



January 12, 2023

**VIA EFILE**

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re: Comments of CAUSE-PA in response to Settlement Agreement in the Pennsylvania Commonwealth Court matter of Pennsylvania Public Utility Commission v. the Delaware Valley Regional Economic Development Fund, No. 491 MD 2018**

**Docket Nos. M-2022-3033879, M-2010-2176183, R-00973953, P-00971265**

Dear Secretary Chiavetta:

On December 24, 2022, the Public Utility Commission (Commission) published a Tentative Order in the *Pennsylvania Bulletin*, at the above noted dockets encouraging stakeholder comment on amendments made to the May 14, 1998 Order for Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code. The Tentative Order also sought stakeholder comment providing specific recommendations as to how the settlement amount should be distributed.

This settlement is borne from a complaint filed by the Commission on July 16, 2018 in Commonwealth Court against Delaware Valley Regional Economic Development Fund (DVREDF) and its Board of Directors alleging that DVREDF was in breach of contract with respect to a prior Commission order and prior settlement agreement. On December 8, 2021, the Commission and DVREDF entered mediation to resolve this matter.<sup>1</sup>

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<sup>1</sup> Settlement Agreement in the Pennsylvania Commonwealth Court matter of Pennsylvania Public Utility Commission v. the Delaware Valley Regional Economic Development Fund, No. 491 MD 2018, Tentative Order, Docket Nos. M-2022-3033879, M-2010-2176183, R-00973953, P-00971265, published December 24, 2022

On June 22, 2022, the Commission and the DVREDF agreed to a “Settlement in Principle” in which DVREDF agreed to pay a total settlement amount of \$6 million, to be distributed to one or more of the following: hardship fund grant support, Universal Service Programs, rate relief, or further investment in the Sustainable Development Fund (SDF). While the settlement directed the allocation of \$6 million dollars, it did not determine how (or if) the funds would be distributed to each of the four possible receivers.

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)<sup>2</sup> submits the following brief comments in response to the Commission’s Tentative Order for Settlement Agreement in the Pennsylvania Commonwealth Court matter of Pennsylvania Public Utility Commission v. the Delaware Valley Regional Economic Development Fund, No. 491 MD 2018. CAUSE-PA will focus comments on the prioritization and distribution of funds, and is not offering an opinion on the justness and reasonableness of the underlying settlement.

CAUSE-PA appreciates the opportunity to offer recommendations for the distribution of funds included in the settlement. Briefly, and explained in more detail to follow, CAUSE-PA offers the following recommendation for fund distribution:

1. Universal Service Programming – 70% or \$4.2 million.
2. PECO Hardship Fund – 30% or \$1.8 million.

CAUSE-PA recommends directing most of the funding to support expansion of PECO’s low income energy reduction programs, specifically funding program aspects not supported by general Low Income Usage Reduction Program measures. We specifically support additional funding directed to remediating health and safety repairs in a home necessary to prevent the home from being deferred for weatherization and usage reduction programming. We also recommend utilizing the funds to support continuation of PECO’s pilot de facto heating program and, in appropriate cases, permit PECO to replace inefficient or broken fossil fuel furnaces with high efficiency heat pumps. We recommend that PECO work with members of its Universal Service Advisory Committee to develop parameters for expanding its health and safety and de facto heating remediation programs.

Additional funding for these purposes would help address and alleviate energy insecurity for families with poor quality housing and inoperable heating system, many of whom rely on high

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<sup>2</sup> CAUSE-PA is a statewide unincorporated association of low-income individuals which advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating and telecommunication services. CAUSE-PA membership is open to moderate- and low-income individuals residing in the Commonwealth of Pennsylvania who are committed to the goal of helping low-income families maintain affordable access to utility services and achieve economic independence and family well-being.

cost and dangerous space heating for warmth in winter. Providing increased funding and support to health and safety and de facto heating remediation will help reduce excessive energy use and subsequently high energy bills, driving far-ranging public benefits. In turn, remediation of de facto heating coupled with home electrification in appropriate cases has the distinct potential – if properly designed – to provide more efficient and affordable heat and energy-efficient cooling in the summer months.<sup>3</sup> Use of the settlement funds to support this type of program, on a pilot basis, would help to test implementation of clean energy technology for low income communities.

CAUSE-PA additionally recommends the remainder of the funds, after distribution to support energy and usage reduction programs, be disbursed to PECO's hardship fund or MEAF. In its Final Order for PECO's 2019-2024 USECP, the Commission directed PECO to make permanent the expansion of eligibility criteria for PECO's MEAF program. MEAF had been temporarily expanded to allow for greater participation during the COVID-10 pandemic emergency.<sup>4</sup> This expansion included raising the annual income limit from 175% to 200% of the FPIG and allowing eligible customers to receive one MEAF grant per year (as opposed to every 24 months). With these changes, more PECO customers in need will be eligible for MEAF grants. As of December 31, 2021, PECO had over 6,000 payment troubled customers. Those whose income falls at or below 200% of the FPIG will benefit from receiving a MEAF grant, removing them from the payment troubled list and improving PECO's collections.<sup>5</sup>

CAUSE-PA believes that investing the settlement funding in the manner we recommend will have the greatest positive impact on consumers. The amount of money included in the settlement, once distributed, would not provide consequential rate relief to the whole of PECO's residential customer base. For example, PECO has nearly 2 million residential customers.<sup>6</sup> If the entire amount were to be divided among all residential customers, each customer would receive a \$0.33 discount on one bill. However, directing the settlement funds in the manner recommended above could provide significant relief to low income customers and would result in substantially more energy savings – advancing broad energy and social benefits to all ratepayers and the communities in which we all live and work.

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<sup>3</sup> A properly designed pilot program must closely evaluate the potential impacts to short and long-term energy burdens of a participating household. While the heat pump technology is rapidly developing, and has proven to effectively reduce energy usage in many homes, the technology is still developing and may not be appropriate in all applications. This makes the technology a perfect candidate for a pilot program to help develop experience in evaluating appropriate applications, tracking outcomes, and analyzing energy usage and burden data of pilot participants.

<sup>4</sup> PECO Energy Company Universal Service and Energy Conversation Plan for 2019-2024 Submitted in Compliance with 52 Pa. Code §§ 54.74 and 62.4, Final Order, Docket Nos. M-2018-3005795, P-2020-3020727, P-2020-3022154, at 91 (Order entered June 16, 2022).

<sup>5</sup> Pa. PUC, BCS, Universal Service Program & Collections Performance 2021 Report, at 11 (Dec. 2022).

<sup>6</sup> Id. at 6.

CAUSE-PA does not recommend that additional funds be allocated to SDF, as SDF is already well-funded with substantial reserves. As of December 31, 2021, SDF held \$3.4 million in its cash account available for lending and the year-end fund balance (net assets) was \$11.3 million.<sup>7</sup> We believe that investment in expanded weatherization, efficiency, and hardship grant funding would be a more effective use of settlement funds – substantially improving household energy security, reducing energy consumption, reducing collections and terminations actions, and advancing equitable clean energy transition programming.

CAUSE-PA appreciates the opportunity to provide funding prioritization recommendations for this settlement. We strongly encourage the Commission to direct the settlement funding as described in these comments.

Respectfully Submitted,



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<sup>7</sup> The 2021 Annual Report of the Sustainable Development Fund, Docket No. M-00031715F0002, received by the Commission on April 15, 2022, <https://www.puc.pa.gov/docket/M-00031715F0002>