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June 20, 2023

VIA ELECTRONIC FILING

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

RE: Joint Universal Service & Energy Conservation Plan of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company for Years 2024 - 2028; Docket Nos. M-2022-3036532; **COMMENTS OF THE PENNSYLVANIA COALITION OF LOCAL ENERGY EFFICIENCY CONTRACTORS TO THE COMMISSION'S ORDER DIRECTING SUPPLEMENTAL INFORMATION AND ESTABLISHING A COMMENT PERIOD**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission is the Comments of the Pennsylvania Coalition of Local Energy Efficiency Contractors to the Commission's Order Directing Supplemental Information and Establishing a Comment Period in the above-captioned dockets. Copies of the Comments have been served in accordance with the attached Certificate of Service.

Thank you for your attention to this matter. If you have any questions related to this filing, please do not hesitate to contact my office.

Very truly yours

Todd S. Stewart
*Counsel for the Pennsylvania Coalition of Local
Energy Efficiency Contractors*

TSS/jld
Enclosure

cc: Jennifer Johnson, Bureau of Consumer Services (via electronic mail – jennifjohn@pa.gov)
Regina Carter, Bureau of Consumer Services (via electronic mail – regincarte@pa.gov)
Christina Chase-Pettis, Office of Communications (via electronic mail – cchasepett@pa.gov)
Louise Fink Smith, Law Bureau (via electronic mail – finksmith@pa.gov)
Per Certificate of Service

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 52 Pa. Code § 1.54 (relating to service by a party).

VIA ELECTRONIC MAIL ONLY

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Todd S. Stewart

DATED: June 20, 2023

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Universal Service & Energy : Docket No. M-2022-3036532
Conservation Plan of Metropolitan Edison : M-2022-3036533
Company, Pennsylvania Electric Company, : M-2022-3036534
Pennsylvania Power Company, and West : M-2022-3036535
Penn Power Company for Years 2024 - 2028 :

**COMMENTS OF THE PENNSYLVANIA COALITION
OF LOCAL ENERGY EFFICIENCY CONTRACTORS
TO THE COMMISSION’S ORDER DIRECTING SUPPLEMENTAL INFORMATION
AND ESTABLISHING A COMMENT PERIOD**

NOW COMES, the Pennsylvania Coalition of Local Energy Efficiency Contractors (“PA CLEEC”), by and through its counsel, Hawke McKeon & Sniscak LLP, and hereby offers its Comments as requested by the Pennsylvania Public Utility Commission’s (“Commission”) Order issued March 16, 2023 (“Order”) in the above-captioned matters, as modified by the Secretarial Letter issued April 4, 2023. The Order addresses a number of topics included in the broad discussion of universal service and energy efficiency – PA CLEEC will focus its Comments on the First Energy Companies’ WARM program, which is the name given to the EDC’s Low Income Usage Reduction Program (“LIURP”) that provides weatherization and usage reduction services for low-income customers.

PA CLEEC’s membership is comprised of contractors who provide energy efficiency and weatherization services through LIURP and other programs and are keenly aware of how these programs function to provide benefits to customers. PA CLEEC thanks the Commission for the opportunity to share its views on the program edits proposed by First Energy and the requests for

clarification issued by the Order. To the extent it is not obvious, PA CLEEC's comments will follow the flow of the Order.

I. PCAP Proposals that Implicate WARM

PA CLEEC agrees with the proposed modification (Order, p. 9-10) to require PCAP participants to participate in WARM, including the requirement that participants have an in-home energy evaluation. These measures can identify and prioritize any improvements that can be made to a customer's premises to reduce usage. Likewise, PA CLEEC supports the requirement (Order, p. 11) that eligible customers agree to participate in WARM, for the same reason, participation in WARM will produce substantial benefits over time.

FirstEnergy noted (Order, p. 22) that it intends to continue its practice (if its proposal to eliminate maximum credit limits is approved) of reaching out to PCAP customers whose usage increased by at least 125% when compared to the previous year that the same address. FirstEnergy presently refers customers who exceed their annual PCAP credit to the WARM program if they are eligible, for evaluation and additional services as needed. PA CLEEC supports such an effort as an opportunity to reduce bills by reducing usage (or at least determining the cause of increased usage) for customers.

II. WARM Specific Issues

The Warm Program is designed to assist low-income customers in conserving energy through weatherization and other physical changes, and also through education and referrals to other available services. It does not appear that FirstEnergy has proposed to modify the criteria for WARM eligibility.

PA CLEEC supports revision of the list of eligible services to "modernize" the list (Order, p. 42) of eligible services to account for newer more efficient heating units or other such products,

to be specified and installed in WARM projects. PA CLEEC suggested that Ductless Heat Pumps, also known as “mini-splits,” are one such product that should be expressly included on the list of energy conservation measures. The purpose of requesting to explicitly list ductless heat pumps is practicality; such systems are far more efficient than older technology, but without an explicit listing there could be doubt or potential controversy over whether they qualify. Explicitly listing such products allows for a more consistent application of the requirements.

PA CLEEC also supports the effort to allow exceptions to the time limits to re-weatherize a home. Such time limits can prove to be an artificial barrier to proper weatherization if an initial limited measures from being eligible, when energy usage and other factors point to additional weatherization as the best solution. Presently the time limit is 5 years between implementing program measures. In certain circumstances where needs are more pronounced such limitations can be detrimental to clients. PA CLEEC supports a mechanism to determine under what circumstances those timeframes can be condensed.

Seasonal Allowances are the cost-effective budget that is developed for each residence. This budget is based on a number of factors, but there are circumstances where the weatherization needs exceed the budget that is established. PA CLEEC supports the proposed ability for contractors to exceed the seasonal allowance by as much as fifty percent (50%) for health and safety measures, and contractors should be authorized to contact the program manager when those funds are needed to fully address barriers to the installation of energy use reduction measures. PA CLEEC wishes to clarify, however, that such funds are in addition to the seasonal allowance, not part of it. PA CLEEC also supports streamlining the process for contractors to implement such measures.

With regard to the notion of customers being permitted to “opt-out” of WARM measures, PA CLEEC agrees that most WARM participants do significantly reduce usage as a result of these measures and so it would be counterproductive to allow customers to simply refuse the implementation of the measures. All reasonable measures should be employed to gain customer approval to install the measures. This seems to be consistent with FirstEnergy’s explanation in its clarification. (FE Clarification, p. 14, ¶ 27).

PA CLEEC also is concerned that the annual usage threshold for WARM eligibility tends to discriminate against apartment dwellers or those with small homes, which ironically, are the customers who are often most in need. (See Clarification ¶ 31). PA CLEEC would support a computation of eligibility that takes into consideration the size of the dwelling, using square footage as an escalation/de-escalation mechanism for example. Otherwise, because the total usage may not meet the threshold that was developed for larger dwellings will fail to fully consider the impact of heating costs on those who live in smaller footprints.

PA CLEEC also notes that the budgets for WARM, have not kept pace with the inflation of recent years, and as proposed, will be insufficient to keep up with inflation going forward in light of expected continuing inflation. In fact, the proposed WARM budgets will not keep up with the actual need projected by FirstEnergy on page 23 of its response.

FirstEnergy LIURP Needs Assessments				
	Met-Ed	Penelec	Penn Power	West Penn Power
Total Residential Customers (December 2021)	513,743	501,640	143,672	632,933
Number of Customers with Incomes at or Below 150% of FPIG	109,200	146,334	34,284	150,565
Usage at or Above 6,500 kWh per Year	88,452	88,532	21,942	126,022
Received WARM in the Last Five Years	5,545	8,800	3,264	4,710
Less than Six Months of Usage History	1,520	1,467	327	1,238
Renters Projected where LL Refused	1,265	916	313	650
Projected to Drop Out	3,362	4,365	1,588	1,250
Number of Customers Receiving Services - Act129	349	411	34	1,670
Total Potential Participants	76,411	72,573	16,416	116,490
Weighted Average Job Cost for 2022	\$ 5,100.60	\$ 2,956.00	\$ 4,027.13	\$ 6,201.96
Estimated Cost to Serve Potential Participants	\$ 389,741,946.60	\$ 214,525,788.00	\$ 66,109,366.08	\$ 722,509,734.12
Estimated Renters	74,243	43,577	9,467	57,310
Number of Customers with Incomes 151-200% of FPIG	48,355	57,086	14,856	60,813
Usage at or Above 6,500 kWh per Year	39,168	34,537	9,508	50,905
Received WARM in the Last Five Years	1,259	1,099	437	710
Less than Six Months of Usage History	673	572	142	500
Renters Projected where LL Refused	942	714	127	220
Projected to Drop Out	763	545	212	189
Total Potential Participants	35,531	31,607	8,590	49,280
Weighted Average Job Cost for 2022	\$ 5,100.60	\$ 2,956.00	\$ 4,027.13	\$ 6,201.96
Estimated Cost to Serve Potential Participants	\$ 181,230,057.80	\$ 93,431,000.45	\$ 34,593,008.16	\$ 305,651,194.68
Estimated Renters	25,421	13,560	3,844	19,579

There is a clear disconnect between “need” and the proposed WARM budgets as demonstrated in the chart. The number of “potentially eligible” customers is staggering and must be addressed starting off with an insufficient budget and then failing to account for the impact of inflation on the consumer and the actual reduction of potential measures as a consequence of the prices of those measures, is the same as cutting the budget for these critical programs. Taken together, these failures to fully consider increasing need and increasing costs is potentially crippling to the program. PA CLEEC would suggest WARM budgeting meet at least 5% of the actual need, *see* chart below.

	Proposed Budgets				
	2024	2025	2026	2027	2028
MET-ED	\$6,916,000.00	\$7,250,660.00	\$7,601,473.00	\$7,753,503.00	\$7,908,573.00
Penelec	\$7,490,000.00	\$7,639,860.00	\$7,792,897.00	\$7,948,775.00	\$8,107,730.00
PennPower	\$3,466,000.00	\$3,535,760.00	\$3,606,635.00	\$3,678,768.00	\$3,752,342.00
WPP	\$7,327,000.00	\$7,473,560.00	\$7,624,251.00	\$7,776,736.00	\$7,932,271.00

NEEDS ASSESSMENT - JUST AT OR BELOW 150% FPIG

	At DEC '21	Proposed Fraction Served - 2024 Proposed Budgets
MET-ED	\$389,741,946.60	1.77%
Penelec	\$214,525,788.00	3.49%
PennPower	\$66,109,366.08	5.24%
WPP	\$722,509,734.12	1.01%

@ 5.00% of NEED across the board

MET-ED	\$19,487,097.33
Penelec	\$10,726,289.40
PennPower	\$3,305,468.30
WPP	\$36,125,486.71

Real inflation averaged well above 5% over the past 2 years.

4.84%	4.84%	2.00%	2.00%
2.00%	2.00%	2.00%	2.00%
2.01%	2.00%	2.00%	2.00%
2.00%	2.02%	2.00%	2.00%

In short, PA CLEEC supports a commonsense approach to administering the WARM program that meets customers where they, are and seeks to assist them to the greatest degree possible while maintaining program integrity. Usage reduction remains the best option for reducing costs over time and in a sustainable manner. It should be a priority and PA CLEEC seeks to have it treated that way.

Respectfully submitted,



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