

# Buchanan

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September 22, 2022

**VIA EFILING**

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

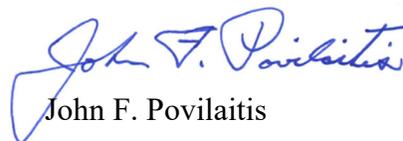
Re: PPL Electric Utilities Corporation's Proposed Universal Service and Energy  
Conservation Plan for 2023-2027;  
Docket No. M-2022-3031727

Dear Secretary Chiavetta:

Enclosed please find Comments of the Pennsylvania 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

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**COMMENTS OF THE PENNSYLVANIA COALITION OF LOCAL ENERGY  
EFFICIENCY CONTRACTORS, INC.**

**I. INTRODUCTION**

On April 1, 2022 PPL Electric Utilities Corporation (“PPL Electric”) filed for approval with the Pennsylvania Public Utility Commission (“Commission” or “PUC”) its Universal Service and Energy Conservation Plan (“Plan”) for the period 2023-2027. The Plan was filed with the Commission in accordance with the regulations at 52 Pa. Code Section 54.74, which require Electric Distribution Companies like PPL Electric to submit these plans to the Commission for review and approval every three years.

The Pennsylvania Coalition of Local Energy Efficiency Contractors, Inc. (“PA-CLEEC”) has participated in this proceeding via a Notice of Entry of Appearance filed by its counsel on April 22, 2022. PA-CLEEC is a non-profit entity composed of local community-based contractors, specializing in the delivery of field work for public utility Universal Service Energy and Conservation Plans that benefit low income customers.

Prior to filing the Plan, PPL Electric conducted a virtual stakeholder session intended to provide feedback to PPL Electric on issues related to the Plan that are pertinent to the interests of the various participating stakeholders.

On May 18, 2022, the Commission’s Bureau of Consumer Services (“BCS”) convened a meeting between PPL Electric and interested parties to discuss key issues with respect to the Plan

and obtain feedback from PPL Electric on concerns raised by various stakeholders. PA-CLEEC attended and actively participated in that meeting.

On May 26, 2022, PA-CLEEC submitted follow-up questions and comments on the Plan. Those comments were provided to PPL Electric, among other stakeholders. Many of those comments have been restated in part in these formal Comments.

The Commission entered an Order in this matter on July 14, 2022 (“July Order”) which, among other things, (i) withheld Commission review of the Plan pending PPL Electric’s submission of certain Commission-requested information; (ii) directed PPL Electric to file required clarifications and supplemental information; (iii) directed the submission of comments by various stakeholders participating in this proceeding; and (iv) authorized the submission of reply comments.

In a letter filed with the Commission on July 21, 2022, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) requested an extension of the time period for submitting comments as directed by the July Order until September 22, 2022. In a Secretarial Letter dated July 25, 2022, the Commission granted CAUSE-PA’s requested extension of the comment period, directing that all comments in this proceeding be filed no later than September 22, 2022 and reply comments due 15 days thereafter, or October 7, 2022.

On August 3, 2022, PPL Electric filed its response to the July Order in accordance with the Commission’s directive that PPL Electric file with the Commission certain supplemental information in connection with the Plan.

PA-CLEEC is filing these Comments in accordance with the Commission’s prior directives as noted above.

## **II. PA-CLEEC BACKGROUND**

PA-CLEEC is a non-profit entity composed of Pennsylvania local community-based contractors, specializing in the delivery of field work for public utility Universal Service Energy and Conservation Plans that benefit low income customers. PA-CLEEC advocates for the use of fair and transparent public utility request for proposal (“RFP”) processes that ultimately support the delivery of energy efficiency and conservation services which create actual customer savings.

## **III. SUMMARY OF COMMENTS**

First, as a group of primarily small business owners, PA-CLEEC has a clear interest in ensuring a fair and transparent process by which PPL Electric awards contracts to vendors implementing its Plan. To date, PPL Electric’s contractor procurement and RFP process in support of its Universal Service and Energy Conservation Plans have been unclear and may have not always comported with best practices in the design, structure and implementation of an RFP process. This results in increased risk of selecting vendors who are not knowledgeable of the PPL Electric service area and its customers, and who have no proven track record of achieving the energy conservation goals specified in a plan.

As described further below, PPL Electric’s RFP process for WRAP, its Low-Income Usage Reduction Program (“LIURP”), should more clearly specify the metrics and factors being used in the evaluation of proposals and how each was weighted in determining which companies are awarded new contracts and which were not. Further, that process should be modified to include a formal and clear dispute resolution protocol utilizing Commission staff to assist in the timely resolution of disputes that arise during the RFP.

Second, funding for WRAP in the Plan is insufficient to properly implement that portion of the Plan and achieve the desired goals. The Plan reflects *flat funding* potentially for an extended

period to 2027 during a time of historically high inflation and neither explains nor provides for the effects of this inflation on program costs and the number of participants served. The current wave of inflation across the United States has particularly impacted the prices of building trades goods, which are a critical and necessary component of the WRAP program deliverables as proposed in the Plan. Thus, the flat funding model PPL Electric has proposed for WRAP amounts to an effective de-funding of the WRAP program.

PA-CLEEC recognizes that PPL Electric may be constrained in increasing WRAP funding for the Plan outside of a rate case, but that should not deter the Commission, PPL Electric and all stakeholders from finding a solution for funding WRAP through 2027 that reflects prevailing macro-economic conditions as basic as inflation. Thus, PA-CLEEC recommends that the Commission open a rate investigation to ensure that adequate funding for the period 2023-2027 be established for PPL Electric's WRAP program under the Plan.

Third, PA-CLEEC strongly opposes any attempt to use vendors supplying services in support of the Plan to determine WRAP eligibility, customer income levels, fraud, etc. PA-CLEEC and its members are first and foremost contractors dedicated to providing the specialized field work for public utility Universal Service Energy and Conservation Plans that benefit low income customers and are not equipped to verify program eligibility, income levels or if any fraud is being committed in the implementation of the WRAP program.

Finally, none of these Comments will be new to PPL Electric. PA-CLEEC has addressed these issues with PPL Electric in prior written comments and in the informal Commission-directed stakeholder session. However, rather than engage in a dialogue with PA-CLEEC on these selected issues, PPL Electric has chosen to hold back any comments until the reply comment stage of this proceeding. This is not only an unreasonable tactic, it unnecessarily postpones if not eliminates

the ability to have a comprehensive and dynamic discussion on these important Plan issues. It also deprives PA-CLEEC of notice and an opportunity to be heard on PPL's position on these issues.

#### **IV. SPECIFIC COMMENTS**

##### **A. RFP Process**

PPL Electric's Plan addresses WRAP Contractor selection and requirements in less than one page. The Plan states that "PPL Electric staff will select the contractors through a request for proposal process in accordance with the Company's procurement guidelines and policies."<sup>1</sup> The only information provided to the Commission on the PPL Electric Wrap Contractor selection process is the following brief statement: "The Company's Program Management Staff, in conjunction with a PPL Electric Supply Chain representative, select contractors from qualified and reputable weatherization agencies and local private contractors."

Given the very limited information provided on the PPL Electric Wrap Contractor RFP process in the Plan, the absence of known factors considered in selecting contractors and the limited feedback PA-CLEEC members typically receive on the results of the RFP process, PA-CLEEC participated in the May 18, 2022 meeting convened by the BCS between PPL Electric and interested parties. At that meeting, PA-CLEEC representatives requested PPL Electric to provide increased clarity in the WRAP RFP process, the factors considered when selecting contractors and the need for information on why a proposal was or was not successful at the end of the process. No specific information addressing these topics was provided by PPL at the meeting.

PA-CLEEC continued its quest for information on how PPL Electric's RFP process worked in a May 26, 2022 follow-up filing with the Commission and provided to PPL Electric, consisting of questions, issues and observations on the RFP process and other issues ("Follow-Up

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<sup>1</sup> PPL Plan p. 30.

Questions/Comments”).<sup>2</sup> Noting that it appreciated PPL Electric’s historic collaboration with WRAP contractors, who PPL Electric refers to as “partners” in the delivery of Energy Conservation Field Services, PA-CLEEC welcomed the opportunity to offer input on the development of future RFPs and acknowledged that that final decisions on contractor selection will remain with PPL Electric.<sup>3</sup>

PA-CLEEC’s Follow-Up Questions/Comments asked for more information about the metrics and factors used in the evaluation of contractor proposals, how each was weighted in determining which companies or organizations were awarded new contracts and noted that in some cases, companies and organizations that had been LIURP/WRAP contractors for decades have not had their contracts renewed.<sup>4</sup>

PA-CLEEC recommended in its Follow-Up Questions/Comments that the Commission direct PPL Electric to comment on the following proposals: 1) that PPL Electric adopt a completely transparent RFP process so PPL Electric and all current and potential contractors clearly understand the metrics and criteria on which proposals are evaluated, including how each metric was weighted and judged, so it is clear why a bid was successful or unsuccessful; 2) that PPL Electric adopt a formal RFP dispute resolution mechanism for future LIURP/WRAP RFPs, with Commission staff made available for mediation and resolution of any disputes that may arise as a result of the RFP process; 3) that 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 service measures in utility service territories, and 4) that actual kilowatt usage reduction history of a contractor be incorporated into the long-term evaluation of a

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<sup>2</sup> See Attachment 1.  
<sup>3</sup> Attachment 1, p. 3.  
<sup>4</sup> *Id.*

contractor, which is practical to do since contracts are typically three years in duration and contractor performance can be analyzed over years or in many cases, decades.<sup>5</sup>

The recommendation that local successful work history be given positive weight in the RFP evaluation process is not a request for unwarranted parochial favoritism. Rather, it is a mandate supported by Pennsylvania law in Chapter 28 of the Public Utility Code (“Code”), which provides in Section 2804(9) that “[t]he 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 energy consumption or otherwise assist low-income customers to afford electric service.” 66 Pa.C.S. § 2804(9).

In the July Order the Commission noted that the Competition Act (i.e., Chapter 28 of the Code) directs it to encourage utility companies to use Community-Based Organizations (“CBOs”) to assist in the operation of universal service programs, citing 66 Pa.C.S. § 2804(9). The Commission did not require PPL Electric to provide a specific clarification on CBOs, but did indicate its expectation that PPL Electric would address PA-CLEEC’s questions in its required supplemental comments, stating “[w]e are not currently requiring any clarifications to this aspect of the Proposed 2023 USECP, *but we do note that PPL has committed to respond to the questions raised in PA-CLEEC’s May 26, filing.*” (Emphasis added).

Rather than respond to PA-CLEEC’s questions and recommendations as part of its Response to the Commission’s Supplemental Information Request made in the July Order, as the Commission expected, or seek a clarification of the July Order, PPL Electric at Q. PA PUC 1-52 submitted no response to PA-CLEEC’s questions and clarified that it never committed to respond to PA-CLEEC. Instead, PPL Electric merely stated it reserved its rights to respond to PA-

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<sup>5</sup> Attachment 1, pp. 3-4.

CLEEC's comments and would respond to those comments to the extent, "if any" that the Company deems necessary.<sup>6</sup> In response to an email request from PA-CLEEC for responses to its questions at least two weeks prior to the due date for Reply Comments, PPL Electric indicated that it would respond to PA-CLEEC's questions in its Reply Comments.

While PA-CLEEC appreciates eventually receiving responses to its questions and recommendations on the RFP process and other issues, PPL Electric withholding its views and no doubt not presenting new information until the Reply Comment stage of this case frustrates the great effort the Commission and its staff have taken to promote engagement and the exchange of views and information throughout this proceeding. Presumably, the Commission and its staff make those efforts so that differences in perspectives are narrowed and hopefully resolved between and among the parties. Those efforts include the May 18, 2022 BSC meeting to exchange information and views, the Commission requesting Supplemental Information and requiring clarifications in the July Order, and the Commission providing an opportunity for Comments in the July Order. If PPL Electric's first detailed explanation of its RFP process is provided in its Reply Comments, the last opportunity for input to the Commission provided for in the July Order, PA-CLEEC will not have had notice and opportunity to be heard on the issues it has been raising since the May 18, 2022 BCS meeting.

In the hope the Commission will see the inherent merit in the transparent, fair and reasonable RFP process it recommends, PA-CLEEC submits the following comments and recommendations on the PPL Electric WRAP RFP process for consideration and adoption by the Commission.

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<sup>6</sup> Attachment 2 PPL Electric Utilities Corporation Response to Supplemental Information Request of the Pennsylvania Public Utility Commission July 14, 2022 Docket No. M-2022-3031727, Q. PA PUC 1-52.

PA-CLEEC members have historic experience with RFP processes and recommend that the Commission ensure the PPL Electric RFP process for LIURP/WRAP reflects the following elements regarding: 1) Steps of the RFP Process; 2) RFP Evaluation criteria; and 3) Question Opportunities and Dispute Resolution Process.

- 1) Steps of the RFP Process – RFPs are generally used for the procurement of services where price is not the only criteria and selection of service providers will be based on a combination of cost and other technical factors which together provides beneficiaries of the service the best value. A best practices RFP will include the following elements in a clearly defined time line: (i) initial release of the RFP to prior participants and potential bidders that includes a description of the evaluation criteria for selecting service providers<sup>7</sup>; (ii) a time interval for potential bidders to ask questions and receive responses that are publically available; (iii) a due date for submission of proposals; (iv) provision for possible interviews of bidders and oral presentations by bidders at PPL Electric’s discretion; (v) PPL Electric internal review of the scoring by individual evaluators; (vi) a form of notice issued to all bidders informing them of the results of the process and the final selection of service providers; (vii) a form of confidential notice provided to each bidder advising the bidder of their scores and ranking; (viii) a window within which PPL Electric will respond to bidder questions on the results of the bidding and selection process; (ix) timely negotiation of agreements with selected service providers. Overlaying the RFP process should be a dispute resolution process (“DRP”) that

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<sup>7</sup> Provision for addendums to the RFP should be made based on valid issues raised by potential bidders during the RFP process and prior to selection of winning bidders.

could address issues such as the reasonableness of an RFP requirement<sup>8</sup> or PPL Electric's adherence to the Commission-approved RFP process. The DRP would require submission of an issue to PPL Electric in writing, a due date for PPL Electric responses and an option for mediation of any unresolved matter with Commission staff if requested by either party. A dispute resolution process similar to the Commission's Office of Competitive Market Oversight ("OCMO") process for EDC/EGS disagreements could be employed. Even if the Commission did not mandate each of the forgoing RFP elements, if it made provision for the requested DSP, that process would go a long way toward ensuring a reasonable and fair RFP process.

- 2) RFP Evaluation Criteria – A best practices evaluation criteria for a LIURP/WRAP RFP would include the following elements: (i) Bidder requirements should not be unreasonably restrictive such that the pool of eligible energy efficiency and conservation vendors are unduly limited; (ii) the selection criteria should include weightings that reflect Pennsylvania law, which requires the Commission to encourage the use of community-based service providers; (iii) the criteria should provide for demonstrations of a positive track record of successful conservation and efficiency results in the PPL Electric service territory; (iv) a scoring methodology that includes RFP requirements that are either measurable on some point scale or pass/fail; and (v) the relative weighting of cost factors and other selection factors should be clear and transparent to all RFP participants.

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<sup>8</sup> An example of an RFP provision that may not be reasonable is any requirement that has the effect of excluding significant numbers of potential bidders from the bidder pool without a clear demonstration of the necessity for such requirement.

PA-CLEEC respectfully requests that the Commission adopt the foregoing recommendations regarding the RFP process, including the very important DRP and the RFP Evaluation Criteria.

**B. Inadequate Plan Funding Levels and Request for Rate Investigation to Set Plan Funding Levels**

The funding for WRAP in the Plan is insufficient to properly implement that portion of the Plan and achieve the desired goals. The Plan reflects *flat funding* potentially for an extended period to 2027 during a time of historically high inflation. This effective de-funding is particularly problematic when both OnTrack<sup>9</sup> and WRAP enrollment in the PPL Electric service area are increasing. This unrecognized impact of inflation on WRAP funding will inevitably result in fewer jobs being performed and completed within the full scope 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. And, if in the face of this inflation PPL Electric elects to keep the cost-basis per job flat in an attempt to serve a similar number of low-income ratepayers, this will result in a reduction in the scope of measures recipients are currently receiving under WRAP, and therefore adversely affect actual customer energy (i.e., kilowatt-hour) reductions.

The lack of Plan funding is best demonstrated by the Plan's treatment of ductless heat pumps. PPL Electric makes the installation of ductless heat pump systems a new permanent measure under WRAP. While PA-CLEEC applauds the addition of such exceptionally potent energy savings measures, a ductless heat pump system will likely become *the single costliest regular measure ever provided under WRAP*. However, PPL Electric has made no incremental

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<sup>9</sup> OnTrack is PPL Electric's Customer Assistance Program ("CAP").

budgetary provision for this new measure; nor has it provided any accounting or quantification of how utilization of this measure would impact the total number of WRAP customers served.

It is clear that inadequate funding for PPL Electric's WRAP program is the result of an ineffective process for setting budget levels for the Plan.

The current LIURP/WRAP funding level was set at \$10 million annually in PPL Electric's 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 Universal Service and Energy Conservation Plan ("USECP") filing. In fact, the Commission's Bureau of Investigation and Enforcement ("I&E") thought it was better to look at the funding issue in a future USECP filing than in the rate case. Indeed, paragraph 43 of the settlement of the 2015 PPL Electric rate proceeding noted the following: "[t]he 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. The Plan provides no increase through 2027 which, as noted above, results in the effective de-funding of these important programs for 12 consecutive years. Widely acknowledged inflation further erodes the value that can be delivered to low income customers for \$10 million. The U.S. Bureau of Labor Statistics has documented the sharp increase in the cost of materials and supplies since 2020.<sup>10</sup> Funding for LIURP/WRAP needs to be increased immediately to simply maintain the same level of service that existed 7 years ago.

PA-CLEEC recommends a more dynamic model for setting funding and budget levels for PPL Electric's USECP's that accounts for and incorporates the effects of price levels and

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<sup>10</sup> See Attachment 3.

prevailing macro-economic conditions at least annually and make appropriate adjustments to the WRAP budget in light of the relevant data. The best way to develop a more dynamic pricing and rate model is through a separate rate investigation proceeding opened by the Commission, with proper notice to the participants in PPL Electric's last base rate proceeding. The foundation for this more dynamic pricing and rate model already exists. PPL Electric currently recovers these costs through a Rider mechanism in its tariff. The Rider can be trued up to make PPL Electric whole for expenditures above \$10 million per year as easily as it is trued up currently. Accordingly, PA-CLEEC requests that the Commission open a separate and narrow rate investigation in order to clarify and establish the true effects of the proposed funding model for both PPL Electric's OnTrack and WRAP programs and ensure proper funding for projected participation levels in these programs in the future.

## V. CONCLUSION

PA-CLEEC thanks the Commission for its willingness to consider these Comments. The WRAP RFP and Funding Plan issues under consideration in this proceeding are important and hopefully adoption of the recommendations in these Comments will improve the effectiveness of PPL Electric's Plan and address important Plan implementation issues.

Respectfully submitted,

BUCHANAN, INGERSOLL & ROONEY, PC

Dated: September 22, 2022

By:  \_\_\_\_\_

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Alan M. Seltzer, Esquire  
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*Counsel for PA Coalition of Local Energy  
Efficiency Contractors, Inc.*

# Attachment 1

# Buchanan

Ingersoll · Rooney

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May 26, 2022

**VIA EFILING**

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

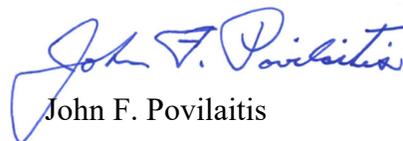
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Very truly yours,



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.

**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 :

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).

**Via Email**

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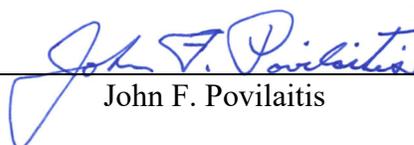
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Dated this 26th day of May, 2022.

  
\_\_\_\_\_  
John F. Povilaitis

## Attachment 2

**PPL Electric Utilities Corporation**  
**Response to Supplemental Information Request of the**  
**Pennsylvania Public Utility Commission**  
**July 14, 2022**  
**Docket No. M-2022-3031727**

Q. PA PUC 1-52. The PA PUC is not currently requiring any clarifications to this aspect of the Proposed 2023 USECP (relating to Use of Community-Based Organizations), but we do note that PPL has committed to respond to the questions raised in PA-CLEEC's May 26 filing.

A. PA PUC 1-52. To clarify, PPL Electric did not "commit[]" to respond to the questions raised in PA-CLEEC's May 26 filing." As stated in the Company's Response to Follow-Up Comments of PA-CLEEC, "the Company reserve[d] all rights to respond to the substance of the PA CLEEC Comments at such time as when the Commission requests all stakeholders to comment on the 2023-2027 USECP." Notwithstanding, as with all other Comments, PPL Electric will review and respond to them to the extent, if any, that the Company deems necessary.

# Attachment 3



Source: U.S. Bureau of Labor Statistics

fred.stlouisfed.org

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**Verification and Declaration of Facts of Michael Austin**

This Verification and Declaration of Facts, submitted under penalty of perjury, is being provided in support of the Pennsylvania Coalition of Local Energy Efficiency Contractors, Inc.’s (“PA-CLEEC”) Comments submitted to the Pennsylvania Public Utility Commission in the above captioned proceeding.

I, **Michael Austin**, declare as follows:

1. My name is **Michael Austin** and I am employed by **Community Action Lehigh Valley** as **Weatherization Director**. I provide day-to-day leadership and management that reflects the mission and the values of the agency as well as supervise all operations and activities of the program.

2. My work responsibilities include responding to Requests for Proposals (“RFPs”) for services provided by my company.

3. During the course of my career I have assisted in the preparation of responses to RFPs and have formulated opinions on the structure, criteria and evaluations of responses to those RFPs.

4. Based on my experience, I believe that the better managed RFP processes have certain attributes that make them fair and transparent to participants.

5. In my opinion, a best practices RFP should include the following elements in a clearly defined time line: (i) initial release of the RFP to potential bidders that includes a

description of the evaluation criteria for selecting service providers<sup>1</sup>; (ii) a time interval for potential bidders to ask questions and receive responses that are publicly available; (iii) a due date for submission of proposals; (iv) provision for possible interviews of bidders and oral presentations by bidders; (v) the RFP sponsor's internal review of the scoring by individual evaluators; (vi) a form of notice issued to all bidders informing them of the results of the process and the final selection of service providers; (vii) a form of confidential notice provided to each bidder advising the bidder of their scores and ranking; (viii) a window within which the RFP sponsor will respond to bidder questions on the results of the bidding and selection process; and (ix) timely negotiation of agreements with selected service providers.

6. A well-managed RFP should contain a dispute resolution process ("DRP") that could address issues such as the reasonableness of an RFP requirement<sup>2</sup> or the RFP sponsor's adherence to the established and previously published RFP process. The DRP should require submission of an issue to the RFP sponsor in writing, a due date for RFP sponsor responses and an option for mediation of any unresolved matter if requested by an RFP participant.

7. Best practices RFP evaluation criteria should include the following elements: (i) bidder requirements should not be unreasonably restrictive such that the pool of potential responders is unduly limited; (ii) the selection criteria should include weightings that reflect the law of the state in which the RFP is being conducted; (iii) the criteria should provide for demonstration of a positive track record of success in the provision of the services that are the subject to the RFP; (iv) a scoring methodology that includes RFP requirements that are either

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<sup>1</sup> Provision for addendums to the RFP should be made based on valid issues raised by potential bidders during the RFP process and prior to selection of winning bidders.

<sup>2</sup> An example of an RFP provision that may not be reasonable is any requirement that has the effect of excluding significant numbers of potential bidders from the bidder pool without a clear demonstration of the necessity for such requirement.

measurable on some point scale or pass/fail; and (v) the relative weighting of cost factors and other selection factors should be clear and transparent to all RFP participants.

I, **Michael Austin, Weatherization Director of Community Action Lehigh Valley**, hereby verify that the information in the foregoing Verification/Declaration of Facts is true and correct to the best of my information, knowledge and belief. I understand that the statements are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to the unsworn falsification to authorities.



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**Michael Austin**

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**Weatherization Director**

**Title**

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**Community Action Lehigh Valley**

**Company**

Dated: September 22, 2022

**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 :

CERTIFICATE OF SERVICE

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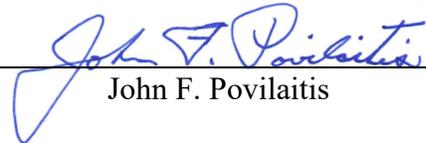
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Dated this 22nd day of September, 2022.

  
\_\_\_\_\_  
John F. Povilaitis