

# Buchanan

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May 26, 2022

**VIA EFILING**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

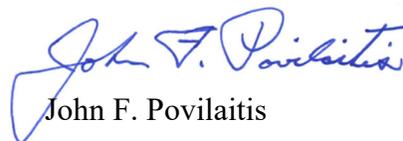
Re: PPL Electric Utilities Corporation's Proposed Universal Service and Energy  
Conservation Plan for 2023-2027;  
Docket No. M-2022-3031727

Dear Secretary Chiavetta:

Enclosed please find Comments, on behalf of the PA Coalition of Local Energy Efficiency  
Contractors, Inc., in the above-captioned proceeding.

Copies are being served as indicated in the attached Certificate of Service.

Very truly yours,



John F. Povilaitis

JFP/tlg

Enclosure

cc: Certificate of Service  
Joseph Magee, Energy Policy Manager, BCS (via email [jmagee@pa.gov](mailto:jmagee@pa.gov))

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PPL Electric Utilities Corporation's :  
Proposed Universal Service and Energy : Docket No. M-2022-3031727  
Conservation Plan for 2023-2027 :

**FOLLOW-UP COMMENTS OF PA CLEEC**

**BUDGETS & INFLATION**

How has PPL EU accounted for the significant impact of long-term inflation (the increase in consumer and producer prices) on the LIURP-WRAP budget and available services to low-income ratepayers for the period 2023-2027 under the proposed Universal Service and Energy Conservation Plan for 2023-2027 (the "Plan")?

From the perspective of the field contractors who deliver the services and who are members of PA-CLEEC, the effect of price inflation is potentially the most significant factor affecting the overall viability of the Plan for its proposed duration. From reading the Plan and discussing on the Stakeholders' meeting, it would appear the effects of such price inflation have not been recognized and addressed in the Plan. The first quarter of 2022 has seen the inflationary environment in the US economy surging toward historic levels. Continued historic levels of inflation will produce an even more profound impact on the Plan, the result of which is *an effective defunding of the LIURP WRAP program*.

PPL proposes that through 2027 (i.e., the termination of the Plan), LIURP-WRAP funding should remain fixed. Under this structure, price inflation will have at least two major impacts, neither of which are beneficial to low-income ratepayers nor in the public interest:

- 1) Fewer jobs can be performed and completed with the *full scope*<sup>1</sup> of WRAP measures, resulting in fewer low-income ratepayers being served despite the fact that those individuals and their household budgets are affected by the same inflationary pressures. This includes the cost of electric service, which, in the case of PPL's default service rate is scheduled to increase 38.3% on June 1st.
- 2) Alternatively, the cost-basis per job could be held flat in an attempt to service a similar number of low-income ratepayers. Combining this strategy with inflationary effects will result in a scope of measures much reduced from what recipients are currently receiving under WRAP, and therefore adversely affect actual customer kWh reductions. Energy savings are, of course, the point of the programs. With customers' electric bills reduced less by WRAP than in the past, further financial pressure will be brought to bear on low-income ratepayers'

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<sup>1</sup> Real world example: PPL proposes a cost-basis of \$1,502 for a low-cost electric water-heating job. The **most** effective water heating measure according to the official PPL WRAP Field Guide is the heat pump water heater. A heat pump water heater (unit only) costs \$2,000.00 today - this does not include labor to install nor the field visit to assess eligibility.

household budgets in an existing inflationary environment. Low income households are those which most economists reference as most adversely affected by inflationary environments.

We note in calculating funding levels for energy reduction services for low-income ratepayers the Utility and other participants should be guided by the factors and costs specified in the Commission's regulations at:

**52 Pa. Code § 58.4 (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:

- (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 rates.
- (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 contractor capacity necessary for the provision of services and the impact on utility rates.

The current LIURP-WRAP funding level was set at \$10 million annually in PPL Utilities 2015 rate case (R-2015-2469275). This amount is 7 years old and has not been updated since it was set in 2015.

In the settlement of the 2015 rate case, it was suggested that the funding level could be revisited in a future USECP filing. In fact, I&E (the PaPUC staff participant in the rate case) thought it was better to look at the funding issue in a future USECP filing than in the rate case. We note in paragraph 43 of the settlement, the following: "The Joint Petitioners Reserve the right to evaluate further revisions in LIURP funding and to recommend additional changes in the Company's next Universal Service proceeding."

Funding for LIURP-WRAP has remained static for 7 years at this time. This plan provides no increase through 2027, which results in the effective de-funding of these important programs for 12 consecutive years. Funding for LIURP-WRAP needs to be increased immediately to simply maintain the same level of service that existed 7 years ago.

One potential metric to calculate increases in funding is Northeast CPI, as measured by the United States Department of Labor. This metric has increased 18% from 2015 through April 2022. This

means that the overall LIURP-WRAP budget for 2022 would need to be \$11,800,000 just to provide the same level of service to low-income ratepayers that was provided in 2015. Of the 18% increase in CPI, since 2015, 7.2% of the increase occurred in the last 12 months (April 2021-April 2022). All indications are that this significant level of inflation will continue for at least the near term.

While we would strongly advocate for a dynamic funding model which accounts for and incorporates the effects of price levels at least annually, PA-CLEEC would now recommend at a minimum, setting the annual funding level at \$13 million in 2023. Inflation, by all accounts, will continue at historically high levels in the near term. By setting the 2023 budget at \$13,000,000 low-income ratepayers should receive the approximate same level of service in 2023 as existed and was intended in 2015. To ensure current funding levels keep pace with past funding levels, PA-CLEEC strongly encourages PPL and the PaPUC to consider and adopt a dynamic funding model which takes into account current economic circumstances and pricing levels at least annually and make further increases to the LIURP WRAP budget as is appropriate in light of the data and the spirit of the law.

## **RFP PROCESS**

PA-CLEEC questioned PPL's existing RFP process. PA-CLEEC is unclear about what metrics and factors are being used in the evaluation of our proposals and how each was weighted in determining which companies or organizations were awarded new contracts and which were not. In some cases, companies or organizations that had been LIURP-WRAP contractors for decades did not have contracts renewed.

PA-CLEEC suggests that future RFP processes implemented in the performance of the Plan incorporate the following:

PA-CLEEC recommends PaPUC recommend PPL EU adopt a formal RFP dispute resolution mechanism for future LIURP WRAP RFPs. Additionally, PA-CLEEC would request that PaPUC staff be made available for mediation and resolution of any disputes that may arise as a result of the RFP process.

Collaboration with the contractors, which PPL Utilities has historically referred to as "partners" in the delivery of Energy Conservation Field Services. PA-CLEEC and its members appreciate that viewpoint and consider themselves as PPL's "partners". PA-CLEEC welcomes the opportunity to offer input in the development of future RFPs. The final decisions on contractor selection will remain with PPL.

The RFP process should be completely transparent. PPL Utilities and all its current and potential LIURP contractors should clearly understand all metrics and criteria on which proposals will be evaluated. This includes how each metric and criteria will be weighted and judged.

For purposes of evaluating bids, weight and credit should be given to proposals from contractors with a satisfactory work history and relevant local work experience in delivering LIURP-WRAP field services measures in their respective service territories.

Transparency should be included in the RFP evaluation process, so it is clearer to all stakeholders why a bid was successful or unsuccessful.

Building Performance Institute (BPI) Certified Building Analyst accreditation should be required for auditors, inspectors and crew chiefs for any contractors receiving awards of contracts.

## **CONTRACTOR PERFORMANCE**

PA-CLEEC asked if PPL Utilities considered inclusion of actual measurable KWH savings as a performance metric in its USECP filing under section (8) WRAP Contractors paragraph (b) Contractor Performance.

PPL staff answered that performance metrics included only items that could be documented in “real-time”.

PA-CLEEC recommends that kilowatt usage reduction be a central goal of the entire LIURP-WRAP program. Therefore, although a lagging metric, kilowatt usage reduction should nevertheless, be incorporated into the long-term evaluation of contractor. This is practical since contracts are typically 3 years in duration and contractor performance can be analyzed over years, or in many cases, decades.

## **ELIGIBILITY & VERIFICATION**

PA-CLEEC asked if PPL Utilities is transferring application and income verification of potential LIURP customers to the contractors under the Plan.

PA-CLEEC and its members do not want to be “deputized” to be responsible to confirm information that is outside of our normal activities and experience i.e., performing energy conservation field work. If intended to be a new contractor function/responsibility, PA-CLEEC expressed concern that this type of interaction with a potential customer could be viewed by the customer as adversarial. This situation would complicate other interactions with the customer that are necessary to achieving the greatest customer benefit to realizing all applicable program goals.

PPL Utilities confirmed that it is not their intent that contractors communicate any observed concerns or questions regarding eligibility privately to PPL staff for further evaluation.

PA-CLEEC questioned if PPL considered maintaining the eligibility interval at 3 years rather than increasing it to 5 years.

PPL Utilities advised that for a variety of reasons, such as better alignment with ACT 129 programming, it has decided to set the eligibility interval to 5 years.

PA-CLEEC suggests that PPL Utilities continue to monitor the eligibility interval to determine if there is significant value to customers and program goals in returning the 3-year interval as the standard.

## **PROGRAM COORDINATION**

PA-CLEEC questioned the effectiveness of PPL's coordination of LIURP-WRAP with the Commonwealth's WAP. PA-CLEEC further noted that the Plan refers to "encourage coordination" between LIURP-WRAP and WAP.

Two of PA-CLEEC's members, specifically SEDA-COG and CACLV are currently receiving substantial levels of WAP funds in PPL Utilities' service territory. There has been a significant increase recently in WAP funding, thus providing a potential augmentation of services to LIURP-WRAP customers.

As those organizations are not currently LIURP-WRAP contractors after decades of having been so, the coordination is complicated. LIURP-WRAP customers now need to deal with multiple agencies and different contractors coordinating work in their residence at various times. This is inconvenient and cumbersome to the customers.

PPL Utilities stated they are willing to meet with PA-CLEEC and others to do everything possible to coordinate programs.

PA-CLEEC advises that this coordination will be enhanced in the future if CACLV and SEDA-COG are LIURP-WRAP contractors.

This action and associated coordination are consistent and required by existing Pennsylvania Law:

"The Commission shall encourage the use of community-based organizations that have the necessary technical and administrative experience to be the direct providers of services or programs which reduce the energy consumption or otherwise assist low-income customers to afford electric service."

### **66 Pa. C.S. § 2804 (9)**

While it is not specifically stated in the USECP filing, LIHEAP funds for the Crisis Program as well as weatherization are managed by Community Action Agencies such as SEDA-COG and CACLV. In the past, coordinating programs to maximize the savings for participants, the ability to quickly repair or replace a broken heating system with LIHEAP funds has been invaluable to both participants and the programs serving them. Efficiencies of funding are achieved when Community Action Agencies partner with all weatherization programs.

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Conservation Plan for 2023-2027 :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of § 1.54 (relating to service by a party).

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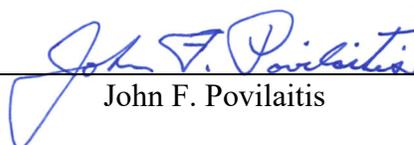
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Dated this 26th day of May, 2022.

  
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