter, PA-EEFA recommends that:

“...cost-effectiveness should be determined based on the full measure life, and not on an arbitrary payback period—either one that is used now, or a different one that would result from work group deliberations.”²⁰

LIURP Work Group

As noted in its March 1 Reply Comments:

“PA-EEFA agrees that there could be significant benefits from a [LIURP] work group and would look forward to participating. In particular, PA-EEFA thinks that a work group would be effective in addressing:

- Coordination between utilities in order to streamline service delivery and maximize

¹⁸ Joint Reply Comments of PA-EEFA in Docket No. L-2016-2557886, March 1, 2017 at 8.

¹⁹ 66 Pa. C.S. § 2203; 66 Pa. C.S. § 2802(9).

²⁰ Joint Reply Comments of PA-EEFA at 7.

benefits to participants, including data sharing. PGW states that coordination would need to be based on baseline customer eligibility similarities, and understanding and developing recommendations to resolve these issues would best be addressed in a work group;

- Jointly sponsored training for CSPs;
- Treatment of de facto heating.

Conclusion

PA-EEFA supports the Commission's intent in taking a comprehensive look at the full complement of Universal Service programs, and appreciates the opportunity to provide comments. PA-EEFA looks forward to the opportunity to continue its engagement in these matters and to participate in any stakeholder forums that the Commission convenes.

Respectfully submitted,

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