



September 6, 2024

**VIA E-File**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
400 North Street, Filing Room  
Harrisburg, PA 17120

**RE: 2026 Total Resource Cost (TRC) Test Tentative Order, No. M-2024-3048998**

Dear Secretary Chiavetta,

Please find the Comments of the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA), which are respectfully submitted for filing in the above referenced docket. An electronic copy will be provided to Commission Staff, as indicated below.

Please do not hesitate to contact me with any questions or concerns.

Respectfully submitted,

A handwritten signature in black ink that reads "John W. Sweet". The signature is written in a cursive style with a horizontal line above the name.

John W. Sweet  
*Counsel for CAUSE-PA*

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**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

2026 Total Resource Cost (TRC) Test : Docket No. M-2024-3048998  
Tentative Order :

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COMMENTS OF THE COALITION FOR AFFORDABLE UTILITY SERVICE AND  
ENERGY EFFICIENCY IN PENNSYLVANIA (CAUSE-PA)

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## I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) submits the following comments and recommendations in Response to the Pennsylvania Public Utility Commission’s (Commission or PUC) Tentative Implementation Order (Tentative Order” or “TO), entered on August 1, 2024, regarding the “proposed guidance for implementing the Pennsylvania Total Resource Cost (TRC) Test for use in planning for and during a potential Phase V of Act 129.”<sup>1</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 individuals residing in the Commonwealth of Pennsylvania who are committed to the goal of helping economically vulnerable individuals and families access and maintain affordable utility services and achieve economic independence and family well-being. CAUSE-PA supports the creation, development, and implementation of comprehensive energy efficiency and conservation (EE&C) programs to assist low income Pennsylvanians to better afford safe, stable energy services to their home. Low income EE&C programs are essential for obtaining and maintaining long term electricity affordability, and help support the health and welfare of individuals, families, and communities.

Through its counsel at the Pennsylvania Utility Law Project, CAUSE-PA has been an active participant in the planning, litigation, implementation, and review of Act 129 programming since its inception. CAUSE-PA was an active party in the Phase II, Phase III, and Phase IV

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<sup>1</sup> See TO, Preamble.

implementation and plan review proceedings, and is an engaged participant in Act 129 stakeholder processes. This participation has afforded CAUSE-PA significant insight into the design and operation of Act 129 programming across the Commonwealth, and the need for continued growth and reform to serve the efficiency needs of low income Pennsylvanians.

CAUSE-PA appreciates the opportunity to comment on the Commission's proposed guidance for implementing the TRC test in planning for Phase V of Act 129, and we offer a number of recommendations to further improve the comprehensiveness of Act 129 programs. We are especially supportive of the Commission's move to quantify and monetize electric distribution company's (EDC) financial savings through an analysis of EDC data on customer arrearages, shutoffs, and collections actions for Act 129 low income program participants. We strongly support the Commission's inclusion of those quantified savings within the TRC.<sup>2</sup> Utilizing this quantified data in calculation of the TRC will help to improve the variety of measures available through Act 129 low income programs. These improvements will, in turn, help drive verified, long-term energy savings and improved health and welfare by potentially allowing utilities to incorporate a broader range of efficiency measures into their Phase V programs. While we believe the Commission has more work to do on this front to further incorporate quantifiable cost savings associated with low income efficiency programs, we recognize that the Commission's Order takes an important first step toward more accurate and comprehensive evaluations of the costs and benefits of low income efficiency programs.

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<sup>2</sup> TO at 34.

## **II. COMMENTS**

CAUSE-PA supports a number of the Commission's proposals and respectfully recommends several modifications to its final 2026 TRC Test Order to help ensure that potential Phase V programs are implemented in a just and equitable manner. For ease of review, our Comments generally follow the outline of the Commission's TO. Please note that the absence of specific subjects from the Commission's list and associated comments on other issues should not be construed as implied support or opposition for other matters addressed in the Tentative Order.

### **A. General Issues**

#### **3. Level at Which to Calculate and Report TRC Test Results**

CAUSE-PA supports the Commission's proposal to continue to apply the TRC Test at the plan level, including for energy efficiency (EE) and demand reduction (DR) measures.<sup>3</sup> We agree with the Commission that "[c]onducting TRC testing at the plan level gives new programs and technologies adequate opportunity to establish whether they can contribute to the EE and DR goals of Act 129."<sup>4</sup> Applying the TRC test at the Plan level will also ensure low income customers will benefit from the implementation of EE programs, which necessarily require greater investment to overcome the acute financial barriers faced by low income households.

#### **6. Low-Income Programs**

CAUSE-PA supports the Commission's explicit consideration of financial savings from reduced arrearages and uncollectible expenses attributable to the bill savings achieved through Act 129 low income EE programs. We strongly support the Commission's proposal to modify the avoided costs for low income programs by incorporating this data into its Phase V avoided cost

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<sup>3</sup> TO at 10.

<sup>4</sup> Id.

forecasts. We believe that this policy proposal will help incentivize utility investment in long-lived efficiency measures capable of providing meaningful bill savings for low income households. These investments will, in turn, help improve the ability of low income families to maintain affordable service and reduce the costs of universal service programming.

While CAUSE-PA appreciates the Commission’s proposal, we note that there are other avoided costs that should also be accounted for in the TRC. As explained in more detail below, participation in low income EE programs can also help reduce universal service program costs. Specifically, Act 129 low income EE&C programming helps to reduce energy usage and resulting energy bills of Customer Assistance Program (CAP) participants, resulting in a direct reduction in the cost of providing rate assistance to CAP participants. Thus, as explained in more detail below in section B.12, CAUSE-PA urges the Commission and the SWE to evaluate reductions in universal service program costs in future TRC test studies.

#### **8. Coordination of Act 129 Measures with Other Incentives and Funding**

CAUSE-PA supports the Commission’s proposal to continue its current policy allowing EDCs to factor in non-Act 129 incentives and funding that is “reasonably quantifiable by the EDC” to reduce the cost of the measure used in the TRC calculation – without also reducing the attributable savings.<sup>5</sup> Continuation of this existing policy will help ensure utilities leverage other energy programs and funding streams, rather than compete with other programs for program participants. This harmonization will, in turn, help incentivize delivery of comprehensive and coordinated efficiency services by improving the cost effectiveness of measures with greater up-front costs. Continuation of the Commission’s current policy is particularly important considering the ongoing rollout of the federal Home Energy Rebate programs and other federal Inflation

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<sup>5</sup> TO at 14.

Reduction Act (IRA) Programs, which stand to bring substantial new resources to support the complex energy needs of Pennsylvania families and communities.<sup>6</sup>

CAUSE-PA strongly supports and is committed to advancing effective coordination of EE&C programs to maximize benefits to low income customers, driving installation of more comprehensive, whole-home efficiency measures in low income homes. However, there is an important balance which must be struck to promote leveraged funds without eroding the overall savings achieved thorough both Act 129 and the other leveraged program. Specifically, we are concerned that if EDCs are permitted to claim all savings associated with a leveraged project toward their savings goals, Act 129 funding may ultimately be left on the table once EDC savings targets are reached. Thus, while CAUSE-PA supports this policy as it pertains to the TRC, we would oppose a similar policy allowing EDCs to carry through the full non-Act 129 measure savings into the calculation of energy savings necessary to meet the Commission's established energy savings targets - unless those targets fully account for the unprecedented potential for leveraged energy savings through the IRA.

We respectfully urge the Commission to ensure that Act 129 program savings are not undermined by the over-attribution of deemed savings from leveraged measures. To that end, we recommend that the Commission investigate options to equitably account for savings achieved through leveraged and braided programming in a manner that appropriately incentivizes coordination without detracting from the overall savings achieved through Act 129 programming. The Commission should include specific instructions to that effect in its Phase V Tentative Implementation Order.

Specifically, we support the recommendation of the Joint Energy Advocates that the

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<sup>6</sup> Id.

Commission adopt a negotiated attribution framework for Phase V to guide calculation of energy savings attributable to an EDC's required energy savings target.<sup>7</sup> In the coming months, we recommend the Commission meet with consumer advocates, utilities, state agencies, and other stakeholders to develop a fair and balanced attribution framework that appropriately accounts for the goals of each leveraged program – helping maximize a range of benefits to consumers.

## **B. Avoided Costs of Supplying Electricity**

### **12. Reductions in Arrearages and Collection Costs**

As stated above, CAUSE-PA appreciates and supports the Commission's consideration of the benefit of EDCs' financial savings from reduced arrearages and uncollectible expenses attributable to energy savings achieved through Act 129 low income EE&C programs. In its Phase IV Implementation Order, the Commission acknowledged that arrearages and uncollectible expenses represent a quantifiable cost of supplying electricity and that further investigation of the impacts of low income Act 129 programs at reducing those costs was warranted.<sup>8</sup> In preparation for developing the proposed Phase V TRC test, the SWE conducted a study to “quantify and monetize EDC financial savings through an analysis of EDC data on customer arrearages, shutoffs, and collections actions for Act 129 low income program participants.”<sup>9</sup> The SWE identified, quantified, and monetized five types of financial savings from EDC low income programs:

- (1) Reduced arrearage carrying cost,
- (2) Reduced bad debt write-offs,
- (3) Fewer shutoffs and reconnects,
- (4) Fewer notices,
- (5) Fewer collections calls.<sup>10</sup>

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<sup>7</sup> Northeast Energy Efficiency Partnership (NEEP), Expanding the Energy Savings Pie: Attribution Frameworks to Align IRA Home Energy Rebates and State Programs, at 19-22 (July 2024), [https://neep.org/sites/default/files/media-files/neep\\_attribution\\_frameworks\\_ira\\_final.pdf](https://neep.org/sites/default/files/media-files/neep_attribution_frameworks_ira_final.pdf).

<sup>8</sup> See 2021 TRC Test Final Order, at Docket No. M-2019-3006868, at 73 (order entered Dec. 19, 2019).

<sup>9</sup> TO at 34.

<sup>10</sup> SWE: Impact of Act 129 Income-Eligible Programs on Arrearages and Collections, at 6, 17, 21.

The SWE recommended that the Commission incorporate these quantified financial savings into the TRC and the Avoided Cost Calculator (ACC).<sup>11</sup> In its TO, the Commission adopted this recommendation and proposed to modify the avoided costs for low income programs by incorporating this data into its Phase V avoided cost forecasts.<sup>12</sup>

CAUSE-PA strongly supports the Commission’s proposal to incorporate the SWE’s findings regarding collections-related cost savings into its Phase V avoided cost forecasts. We agree with the Commission that “[u]tilities can realize financial savings from their low-income EE programs.”<sup>13</sup> The data reported by the SWE provides strong evidence that low income EE programs provide a benefit not only to program participants, but also to EDCs and other consumers by reducing arrearages and collection costs, which are detrimental to the utility’s operations and are ultimately passed on to ratepayers through rates. When high usage leads to the accrual of large arrearages and involuntary termination of service to low income families, it creates a cascade of lasting negative impacts on the health, safety, stability, and security of low income families. Allowing EDCs to account for reduced collections costs in the selection of available measures for Phase V low-income programs will help expand inclusion of comprehensive measures capable of producing greater savings over the long term, helping utilities advance programs better tailored to the needs of low-income households. We therefore support the consideration of avoided collections and arrearage costs in avoided cost forecast, which will improve the TRC ratio for low income programs. We commend the SWE for its careful and methodical approach to quantifying benefits of avoided costs.

Notwithstanding our support, CAUSE-PA respectfully asserts that a follow-up study is

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<sup>11</sup> Id. at 21.

<sup>12</sup> TO at 13.

<sup>13</sup> Id. at 33.

necessary to examine the discrepancies between the SWE’s findings for certain utilities and to include an examination of the avoided cost impacts of Act 129 low income programs to utilities’ universal service costs.

In the study, the SWE recommends considering further analysis for the FirstEnergy PA (FE PA) rate districts (Met-Ed, Penelec, Penn Power, West Penn Power).<sup>14</sup> The SWE pointed out that the FE PA rate districts did not find reductions in arrears, collection notices, collections calls and shutoffs, whereas PPL, PECO, and Duquesne all reported substantial savings.<sup>15</sup> The SWE stated it was “unclear why the study did not find reductions in arrears, collection notices, collections calls and shutoffs for the FE rate districts, but it may have been due to differences between the treatment and comparison groups not found for the other EDCs.”<sup>16</sup> The SWE further recommended that if a follow-up study is conducted, the Commission should update the study results for FE rate districts in its avoided cost analysis.<sup>17</sup>

CAUSE-PA supports the SWE’s recommendation of a follow-up study. To address the discrepancy in data, the Commission should ensure that, in the follow-up study, the EDCs include consistent data relative to the treatment and comparison groups. Specifically, the Commission should ensure that utilities provide consistent data proportionate to the number of CAP and non-CAP low income households, taking into account any participation in the EDC’s universal service program portfolio.

We also note that, while the SWE’s study showed strong evidence that low income customer participation in Act 129 programs helped reduce utility arrearage and collection costs, the timing of the study may have been partially responsible for the discrepancy between utilities.

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<sup>14</sup> Statewide Evaluation Team: Impact of Act 129 Income- Eligible Programs on Arrearages and Collections at 21.

<sup>15</sup> Id. at 16-21.

<sup>16</sup> Id. at 21.

<sup>17</sup> Id.

Further, the timing of the study may have actually resulted in an *undercounting* of the avoided cost impact from program participation. The data used for the study was collected from June 2020 through May 2023,<sup>18</sup> meaning that a substantial portion of the data was collected during the COVID-19 pandemic, which affected utility collection practices and resulted in utilities reporting larger than normal arrearages during that time.<sup>19</sup> Initiating a follow-up study with more consistent data and evaluating more time outside of the 2020-2021 timeframe (the COVID-19 pandemic era), will provide a more consistent and accurate picture of the potential avoided costs that can be achieved through Act 129 low income program participation.

Additionally, in a follow up study, we respectfully urge the Commission and the SWE to evaluate the avoided cost impact of Act 129 low income EE&C programs on universal service program costs. Specifically, the SWE should quantify the reduction in CAP costs attributable to reductions in energy usage by Act 129 low income program participants who are enrolled in CAP. CAP programs provide discounted bills to low income customers based on a percentage of their income. The utility's cost reflecting the difference between the discounted bill and the full tariff rate is commonly referred to as the "CAP shortfall." Participation in Act 129 low income programs can reduce CAP customers' usage, which, in turn, will reduce the utility's CAP shortfall – dollar for dollar. These cost savings are quantifiable and should be included in the TRC along with improved collections costs contemplated in the Commission's TO.

Thus, while we greatly appreciate and support the Commission's proposal to incorporate the savings from reduced arrearages and uncollectible expenses attributable to Act 129 low income EE programs, CAUSE-PA nevertheless respectfully urges the Commission to go further to address disparities in data collection identified by the SWE and to include quantifiable universal service

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<sup>18</sup> *Id.* at 6-7.

<sup>19</sup> See Public Utility Service Termination Moratorium Docket, No. M-2020-3019244 (2020).

programs savings into the Phase V avoided cost forecast.

## **C. Other TRC Benefits**

### **7. Societal Benefits**

CAUSE-PA agrees with the joint comments of the Energy Advocates filed at this docket regarding the need to include societal benefits within the TRC test, and respectfully urges the Commission to reconsider its decision to omit the accounting of societal benefits into its TRC calculations.<sup>20</sup> In its TO, the Commission proposes to continue omitting societal benefits such as greenhouse gas emissions reductions, other environmental benefits, or any other non-energy benefits in Phase V. CAUSE-PA shares the concerns of the Energy Advocates regarding the Commission's discussion of the current status of the Regional Greenhouse Gas Initiative (RGGI). The Commission seems to imply that RGGI (or a similar initiative) would need to be enacted through legislation for the Commission to begin considering environmental and health benefits within the Phase V TRC test.<sup>21</sup> CAUSE-PA respectfully asserts that societal benefits, such as reductions in greenhouse gas emissions, should be factored into the Phase V TRC test. Such inclusion will help support an equitable energy transition – allowing greater inclusion of comprehensive efficiency measures for low income families.

## **E. Fuel Switching**

### **1. ENERGY STAR Requirement**

CAUSE-PA opposes the Commission's proposal to continue to allow EDCs to recognize savings attributable to the fuel switching of electric customers onto gas service.<sup>22</sup> While gas service may result in short term cost savings, we note that gas prices are increasingly volatile as a

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<sup>20</sup> TO at 44.

<sup>21</sup> Id.

<sup>22</sup> TO at 50-51.

result of increasing exports and other external market forces. Moreover, switching from an electric to a gas furnace increases greenhouse gas emissions and reduces indoor air quality, which can have a detrimental impact on home health and safety.<sup>23</sup> We acknowledge that neither greenhouse gas emissions nor indoor air quality are currently proposed for inclusion in the TRC test; but this is one of the many reasons societal benefits should be included in the calculation of overall costs and benefits of various measures included in Act 129 programs. Switching a home from an electric to gas furnace may be a way to easily reduce electricity usage, but it will increase emissions and will work at a cross purpose to other critically important goals of energy efficiency programming to improve health and safety of individuals, families, and communities.

### III. CONCLUSION

For the reasons stated more fully above, CAUSE-PA urges the Commission to adopt our recommendations to adjust the Total Resource Cost test to more appropriately reflect all of the costs and benefits of energy efficiency programming. We thank the Commission for the opportunity to submit comments in this proceeding and look forward to further participating in the Phase V Act 129 proceedings.

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<sup>23</sup> See Drew R. Michanowicz et al., Home is Where the Pipeline Ends: Characterization of Volatile Organic Compounds Present in Natural Gas at the Point of the Residential End User, 56 Environ. Sci. Tech. 14, 10258-10268, <https://pubs.acs.org/doi/10.1021/acs.est.1c08298>; John R. Balmes et al., Cooking with Natural Gas: Just the Facts, Please, 207 Am. J. Respiratory Critical Care Med. 996 (2023), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10112436/>.

Respectfully Submitted,  
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