

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Act 129 Energy Efficiency and  
Conservation Program Phase IV**

**Docket No. M-2020-3015228**

**COMMENTS OF THE COMMISSION ON ECONOMIC OPPORTUNITY TO THE  
PHASE IV TENTATIVE IMPLEMENTATION ORDER**

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## **I. BACKGROUND**

The Commission on Economic Opportunity is a community action agency located in and serving low income households in Luzerne County.

CEO has extensive experience in operating universal service programs and other energy assistance programs for the benefit of its low-income clients. CEO has been a subcontractor for PPL Electric's LIURP program (WRAP) since 1985. It has been a subcontractor for PPL's Customer Assistance and hardship funding programs since 1998. It has similarly served as the subcontractor for the same universal programs for UGI Electric and Gas, and its predecessor entities, for over the last three decades. PPL and UGI Electric and Gas are the major utility companies in the areas served by CEO.

In addition to its work on behalf of the utility companies CEO is the Pennsylvania Department of Human Services' contracted operator of the crisis component of the Low-Income Home Energy Assistance Program (LIHEAP) in Luzerne and Wyoming Counties. It has also been operating the Weatherization Assistance Program in its service area for DCED and the U.S. Department of Energy. CEO has been operating these programs since 1977.

CEO has also been an active party in numerous rate cases and other miscellaneous proceedings, including prior Act 129 implementation proceedings. In this matter, as in those prior proceedings, CEO will address certain low-income issues as presented in the Tentative Order.

## **II. LOW-INCOME CARVE OUT**

CEO supports the Commission's proposal to require EDC's to obtain a certain level of energy savings from programs directed just at low-income customers or verified low-income customers in multifamily housing. We also support the Commission's proposal that savings from general residential programs that may serve low-income customers not count towards the low-income targets.

CEO believes that specific programs that allow low-income customers to reduce their energy consumption are important as they allow low-income customers to reduce their energy

costs. This has added importance as the economy recovers from the COVID-19 crisis. As of now more than 22 million Americans have lost their jobs and it is likely that the recovery from those job losses will take a significant period of time. It also appears that low-income individuals have been disproportionately impacted by this crisis.

The proposed 5.8% low-income savings target represents a small increase over the 5.5% target in Phase III. In fact, because the overall savings target in Phase IV is lower than that in Phase III the proposed 5.8% carve-out will actually reduce the amount of low-income savings in Phase IV. The SWE determined that the low-income savings potential, at current spending levels, varies by utility from a low of 5.8% to 9.4%.<sup>1</sup> In proposing a target of 5.8% from low-income savings the Commission has chosen the lowest potential savings of the EDCs.

In light of the fact that the overall savings from the low-income sector at 5.8% would be lower than those in Phase III and the likelihood of an increased number of low-income customers resulting from the COVID 19 crisis, CEO recommends that the savings to be obtained from low-income customers be increased above 5.8%.

### **III. LOW-INCOME MEASURES**

CEO proposes that a certain level of low-income savings be obtained from direct install measures that will produce lasting savings for low-income customers. A similar directive was considered by the Commission in Phase III but not adopted; instead the Commission encouraged EDCs to increase direct install measures for low-income customers. However, the Phase IV SWE lacks sufficient information about direct install measures so it appears that in the absence of a directive there was little movement towards more direct install measures in Phase III.

Direct install measures allow low-income customers to reduce their energy consumption, and their bills, in a significant way and therefore create less pressure and cost on other universal service programs. Direct measures may be more costly, but they produce a greater beneficial impact over time for an EDCs' most vulnerable customers. The Commission has indicated that "an individual program does not have to be cost-effective in order to be implemented, provided the EE&C Plan as a whole is cost effective."<sup>2</sup> CEO proposes that a minimum percentage of low-

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<sup>1</sup> TO at 17.

<sup>2</sup> TO at 15.

income residential savings be derived from direct install measures so that low-income customers can receive greater energy savings and therefore a greater reduction in their energy costs.

#### **IV. COORDINATION WITH LIURP**

In its Tentative Order the Commission invited stakeholders “to propose a different approach that would harmonize the management and spending of Act 129 low-income funds with Low Income Usage Reduction Program funds that is also overseen by the Commission.”<sup>3</sup>

CEO proposes that the EDCs be directed to contract with the community-based organizations (CBOs) that operate their LIURP for the delivery of Act 129 Phase IV measures to low-income customers. CBOs have the expertise in developing and operating programs that benefit people and communities. These organizations serve thousands of low income and disadvantaged members of the community; they have direct knowledge of the barriers and impediments to self-sufficiency, and continually innovate and evolve the service delivery system to better meet the needs of the population they serve.

Taking CEO as an example, from the background set forth above one can see the large number of low-income customers it has served over the decades of operating various programs for low-income customers. These include both utility operated universal service programs as well as weatherization under LIHEAP and the DOE Weatherization Assistance Program. Certainly, using CBOs with this experience will provide greater coordination between Act 129 services and other energy reduction services provided to low-income customers.

Contracting with CBOs in the delivery of Act 129 services would allow for greater referrals across programs and greater efficiencies. It is oftentimes difficult to reach low-income customers but CBOs, with their extensive knowledge of those individuals in their respective communities, would make it easier to reach those customers; the CBOs know their customers and the customers know and trust their CBOs. Having CBOs that deliver LIURP measures involved in Act 129 delivery would allow for one service call instead of a number of different providers attempting to serve those customers.

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<sup>3</sup> TO at 18.

## V. SUMMARY OF PROPOSALS

1. Increase the low-income carve out to require that savings greater than 5.8% of the overall savings be obtained from low-income customers.
2. Require that a certain percentage of low-income savings come from direct install measures.
3. Require that the EDCs contract with the CBOs that operate LIURP for the delivery of Act 129 measures to low-income customers.

Respectfully Submitted,



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